

# **IWATSU ELECTRIC CO., LTD.**

**2011 ANNUAL REPORT**  
**For the year ended March31, 2011**

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**June 2011**

## *Overview of Fiscal Year 2010*

The economy of Japan during the fiscal year under review showed an upward momentum in some industries owing to active demands in Asian markets and stimulative measures implemented by the government. However, economic uncertainty still persists on the whole primarily due to a high level of unemployment, sluggish consumer spending, appreciation of the yen against U.S. dollar in the latter of the fiscal year and surge of raw materials such as crude oil. The sense of anxiety was fortified by the Great Eastern Earthquake (the "Earthquake") on March 11, 2011 and turmoil caused by the subsequently occurred nuclear accident. Our line of business has also showed a moderate rate of recovery since the first half of the fiscal year though, unpredictable situation still continues.

Under the circumstances, IWATSU Group addressed improvement of the financial condition aggressively by restructuring our divisional organization system and promoting cost cutting measures of fixed costs implemented in the previous term. To further accelerate, we also promoted cost reductions on manufacturing costs and miscellaneous expenses. In September 2010, we formulated our new Mid-term business plan "Challenge & Innovation" for the fiscal year 2010 through 2012. In line with its basic policy, we have been working diligently on implementing our growth strategy. As part of it, in order to streamline our business, we conducted comprehensive review of Telecommunication business in North America and transferred shares of our sales subsidiary in the U.S., IWATSU AMERICA INC., to a local company in March 2011. On the other hand, we have laid a foundation of our growth strategy by entering new fields such as label printing industry and businesses that benefit from wireless authentication technology.

Consolidated net sales during the term under review amounted to 26,856 million yen, a decrease of 0.8% compared to the previous fiscal year. The decrease is due to slow recovery of Telecommunications products which are our core products, sales decrease of Test Instrument systems for a specific customer and effects of the Earthquake that are estimated around 400 million yen, although there exist a bright side such as recovery in production material industry in the first half and acquisition of a big deal. In terms of profit, consolidated operating profit/ loss resulted in a loss of 331 million yen, down from the previous term (1,430 million yen) even with a reduction in sales. The improvement was made due to the Group-wide efforts to achieve better profit margin and reduce fixed costs. The net profit/ loss amounted to a profit of 3,597 million yen, improved from the previous term (a loss of 2,114 million yen). As extraordinary incomes, we posted 5,297 million yen for gain on sales of land associated with the expropriation of a road site by Tokyo Metropolitan Government and 2,154 million yen for compensation for transfer of property, respectively. We also posted as extraordinary losses 801 million yen for a loss on liquidation of IWATSU AMERICA INC., 586 million yen for non-recurring depreciation on software developed for Telecommunications products and 188 million yen for a loss caused by the Earthquake.

It can be predicted that sever economic and market conditions will likely continue in Japan due to the effects and concerns caused by the Earthquake and nuclear accident thereafter, escalating crude oil prices and high yen against U.S. dollars.

In line with the principle of our Mid-term business plan, 'Challenge' and 'Innovation', IWATSU Group will make continuous endeavors to accomplish consolidated net sales of 33,000 million yen and consolidated operating profit of 700 million for the fiscal year ended March 2013, which is the last year of the Mid-term business plan. Our endeavors are twofold; Challenge growing business field for the establishment of new business, and Innovate our business structure and make profits from the existing businesses. We will work on to expand our sales from Label printing machine which we have been focusing on since the latter half of the previous fiscal year, new businesses such as Power electronics devices, Wireless authentication systems and Cloud-type contact centers etc., new business phone "LEVANCIO" and new digital oscilloscope "ViewGo II". At the same time, we will make efforts to streamline our business and enhance consciousness of the employees.

With above measures in place, we foresee 26,800 million yen in consolidated sales, 300 million yen in both consolidated operating and net loss in the fiscal year ended March 2012. We appreciate the support received from our shareholders and other stakeholders, and we sincerely ask for your ongoing support.

**IWATSU ELECTRIC CO., LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Years ended March 31, 2011 and 2010**

|  | Millions of yen |                  | Thousands of U.S. dollars |                    |
|--|-----------------|------------------|---------------------------|--------------------|
|  | 2011            | 2010             | 2011                      | 2010               |
| Net sales  | ¥ 26,857        | ¥ 27,096         | \$ 322,995                | \$ 325,869         |
| Costs and expenses :                                       |                 |                  |                           |                    |
| Cost of sales  | 16,209          | 17,017           | 194,937                   | 204,654            |
| Selling, general and administrative expenses               | 10,980          | 11,509           | 132,051                   | 138,413            |
|  | <u>27,189</u>   | <u>28,526</u>    | <u>326,988</u>            | <u>343,067</u>     |
| Operating loss   | (332)           | (1,430)          | (3,993)                   | (17,198)           |
| Other income (expenses):                                   |                 |                  |                           |                    |
| Interest and dividend income                               | 30              | 43               | 361                       | 517                |
| Interest expense   | (12)            | (23)             | (144)                     | (277)              |
| Exchange gains (losses)                                    | (9)             | (16)             | (108)                     | (192)              |
| Equity in earnings (losses) of affiliates                  | 10              | 21               | 120                       | 253                |
| Gain on sale of property, plant and equipment              | 5,298           | 3                | 63,716                    | 36                 |
| Compensation for removal                                   | 2,154           | -                | 25,905                    | -                  |
| Loss on sale and disposal of property, plant and equipment | (370)           | (46)             | (4,450)                   | (553)              |
| Non-recurring depreciation on noncurrent assets            | (587)           | -                | (7,060)                   | -                  |
| Impairment loss  | -               | (83)             | -                         | (998)              |
| Office transfer expenses                                   | (326)           | -                | (3,921)                   | -                  |
| Loss on liquidation of subsidiaries and affiliates         | (801)           | -                | (9,633)                   | -                  |
| Loss on disaster   | (188)           | -                | (2,261)                   | -                  |
| Other - net  | 76              | (467)            | 915                       | (5,616)            |
|  | <u>5,275</u>    | <u>(568)</u>     | <u>63,440</u>             | <u>(6,830)</u>     |
| Income (loss) before income taxes and minority interests   | 4,943           | (1,998)          | 59,447                    | (24,028)           |
| Income taxes :   |                 |                  |                           |                    |
| Current  | 110             | 107              | 1,323                     | 1,287              |
| Deferred   | 1,233           | 0                | 14,829                    | 0                  |
|  | <u>1,343</u>    | <u>107</u>       | <u>16,152</u>             | <u>1,287</u>       |
| Income (loss) before minority interests                    | 3,600           | (2,105)          | 43,295                    | (25,315)           |
| Minority interests   | (2)             | (9)              | (24)                      | (108)              |
| Net income (loss)  | <u>¥ 3,598</u>  | <u>¥ (2,114)</u> | <u>\$ 43,271</u>          | <u>\$ (25,423)</u> |
|  |                 |                  |                           |                    |
|  |                 |                  |                           |                    |
|  |                 |                  |                           |                    |
| Net income (loss) per share:                               |                 |                  |                           |                    |
| Basic  | ¥ 35.79         | ¥ (21.03)        | \$ 0.43                   | \$ (0.25)          |
| Diluted  | -               | -                | -                         | -                  |

**IWATSU ELECTRIC CO., LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31, 2011 and 2010**

| <u>ASSETS</u>  | Millions of yen |          | Thousands of U.S.<br>dollars |            |
|--|-----------------|----------|------------------------------|------------|
|  | 2011            | 2010     | 2011                         | 2010       |
| Current assets:  |                 |          |                              |            |
| Cash   | ¥ 9,791         | ¥ 9,846  | \$ 117,751                   | \$ 118,413 |
| Notes and accounts receivable - trade:                                 |                 |          |                              |            |
| Unconsolidated subsidiaries and affiliated companies                   | 133             | 127      | 1,600                        | 1,527      |
| Other  | 5,912           | 7,060    | 71,100                       | 84,907     |
| Short-term investment securities                                       | 999             | 999      | 12,014                       | 12,014     |
| Inventories  | 3,367           | 3,210    | 40,493                       | 38,605     |
| Deferred tax assets  | 34              | 35       | 409                          | 421        |
| Other current assets   | 688             | 422      | 8,274                        | 5,075      |
| Allowance for doubtful accounts  | (93)            | (101)    | (1,118)                      | (1,215)    |
| Total current assets   | 20,831          | 21,598   | 250,523                      | 259,747    |
| Property, plant and equipment, at cost                                 |                 |          |                              |            |
| Land   | 983             | 994      | 11,822                       | 11,954     |
| Buildings and structures   | 10,549          | 11,434   | 126,867                      | 137,511    |
| Machinery and equipment  | 12,272          | 13,034   | 147,589                      | 156,753    |
| Lease assets   | 82              | 17       | 986                          | 204        |
| Construction in progress   | 18              | 12       | 216                          | 144        |
|  | 23,904          | 25,491   | 287,480                      | 306,566    |
| Accumulated depreciation   | (19,948)        | (20,967) | (239,904)                    | (252,159)  |
| Accumulated impairment loss  | (88)            | (124)    | (1,058)                      | (1,491)    |
|  | 3,868           | 4,400    | 46,518                       | 52,916     |
| Intangible assets  | 1,125           | 2,074    | 13,530                       | 24,943     |
| Investments and other assets:  |                 |          |                              |            |
| Investment securities  | 978             | 1,086    | 11,762                       | 13,061     |
| Investments in unconsolidated subsidiaries and<br>affiliated companies | 447             | 428      | 5,376                        | 5,147      |
| Long-term loans receivable:  |                 |          |                              |            |
| Other  | 140             | 12       | 1,684                        | 144        |
| Long-term prepaid expenses   | 12              | 34       | 144                          | 409        |
| Deferred tax assets  | 50              | 52       | 601                          | 625        |
| Other assets   | 567             | 806      | 6,818                        | 9,692      |
| Allowance for doubtful accounts  | (177)           | (121)    | (2,129)                      | (1,455)    |
|  | 2,017           | 2,297    | 24,256                       | 27,623     |
|  | ¥ 27,841        | ¥ 30,369 | \$ 334,829                   | \$ 365,229 |

**IWATSU ELECTRIC CO., LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31, 2011 and 2010**

| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>                                | Millions of yen |          | Thousands of U.S.<br>dollars |            |
|--|-----------------|----------|------------------------------|------------|
|  | 2011            | 2010     | 2011                         | 2010       |
| Current liabilities:   |                 |          |                              |            |
| Short-term loans payable   | ¥ 40            | ¥ 40     | \$ 481                       | \$ 481     |
| Long-term debt due within one year   | 120             | 227      | 1,443                        | 2,730      |
| Notes and accounts payable - trade:  |                 |          |                              |            |
| Unconsolidated subsidiaries and affiliated companies                       | 39              | 42       | 469                          | 505        |
| Other  | 1,802           | 2,231    | 21,672                       | 26,831     |
| Accounts payable - other   | 961             | 932      | 11,557                       | 11,209     |
| Accrued liabilities  | 1,322           | 1,275    | 15,899                       | 15,334     |
| Suspense receipt   | 0               | 7,033    | 0                            | 84,582     |
| Income taxes payable   | 137             | 103      | 1,648                        | 1,239      |
| Other current liabilities  | 407             | 306      | 4,895                        | 3,680      |
| Total current liabilities  | 4,828           | 12,189   | 58,064                       | 146,591    |
| Long-term debt due after one year  | 85              | 205      | 1,022                        | 2,465      |
| Severance and retirement benefits for employees                            | 3,180           | 3,058    | 38,244                       | 36,777     |
| Deferred tax liabilities   | 1,289           | 81       | 15,502                       | 974        |
| Other liabilities  | 897             | 670      | 10,788                       | 8,058      |
| Minority interests   | 126             | 144      | 1,515                        | 1,732      |
| Stockholders' equity:  |                 |          |                              |            |
| Common stock   |                 |          |                              |            |
| Authorized - 300,000,000 shares  |                 |          |                              |            |
| Issued - 100,803,447 shares  | 6,025           | 6,025    | 72,459                       | 72,459     |
| Capital surplus  | 6,942           | 6,942    | 83,488                       | 83,488     |
| Retained earnings  | 5,200           | 1,602    | 62,538                       | 19,266     |
| Net unrealized holding gains on securities                                 | (35)            | 48       | (421)                        | 577        |
| Foreign currency translation adjustments                                   | (647)           | (547)    | (7,781)                      | (6,581)    |
|  | 17,485          | 14,070   | 210,283                      | 169,209    |
| Less treasury stock of 296,035 shares<br>(285,487 shares in 2010), at cost | (49)            | (48)     | (589)                        | (577)      |
| Total stockholders' equity   | 17,436          | 14,022   | 209,694                      | 168,632    |
|  | ¥ 27,841        | ¥ 30,369 | \$ 334,829                   | \$ 365,229 |

**IWATSU ELECTRIC CO., LTD.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**Years ended March 31, 2011 and 2010**

|   | Millions of yen                        |                 |                    |                      |  |  |                   |
|---|--|-----------------|--------------------|----------------------|--|--|-------------------|
|   | Number of<br>Shares of<br>common stock | Common<br>stock | Capital<br>surplus | Retained<br>earnings | Net unrealized<br>holding gains<br>on securities | Foreign currency<br>translation<br>adjustments | Treasury<br>stock |
| Balance at March 31, 2009   | 100,803,447                            | ¥ 6,025         | ¥ 6,942            | ¥ 3,716              | ¥ (21)   | ¥ (478)  | ¥ (47)            |
| Net income (loss)   | -                                      | -               | -                  | (2,114)              | -  | -  | -                 |
| Adjustments from translation of foreign currency financial statements | -                                      | -               | -                  | -                    | -  | (69)   | -                 |
| Increase of net unrealized holding gains on securities                | -                                      | -               | -                  | -                    | 69   | -  | -                 |
| Treasury stock  | -                                      | -               | -                  | -                    | -  | -  | (1)               |
| Balance at March 31, 2010   | <u>100,803,447</u>                     | <u>¥ 6,025</u>  | <u>¥ 6,942</u>     | <u>¥ 1,602</u>       | <u>¥ 48</u>                                      | <u>¥ (547)</u>                                 | <u>¥ (48)</u>     |
| Net income (loss)   | -                                      | -               | -                  | 3,598                | -  | -  | -                 |
| Adjustments from translation of foreign currency financial statements | -                                      | -               | -                  | -                    | -  | (100)  | -                 |
| Increase of net unrealized holding gains on securities                | -                                      | -               | -                  | -                    | (83)   | -  | -                 |
| Treasury stock  | -                                      | -               | -                  | -                    | -  | -  | (1)               |
| Balance at March 31, 2011   | <u>100,803,447</u>                     | <u>¥ 6,025</u>  | <u>¥ 6,942</u>     | <u>¥ 5,200</u>       | <u>¥ (35)</u>                                    | <u>¥ (647)</u>                                 | <u>¥ (49)</u>     |

|   | Thousands of U.S. dollars |                    |                      |  |  |                   |
|---|---------------------------|--------------------|----------------------|--|--|-------------------|
|   | Common<br>stock           | Capital<br>Surplus | Retained<br>earnings | Net unrealized<br>holding gains<br>on securities | Foreign currency<br>translation<br>adjustments | Treasury<br>stock |
| Balance at March 31, 2009   | \$ 72,459                 | \$ 83,488          | \$ 44,690            | \$ (254)   | \$ (5,749)                                     | \$ (565)          |
| Net income (loss)   | -                         | -                  | (25,424)             | -  | -  | -                 |
| Adjustments from translation of foreign currency financial statements | -                         | -                  | -                    | -  | (830)  | -                 |
| Decrease of net unrealized holding gains on securities                | -                         | -                  | -                    | 830  | -  | -                 |
| Treasury stock  | -                         | -                  | -                    | -  | -  | (12)              |
| Balance at March 31, 2010   | <u>\$ 72,459</u>          | <u>\$ 83,488</u>   | <u>\$ 19,266</u>     | <u>\$ 577</u>                                    | <u>\$ (6,581)</u>                              | <u>\$ (577)</u>   |
| Net income (loss)   | -                         | -                  | 43,271               | -  | -  | -                 |
| Adjustments from translation of foreign currency financial statements | -                         | -                  | -                    | -  | (1,203)  | -                 |
| Decrease of net unrealized holding gains on securities                | -                         | -                  | -                    | (998)  | -  | -                 |
| Treasury stock  | -                         | -                  | -                    | -  | -  | (12)              |
| Balance at March 31, 2011   | <u>\$ 72,459</u>          | <u>\$ 83,488</u>   | <u>\$ 62,538</u>     | <u>\$ (421)</u>                                  | <u>\$ (7,781)</u>                              | <u>\$ (589)</u>   |

**IWATSU ELECTRIC CO., LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years ended March 31, 2011 and 2010**

|  | Millions of yen |           | dollars    |             |
|--|-----------------|-----------|------------|-------------|
|  | 2011            | 2010      | 2011       | 2010        |
| Cash flows from operating activities:  |                 |           |            |             |
| Income (loss) before income taxes and minority interests   | ¥ 4,943         | ¥ (1,998) | \$ 59,447  | \$ (24,028) |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities: |                 |           |            |             |
| Depreciation   | 1,585           | 1,704     | 19,062     | 20,493      |
| Impairment loss  | -               | 83        | -          | 998         |
| Non-recurring depreciation on noncurrent assets  | 587             | -         | 7,060      | -           |
| Increase (Decrease) in allowance for doubtful accounts   | (29)            | (194)     | (349)      | (2,333)     |
| Increase (Decrease) in severance and retirement benefits   | 125             | 14        | 1,503      | 168         |
| Interest and dividend income   | (30)            | (43)      | (361)      | (517)       |
| Interest expense   | 12              | 23        | 144        | 277         |
| Equity in earnings (losses) of affiliates  | (10)            | (21)      | (120)      | (253)       |
| Gain on sale of property, plant and equipment  | (5,298)         | (3)       | (63,716)   | (36)        |
| Loss on sale and disposal of property, plant and equipment   | 370             | 46        | 4,450      | 553         |
| Compensation for removal   | (2,154)         | -         | (25,905)   | -           |
| Loss on liquidation of subsidiaries and affiliates   | 801             | -         | 9,633      | -           |
| Retirement payments  | -               | 452       | -          | 5,436       |
| Changes in operating assets and liabilities - net:   |                 |           |            |             |
| Decrease (Increase) in notes and accounts receivable - trade   | 887             | 731       | 10,667     | 8,791       |
| Decrease in inventories  | (348)           | 874       | (4,185)    | 10,511      |
| Decrease in notes and accounts payable - trade   | (225)           | (257)     | (2,706)    | (3,091)     |
| Increase in accrued expenses   | (172)           | (482)     | (2,069)    | (5,797)     |
| Other - net  | 281             | (126)     | 3,379      | (1,515)     |
| Subtotal   | 1,324           | 802       | 15,923     | 9,645       |
| Interest and dividend received   | 29              | 41        | 349        | 493         |
| Interest paid  | (12)            | (23)      | (144)      | (277)       |
| Retirement payments  | -               | (452)     | -          | (5,436)     |
| Income taxes paid  | (104)           | (172)     | (1,251)    | (2,069)     |
| Net cash provided by operating activities  | 1,236           | 196       | 14,865     | 2,357       |
| Cash flows from investing activities:  |                 |           |            |             |
| Decrease (Increase) in time deposits   | 5               | 323       | 60         | 3,885       |
| Payment for purchase of short-term investment securities   | (998)           | (999)     | (12,002)   | (12,014)    |
| Proceeds from sale of properties   | 1               | 7         | 12         | 84          |
| Payment for purchase of properties, intangible assets and  | (1,135)         | (1,312)   | (13,650)   | (15,779)    |
| Proceeds from liquidation of investment securities   | 1               | 34        | 12         | 409         |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation                                    | -               | 109       | -          | 1,311       |
| Other - net  | 1,038           | 984       | 12,483     | 11,834      |
| Net cash used in investing activities  | (1,088)         | (852)     | (13,085)   | (10,247)    |
| Cash flows from financing activities:  |                 |           |            |             |
| Decrease in short-term bank loans  | -               | (120)     | -          | (1,443)     |
| Proceeds from long-term debt   | -               | 76        | -          | 914         |
| Repayments of long-term debt   | (227)           | (931)     | (2,730)    | (11,197)    |
| Dividends paid   | -               | (20)      | -          | (241)       |
| Other - net  | (37)            | (11)      | (445)      | (132)       |
| Net cash used in financing activities  | (263)           | (1,005)   | (3,163)    | (12,087)    |
| Effect of exchange rate changes on cash and cash equivalents   | (35)            | (23)      | (421)      | (277)       |
| Net increase in cash and cash equivalents  | (151)           | (1,684)   | (1,816)    | (20,277)    |
| Cash and cash equivalents at beginning of year   | 9,758           | 11,444    | 117,354    | 137,631     |
| Cash and cash equivalents at end of year   | ¥ 9,607         | ¥ 9,758   | \$ 115,538 | \$ 117,354  |

**IWATSU ELECTRIC CO., LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2011 AND 2010**

**Segment information**

The Company's primary businesses are the manufacturing and sales of (1) Telecommunications equipment, (2) IT Networks Solutions (ITNS) equipment, (3) Electric measuring equipment and (4) Reprographic equipment.

A summary of net sales, costs and operating income by business segment for the years ended March 31, 2011 and 2010 was as follows:

|                                    | Millions of yen                 |                   |                                    |                           |         |                 |              |
|------------------------------------|---------------------------------|-------------------|------------------------------------|---------------------------|---------|-----------------|--------------|
|                                    | Telecommunications<br>equipment | ITNS<br>equipment | Electric<br>measuring<br>equipment | Reprographic<br>equipment | Others  | Reconciliations | Consolidated |
| For the year ended March 31, 2011: |                                 |                   |                                    |                           |         |                 |              |
| Net sales:                         |                                 |                   |                                    |                           |         |                 |              |
| Outside customers                  | ¥ 14,051                        | ¥ 2,764           | ¥ 3,477                            | ¥ 4,877                   | ¥ 1,685 | ¥ -             | ¥ 26,857     |
| Inter-segment                      | -                               | -                 | -                                  | -                         | -       | -               | -            |
| total                              | 14,051                          | 2,764             | 3,477                              | 4,877                     | 1,685   | -               | 26,857       |
| Operating income (loss)            | ¥ 178                           | ¥ 216             | ¥ 101                              | ¥ 725                     | ¥ (331) | ¥ (1,222)       | ¥ (332)      |
| Identifiable assets                | ¥ 10,717                        | ¥ 895             | ¥ 1,624                            | ¥ 3,156                   | ¥ 810   | ¥ 10,636        | ¥ 27,841     |
| Depreciation                       | (1,074)                         | (55)              | (95)                               | (144)                     | (26)    | (188)           | (1,585)      |
| For the year ended March 31, 2010: |                                 |                   |                                    |                           |         |                 |              |
| Net sales:                         |                                 |                   |                                    |                           |         |                 |              |
| Outside customers                  | ¥ 14,786                        | ¥ 2,250           | ¥ 3,816                            | ¥ 4,987                   | ¥ 1,255 | ¥ -             | ¥ 27,096     |
| Inter-segment                      | -                               | -                 | -                                  | -                         | -       | -               | -            |
| total                              | 14,786                          | 2,250             | 3,816                              | 4,987                     | 1,255   | -               | 27,096       |
| Operating income (loss)            | ¥ (554)                         | ¥ 220             | ¥ (104)                            | ¥ 540                     | ¥ (302) | ¥ (1,229)       | ¥ (1,430)    |
| Identifiable assets                | ¥ 12,734                        | ¥ 896             | ¥ 2,279                            | ¥ 2,880                   | ¥ 620   | ¥ 10,957        | ¥ 30,369     |
| Depreciation                       | (1,215)                         | (71)              | (99)                               | (154)                     | (12)    | (150)           | (1,704)      |



**IWATSU ELECTRIC CO., LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2011 AND 2010**

| Thousands of U.S. dollars          |                                 |                   |                                    |                           |                   |                         |                    |
|------------------------------------|---------------------------------|-------------------|------------------------------------|---------------------------|-------------------|-------------------------|--------------------|
|                                    | Telecommunications<br>equipment | ITNS<br>equipment | Electric<br>measuring<br>equipment | Reprographic<br>equipment | Others (*1)       | Reconciliations<br>(*2) | Consolidated       |
| For the year ended March 31, 2011: |                                 |                   |                                    |                           |                   |                         |                    |
| Net sales:                         |                                 |                   |                                    |                           |                   |                         |                    |
| Outside customers                  | \$ 168,984                      | \$ 33,241         | \$ 41,816                          | \$ 58,653                 | \$ 20,265         | \$ -                    | \$ 322,995         |
| Inter-segment                      | -                               | -                 | -                                  | -                         | -                 | -                       | -                  |
| total                              | <u>168,984</u>                  | <u>33,241</u>     | <u>41,816</u>                      | <u>58,653</u>             | <u>20,265</u>     | <u>-</u>                | <u>322,995</u>     |
| Operating income (loss)            | <u>\$ 2,141</u>                 | <u>\$ 2,598</u>   | <u>\$ 1,215</u>                    | <u>\$ 8,719</u>           | <u>\$ (3,981)</u> | <u>\$ (14,696)</u>      | <u>\$ (3,993)</u>  |
| Identifiable assets                | \$ 128,888                      | \$ 10,764         | \$ 19,531                          | \$ 37,956                 | \$ 9,741          | \$ 127,913              | \$ 334,829         |
| Depreciation                       | (12,916)                        | (661)             | (1,143)                            | (1,732)                   | (313)             | (2,261)                 | (19,062)           |
| For the year ended March 31, 2010: |                                 |                   |                                    |                           |                   |                         |                    |
| Net sales:                         |                                 |                   |                                    |                           |                   |                         |                    |
| Outside customers                  | \$ 177,823                      | \$ 27,060         | \$ 45,893                          | \$ 59,976                 | \$ 15,093         | \$ -                    | \$ 325,869         |
| Inter-segment                      | -                               | -                 | -                                  | -                         | -                 | -                       | -                  |
| total                              | <u>177,823</u>                  | <u>27,060</u>     | <u>45,893</u>                      | <u>59,976</u>             | <u>15,093</u>     | <u>-</u>                | <u>325,869</u>     |
| Operating income (loss)            | <u>\$ (6,663)</u>               | <u>\$ 2,646</u>   | <u>\$ (1,251)</u>                  | <u>\$ 6,494</u>           | <u>\$ (3,632)</u> | <u>\$ (14,781)</u>      | <u>\$ (17,198)</u> |
| Identifiable assets                | \$ 153,145                      | \$ 10,776         | \$ 27,408                          | \$ 34,636                 | \$ 7,456          | \$ 131,774              | \$ 365,232         |
| Depreciation                       | (14,612)                        | (854)             | (1,191)                            | (1,852)                   | (144)             | (1,804)                 | (20,493)           |

\*1 'Others' is a business segment not included in the reporting segments such as Component business etc.

\*2 Reconciliations of operating income (loss) include company-wide expenses not distributed to individual reporting segment.

The company-wide expenses are principally general expenses not belonging to reporting segments.

Reconciliations of assets include company-wide assets not distributed to each reporting segment.

The company-wide assets are surplus funds such as cash, time deposits and securities etc that are not belonging to individual reporting segment.

\*3 Segmentations by geographical area are omitted as the sales for the domestic customers exceeds 90% of consolidated net sales.