ALTECH Co., Ltd. and Consolidated Subsidiaries

Audited Consolidated Financial Statements
for the Years Ended November 30, 2010 and 2009

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Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Altech Co., Ltd. and its consolidated subsidiaries as of November 30, 2010 and 2009, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Altech Co., Ltd. and its consolidated subsidiaries as of November 30, 2010and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As more fully described in Note 22 to the consolidated financial statements, the Company resolved, at the Board of Directors' meeting held on December 28, 2010, the reduction of additional paid-in capital.

As more fully described in Note 2 *e.* to the consolidated financial statements, effective from the year ended November 30, 2009, the Company adopted "Accounting Standard for Measurement of Inventories." Furthermore, as more fully described in Note 2 *m.* to the consolidated financial statements, effective from the year ended November 30, 2009, the Company adopted the revised "Accounting Standard for Lease Transactions" and revised "Guidance on Accounting Standard for Lease Transactions."

The accompanying consolidated financial statements as of and for the year ended November 30, 2010 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis described in Note 1 to the consolidated financial statements.

BDO Toyo & Co

BDO Toyo & Co
Tokyo, Japan
February 25, 2011

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets
November 30, 2010 and 2009

	Thousands of yen 2010	Thousands of yen 2009	Thousands of U.S. dollars (Note 1) 2010
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Note 3)	¥ 2,328,920	¥ 2,925,298	$ 27,636
Trade notes and accounts receivable	3,665,062	4,692,201	43,492
Inventories	1,126,378	1,048,941	13,366
Advances paid	388,103	599,862	4,606
Deferred tax assets (Note 10)	31,458	23,373	373
Other current assets	364,493	431,283	4,325
Allowance for doubtful receivables	(18,874)	(27,080)	(224)
Total current assets	7,885,540	9,693,878	93,574
PROPERTY, PLANT AND EQUIPMENT :			
Buildings and structures (Note 8)	2,204,492	2,241,305	26,160
Machinery and equipment, and vehicles	4,494,345	4,582,625	53,333
Land	80,479	80,479	955
Lease assets	259,524	155,154	3,079
Construction in progress	678,782	37,101	8,055
Other	1,503,352	1,692,730	17,840
Total	9,220,974	8,789,394	109,422
Accumulated depreciation	(3,525,232)	(2,910,619)	(41,833)
Net property, plant and equipment	5,695,742	5,878,775	67,589
INTANGIBLE ASSETS, NET(Note 8)	159,673	183,150	1,895
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 5 and 8)	309,589	295,867	3,674
Investment in capital of affiliates (Note 5)	1,092,433	967,545	12,963
Deferred tax assets (Note 10)	20,867	11,291	248
Lease deposits	267,798	378,908	3,178
Other assets (Note 6)	956,063	1,028,816	11,345
Allowance for doubtful receivables	(530,257)	(547,584)	(6,292)
Total investments and other assets	2,116,493	2,134,843	25,116
TOTAL	¥ 15,857,448	¥ 17,890,646	$ 188,174

	Thousands of yen 2010	Thousands of yen 2009	Thousands of U.S. dollars (Note 1) 2010
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Trade notes and accounts payable	¥ 2,391,334	¥ 3,076,601	$ 28,377
Short-term debt and current portion of long-term debt (Notes 7, 8 and 9)	1,171,133	1,085,247	13,897
Accrued expenses	459,250	437,425	5,450
Income taxes payable (Note 10)	29,984	64,803	356
Advances received	514,300	797,168	6,103
Deferred tax liabilities (Note 10)	2,566	3,352	30
Other current liabilities	512,352	652,252	6,080
Total current liabilities	5,080,919	6,116,848	60,293
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7, 8 and 9):	1,412,900	2,137,631	16,766
Liabilities for directors' retirement and severance benefits	–	132,763	–
Other long-term liabilities	261,446	95,822	3,103
Total long-term liabilities	1,674,346	2,366,216	19,869
Total liabilities	6,755,265	8,483,064	80,162
SHAREHOLDERS' EQUITY (Note 11):			
Common stock	5,527,830	5,527,830	65,597
Additional paid-in capital	2,783,822	2,783,822	33,035
Retained earnings	1,301,941	1,409,141	15,450
Treasury stock	(222,689)	(222,587)	(2,643)
Total shareholders' equity	9,390,904	9,498,206	111,439
VALUATION AND TRANSLATION ADJUSTMENTS:			
Net unrealized loss on available-for-sale securities (Note 4)	(16,313)	(76,699)	(194)
Deferred loss on derivatives under hedge accounting (Note 15)	(15,315)	(2,884)	(182)
Foreign currency translation adjustments	(445,160)	(157,890)	(5,283)
Total valuation and translation adjustments	(476,788)	(237,473)	(5,659)
MINORITY INTERESTS	188,067	146,849	2,232
Total net assets	9,102,183	9,407,582	108,012
COMMITMENTS AND CONTINGENCIES (Note 16)			
TOTAL	¥ 15,857,448	¥ 17,890,646	$ 188,174

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Operations
Years Ended November 30, 2010 and 2009

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
NET SALES	¥ 19,272,797	¥ 22,182,303	$ 228,703
COST OF SALES	15,723,327	18,244,134	186,583
Gross profit	3,549,470	3,938,169	42,120
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 12)	3,227,221	3,401,685	38,296
Operating profit	322,249	536,484	3,824
OTHER INCOME (EXPENSES):			
Interest and dividends income	14,903	17,568	177
Interest expense	(113,662)	(150,130)	(1,349)
Equity in earnings of affiliates	210,397	25,704	2,497
Gain (Loss) on derivatives	(67,461)	28,071	(801)
Foreign exchange gain (loss)	11,940	(243,263)	142
Commission paid	(9,181)	(12,607)	(109)
Gain on sale of property, plant and equipment	5,125	1,155	61
Revaluation loss on investment securities	(39,624)	(33,730)	(470)
Reversal of directors' retirement and severance benefits	134,098	–	1,591
Refund of withholding tax	48,199	–	572
Revaluation loss on investment in capital	(34,710)	–	(412)
Special retirement payment	(48,129)	–	(571)
Payment of legal settlement	(315,944)	–	(3,749)
Gain on business separation	19,000	–	225
Gain on sale of investment securities	–	11,072	–
Provision for doubtful receivables	–	(530,053)	–
Loss on claims	–	(315,375)	–
Other—net	(36,152)	9,623	(429)
Other expenses—net	(221,201)	(1,191,965)	(2,625)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	101,048	(655,481)	1,199
INCOME TAXES (Note 10):			
Current	62,855	52,430	746
Deferred	(25,749)	257,329	(306)
Total income taxes	37,106	309,759	440
MINORITY INTERESTS	(56,588)	(6,185)	(672)
NET INCOME (LOSS)	¥ 7,354	¥ (971,425)	$ 87

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets
Years ended November 30, 2010 and 2009

	Thousands of yen										
	Shareholders' equity (Note 11)					Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized loss on available-for-sale securities (Note 4)	Deferred loss on derivatives under hedge accounting (Note 15)	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at November 30, 2008	¥ 5,527,830	¥ 2,783,822	¥ 2,495,122	¥ (222,555)	¥ 10,584,219	¥ (37,509)	¥ (39,103)	¥ 550,316	¥ 473,704	¥ 144,569	¥ 11,202,492
Changes arising during the year:											
Dividends			(114,556)		(114,556)						(114,556)
Net loss			(971,425)		(971,425)						(971,425)
Purchase of treasury stock				(32)	(32)						(32)
Net changes other than shareholders' equity					–	(39,190)	36,219	(708,206)	(711,177)	2,280	(708,897)
Total changes during the year	–	–	(1,085,981)	(32)	(1,086,013)	(39,190)	36,219	(708,206)	(711,177)	2,280	(1,794,910)
Balance at November 30, 2009	5,527,830	2,783,822	1,409,141	(222,587)	9,498,206	(76,699)	(2,884)	(157,890)	(237,473)	146,849	9,407,582
Changes arising during the year:											
Dividends			(114,554)		(114,554)						(114,554)
Net income			7,354		7,354						7,354
Purchase of treasury stock				(102)	(102)						(102)
Net changes other than shareholders' equity					–	60,386	(12,431)	(287,270)	(239,315)	41,218	(198,097)
Total changes during the year	–	–	(107,200)	(102)	(107,302)	60,386	(12,431)	(287,270)	(239,315)	41,218	(305,399)
Balance at November 30, 2010	¥ 5,527,830	¥ 2,783,822	¥ 1,301,941	¥ (222,689)	¥ 9,390,904	¥ (16,313)	¥ (15,315)	¥ (445,160)	¥ (476,788)	¥ 188,067	¥ 9,102,183

	Thousands of U.S. dollars (Note 1)										
	Shareholders' equity (Note 11)					Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized loss on available-for-sale securities (Note 4)	Deferred loss on derivatives under hedge accounting (Note 15)	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at November 30, 2009	$ 65,597	$ 33,035	$ 16,722	$ (2,642)	$ 112,712	$ (911)	$ (34)	$ (1,874)	$ (2,819)	$ 1,743	$ 111,636
Changes arising during the year:											
Dividends			(1,359)		(1,359)						(1,359)
Net income			87		87						87
Purchase of treasury stock				(1)	(1)						(1)
Net changes other than shareholders' equity						717	(148)	(3,409)	(2,840)	489	(2,351)
Total changes during the year			(1,272)	(1)	(1,273)	717	(148)	(3,409)	(2,840)	489	(3,624)
Balance at November 30, 2010	$ 65,597	$ 33,035	$ 15,450	$ (2,643)	$ 111,439	$ (194)	$ (182)	$ (5,283)	$ (5,659)	$ 2,232	$ 108,012

See accompanying notes to consolidated financial statements.

ALTECH Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years ended November 30, 2010 and 2009

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
OPERATING ACTIVITIES:			
Income (Loss) before income taxes and minority interests	¥ 101,048	¥ (655,481)	$ 1,199
Depreciation and amortization	852,890	867,722	10,121
Provision for directors' retirement and severance benefits	(133,304)	(237,335)	(1,582)
Provision for doubtful receivables	(25,533)	522,952	(303)
Interest and dividends income	(14,903)	(17,568)	(177)
Interest expense	113,662	151,032	1,349
Equity in earnings of affiliates	(210,398)	(25,704)	(2,497)
Increase (Decrease) in claims in bankruptcy and reorganization	17,328	(546,492)	206
Payment of legal settlement	315,944	-	3,749
Loss (Gain) on sale of property, plant and equipment	(1,258)	15,451	(15)
Gain on business separation	(19,000)	-	(225)
Decrease in trade receivables	1,006,964	2,174,917	11,949
Increase (Decrease) in inventories	(90,724)	666,631	(1,077)
Increase in advances paid	208,466	308,416	2,474
Decrease in trade payables	(677,395)	(2,077,778)	(8,038)
Decrease in advances received	(278,647)	(205,091)	(3,307)
Other, net	(9,159)	406,949	(109)
Sub total	1,155,981	1,348,621	13,717
Interest and dividends received	15,042	18,869	179
Interest paid	(116,295)	(151,584)	(1,380)
Payment of legal settlement	(315,944)	–	(3,749)
Income taxes paid	(99,011)	(341,877)	(1,175)
Income taxes refunded	34,231	69,290	406
Net cash provided by (used in) operating activities	674,004	943,319	7,998
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(543,331)	(918,683)	(6,448)
Proceeds from sales of property, plant and equipment	56,510	16,078	671
Proceeds from business separation	19,000		225
Proceeds from sale of investment securities	–	13,941	–
Increase in long-term loans receivable	–	(3,000)	–
Other, net	48,922	(67,626)	581
Net cash used in investing activities	(418,899)	(959,290)	(4,971)
FINANCING ACTIVITIES:			
Increase (Decrease) in short-term debt	194,014	(298,052)	2,302
Proceeds from long-term debt	50,000	380,824	594
Repayments on long-term debt	(833,314)	(759,387)	(9,888)
Dividends paid to shareholders	(113,066)	(115,380)	(1,342)
Other, net	(123,347)	(24,285)	(1,464)
Net cash used in financing activities	(825,713)	(816,280)	(9,798)
Effect of exchange rate changes on cash and cash equivalents	(25,770)	(105,804)	(306)
Net decrease in cash and cash equivalents	(596,378)	(938,055)	(7,077)
Cash and cash equivalents at beginning of year	2,925,298	3,863,353	34,713
Cash and cash equivalents at end of year (Note 3)	¥ 2,328,920	¥ 2,925,298	$ 27,636

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended November 30, 2010 and 2009

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.

Previously, a company could use the financial statements of its foreign subsidiaries which have been prepared in conformity with financial accounting standards of the countries of their domicile. From the year ended November 30, 2009, the Company adopted "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). This PITF 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 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 made necessary modification to the consolidated financial statements according to the PITF. The effect of the change on operating profit and loss before income taxes and minority interests was immaterial.

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 International Financial Reporting Standards.

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 2009 financial statements to conform to the classifications used in 2010.

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 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥84.27 to $1, the approximate rate of exchange at November 30, 2010. 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 as of November 30, 2010 include the accounts of the Company and its 8 significant (9 in 2009) 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 3 (3 in 2009) affiliates are accounted for by the equity method. Investment in the remaining 2 (2 in 2009) unconsolidated subsidiaries are 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 available-for-sale securities are computed using the moving-average cost.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

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 of the Company and consolidated subsidiaries, except for Chinese and Indonesian consolidated subsidiaries, were stated at the lower of cost determined by the specific identification method, or market. Inventories of Chinese and Indonesian consolidated subsidiaries were stated at the lower of cost, determined by the moving-average method, or market. From the year ended November 30, 2009, the Company adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006), and inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined by the specific identification method, and inventories held by certain subsidiaries were determined by the moving-average method. As a result of the change, operating profit decreased by ¥86,881 thousand and loss before income taxes and minority interests increased by same amount.

f. ***Property, Plant and Equipment —*** Property, plant and equipment are stated at cost. Depreciation of the Company and its consolidated subsidiaries, except Chinese and Indonesian 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 3 to 50 years for buildings and structures, and from 2 to 15 years for machinery and equipment, and vehicles.

Depreciation of Chinese and Indonesian 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 amortization. Land use right of ¥106,512 thousand as of November 30, 2009, which was included in land until the year ended November 30, 2008, are amortized by the straight-line method over the contract terms. 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 statements 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. ***Directors’ Retirement and Severance Benefits —*** The Company has unfunded defined benefit pension plans for directors and corporate auditors. The provision for the plans has been made in the accompanying consolidated financial statements for vested benefits to which directors and corporate auditors are entitled if they were to retire and sever immediately at the balance sheet date.

At the meeting of Board of Directors held on November 12, 2010, abolishment of retirement benefit system for directors and corporate auditors of the Company was resolved. The amount of ¥134,098 thousand ($1,591 thousand) is reversed as income in the accompanying consolidated statement of operations for the year ended November 30, 2010.

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 statements of income to the extent that they are not hedged by forward exchange contracts.

k. ***Foreign Currency Financial Statements —*** The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of 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" and “Minority interests” in a separate component of net assets.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate.

l. ***Derivatives and Hedging Activities —*** The Group uses derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency swaps and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate 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 derivative transactions are recognized in the statements 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 contracts are utilized to hedge foreign currency exposures in export sales and in purchase of goods from overseas suppliers. Monetary receivables and trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Foreign exchange contracts utilized for forecasted (or committed) transactions are also measured at the fair value, but the unrealized gains/losses are deferred until the underlying transactions are completed.

Currency swaps are measured at fair value and the unrealized gains/losses are recognized in the consolidated statements of income.

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 — Previously, finance leases, except for those where the legal title of the underlying property is transferred from the lessor to the lessee at the end of the lease term, are accounted for similarly to operating leases. On March 30, 2007, the ASBJ issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions,” which revised the former accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No.16, “Guidance on Accounting Standard for Lease Transactions,” which revised the former guidance issued on January 18, 1994. From the year ended November 30, 2009, the Company adopted the revised accounting standards. The revised accounting standards require that all finance lease transactions shall be capitalized. Leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value. Regarding finance leases transactions without title transfer for which the starting date for the lease transactions is prior to the initial fiscal year in which these new accounting standards apply, the Company and its domestic consolidated subsidiaries have continued recognize lease payments as expenses. The effect of this change on operating profit and loss before income taxes and minority interests was immaterial.

3. CASH AND CASH EQUIVALENTS

Reconciliation between "Cash and deposits" in the accompanying consolidated balance sheets and "Cash and cash equivalents" in the accompanying consolidated statements of cash flows at November 30, 2010 and 2009 is follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash and deposits	¥ 2,328,920	¥ 2,925,298	$ 27,636
Cash and cash equivalents	¥ 2,328,920	¥ 2,925,298	$ 27,636

4. INVESTMENT SECURITIES

Acquisition cost, balance sheet amount, and unrealized gain/(loss) of available-for sale securities with fair value as of November 30, 2010 and 2009 are summarized as follows:

	Thousands of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Balance sheet amount
November 30, 2010				
Equity securities	¥ 206,835	¥ 11,221	¥ (23,773)	¥ 194,283
November 30, 2009				
Equity securities	¥ 247,307	¥ 2,188	¥ (62,506)	¥ 186,989
Debt securities	10,000	47	–	10,047
	¥ 257,307	¥ 2,235	¥ (62,506)	¥ 197,036

	Thousands of U.S. dollars			
	Acquisition cost	Unrealized Gain	Unrealized loss	Balance sheet amount
November 30, 2010				
Equity securities	$ 2,455	$ 133	$ (283)	$ 2,305

Securities classified as available-for-sale securities for which fair value is not available at November 30, 2010 and 2009 is follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Unlisted equity securities	¥ –	¥ 500	$ –

For the year ended November 30, 2009, proceeds from sales of available-for-sale securities were ¥14,108 thousand, gross realized gains on these sales were ¥11,072 thousand and gross realized losses on these sales were ¥731 thousand.
No available-for-sale securities were sold for the year ended November 30, 2010.

5. INVESTMENTS IN AFFILIATES

The aggregate carrying amounts of investments in affiliates as of November 30, 2010 and 2009 are ¥1,207,239 thousand ($14,326 thousand) and ¥1,065,876 thousand, respectively.

6. LONG-TERM DEPOSITS

With regard to the long-term deposit of ¥200,000 thousand ($2,373 thousand) both at November 30, 2010 and 2009 included in other assets in the accompanying consolidated balance sheets whose maturity date is March 31, 2019, only bank has the right of early cancellation, and if the Company would cancel the deposit before maturity, the Company must pay penalties and may lose some amount of deposit principal.

7. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt at November 30, 2010 and 2009, consisted of notes to banks, loan on deed and bank overdrafts. The average interest rates applicable to the short-term debt are 2.8% and 2.9% at November 30, 2010 and 2009, respectively.

Long-term debt at November 30, 2010 and 2009, consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Loans from banks and other financial institutions, due serially to 2014 with average interest rates of 4.1%	¥ 2,148,442	¥ –	$ 25,495
Loans from banks and other financial institutions, due serially to 2014 with average interest rates of 4.0%	–	2,961,266	–
	2,148,442	2,961,266	25,495
Less current portion	735,542	823,635	8,729
Total	¥ 1,412,900	¥ 2,137,631	$ 16,766

The aggregate annual maturities of long-term debt after November 30, 2011 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2012	¥ 656,970	$ 7,796
2013	490,406	5,819
2014	265,524	3,151
2015	–	–

Lease liabilities at November 30, 2010 and 2009 consisted of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Lease liabilities, with average interest rates of 3.6%	¥ 173,210	¥	$ 2,055
Lease liabilities, with average interest rates of 3.7%		143,123	
Less current portion	91,267	54,627	1,083
Total	¥ 81,943	¥ 88,496	$ 972

The aggregate annual maturities of lease liabilities after November 30, 2011 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Year ending November 30:		
2012	¥ 59,940	$ 711
2013	10,990	130
2014	8,013	95
2015	2,999	36

At November 30, 2010, 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 commitment line contracts	¥ 2,100,000	$ 24,920
Borrowings	1,100,000	13,053
Unused commitments	¥ 1,000,000	$ 11,867

8. ASSETS PLEDGED

The carrying amounts of assets pledged as collateral and collateralized short-term borrowings at November 30, 2010 and 2009, were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Assets pledged as collateral:			
Buildings and structures	¥ 147,844	¥ 164,772	$ 1,754
Investment securities	5,940	7,230	71
Land use rights	96,880	106,512	1,150
Total	¥ 250,664	¥ 278,514	$ 2,975
Collateralized debt:			
Short-term borrowings	¥ 535,591	¥ 461,612	$ 6,356
Long-term borrowings	465,000	665,000	5,518

9. RESTRICTIVE FINANCIAL COVENANTS

Followings are information about syndicated loans at November 30, 2010.

(1) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, balance as of November 30, 2010: ¥500,000 thousand ($5,933 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of November 30, 2007.

b. The Company must not have two consecutive years of consolidated ordinary loss. 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) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, maximum borrowing amount: ¥1,000,000 thousand ($11,867 thousand), balance as of November 30, 2010: 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of 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.

(3) 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 ($13,053 thousand), balance as of November 30, 2010: ¥880,000 thousand ($10,443 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of 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.

(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: March 20, 2009, balance as of November 30, 2010: $1,131 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 70% of consolidated net assets as of 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.

(5) 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 as of November 30, 2010: $1,131 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 70% of consolidated net assets as of 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.

Followings are information about syndicated loans at November 30, 2009.

(1) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, balance as of November 30, 2009: ¥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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of November 30, 2007.

b. The Company must not have two consecutive years of consolidated ordinary loss. 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) Syndicated loan contracts to the Company (arranger: The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreement date: March 26, 2008, maximum borrowing amount: ¥1,000,000 thousand, balance as of November 30, 2009: 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of 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.

(3) 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 as of November 30, 2009: ¥1,100,000 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 75% of consolidated net assets in the immediately preceding fiscal year, or consolidated net assets as of 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.

(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: March 20, 2009, balance as of November 30, 2009: $1,417 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 70% of consolidated net assets as of 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.

(5) 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 as of November 30, 2009: $1,417 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 sheets as of the balance sheet date of each fiscal year must be greater than or equal to 70% of consolidated net assets as of 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.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.7% for the years ended November 30, 2010 and 2009.

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 year ended November 30, 2010 was follows:

Statutory tax rate	40.7%
Expenses not deductible for tax purposes	26.7
Income not credited for tax purposes	(0.7)
Per capita tax	6.8
Lower income tax rates applicable to income in certain foreign countries	(168.8)
Valuation allowance	243.9
Not recognized deferred tax on unrealized gain	(34.2)
Equity in earnings, etc.	(84.7)
Foreign tax	6.8
Other	0.2
Effective tax rate	36.7%

The reconciliation for the year ended November 30, 2009 was omitted because loss before income taxes and minority interests are recorded.

Significant components of deferred tax assets and liabilities at November 30, 2010 and 2009 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets (current):			
Accrued expenses	¥ 74,219	¥ 89,355	$ 881
Other payables	38,332	71,590	455
Allowance for doubtful receivables	8,661	10,930	103
Products	95,583	86,962	1,134
Tax loss carryforwards	27,733	–	329
Other	19,229	23,086	228
	263,757	281,923	3,130
Valuation allowance	(232,299)	(258,550)	(2,757)
	31,458	23,373	373
Deferred tax liabilities (current):			
Business tax receivable	502	2,772	6
Dividends receivable	582	580	7
Other	1,482	–	17
	2,566	3,352	30
Net deferred tax assets	¥ 28,892	¥ 20,021	$ 343

Deferred tax assets (non-current):						
Machinery and equipments, and vehicles	¥	17,586	¥	8,207	$	209
Furniture and fixtures		3,719		2,491		44
Land		869		–		10
Revaluation loss on investment securities		112,322		96,199		1,333
Unrealized intercompany profits		132,267		2,063		1,570
Allowance for doubtful receivables		107,881		111,356		1,280
Tax loss carryforwards		762,093		392,970		9,043
Directors' retirement and severance benefits		–		54,021		–
Other		29,043		50,794		345
		1,165,780		718,101		13,834
Valuation allowance		(1,144,913)		(706,810)		(13,586)
Net deferred tax assets	¥	20,867	¥	11,291	$	248

11. SHAREHOLDERS' EQUITY

(1) Common Stock

Under the Corporation Law 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, 2010 and 2009. Changes in the number of shares of common stock issued for the two years ended November 30, 2010 are as follows:

	Issued shares
Balance as of November 30, 2008	19,354,596
Balance as of November 30, 2009	19,354,596
Balance as of November 30, 2010	19,354,596

(2) Retained Earnings and Dividends

The Corporation Law 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. 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 Corporation Law 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 sheets.

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 Corporation Law.

Dividends paid during the year ended November 30, 2009 which was approved by the general meeting of shareholders held on February 25, 2009 were as follows:

(a)	Total dividends	¥114,556 thousand
(b)	Cash dividends per common share	¥6
(c)	Record date	November 30, 2008
(d)	Effective date	February 26, 2009

Dividends paid during the year ended November 30, 2010 which was approved by the general meeting of shareholders held on February 24, 2010 were as follows:

(a)	Total dividends	¥114,554 thousand ($1,359 thousand)
(b)	Cash dividends per common share	¥6 ($0.07)
(c)	Record date	November 30, 2009
(d)	Effective date	February 25, 2010

Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended November 30, 2010 which was approved by the general meeting of shareholders held on February 25, 2011 are as follows:

(a)	Total dividends	¥57,276 thousand ($680 thousand)
(b)	Dividends source	Additional paid-in capital
(b)	Cash dividends per common share	¥3 ($0.04)
(c)	Record date	November 30, 2010
(d)	Effective date	February 28, 2011

(3) Treasury stock

The Corporate Law 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, 2010 are as follows:

	Shares
Balance as of November 30, 2008	262,008
Acquisition for treasury	180
Balance as of November 30, 2009	262,188
Acquisition for treasury	311
Balance as of November 30, 2010	262,499

12. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Significant components of selling, general and administrative expenses for the years ended November 30, 2010 and 2009 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Salaries	¥ 984,546	¥ 1,065,736	$ 11,683
Travelling expenses	248,060	284,259	2,944
Reserve for directors' retirement and severance benefits	–	30,025	–
Rent	303,272	428,391	3,599
Research and development	72,000	–	854

13. LEASES

A summary of assumed amounts of acquisition cost which includes interest portion, accumulated depreciation and net book value at November 30, 2010 and 2009 are as follows, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Thousands of yen		
	Machinery and equipment	Other property, plant and equipments (Furniture and fixtures)	Total
November 30, 2010			
Acquisition cost	¥ 35,000	¥ 93,528	¥ 128,528
Accumulated depreciation	21,000	62,788	83,788
Net book value	¥ 14,000	¥ 30,740	¥ 44,740
November 30, 2009			
Acquisition cost	¥ 35,000	¥ 110,365	¥ 145,365
Accumulated depreciation	14,000	49,754	63,754
Net book value	¥ 21,000	¥ 60,611	¥ 81,611

	Thousands of U.S. dollars		
	Machinery and equipment	Other property, plant and equipments (Furniture and fixtures)	Total
November 30, 2010			
Acquisition cost	$ 415	$ 1,110	$ 1,525
Accumulated depreciation	249	745	994
Net book value	$ 166	$ 365	$ 531

Future minimum payments which include interest portion required under finance leases at November 30, 2010 and 2009 are follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Within one year	¥ 24,249	¥ 32,146	$ 288
Over one year	23,667	54,250	281
	¥ 47,916	¥ 86,396	$ 569

Lease expense, depreciation expense and interest expense under finance leases for the years ended November 30, 2010 and 2009 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Lease expense	¥ 31,589	¥ 34,656	$ 375
Depreciation expense	28,946	31,599	343
Interest expense	2,597	4,202	31

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

14. FINANCIAL INSTRUMENTS

(1) Conditions of financial instruments

a. Policy for financial instruments
The group procures necessary capital chiefly 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 capital is procured by loans from banks. 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 currencies 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. Short-term debt are mainly for financing operating funds and long-term debt and lease obligations are for financing 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 controls 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 operating 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 diffrences at November 30, 2010 are as follows:

Financial instruments whose fair value is extremely difficult to measure are not included in the below table.

	Thousands of yen		
	Carrying amount	Fair value	Differences
Cash and deposits	¥ 2,328,920	¥ 2,328,920	¥ —
Trade notes and accounts receivable	3,665,062	3,665,062	—
less: Allowance for doubtful receivables *1	(18,874)	(18,874)	—
	3,646,188	3,646,188	—
Investment securities	194,783	194,783	—
Total assets	¥ 6,169,891	¥ 6,169,891	¥ —
Trade notes and accounts payable	¥ 2,391,334	¥ 2,391,334	¥ —
Short-term debt	435,591	435,591	—
Long-term debt *2	2,148,442	2,165,393	16,951
Total liabilities	¥ 4,975,367	¥ 4,992,318	¥ 16,951
Derivatives *3	¥ 61,250	¥ 61,250	¥ —

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Valuation gain(loss)
Cash and deposits	$ 27,636	$ 27,636	$ —
Trade notes and accounts receivable	43,492	43,492	—
less: Allowance for doubtful receivables *1	(224)	(224)	—
	43,268	43,268	—
Investment securities	2,311	2,311	—
Total assets	$ 73,215	$ 73,215	$ —
Trade notes and accounts payable	$ 28,377	$ 28,377	$ —
Short-term debt	5,169	5,169	—
Long-term debt *2	25,495	25,696	201
Total liabilities	$ 59,041	$ 59,242	$ 201
Derivatives *3	$ 727	$ 727	$ —

*1 Allowance for doubtful receivables which are estimated individually are excluded.
*2 Long-term debt includes current portion of long-term debt.
*3 Derivative receivables and payables are on net basis.

Note.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
   These fair values are prices of the stock exchanges. Also please see Note 4.

Liabilities

a. Trade notes and accounts payable and short-term debt
   Because the fair values are approximately equal to the carrying amounts as these are settled in short term, such carrying amounts are used.
b. Long-term debt
   The carrying amount of long-term debt with variable interest rate approximates fair value because the fair value is reflected the fluctuation of interest market in a short period and credit status of the Company and subsidiaries do not change so much from when the Company and subsidiaries borrowed. Fair value of certain long-term debt with interest rate swaps for which exceptional accounting method applied are based on the present value of future cash flows of interest and principal payments discounted using the reasonably estimated interest rate for similar borrowings. Fair value of long-term debt with fixed interest rate is 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.
c. Derivatives
   Please see Note 15.

Note.2 Financial instruments whose fair value is extremely difficult to measure as of November 30, 2010 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Investment securities		
Unlisted stock, etc.	¥ 114,806	$ 1,362
Investments in capital of affiliates		
Unlisted stock, etc.	1,092,433	12,964
Others		
Unlisted stock, etc.	28,914	343
Total	¥ 1,236,153	$ 14,669

The above financial instruments have no market value, and an excessive cost is to be required to estimate the future cash flows. Therefore, it is considered to be extremely difficult to measure the fair value, and thus the above are not included in "Investment securities."

Note.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	¥ 2,328,920	¥ —	¥ —
Trade notes and accounts receivable	3,665,062	—	—

	Thousands of U.S. dollars		
	Within one year	More than one year through five years	More than five years
Cash and deposits	$ 27,636	$ —	$ —
Trade notes and accounts receivable	43,492	—	—

The "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan; ASBJ Statement No.10, March 10, 2008) and "Guidance on Accounting Standard for Financial Instruments (ASBJ Guidance No.19, March 10, 2008) are applied from the year ended November 30, 2010.

15. DERIVATIVES

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

The Company had the following derivatives outstanding at November 30, 2010 and 2009:

	Thousands of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
November 30, 2010			
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	¥ 16,547	¥ 17,370	¥ (823)
Euro	158,483	155,494	2,989
Other currencies	2,988	3,002	(14)
Buying foreign currency:			
U.S. dollar	158,819	160,874	2,055
Euro	427,842	407,025	(20,817)
Other currencies	29,635	29,719	84
Currency swaps			
— Yen receipt, U.S. dollar payment	403,263	77,774	77,774
			¥ 61,248
November 30, 2009			
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	¥ 6,532	¥ 6,299	¥ 233
Euro	19,048	18,475	573
Buying foreign currency:			
U.S. dollar	366,198	350,696	(15,502)
Euro	559,163	571,291	12,128
Other currencies	20,100	19,491	(609)
Currency swaps			
— Yen receipt, U.S. dollar payment	893,781	145,235	145,235
Interest rate swaps			
— fixed rate payment, floating rate receipt	764,440	(8,101)	(8,101)
			¥ 133,957

	Thousands of U.S. dollars		
	Contract or notional amounts	Fair value	Valuation gain (loss)
November 30, 2010			
Forward exchange contracts:			
Selling foreign currency:			
U.S. dollar	$ 196	$ 206	$ (10)
Euro	1,881	1,845	36
Other currencies	36	36	(0)
Buying foreign currency:			
U.S. dollar	1,885	1,909	24

Euro	5,077	4,830	(247)
Other currencies	352	353	1
Currency swaps			
— Yen receipt, U.S. dollar payment	4,785	923	923
			$ 727

The fair value of forward exchange contracts is computed based on the forward rate. The fair value of currency swaps and interest rate swaps are computed based on quotes from counterparties.

(2) Derivative transactions for which hedge accounting is applied

The Company had the following derivatives outstanding at November 30, 2010:

		Thousands of yen	
	Hedged items	Contract or notional amounts	Fair value
Forward exchange contracts:			
Selling foreign currency:	Accounts receivable		
U.S. dollar		¥ 58,707	¥ 3,272
Euro		46,613	(731)
Buying foreign currency:	Accounts payable		
U.S. dollar		176,909	807
Euro		107,226	(1,336)
Other currencies		16,172	(193)
Interest rate swaps	Long-term debt		
— fixed rate payment, floating rate receipt		1,418,760	*

		Thousands of U.S. dollars	
	Hedged items	Contract or notional amounts	Fair value
November 30, 2010			
Forward exchange contracts:			
Selling foreign currency:	Accounts receivable		
U.S. dollar		$ 697	$ 39
Euro		553	(9)
Buying foreign currency:	Accounts payable		
U.S. dollar		2,099	10
Euro		1,272	(16)
Other currencies		192	(2)
Interest rate swaps	Long-term debt		
— fixed rate payment, floating rate receipt		16,836	*

* For certain long-term debt 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 debt as hedged item.

16. COMMITMENTS AND CONTINGENCIES

At November 30, 2010, the Group was contingently liable for loan guarantees to its affiliates as follows:

	Thousands of yen	Thousands of U.S. dollars
Well Altech Printing (Suzhou) Co., Ltd.	¥ 12,841	$ 152

At November 30, 2010, the Company was contingently liable for investment guarantee of ¥9,967 thousand ($118 thousand) for Altech Asia Pacific Co., Ltd. to SBCS Co., Ltd. and SMBC Co., Ltd, which are subsidiaries of Mitsui Sumitomo Banking Corporation.

17. BALANCES AND TRANSACTIONS WITH RELATED PARTY

The condensed financial information of the significant affiliate, Altech New Material (Shenzhen) Co., Ltd. as of November 30, 2010 is as follows:

	Millions of yen	Thousands of U.S. dollars
Total current assets	¥ 2,159,212	$ 25,623
Total non-current assets	744,121	8,830
Total current liabilities	356,037	4,225
Total non-current liabilities	113,672	1,349
Total net assets	2,433,624	28,879
Sales	5,553,168	65,897
Income before income taxes	483,702	5,740
Net income	430,938	5,114

Both at November 30, 2010 and 2009, the Company extended a ¥32,000 thousand ($380 thousand) loan to Mr. Yoshinori Umeki, a director and senior corporate officer of the Company. Interest rate of the loan is determined by arms-length between the Company and Mr. Umeki, and the Company received the Company’s stocks held by Mr. Umeki as a guarantee.

18. BUSINESS SEPARATION

(1) Overview of the business separation

a. Names of the transferee of the separated business
MST Insurance Service Co.,Ltd.

b. Description of the separated business
Insurance agency business

c. Major reason for business separation
To improve operational efficiency, the Copmany determined that it is appropriate to transfer the business to MST Insurance Service Co., Ltd.

d. Date of the business separation
November 30, 2010

e. Overview of the business separation including legal form
Business transfer in exchange only for cash and property

(2) Overview of accounting methods

a. Amount of gain on business separation
¥ 19,000 thousand ($225 thousand)

b. Assets and liabilities of the separated business

	Thousands of yen	Thousands of U.S. dollars
Total assets	¥ —	$ —
Total liabilities	¥ —	$ —

(3) Business segment in which the separated business included
Wholesale Business

(4) Summary of the operating results from the separated business in the accompanying consolidated statement of operations

	Thousands of yen	Thousands of U.S. dollars
Net sales	¥ 9,891	$ 117
Operating loss	¥ 1,015	$ 12

19. 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 the portion of the building of the factory in Suzhou, China.
Income from the rental property is ¥248,852 thousand ($2,953 thousand) for the year ended November 30, 2010.

(2) The carrying amounts and fair values related to the rental property as of November 30, 2010, and the changes of the carrying amount for the year then ended are as follows:

Thousands of yen			
Carrying amount			Fair value
2009	the changes	2010	
¥ 714,427	¥ (24,892)	¥ 689,535	¥ 799,882

Thousands of U.S. dollars			
Carrying amount			Fair value
2009	the changes	2010	
$ 8,478	$ (296)	$ 8,182	$ 9,492

Note.1 Carrying amount is the amount after deducting accumulated impairment losses and accumulated depreciation from the acquisition cost.

Note.2 Method for calculating of fair value
The fair value is primarily calculated based on "real estate appraisal standards."

The "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Accounting Standards Board of Japan; ASBJ Statement No.20, November 28, 2008) and "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No.23, November 28, 2008) are applied from the year ended November 30, 2010.

20. SEGMENT INFORMATION

(1) Industry Segments

The industry segments of the Group for the years ended November 30, 2010 and 2009 were summarized as follows:

	Thousands of yen				
	2010				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 15,587,482	¥ 3,685,315	¥ 19,272,797	¥ –	¥ 19,272,797
Intersegment	203,692	1,657,029	1,860,721	(1,860,721)	–
	15,791,174	5,342,344	21,133,518	(1,860,721)	19,272,797
Operating expenses	16,305,083	4,434,218	20,739,301	(1,788,753)	18,950,548
Operating income (loss)	¥ (513,909)	¥ 908,126	¥ 394,217	¥ (71,968)	¥ 322,249
Total assets	¥ 4,878,337	¥ 8,048,711	¥ 12,927,048	¥ 2,930,400	¥ 15,857,448
Depreciation and amortization	77,282	770,907	848,189	4,701	852,890
Capital expenditures	69,380	792,725	862,105	35,022	897,127

	Thousands of yen				
	2009				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 18,116,173	¥ 4,066,130	¥ 22,182,303	¥ –	¥ 22,182,303
Intersegment	208,965	1,444,970	1,653,935	(1,653,935)	–
	18,325,138	5,511,100	23,836,238	(1,653,935)	22,182,303
Operating expenses	18,432,747	4,760,770	23,193,517	(1,547,698)	21,645,819
Operating income (loss)	¥ (107,609)	¥ 750,330	¥ 642,721	¥ (106,237)	¥ 536,484
Total assets	¥ 6,513,487	¥ 7,969,594	¥ 14,483,081	¥ 3,407,565	¥ 17,890,646
Depreciation and amortization	112,530	745,289	857,819	9,903	867,722
Capital expenditures	218,648	868,932	1,087,580	73,605	1,161,185

	Thousands of U.S. dollars				
	2010				
	Wholesale	Production	Total	Elimination / corporate	Consolidated
Sales to customers	$ 184,971	$ 43,732	$ 228,703	$ –	$ 228,703
Intersegment	2,417	19,663	22,080	(22,080)	–
	187,388	63,395	250,783	(22,080)	228,703
Operating expenses	193,486	52,619	246,105	(21,226)	224,879
Operating income (loss)	$ (6,098)	$ 10,776	$ 4,678	$ (854)	$ 3,824
Total assets	$ 57,889	$ 95,511	$ 153,400	$ 34,774	$ 188,174
Depreciation and amortization	917	9,148	10,065	56	10,121
Capital expenditures	823	9,407	10,230	416	10,646

The non-categorized operating expenses of ¥25,496 thousand ($303 thousand) and ¥83,734 thousand for the years ended November 30, 2010 and 2009 in the Elimination/ corporate line consist primarily of the expense for group strategic planning and management cost for operating companies.

Corporate assets of ¥2,861,720 thousand ($33,959 thousand) and ¥3,712,371 thousand as of November 30, 2010 and 2009 in the Elimination/ corporate line consist primarily of cash and deposits, long-term investments (investments in securities) and assets relating to the group strategic planning and management for operating companies.

For the year ended November 30, 2009, as described in Note 2. e., the Company adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). As a result of these changes, operating income of each segment decreased as follows:

	Millions of yen
Wholesale	¥ 81,618
Production	5,263

For the year ended November 30, 2009, as described in Note 2. m., the Company adopted revised "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, July 17, 1993) and revised "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16, January 18, 1994).

The effect of this change on operating income of each segment was immaterial.

(2) Geographical Segments

The geographical segments of the Company and its subsidiaries for the years ended November 30, 2010 and 2009 are as follows:

	Thousands of yen				
	2010				
	Japan	Asia	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 15,379,081	¥ 3,893,716	¥ 19,272,797	¥ –	¥ 19,272,797
Intersegment	161,304	462,210	623,514	(623,514)	–
	15,540,385	4,355,926	19,896,311	(623,514)	19,272,797
Operating expenses	15,942,095	3,556,164	19,498,259	(547,711)	18,950,548
Operating income (loss)	¥ (401,710)	¥ 799,762	¥ 398,052	¥ (75,803)	¥ 322,249
Total assets	¥ 5,259,162	¥ 7,426,346	¥ 12,685,508	¥ 3,171,940	¥ 15,857,448

	Thousands of yen				
	2009				
	Japan	Asia	Total	Elimination / corporate	Consolidated
Sales to customers	¥ 18,045,522	¥ 4,136,781	¥ 22,182,303	¥ –	¥ 22,182,303
Intersegment	154,393	305,524	459,917	(459,917)	–
	18,199,915	4,442,305	22,642,220	(459,917)	22,182,303
Operating expenses	18,222,874	3,766,915	21,989,789	(343,970)	21,645,819
Operating income (loss)	¥ (22,959)	¥ 675,390	¥ 652,431	¥ (115,947)	¥ 536,484
Total assets	¥ 6,975,029	¥ 7,356,470	¥ 14,331,499	¥ 3,559,147	¥ 17,890,646

	Thousands of U.S. dollars				
	2010				
	Japan	Asia	Total	Elimination / corporate	Consolidated
Sales to customers	$ 182,498	$ 46,205	$ 228,703	$ –	$ 228,703
Intersegment	1,914	5,485	7,399	(7,399)	–
	184,412	51,690	236,102	(7,399)	228,703
Operating expenses	189,179	42,200	231,379	(6,500)	224,879
Operating income (loss)	$ (4,767)	$ 9,490	$ 4,723	$ (899)	$ 3,824
Total assets	$ 62,408	$ 88,126	$ 150,534	$ 37,640	$ 188,174

The non-categorized operating expenses of ¥25,496 thousand ($303 thousand) and ¥83,734 thousand for the years ended November 30, 2010 and 2009 in the Elimination/ corporate line consist primarily of the expense for group strategic planning and management cost for operating companies.

Corporate assets of ¥2,861,720 thousand ($33,959 thousand) and ¥3,712,371 thousand as of November 30, 2010 and 2009 in the Elimination/ corporate line consist primarily of cash and deposits, long-term investments (investments in securities) and assets relating to the group strategic planning and management for operating companies.

For the year ended November 30, 2009, as described in Note 2. e., the Company adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006). As a result of these changes, operating income of Japan decreased ¥86,881 thousand.

For the year ended November 30, 2009, as described in Note 2. m., the Company adopted revised “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, July 17, 1993) and revised “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16, January 18, 1994). The effect of this change on operating income of each segment was immaterial.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended November 30, 2010 and 2009 is summarized as follows:

	Thousands of yen	Percentage to consolidated sales	Thousands of U.S. dollars
November 30, 2010			
Sales to foreign customers:			
Americas	¥ 43,827	0.2%	$ 520
Europe	1,316,825	6.8	15,626
Asia	4,270,805	22.2	50,680
Others	78,538	0.4	932
Total	¥ 5,709,995	29.6%	$ 67,758
Consolidated sales	¥ 19,272,797		$ 228,703
November 30, 2009			
Sales to foreign customers:			
Americas	¥ 104,891	0.5%	
Europe	2,174,004	9.8	
Asia	4,463,232	20.1	
Others	192,233	0.9	
Total	¥ 6,934,360	31.3%	
Consolidated sales	¥ 22,182,303		

21. PER SHARE INFORMATION

(1) Net Income (Loss) per Share

Basic net income (loss) per share, and reconciliation of the numbers and the amounts used in the basic net income (loss) per share computations for the years ended November 30, 2010 and 2009 are as follows:

	Yen		U.S. dollars
	2010	2009	2010
Basic net income (loss) per share	¥ 0.39	¥ (50.88)	$ 0.00

The diluted net income per share for the year ended November 30, 2010 are not presented as there are no dilutive potential shares at the year end.

		Thousands of yen			Thousands of U.S. dollars
		2010		2009	2010
Net income (loss)	¥	7,354	¥	(971,425)	$ 87
Net income (loss) not applicable to common shareholders		–		–	–
Net income (loss) applicable to common shareholders	¥	7,354	¥	(971,425)	$ 87

	Number of shares	
	2010	2009
Weighted average number of shares outstanding on which basic net income per share is calculated	19,092,195	19,092,479

(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, 2010 and 2009 are as follows:

		Yen			U.S. dollars
		2010		2009	2010
Net assets per share	¥	466.90	¥	485.05	$ 5.54

		Thousands of yen			Thousands of U.S. dollars
		2010		2009	2009
Total net assets	¥	9,102,183	¥	9,407,582	$ 108,012
Amount deducted from total net assets:					
Minority interests		188,067		146,849	2,232
Net assets applicable to common shareholders	¥	8,914,116	¥	9,260,733	$ 105,780

	Number of shares	
	2010	2009
Number of shares outstanding at end of year on which net assets per share is calculated	19,092,097	19,092,408

22. SUBSEQUENT EVENTS

The company resolved at the board meeting held on December 28, 2010 the reduction of additional paid-in capital and it was approved at general shareholders' meeting held on February 25, 2011.

(1) Purpose of reduction of common stock and capital surplus

In order for the Company to have sufficient amount available for dividends and have a more flexible and stable capital structure, the Company reduced the additional paid-in capital based on regulations of Article 448 clause 1 of the Corporate Law and transferred it to the other capital surplus.

(2) Amount of reduced additional paid-in capital

Additional paid-in capital of ¥1,000,000 thousand ($ 11,867 thousand) is reduced.

(3) Schedule

i.	December 28, 2010	Board meeting resolution
ii.	January 21,2011	Creditors objection publication
iii.	February 21,2011	Final due date for creditors objection publication
iv.	February 25,2011	General shareholders' meeting resolution
v.	February 25,2011	Date of coming into force

(4) Other

The transaction is transfer within "Net assets" section and net assets remained unchanged due to this transaction. Therefore, the business results of the Company is not affected.