ALTECH Co., Ltd. and Consolidated Subsidiaries

Audited Consolidated Financial Statements

for the Year Ended November 30, 2014

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Independent Auditor's Report

To the Board of Directors of
Altech Co., Ltd.

We have audited the accompanying consolidated financial statements of Altech Co., Ltd. and consolidated subsidiaries, which comprise the consolidated balance sheet as of November 30, 2014, and the consolidated statement of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Altech Co., Ltd. and consolidated subsidiaries as of November 30, 2014, and their consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation
Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1 to the consolidated financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

BDO Toyo & Co.
Tokyo, Japan
February 26, 2015

BDO Toyo & Co

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet
November 30, 2014

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Note 3)	¥ 3,205,882	¥ 3,716,612	$ 27,116
Trade notes and accounts receivable	2,412,068	2,427,933	20,401
Inventories	1,852,644	1,639,715	15,670
Advances paid	570,830	488,137	4,828
Other current assets	400,928	274,151	3,391
Allowance for doubtful receivables	(617)	(455)	(5)
Total current assets	8,441,735	8,546,093	71,401
PROPERTY, PLANT AND EQUIPMENT :			
Buildings and structures (Note 7)	3,379,771	3,067,532	28,586
Machinery and equipment, and vehicles	5,794,786	5,881,629	49,013
Land	55,309	55,309	468
Lease assets	400,988	464,665	3,392
Construction in progress	760,573	25,420	6,433
Other	2,348,023	2,159,882	19,860
Total	12,739,450	11,654,437	107,752
Accumulated depreciation	(6,888,673)	(6,102,350)	(58,265)
Net property, plant and equipment	5,850,777	5,552,087	49,487
INTANGIBLE ASSETS, NET (Note 7)	671,837	574,149	5,682
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 7)	540,520	409,047	4,572
Investment in capital of affiliates (Note 5)	1,220,303	1,300,697	10,321
Lease deposits (Note 10)	182,731	231,999	1,546
Deferred tax assets (Note 9)	36	22,898	0
Other assets	50,541	149,145	427
Allowance for doubtful receivables	(256)	(21,769)	(2)
Total investments and other assets	1,993,875	2,092,017	16,864
TOTAL	¥ 16,958,224	¥ 16,764,346	$ 143,434

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Trade notes and accounts payable	¥ 2,055,757	¥ 2,321,741	$ 17,388
Short-term borrowings and current portion of long-term borrowings (Notes 6, 7 and 8)	1,098,122	1,460,505	9,288
Current portion of bond (Note 6)	36,000	36,000	304
Accrued expenses	354,017	348,161	2,994
Short-term lease obligations (Note 6)	71,774	93,865	607
Income taxes payable (Note 9)	37,704	42,272	319
Advances received	706,158	699,956	5,973
Deferred tax liabilities (Note 9)	19,317	16,956	163
Accrued losses on sales contracts	157	315	1
Accounts payable-other	296,785	317,512	2,511
Other current liabilities	35,464	52,962	300
Total current liabilities	4,711,255	5,390,245	39,848
LONG-TERM LIABILITIES:			
Bond (Note 6)	58,000	94,000	491
Long-term borrowings (Notes 6, 7 and 8)	1,376,140	1,187,102	11,640
Long-term lease obligations (Note 6)	185,562	232,001	1,569
Deferred tax liabilities (Note 9)	116,009	141,903	981
Other long-term liabilities	5,095	8,371	43
Total long-term liabilities	1,740,806	1,663,377	14,724
Total liabilities	6,452,061	7,053,622	54,572
SHAREHOLDERS' EQUITY (Note 11):			
Common stock	5,527,830	5,527,830	46,755
Capital surplus	2,200,779	2,252,220	18,614
Retained earnings	1,946,181	1,812,201	16,461
Treasury stock	(922,965)	(922,916)	(7,806)
Total shareholders' equity	8,751,825	8,669,335	74,024
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Net unrealized gain on available-for-sale securities (Note 4)	87,206	66,225	738
Deferred gain on derivatives under hedge accounting (Note 17)	31,677	11,767	268
Foreign currency translation adjustments	1,488,331	854,800	12,588
Total accumulated other comprehensive income	1,607,214	932,792	13,594
MINORITY INTERESTS	147,124	108,597	1,244
Total net assets	10,506,163	9,710,724	88,862
COMMITMENTS AND CONTINGENCIES (Note 19)			
TOTAL	¥ 16,958,224	¥ 16,764,346	$ 143,434

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended November 30, 2014

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
NET SALES	¥ 16,235,871	¥ 16,591,374	$ 137,324
COST OF SALES	13,008,734	13,579,813	110,029
Gross profit	3,227,137	3,011,561	27,295
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 12 and 13)	2,938,336	2,701,822	24,852
Operating profit	288,801	309,739	2,443
OTHER INCOME (EXPENSES):			
Interest and dividends income	18,306	15,867	155
Equity in earnings (loss) of affiliates	(103,875)	43,940	(879)
Foreign exchange gain	136,847	277,152	1,157
Interest expense	(115,967)	(116,143)	(981)
Commission paid	(19,689)	(31,925)	(166)
Gain on sale of property, plant and equipment	96,911	9,706	820
Gain on sale of an affiliate stock	8,802	–	74
Compensation for relocation	–	175,780	–
Cash surrender value of insurance	–	23,195	–
Loss on sale of property, plant and equipment	(1,790)	(52,035)	(15)
Loss on business structure improvement	–	(413,162)	–
Impairment loss (Note 14)	(79,450)	–	(672)
Other—net	(10,881)	(61,986)	(92)
Other expenses—net	(70,786)	(129,611)	(599)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	218,015	180,128	1,844
INCOME TAXES (Note 9):			
Current	71,731	65,768	607
Deferred	(16,930)	27,205	(143)
Total income taxes	54,801	92,973	464
INCOME BEFORE MINORITY INTERESTS	163,214	87,155	1,380
MINORITY INTERESTS	(29,234)	(11,613)	(247)
NET INCOME	¥ 133,980	¥ 75,542	$ 1,133

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended November 30, 2014

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
INCOME BEFORE MINORITY INTERESTS	¥ 163,214	¥ 87,155	$ 1,380
OTHER COMPREHENSIVE INCOME (Note 15):			
Net unrealized gain on available-for-sale securities	20,981	63,290	178
Deferred gain on derivatives under hedge accounting	19,910	2,743	168
Foreign currency translation adjustments	611,563	1,173,276	5,173
Share of other comprehensive income of affiliates accounted for by equity method	21,968	281,228	186
Total other comprehensive income	674,422	1,520,537	5,705
COMPREHENSIVE INCOME	¥ 837,636	¥ 1,607,692	$ 7,085
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Comprehensive income attributable to owners of parent	799,108	1,577,708	6,759
Comprehensive income attributable to minority interests	38,528	29,984	326

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets
Year ended November 30, 2014

	Thousands of yen										
	Shareholders' equity (Note 12)					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain on available-for-sale securities (Note 4)	Deferred gain on derivatives under hedge accounting (Note 19)	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at November 30, 2012	¥ 5,527,830	¥ 2,309,495	¥ 1,736,659	¥ (222,797)	¥ 9,351,187	¥ 2,935	¥ 9,024	¥ (599,704)	¥ (587,745)	¥ 78,613	¥ 8,842,055
Changes arising during the year:											
Dividends		(57,275)			(57,275)						(57,275)
Net income			75,542		75,542						75,542
Purchase of treasury stock				(700,119)	(700,119)						(700,119)
Net changes other than shareholders' equity					–	63,290	2,743	1,454,504	1,520,537	29,984	1,550,521
Total changes during the year	–	(57,275)	75,542	(700,119)	(681,852)	63,290	2,743	1,454,504	1,520,537	29,984	868,669
Balance at November 30, 2013	5,527,830	2,252,220	1,812,201	(922,916)	8,669,335	66,225	11,767	854,800	932,792	108,597	9,710,724
Changes arising during the year:											
Dividends		(51,441)			(51,441)						(51,441)
Net income			133,980		133,980						133,980
Purchase of treasury stock				(49)	(49)						(49)
Net changes other than shareholders' equity					–	20,981	19,910	633,531	674,422	38,527	712,949
Total changes during the year	–	(51,441)	133,980	(49)	82,490	20,981	19,910	633,531	674,422	38,527	795,439
Balance at November 30, 2014	¥ 5,527,830	¥ 2,200,779	¥ 1,946,181	¥ (922,965)	¥ 8,751,825	¥ 87,206	¥ 31,677	¥ 1,488,331	¥ 1,607,214	¥ 147,124	¥ 10,506,163

	Thousands of U.S. dollars (Note 1)										
	Shareholders' equity (Note 12)					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain on available-for-sale securities (Note 4)	Deferred gain on derivatives under hedge accounting (Note 19)	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at November 30, 2013	$ 46,755	$ 19,049	$ 15,328	$ (7,806)	$ 73,326	$ 560	$ 100	$ 7,230	$ 7,890	$ 919	$ 82,135
Changes arising during the year:											
Dividends		(435)			(435)						(435)
Net income			1,133		1,133						1,133
Purchase of treasury stock				(0)	(0)						(0)
Net changes other than shareholders' equity					–	178	168	5,358	5,704	325	6,029
Total changes during the year	–	(435)	1,133	(0)	698	178	168	5,358	5,704	325	6,727
Balance at November 30, 2014	$ 46,755	$ 18,614	$ 16,461	$ (7,806)	$ 74,024	$ 738	$ 268	$ 12,588	$ 13,594	$ 1,244	$ 88,862

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year ended November 30, 2014

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 218,015	¥ 180,128	$ 1,844
Depreciation and amortization	1,063,299	1,039,747	8,993
Impairment loss	79,450	–	672
Provision for doubtful receivables	(21,351)	(26,278)	(181)
Interest and dividends income	(18,306)	(15,867)	(155)
Cash surrender value of insurance	–	(23,195)	–
Interest expense	115,967	116,143	981
Foreign exchange gain	(134,504)	(386,171)	(1,138)
Equity in earnings of affiliates	103,875	(43,940)	879
Plant relocation compensation	–	(175,780)	–
Loss on business structure improvement	–	413,162	–
Loss (Gain) on sale of property, plant and equipment	(95,121)	42,329	(805)
Gain on sale of an affiliate stock	(8,802)	–	(74)
Decrease in trade receivables	93,214	1,068,887	788
Decrease (Increase) in inventories	(133,153)	320,651	(1,126)
Decrease (Increase) in advances paid	(70,035)	(115,178)	(592)
Decrease in claims in bankruptcy and reorganization	21,513	–	182
Increase (Decrease) in trade payables	(322,848)	452,146	(2,731)
Increase (Decrease) in accrued expenses	265	(136,467)	2
Increase (Decrease) in advances received	(5,137)	(537,395)	(43)
Other, net	(6,741)	47,788	(57)
Sub total	879,600	2,220,710	7,439
Interest and dividends received	20,069	15,932	170
Interest paid	(122,397)	(116,892)	(1,035)
Income taxes paid	(91,140)	(54,276)	(771)
Income taxes refunded	1,138	3,636	10
Net cash provided by operating activities	687,270	2,069,110	5,813

ALTECH Co., Ltd. and Consolidated Subsidiaries (continued)

Consolidated Statement of Cash Flows
Year ended November 30, 2014

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(838,475)	(440,479)	(7,092)
Proceeds from sales of property, plant and equipment	159,415	49,947	1,348
Purchases of intangible fixed assets	(74,987)	(25,223)	(634)
Purchases of investment securities	(108,551)	(105,557)	(918)
Proceeds from sale of investment securities	5,806	–	49
Proceeds from sale of an affiliate stock	7,709	–	65
Increase in long-term loans receivable	(5,319)	–	(45)
Decrease in long-term loans receivable	111	53,026	1
Increase of long-term deposits	(50,810)	–	(430)
Proceeds from withdrawal of long-term deposits	–	200,000	–
Other, net	(379)	163,764	(3)
Net cash used in investing activities	(905,480)	(104,522)	(7,659)
FINANCING ACTIVITIES:			
Decrease in short-term debt	(362,760)	(330,231)	(3,068)
Proceeds from long-term debt	919,140	700,000	7,774
Repayments on long-term debt	(857,986)	(722,541)	(7,257)
Proceeds from bond issues	–	80,000	–
Repayments on bonds	(36,000)	(20,000)	(304)
Payments for purchase of treasury stock	(48)	(700,120)	(0)
Dividends paid to shareholders	(51,092)	(57,637)	(432)
Repayments on lease obligations	(109,106)	(139,661)	(923)
Proceeds from sale and leaseback	17,652	212,893	149
Net cash used in financing activities	(480,200)	(977,297)	(4,061)
Effect of exchange rate changes on cash and cash equivalents	136,870	235,735	1,158
Net increase (decrease) in cash and cash equivalents	(561,540)	1,223,026	(4,749)
Cash and cash equivalents at beginning of year	3,716,612	2,493,586	31,435
Cash and cash equivalents at end of year (Note 3)	¥ 3,155,072	¥ 3,716,612	$ 26,686

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements
Year Ended November 30, 2014

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Altech Co., Ltd. (the "Company") and its domestic subsidiaries maintain their books of account and prepare their financial statements in conformity with financial accounting standards of Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

"Practical Solution on unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18, May 17, 2006) requires that for the preparation of consolidated financial statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should be unified, in principle, and financial statements prepared by foreign subsidiaries in accordance with International Financial Reporting Standards (IFRSs) or the generally accepted accounting principles in the United States (U.S. GAAP) tentatively may be used for the consolidation process, however, the items listed in the PITF should be adjusted in the consolidation process so that net income is accounted for in accordance with Japan GAAP unless they are not material. The Company has made necessary modification to the consolidated financial statements according to the PITF.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of IFRSs.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition certain reclassifications have been made in the 2013 financial statements to conform to the classifications used in 2014.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥118.23 to $1, the approximate rate of exchange at November 28, 2014. Such translations should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The Consolidated financial statements at November 30, 2014 include the accounts of the Company and its 12 significant (12 in 2013) subsidiaries (together, the "Group").

Under the control or influence concept, a company in which the Company or its consolidated subsidiaries, directly or indirectly, are able to exercise control over operations is fully consolidated, and a company over which the Group has the ability to exercise significant influence is accounted for by the equity method.

Investments in 1 (1 in 2013) affiliates are accounted for by the equity method. Investment in the remaining 1 (3 in 2013) unconsolidated subsidiaries is stated at cost. If the equity method of accounting had been applied to the investment in the company, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. ***Cash Equivalents —*** Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value, which mature or become due within three months of the date of acquisition.

c. ***Investment Securities —*** Under the Accounting Standards for Financial Instruments, securities are classified into four categories – "trading securities," "held-to-maturity securities," "investments in affiliates" and "available-for-sale securities." Holding securities of the Group are classified as available-for-sale securities which are not classified as either trading securities or held-to-maturity debt securities.

   Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

   Realized gains and losses on the sale of available-for-sale securities are computed using the moving-average cost.

d. ***Allowance for Doubtful Receivables —*** The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

e. ***Inventories —*** Inventories held for sale in the ordinary course of business of the Company and consolidated subsidiaries were stated at the lower of cost determined by the specific identification method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. Inventories of certain consolidated subsidiaries were stated at the lower of cost, determined by the moving-average method, or market.

f. ***Property, Plant and Equipment —*** Property, plant and equipment are stated at cost. Depreciation of the Company and its consolidated subsidiaries, except foreign consolidated subsidiaries, is computed by the declining-balance method, while the straight-line method is applied to the buildings acquired on and after April 1, 1998, at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 2 to 34 years for buildings and structures, and from 2 to 10 years for machinery and equipment, and vehicles.

   Depreciation of foreign consolidated subsidiaries is computed by the straight-line method. The range of useful lives is principally from 5 to 20 years for buildings and structures, and from 5 to 10 years for machinery and equipment, and vehicles.

g. ***Intangible Assets —*** Intangible assets are carried at cost less accumulated amortization. Land use right are amortized by the straight-line method over the contract terms. Patent are amortized by the straight-line method over the estimated useful lives (from 4 to 8 years). The expenses for internal use computer software are deferred and amortized by the straight-line method over the estimated useful lives (5 years).

h. ***Income Taxes —*** The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

   The Group files a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and it's wholly owned domestic subsidiaries.

i. ***Accrued Losses on Sales Contracts —*** Accrued losses on sales contracts are provided for at the amount of estimated future losses on sales contracts at the balance sheet date when such losses are probable and can be reasonably estimated.

j. ***Foreign Currency Transactions*** **—** All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

k. ***Foreign Currency Financial Statements*** **—** The balance sheet accounts and revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the exchange rate at the balance sheet date except for net assets, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in accumulated other comprehensive income and “Minority interests”.

l. ***Derivatives and Hedging Activities*** **—** The Group uses derivative financial instruments to manage their exposures to fluctuations in foreign currency exchange rates and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate fluctuation risks and reduce financing costs. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are measured at fair value and recognized as either assets or liabilities, and gains or losses on derivatives are recognized in the consolidated statement of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign exchange forward contracts are utilized to hedge foreign currency exposures. Monetary receivables and trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Interest rate swaps which qualify for hedge accounting are measured at fair value at the balance sheet date, and the unrealized gains or losses are deferred until maturity as other liability or asset. Additionally, swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

m. ***Leases*** **— A**ll finance lease transactions are capitalized. Leased assets related to finance lease transactions without title transfer are depreciated by the straight-line method, with the lease periods as their useful lives and no residual value.

n. ***Asset Retirement Obligations*** **—** The Company recognizes an asset retirement obligation which is a statutory or similar obligation with regard to the removal of assets as a liability. An asset retirement obligation is recognized as a liability at the time that the asset is incurred by its acquisition, construction, development or ordinary use. When an asset retirement obligation is recognized as a liability, the asset retirement cost corresponding to it is included in the cost of the relevant asset by the same amount.

o. ***Reclassifications*** **—** Certain reclassifications have been made to the prior years’ consolidated financial statements to conform to the presentation used for the year ended November 30, 2014.

3. CASH AND CASH EQUIVALENTS

Reconciliations between "Cash and deposits" in the accompanying consolidated balance sheet and "Cash and cash equivalents" in the accompanying consolidated statement of cash flows at November 30, 2014 and 2013 are follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Cash and deposits	¥ 3,205,882	¥ 3,716,612	$ 27,116
Time deposits	(50,810)	—	(430)
Cash and cash equivalents	¥ 3,155,072	¥ 3,716,612	$ 26,686

4. INVESTMENT SECURITIES

Acquisition cost, balance sheet amount, and unrealized gain (loss) of available-for sale securities with fair value at November 30, 2014 and 2013 are summarized as follows:

	Thousands of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Balance sheet amount
November 30, 2014				
Equity securities	¥ 405,023	¥ 139,530	¥ (4,033)	¥ 540,520
November 30, 2013				
Equity securities	¥ 302,216	¥ 106,831	¥ —	¥ 409,047

	Thousands of U.S. dollars			
	Acquisition cost	Unrealized Gain	Unrealized loss	Balance sheet amount
November 30, 2014				
Equity securities	$ 3,426	$ 1,180	$ (34)	$ 4,572

For the years ended November 30, 2014 and 2013, proceeds from sales of available-for-sale securities are ¥5,806 thousand ($49 thousand) and ¥1,300 thousand, gross realized gains on these sales are ¥345 thousand ($3 thousand) and ¥800 thousand, gross realized losses on these sales are nil and nil, respectively.

5. INVESTMENTS IN AFFILIATES

The aggregate carrying amounts of investments in affiliates at November 30, 2014 and 2013 are ¥1,220,303 thousand ($10,321 thousand) and ¥1,300,697 thousand, respectively.

6. SHORT-TERM DEBT AND LONG-TERM DEBT

(1) Short-term borrowings

Short-term borrowings at November 30, 2014 and 2013, consisted of notes to banks, loan on deed and bank overdrafts. The average interest rates applicable to the short-term borrowings are 5.5% and 4.8% at November 30, 2014 and 2013, respectively.

(2) Bond

Bond at November 30, 2014 and 2013, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Bond, due serially to 2016 with interest rate of 0.77%	¥ 30,000	¥ 50,000	$ 254
Less current portion	20,000	20,000	169
	10,000	30,000	85
Bond, due serially to 2018 with interest rate of 0.63%	64,000	80,000	541
Less current portion	16,000	16,000	135
	48,000	64,000	406
Total	¥ 58,000	¥ 94,000	$ 491

The aggregate annual maturities of the bond after November 30, 2015 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2016	26,000	220
2017	16,000	135
2018	16,000	135

(3) Long-term borrowings

Long-term borrowings at November 30, 2014 and 2013, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Loans from banks and other financial institutions, due serially to 2019 with average interest rates of 2.9%	¥ 2,069,662	¥ —	$ 17,505
Loans from banks and other financial institutions, due serially to 2018 with average interest rates of 2.7%	—	1,936,247	—
	2,069,662	1,936,247	17,505
Less current portion	693,522	749,145	5,865
Total	¥ 1,376,140	¥ 1,187,102	$ 11,640

The aggregate annual maturities of long-term borrowings after November 30, 2015 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2016	¥ 555,516	$ 4,699
2017	396,786	3,356
2018	328,375	2,778
2019	95,463	807

(4) Lease liabilities

Lease liabilities at November 30, 2014 and 2013 consisted of the followings:

	Thousands of yen 2014	Thousands of yen 2013	Thousands of U.S. dollars 2014
Lease liabilities, with average interest rates of 7.8%	¥ 257,336	¥ –	$ 2,176
Lease liabilities, with average interest rates of 6.8%	–	325,866	–
Less current portion	71,774	93,865	607
Total	¥ 185,562	¥ 232,001	$ 1,569

The aggregate annual maturities of lease liabilities after November 30, 2015 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2016	¥ 77,607	$ 656
2017	80,425	680
2018	25,995	220
2019	1,535	13

(5) Commitments

At November 30, 2014, the Company has commitment line contracts with five banks to flexibly and efficiently finance the operating fund. Components of commitment line contracts were as follows:

	Thousands of yen	Thousands of U.S. dollars
Total commitments	¥ 1,150,000	$ 9,727
Borrowings	—	—
Unused commitments	¥ 1,150,000	$ 9,727

7. ASSETS PLEDGED

The carrying amounts of assets pledged as collateral and collateralized debt at November 30, 2014 and 2013, were as follows:

	Thousands of yen 2014	Thousands of yen 2013	Thousands of U.S. dollars 2014
Assets pledged as collateral:			
Buildings and structures	¥ 1,196,194	¥ 1,159,799	$ 10,118
Investment securities	10,296	9,885	87
Land use rights	114,148	108,074	965
Total	¥ 1,320,638	¥ 1,277,758	$ 11,170
Collateralized debt:			
Short-term borrowings	¥ 474,600	¥ 681,360	$ 4,014
Long-term borrowings	390,000	240,000	3,299
Total	¥ 864,600	¥ 921,360	$ 7,313

8. RESTRICTIVE FINANCIAL COVENANTS

Followings are information about syndicated loans at November 30, 2014.

(1) Long-term loan contracts to the Altech New Materials (Guangzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: February 18, 2011, balance at November 30, 2014: $408 thousand have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2009.

b. Altech New Materials (Guangzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation Consolidated ordinary loss is defined as “Keijo-sonshitsu” in the consolidated statement of income under accounting principles generally accepted in Japan. An ordinary income or loss, “Keijo-soneki” is an income or loss figure with certain adjustments made to income or loss before income taxes and minority interests

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(2) Long-term loan contracts to the Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: April 28, 2011, balance at November 30, 2014: $706 thousand have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2010.

b. Altech New Materials (Suzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(3) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 19, 2012, maximum borrowing amount: ¥1,150,000 thousand ($9,727 thousand), balance at November 30, 2014: nil) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at November 30, 2011.

b. The Company must not have two consecutive years of consolidated ordinary loss.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(4) Long-term loan contracts to the Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: April 3, 2012, balance at November 30, 2014: $582 thousand have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2011.

b. Altech New Materials (Suzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(5) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: September 25, 2013, balance at November 30, 2014: ¥560,000 thousand ($4,737 thousand)) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at November 30, 2012.

b. The Company must not have two consecutive years of consolidated ordinary loss.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(6) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2014, maximum borrowing amount: ¥600,000 thousand ($5,075 thousand), balance at November 30, 2014: ¥540,000 thousand ($4,567 thousand)) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at November 30, 2013.

b. The Company must not have two consecutive years of consolidated ordinary loss.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(7) Long-term loan contracts to the Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: April 7, 2014, balance at November 30, 2014: 7,280 thousand Chinese Yuan (¥142,190 thousand, $1,203 thousand) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2013.

b. Altech New Materials (Suzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

Followings are information about syndicated loans at November 30, 2013.

(1) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, maximum borrowing amount: ¥1,100,000 thousand, balance at November 30, 2013: ¥220,000 thousand) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at November 30, 2007.

b. The Company must not have two consecutive years of consolidated ordinary loss.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(2) Long-term loan contracts to the Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: March 20, 2009, balance at November 30, 2013: $174 thousand have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2008.

b. Altech New Materials (Suzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(3) Long-term loan contracts to the Altech New Materials (Guangzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: March 25, 2009, balance at November 30, 2013: $174 thousand have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2008.

b. Altech New Materials (Guangzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(4) Long-term loan contracts to the Altech New Materials (Guangzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: February 18, 2011, balance at November 30, 2013: $929 thousand have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2009.

b. Altech New Materials (Guangzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(5) Long-term loan contracts to the Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: April 28, 2011, balance at November 30, 2013: $1,146 thousand have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2010.

b. Altech New Materials (Suzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(6) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 19, 2012, maximum borrowing amount: ¥1,150,000 thousand, balance at November 30, 2013: nil) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at November 30, 2011.

b. The Company must not have two consecutive years of consolidated ordinary loss.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(7) Long-term loan contracts to the Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company with BOT Lease (H.K.) Co., Ltd., agreement date: April 3, 2012, balance at November 30, 2013: $799 thousand have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 70% of the net assets at November 30, 2011.

b. Altech New Materials (Suzhou) Co., Ltd. must not have two consecutive years of the loss which is sum of ordinary loss plus depreciation.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

(8) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: September 25, 2013, maximum borrowing amount: ¥700,000 thousand, balance at November 30, 2013: ¥700,000 thousand) have financial restriction articles attached. In the event that any of the following articles are violated, the borrower may lose the benefit of the term for all the liabilities under contract.

a. Net assets reported in the consolidated balance sheet at the balance sheet date of each fiscal year must be greater than or equal to 75% of the net assets in the immediately preceding fiscal year, or the net assets at November 30, 2012.

b. The Company must not have two consecutive years of consolidated ordinary loss.

In addition, the contracts impose certain restrictions on assets collaterals, assets transfers and changes in ownership.

9. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in statutory tax rates of approximately 38.0% for the years ended November 30, 2014 and 2013, respectively.

A reconciliation of the statutory tax rate and the effective tax rate as a percentage of income before income taxes and minority interests for the years ended November 30, 2014 and 2013 is follows:

	2014	2013
Statutory tax rate	38.0%	38.0%
Expenses not deductible for tax purposes	3.7	8.0
Income not credited for tax purposes	(0.5)	(0.5)
Per capita tax	3.7	4.6
Lower income tax rates applicable to income in certain foreign countries	(26.2)	(22.1)
Valuation allowance	(2.8)	(0.3)
Not recognized deferred taxes on unrealized gains	(4.5)	(7.6)
Equity in earnings, etc.	18.1	(9.3)
Undistributed earnings of foreign affiliates accounted for by equity method	(2.8)	10.6
Consolidation adjustment for gain on sale of affiliates stocks	—	30.3
Other	(1.6)	(0.1)
Effective tax rate	25.1%	51.6%

Significant components of deferred tax assets and liabilities at November 30, 2014 and 2013 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred tax assets (current):			
Accrued expenses	¥ 47,445	¥ 53,191	$ 401
Other payables	8,604	8,387	73
Allowance for doubtful receivables	8,442	17,278	71
Products	94,330	112,170	798
Other	4,215	32,408	36
	163,036	223,434	1,379
Valuation allowance	(163,036)	(223,434)	(1,379)
Offset with deferred tax liabilities	–	–	–
	–	–	–
Deferred tax liabilities (current):			
Dividends receivable	1,026	651	8
Business tax receivable	75	–	1
Deferred gains or losses on hedges	18,209	8,252	154
Other	7	8,053	0
	19,317	16,956	163
Offset with deferred tax assets	–	–	–
	19,317	16,956	163
Net deferred tax liabilities	¥ 19,317	¥ 16,956	$ 163
Deferred tax assets (non-current):			
Excess depreciation	¥ 62,068	¥ 28,897	$ 525
Land	761	828	6

Unrealized intercompany profits	550	1,127	5
Revaluation loss on investment securities	64,362	93,243	544
Allowance for doubtful receivables	69	116	1
Subsidiaries' stock	2,495	5,490	21
Revaluation loss on investments	16,343	17,429	138
Tax loss carryforwards	1,038,281	1,598,200	8,782
Lease deposit (Asset retirement obligations)	10,733	9,683	91
Other	9,336	10,754	79
	1,204,998	1,765,767	10,192
Valuation allowance	(1,204,412)	(1,741,742)	(10,187)
Offset with deferred tax liabilities	(550)	(1,127)	(5)
	36	22,898	0
Deferred tax liabilities (non-current):			
Loss on revaluation of assets under consolidated tax return system	1,660	29,786	14
Undistributed earnings of foreign affiliates accounted for by equity method	66,608	72,637	563
Unrealized gain on available-for-sale securities	48,291	40,607	409
	116,559	143,030	986
Offset with deferred tax assets	(550)	(1,127)	(5)
	116,009	141,903	981
Net deferred tax liabilities	¥ 115,973	¥ 119,005	$ 981

The ”Act for Partial Revision of the Income Tax Act” (Act No.10 of 2014) was issued on March 31, 2014 and special reconstruction corporation tax will not be imposed from fiscal years beginning on April 1, 2014 and onward.
In accordance with the change, the statutory tax rate for the Company to calculate the amounts of deferred tax assets and liabilities have been applied as follows depending on the reversal timing of each temporary item.

	Tax rate
November 30, 2014 and before	38.0%
December 1, 2014 and onward	35.6%

The effect on the deferred tax liability and income taxes-deferred by this tax-rates change is immaterial.

10. ASSET RETIREMENT OBLIGATIONS

The Group has recognized estimated future restoration obligations related to leasehold contracts of offices as asset retirement obligations, however, the disclosures are omitted because the amount of obligations is immaterial.

The Company estimated non-recoverable amounts of lease deposits under lease contracts at November 30, 2014, and recorded the amount attributable to the current fiscal year as expenses, instead of recognizing a liability for asset retirement obligations.

11. SHAREHOLDERS' EQUITY

(1) Common Stock

Under the Companies Act of Japan, the entire amount of the issue price of shares is required to be designated as stated common stock account although a company in Japan may, by resolution of its Board of Directors, account for an amount not exceeding 50% of the issue price of new shares as additional paid-in capital.

The number of authorized shares is 40,000,000 at both November 30, 2014 and 2013. Changes in the number of shares of common stock issued for the two years ended November 30, 2014 are as follows:

	Issued shares
Balance at November 30, 2012	19,354,596
Balance at November 30, 2013	19,354,596
Balance at November 30, 2014	19,354,596

(2) Retained Earnings and Dividends

The Companies Act provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus). No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Companies Act also provides that additional paid-in capital and legal reserve are available for appropriations by the resolution of the shareholders. Balances of the legal reserve are included in retained earnings in the accompanying consolidated balance sheet.
Cash dividends charged to retained earnings represent dividends paid out during the year. The amount available for dividends is based on the amount recorded in the Company's non-consolidated books of account in accordance with the Companies Act.

Dividends paid during the year ended November 30, 2013 which was approved by the general meeting of shareholders held on February 27, 2013 were as follows:

(a)	Total dividends	¥57,275 thousand
(b)	Cash dividends per common share	¥3
(c)	Record date	November 30, 2012
(d)	Effective date	February 28, 2013

Dividends paid during the year ended November 30, 2014 which was approved by the general meeting of shareholders held on February 27, 2014 were as follows:

(a)	Total dividends	¥51,441 thousand ($435 thousand)
(b)	Cash dividends per common share	¥3 ($0.03)
(c)	Record date	November 30, 2013
(d)	Effective date	February 28, 2014

Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended November 30, 2014 which was approved by the general meeting of shareholders held on February 26, 2015 are as follows:

(a)	Total dividends	¥51,440 thousand ($435 thousand)
(b)	Dividends source	Capital surplus
(c)	Cash dividends per common share	¥3 ($0.03)
(d)	Record date	November 30, 2014
(e)	Effective date	February 27, 2015

(3) Treasury stock

The Companies Act provides for companies to purchase treasury stock and dispose of treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Changes in the number of shares of treasury stock for the two years ended November 30, 2014 are as follows:

	Shares
Balance at November 30, 2012	262,859
Acquisition for treasury	1,944,868
Balance at November 30, 2013	2,207,727
Acquisition for treasury	200
Balance at November 30, 2014	2,207,927

12. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Significant components of selling, general and administrative expenses for the years ended November 30, 2014 and 2013 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Salaries	¥ 922,598	¥ 780,108	$ 7,803

13. RESERCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended November 30, 2014 and 2013 are nil and ¥2,061 thousand, respectively.

14. IMPAIRMENT LOSS

The Company recognized impairment losses for the year ended November 30, 2014 as follows:

Location	Usage	Classification
Suzhou City, China	Production equipment	Machinery and equipment, and vehicles and other

Classification	Thousands of yen	Thousands of U.S. dollars
Machinery and equipment, and vehicles	¥ 55,650	$ 479
Other	22,800	193
	¥ 79,450	$ 672

The long-lived assets that are used for business are grouped according to the classification for management reporting, and the assets for wholesale business are grouped by business center, the assets for preform business are grouped by factory and the assets for other business are grouped by business center or factory. Idle assets are grouped as individual property.
Total book value of “machinery and equipment” and “others” at production equipment are written off because the Company estimated the recoverable amounts of the assets are zero as the assets are not expected to be used in the future.

15. OTHER COMPREHENSIVE INCOME

Reclassification and tax effect of other comprehensive income for the years ended November 30, 2014 and 2013 are as follows are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Net unrealized gain on available-for-sale securities:			
Arising during the year	¥ 28,666	¥ 102,097	$ 243
Reclassification adjustment through profit or loss	―	―	―
Before tax effect	28,666	102,097	243
Tax effect	(7,685)	(38,807)	(65)
Net-of-tax amount	20,981	63,290	178
Deferred gain on derivatives under hedge accounting:			
Arising during the year	29,868	4,861	253
Reclassification adjustment through profit or loss	―	―	―
Before tax effect	29,868	4,861	253
Tax effect	(9,958)	(2,118)	(85)
Net-of-tax amount	19,910	2,743	168
Foreign currency translation adjustments:			
Arising during the year	611,563	1,173,276	5,173
Reclassification adjustment through profit or loss	―	―	―
Before tax effect	611,563	1,173,276	5,173

Tax effect	—	—	—
Net-of-tax amount	611,563	1,173,276	5,173
Other comprehensive income of affiliates accounted for by equity method:			
Arising during the year	21,968	281,228	186
Reclassification adjustment through profit or loss	—	—	—
	21,968	281,228	186
Total other comprehensive income	¥ 674,422	¥ 1,520,537	$ 5,705

16. FINANCIAL INSTRUMENTS

(1) Conditions of financial instruments

a. Policy for financial instruments
The group procures necessary funds mainly through loans from banks and leases according to the capital investment plan. Temporary idle funds are invested in a short-term deposit etc., and short-term operating funds are procured by loans from financial institutes. The group uses derivatives to hedge the risks described later and does not enter into derivatives for speculative purposes.

b. Type of financial instruments and risks
Trade notes and accounts receivable are exposed to customer credit risks. Trade notes and accounts receivable denominated in foreign currency are exposed to currency fluctuation risks.
Investment securities which mainly held for business relationships are exposed to fluctuations in market prices.
The long-term loans are exposed to credit risk of borrowers.
Maturities of trade notes and accounts payable are mostly within one year. Trade notes and accounts payable denominated in foreign currency are exposed to currency fluctuation risks.
The Company uses short-term debt mainly to finance operating funds and bond, long-term debt and lease obligations to finance capital investment and operating funds. Some debts are exposed to interest rate risk, and are hedged by using derivatives (interest rate swaps).

c. Risk management
① Credit risk management
The group performs due date and balance controls for each customer in accordance with credit control rules and regularly monitors major customers' credit status to mitigate customers' credit risk of trade receivables and long-term loans receivable.

② Market risk management
The group mainly uses forward exchange contracts to hedge the currency fluctuation risks recognized by currency which associated with trade receivables and payables denominated in foreign currency. To mitigate the interest rate fluctuation risks associated with borrowings, the group uses interest rate swaps.
Derivative transactions are executed and controlled in accordance with internal rules which establish the trading limit and trading authorities. Also, in order to mitigate credit risk, the counterparties to derivative transactions are limited to financial institutions with high credit ratings.
The group regularly monitors a stock price and an issuer's financial condition, and continuously considers whether the investment securities are held.
③ Liquidity risks management
The group prepares and updates a fund management plan and manages liquidity risk by maintaining an appropriate level of liquidity.

d. Supplement to fair values of financial instruments
Fair values of financial instruments are measured based on quoted market prices and reasonably assessed values in case quoted market prices are not available. Because the values are calculated based on certain assumptions, the results of valuation may differ when different assumption is applied.

(2) Fair values of the financial instruments

Carrying amounts in the consolidated balance sheet, fair values and differences at November 30, 2014 and 2013 are as follows:
Financial instruments whose fair value is extremely difficult to measure are not included in the below table.

	Thousands of yen					
	2014			2013		
	Carrying amount	Fair value	Differences	Carrying amount	Fair value	Differences
Cash and deposits	¥ 3,205,882	¥ 3,205,882	¥ —	¥ 3,716,612	¥ 3,716,612	¥ —
Trade notes and accounts receivable	2,412,068	2,412,068		2,427,933	2,427,933	
less: Allowance for doubtful receivables *1	(617)	(617)		(455)	(455)	
	2,411,451	2,411,451	—	2,427,478	2,427,478	—
Investment securities	540,520	539,837	(683)	409,047	406,994	(2,053)
Total assets	¥ 6,157,853	¥ 6,157,170	¥ (683)	¥ 6,553,137	¥ 6,551,084	¥ (2,053)
Trade notes and accounts payable	¥ 2,055,757	¥ 2,055,757	¥ —	¥ 2,321,741	¥ 2,321,741	¥ —
Short-term borrowings	404,600	404,600	—	711,360	711,360	—
Bond *2	94,000	94,761	761	130,000	130,579	579
Long-term borrowings *3	2,069,662	2,067,299	(2,363)	1,936,247	1,924,089	(12,158)
Lease obligations *4	257,336	240,636	(16,700)	—	—	—
Total liabilities	¥ 4,881,355	¥ 4,863,053	¥ (18,302)	¥ 5,099,348	¥ 5,087,769	¥ (11,579)
Derivatives *5	¥ 49,886	¥ 49,886	¥ —	¥ 20,019	¥ 20,019	¥ —

	Thousands of U.S. dollars		
	2014		
	Carrying amount	Fair value	Differences
Cash and deposits	$ 27,116	$ 27,116	$ —
Trade notes and accounts receivable	20,401	20,401	
less: Allowance for doubtful receivables *1	(5)	(5)	
	20,396	20,396	—
Investment securities	4,572	4,566	(6)
Total assets	$ 52,084	$ 52,078	$ (6)
Trade notes and accounts payable	$ 17,388	$ 17,388	$ —
Short-term borrowings	3,422	3,422	—
Bond *2	795	801	6
Long-term borrowings *3	17,505	17,485	(20)
Lease obligations *4	2,177	2,035	(142)
Total liabilities	$ 41,287	$ 41,131	$ (156)
Derivatives *5	$ 422	¥ 422	$ —

*1 Allowance for doubtful receivables which are estimated individually are excluded.
*2 Bond includes bond redeemable within one year.
*3 Long-term borrowings includes current portion of long-term borrowings.

*4 Lease obligations includes short-term lease obligations.
*5 Derivative receivables and payables are on net basis.

Notes
1. Fair values of financial instruments
Assets

a. Cash and deposits and trade notes and accounts receivable
   Because the fair values are approximately equal to the carrying amounts as these are collected in short term, such carrying amounts are used.
b. Investment securities
   Stocks fair values are based on prices of the stock exchanges and bonds fair values are based on quotes from counterparties. Also please see Note 4.

Liabilities

a. Trade notes and accounts payable and short-term borrowings
   Because the fair values are approximately equal to the carrying amounts as these are settled in short term, such carrying amounts are used.
b. Bond
   The fair value of bond with market value are based on market value and the fair value of bond without market value are quoted by the present value of future cash flows of interest and principal payments discounted using the estimated borrowing rate considering the remaining period and the credit risk.
c. Long-term borrowings and lease obligations
   Fair value of long-term borrowings and lease obligations are based on the present value of future cash flows of interest and principal payments discounted using the current borrowing rate for similar borrowings of a comparable maturity.
d. Derivatives
   Please see Note 17

2. Financial instruments whose fair value is extremely difficult to measure at November 30, 2014 and 2013 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Investment securities: Unlisted stock, etc.	¥ 0	¥ 0	$ 0
Investments in capital of affiliates: Unlisted stock, etc.	1,220,303	1,300,697	10,321
Others: Unlisted stock, etc.	17,789	17,789	150
	¥ 1,238,092	¥ 1,318,486	$ 10,471

The above financial instruments have no market value, therefore, it is considered to be extremely difficult to measure the fair value, and thus the above are not included in “Investment securities.”

3. The redemption schedule after the balance sheet date of monetary assets and securities with maturities

	Thousands of yen		
	Within one year	More than one year through five years	More than five years
Cash and deposits	¥ 3,205,882	¥ —	¥ —
Trade notes and accounts receivable	2,412,068	—	—
Total	¥ 5,617,950	¥ —	¥ —

	Thousands of U.S. dollars		
	Within one year	More than one year through five years	More than five years
Cash and deposits	$ 27,116	$ —	$ —
Trade notes and accounts receivable	20,401	—	—
Total	$ 47,517	$ —	$ —

4. The annual maturities of the long-term debt and other interest-bearing debt

	Thousands of yen					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	¥ 404,600	¥ -	¥ -	¥ -	¥ -	¥ -
Bond	36,000	26,000	16,000	16,000	-	-
Long-term borrowings	693,522	555,516	396,786	328,375	95,463	-
Lease liabilities	71,774	77,607	80,426	25,995	1,535	-
Total	¥ 1,205,896	¥ 659,123	¥ 493,212	¥ 370,370	¥ 96,998	¥ -

	Thousands of U.S. dollars					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	$ 3,422	$ -	$ -	$ -	$ -	$ -
Bond	305	220	135	135	-	
Long-term borrowings	5,866	4,699	3,356	2,778	807	-
Lease liabilities	607	656	681	220	13	-
Total	$ 10,200	$ 5,575	$ 4,172	$ 3,133	$ 820	$ -

17. DERIVATIVES

(1) Derivative transactions for which hedge accounting is not applied

The Company had no derivatives outstanding at November 30, 2014 and 2013 for which hedge accounting is not applied.

(2) Derivative transactions for which hedge accounting is applied

The Company had the following derivatives outstanding at November 30, 2014 and 2013:

	Hedged items	Contract or notional amounts (Thousands of yen)	Fair value (Thousands of yen)
November 30, 2014			
Forward exchange contracts:			
Selling foreign currency:	Accounts receivable		
U.S. dollar		¥ 9,812	¥ (193)
Euro		12,206	(1,013)
Buying foreign currency:	Accounts payable		
U.S. dollar		212,552	15,271
Euro		596,752	34,887
Other currencies		13,213	934
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings	1,100,000	*

	Hedged items	Contract or notional amounts (Thousands of yen)	Fair value (Thousands of yen)
November 30, 2013			
Forward exchange contracts:			
Selling foreign currency:	Accounts receivable		
U.S. dollar		¥ 19,295	¥ (606)
Euro		17,717	(1,085)
Buying foreign currency:	Accounts payable		
U.S. dollar		200,575	6,440
Euro		256,551	14,280
Other currencies		20,831	989
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings	1,690,000	*

	Hedged items	Contract or notional amounts (Thousands of U.S. dollars)	Fair value (Thousands of U.S. dollars)
November 30, 2014			
Forward exchange contracts:			
Selling foreign currency:	Accounts receivable		
U.S. dollar		$ 83	$ (2)
Euro		103	(9)
Buying foreign currency:	Accounts payable		
U.S. dollar		1,798	129
Euro		5,047	295
Other currencies		112	8
Interest rate swaps — fixed rate payment, floating rate receipt	Long-term borrowings	9,304	*

The above fair value is estimated based on quotes from counterparties etc.

* For certain long-term borrowings for which interest rate swaps are used to hedge the interest rate fluctuations, the fair value of the derivative financial instruments is included in the fair value of the long-term borrowings as hedged item.

18. BUSINESS COMBINATIONS

The Company merged with Altech IT Co., Ltd. which sells information communication equipments and provides the related services on December 1, 2013. Through this business combination, the Group can operate more rationally and effectively. Under this business combination, the Company was the succeeding company and Altech IT Co., Ltd. was the absorbed company. This business combination was accounted for as a "transaction under common control" in accordance with the "Accounting Standards for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestures" (ASBJ Guidance No. 10, December 26, 2008).

19. COMMITMENTS AND CONTINGENCIES

At November 30, 2014, the Company was contingently liable for investment guarantee of ¥12,815 thousand ($108 thousand) for Altech Asia Pacific Co., Ltd. to SBCS Co., Ltd. and SMBC Co., Ltd, which are subsidiaries of Sumitomo Mitsui Banking Corporation.

20. BALANCES AND TRANSACTIONS WITH RELATED PARTY

(1) Balances and transactions between the Company or its subsidiary and the director

At November 30, 2013, all outstanding shares of N-TECH Co., Ltd. are held by Mr. Masahiko Nishigami who is the Company's subsidiary's managing director.

Balances of the Company's subsidiary with N-TECH Co., Ltd. at November 30, 2013 and related transactions for the year then ended are as follows:

	Thousands of yen
Balances:	
Accounts receivable	¥ 10
Accounts payable	10,651
Transactions:	
Sales of pallet and buffer material, etc.	4,710
Purchases of materials and repair of machinery	72,240

(2) Balances and transactions between the Company's subsidiary and the director

For the year ended November 30, 2013, the Company's subsidiary extended ¥31,170 thousand loan to Mr. Yoshinori Umeki, a former director and senior corporate officer of the Company. Interest rate of the loan is determined by arms-length, and the subsidiary received the Company's stocks held by Mr. Umeki as a guarantee.
For the year ended November 30, 2013, the subsidiary collected ¥31,170 thousand. As a result, at November 30, 2013, the outstanding loan balance is nil.

(3) Condensed financial information of the significant affiliate

The condensed financial information of the significant affiliate, Altech New Material (Shenzhen) Co., Ltd. at November 30, 2014 and 2013 is as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Total current assets	¥ 2,340,039	¥ 2,694,414	$ 19,792
Total non-current assets	1,098,235	866,987	9,289
Total current liabilities	718,388	659,499	6,076
Total non-current liabilities	―	―	―
Total net assets	2,719,886	2,901,902	23,005
Sales	5,323,961	5,550,150	45,031
Income (loss) before income taxes	(213,249)	48,071	(1,804)
Net income (loss)	(230,834)	36,053	(1,952)

21. FAIR VALUE OF INVESTMENT AND RENTAL PROPERTY

(1) Overview of Real Estate and Rental

Altech New Materials (Suzhou) Co., Ltd., the consolidated subsidiary of the Company rents land and a part of the building in Suzhou factory, China.

Net income from the rental property for the years ended November 30, 2014 and 2013 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Net income from the rental property	¥ 240,235	¥ 170,328	$ 2,032

(2) The carrying amounts and fair values related to the rental property at November 30, 2014 and 2013, and movement of the carrying amount for the years then ended are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Carrying amount:			
At beginning of the year	¥ 1,364,441	¥ 605,659	$ 11,540
Movement	66,313	758,782	561
At end of the year	¥ 1,430,754	¥ 1,364,441	$ 12,101
Fair value at end of the year	¥ 1,601,695	¥ 1,511,919	$ 13,547

Notes

1. Because rental property is not significant, total amount of the rental property and the property if part of it used as rental, is presented.
2. Carrying amount is the amount after deducting accumulated impairment losses and accumulated depreciation from the acquisition cost.
3. For the year ended November 30, 2014, main increase is ¥149,422 thousand ($1,264 thousand) in

purchase of property and main decrease is ¥83,109 thousand ($703 thousand) in depreciation.

4. The fair value is calculated based on real estate price published by Chinese Government.

22. SEGMENT INFORMATION

The reported segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.
The Group primarily operates purchase and sale of industrial machinery and equipments and related services, manufacture and sale of plastic molded products derived therefrom. "Wholesale business", "Preform business" and "Other business" are the Company's reported segments.
"Wholesale business" mainly purchases and sells industrial machinery and equipments and provides related services. "Preform business" mainly manufactures and sells performs for PET bottles, plastic caps and provides related services. "Other business" manufactured and sold recycled plastic pallets and provided related services, but the Company withdrew from "Other business" in October 2014.

Segment income is calculated based on operating profit in the consolidated statement of income.
Intersegment revenues and transfer are based on arms-length transactions and manufacturing costs.

Operating revenues, income, assets, liabilities and others by reported segments

The reported segment information of the Company and its consolidated subsidiaries for the years ended November 30, 2014 and 2013 are summarized as follows:

	Thousands of yen 2014					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	¥ 9,726,779	¥ 5,723,851	¥ 785,241	¥ 16,235,871	¥ –	¥ 16,235,871
Intersegment revenues	12,585	10,215	–	22,800	(22,800)	–
Total	9,739,364	5,734,066	785,241	16,258,671	(22,800)	16,258,871
Segment income (loss)	¥ 391,118	¥ (8,309)	¥ 79,104	¥ 461,913	¥ (173,112)	¥ 288,801
Segment assets	¥ 3,157,433	¥ 11,459,742	¥ –	¥ 14,617,175	¥ 2,341,049	¥ 16,958,224
Others:						
Depreciation and amortization	¥ 43,082	¥ 1,005,244	¥ 20,007	¥ 1,068,333	¥ (5,034)	¥ 1,063,299
Increase in property and equipment and intangible assets	¥ 68,847	¥ 744,654	¥ –	¥ 813,501	¥ 74,082	¥ 887,583

	Thousands of yen 2013					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	¥ 10,092,113	¥ 5,058,299	¥ 1,440,962	¥ 16,591,374	¥ –	¥ 16,591,374
Intersegment revenues	5,344	12,952	17,827	36,123	(36,123)	–
Total	10,097,457	5,071,251	1,458,789	16,627,497	(36,123)	16,591,374
Segment income (loss)	¥ 484,057	¥ (56,235)	¥ 41,766	¥ 469,588	¥ (159,849)	¥ 309,739
Segment assets	¥ 2,848,292	¥ 10,313,818	¥ 1,057,799	¥ 14,219,909	¥ 2,544,437	¥ 16,764,346
Others:						
Depreciation and amortization	¥ 23,451	¥ 938,358	¥ 78,024	¥ 1,039,833	¥ (86)	¥ 1,039,747
Increase in property and equipment and intangible assets	¥ 37,556	¥ 610,356	¥ 69,733	¥ 717,645	¥ 12,269	¥ 729,914

	Thousands of U.S. dollars					
	2014					
	Reported segments					
	Wholesale	Preform	Other	Total	Adjustments	Consolidated
Operating revenues:						
Revenues from third parties	$ 82,270	$ 48,413	$ 6,641	$ 137,324	$ –	$ 137,324
Intersegment revenues	107	86	–	193	(193)	–
Total	82,377	48,499	6,641	137,517	(193)	137,324
Segment income (loss)	$ 3,308	$ (70)	$ 669	$ 3,907	$ (1,464)	$ 2,443
Segment assets	$ 26,706	$ 96,928	$ –	$ 123,634	$ 19,800	$ 143,434
Others:						
Depreciation and amortization	$ 364	$ 8,503	$ 169	$ 9,036	$ (43)	$ 8,993
Increase in property and equipment and intangible assets	$ 582	$ 6,299	$ –	$ 6,881	$ 626	$ 7,507

The adjustment in "Segment income (loss)" for the years ended November 30, 2014 and 2013 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Intersegment transactions	¥ 3,055	¥ 4,730	$ 26
Non-categorized expenses	(210,806)	(199,278)	(1,783)
Adjustments of fixed assets	34,639	34,699	293
	¥ (173,112)	¥ (159,849)	$ (1,464)

Non-categorized expenses are unallocated company-wide expenses which are mainly administrative expenses not attributable to the reported segments.

The adjustment in "Segment assets" at November 30, 2014 and 2013 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Intersegment balances	¥ (1,384,220)	¥ (1,348,923)	$ (11,708)
Non-categorized assets	3,725,269	3,893,360	31,508
	¥ 2,341,049	¥ 2,544,437	$ 19,800

Non-categorized assets are unallocated company-wide assets which are cash and deposits, investment securities etc. and assets related to administrative division.

The adjustment in "depreciation and amortization" is depreciation of company-wide assets.
The adjustment in "Increase for property, plant, equipment, and intangible assets" is the increase of company-wide assets.

Related information

1. Information by products and services

Disclosure is omitted because the classification of products and services are same as the classification of the reported segments.

2. Geographical information

(1) Sales

	Thousands of yen 2014	Thousands of yen 2013	Thousands of U.S. dollars 2014
Japan	¥ 8,417,822	¥ 10,040,746	$ 71,199
Asia	5,999,511	4,615,268	50,744
Americas	15,851	21,322	134
Europe	1,755,137	1,892,434	14,845
Other	47,550	21,604	402
	¥ 16,235,871	¥ 16,591,374	$ 137,324

(2) Property and equipment

	Thousands of yen 2014	Thousands of yen 2013	Thousands of U.S. dollars 2014
Japan	¥ 965,096	¥ 352,033	$ 8,163
Asia	4,885,681	5,200,054	41,324
	¥ 5,850,777	¥ 5,552,087	$ 49,487

3. Information by major customers

The information for major customers for the years ended November 30, 2014 and 2013 are as follows:

Customer	Segment	Thousands of yen 2014	Thousands of yen 2013	Thousands of U.S. dollars 2014
DNP PHOTO IMAGING EUROPE SAS	Wholesale	¥ 1,663,598	¥ 1,708,641	$ 14,071

Information of impairment loss on fixed assets by reported segments

	Thousands of yen				
	Wholesale	Preform	Other	Adjustments	Consolidated
November 30, 2014					
Impairment loss	¥ –	¥ 79,450	¥ –	¥ –	¥ 79,450
November 30, 2013					
Impairment loss	¥ 940	¥ –	¥ 149,711	¥ –	¥ 150,651

	Thousands of U.S. dollars				
	Wholesale	Preform	Other	Adjustments	Consolidated
November 30, 2014					
Impairment loss	$ –	$ 672	$ –	$ –	$ 672

Impairment loss for November 30, 3013 is included in “Loss on business structure improvement”.

Information of amortization and balance of goodwill

Goodwill is not recorded for the years ended November 30, 2014 and 2013.

Negative goodwill incurred by reported segments

Negative goodwill is not recorded for the years ended November 30, 2014 and 2013.

23. PER SHARE INFORMATION

(1) Net Income per Share

Basic net income per share, and reconciliation of the numbers and the amounts used in the basic net income per share computations for the years ended November 30, 2014 and 2013 are as follows:

	Yen		U.S. dollars
	2014	2013	2014
Basic net income per share	¥ 7.81	¥ 4.11	$ 0.07

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Net income	¥ 133,980	¥ 75,542	$ 1,133
Net income not applicable to common shareholders	–	–	–
Net income applicable to common shareholders	¥ 133,980	¥ 75,542	$ 1,133

	Number of shares	
	2014	2013
Weighted average number of shares outstanding on which basic net income per share is calculated	17,146,736	18,388,421

The diluted net income per share for the years ended November 30, 2014 and 2013 are not presented as there are not dilutive potential shares at each year end.

(2) Net Assets per Share

Net assets per share, and reconciliation of the numbers and the amounts used in the net assets per share computations at November 30, 2014 and 2013 are as follows:

	Yen		U.S. dollars
	2014	2013	2014
Net assets per share	¥ 604.14	¥ 559.99	$ 5.11

	Thousands of yen		Thousands of U.S. dollars
	2014	2013	2014
Total net assets	¥ 10,506,163	¥ 9,710,724	$ 88,862
Amount deducted from total net assets:			
Minority interests	147,124	108,597	1,244
Net assets applicable to common shareholders	¥ 10,359,039	¥ 9,602,127	$ 87,618

	Number of shares	
	2014	2013
Number of shares outstanding at end of year on which net assets per share is calculated	17,146,669	17,146,869