

<b>SANTEC CORPORATION</b>	<b>FY 2009</b>	<b>FY2010</b>
<b>Consolidated Balance Sheets</b>	<b>31-Mar-10</b>	<b>31-Mar-11</b>
(Yen in thousands)		
<b>Assets</b>		
Current assets		
Cash and deposits	1,532,069	1,348,858
Notes and accounts receivable-trade	588,066	813,208
Short-term investment securities	8,531	175,356
Merchandise and finished goods	114,656	129,833
Work in process	102,580	79,408
Raw materials	226,650	260,228
Other	34,452	82,941
Total current assets	<u>2,607,007</u>	<u>2,889,836</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,107,815	4,115,191
Accumulated depreciation	(2,025,586)	(2,133,103)
Buildings and structures, net	2,082,229	1,982,087
Machinery, equipment and vehicles	255,506	272,617
Accumulated depreciation	(211,543)	(225,938)
Machinery, equipment and vehicles, net	43,962	46,679
Land	1,625,927	1,624,241
Lease assets	441,133	327,814
Accumulated depreciation	(433,098)	(323,018)
Lease assets, net	8,034	4,795
Other	974,175	1,018,571
Accumulated depreciation	(872,612)	(915,610)
Other, net	101,562	102,960
Total property, plant and equipment	3,861,716	3,760,764
Intangible assets		
Other	101,090	101,515
Total intangible assets	101,090	101,515
Investments and other assets		
Investment securities	813,407	768,499
Deferred tax assets	413	276
Other	10,197	27,137
Total investments and other assets	824,018	795,913
Total noncurrent assets	<u>4,786,825</u>	<u>4,658,193</u>
Deferred assets		
Total assets	<u><u>7,393,833</u></u>	<u><u>7,548,030</u></u>

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<b>Consolidated Balance Sheets</b>	<b>31-Mar-10</b>	<b>31-Mar-11</b>
(Yen in thousands)		
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	226,758	377,911
Lease obligations	3,383	3,124
Income taxes payable	10,957	14,485
Deferred tax liabilities	379	—
Provision for bonuses	20,248	25,256
Other	91,129	125,795
Total current liabilities	352,856	546,573
Noncurrent liabilities		
Lease obligations	5,222	2,097
Deferred tax liabilities	4,687	2,531
Provision for retirement benefits	218,331	241,763
Provision for directors' retirement benefits	215,399	153,335
Asset retirement obligations	—	10,612
Total noncurrent liabilities	443,641	410,340
Reserves under the special laws		
Reserves under the special laws		
Total liabilities	796,497	956,914
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,978,566	4,978,566
Capital surplus	1,209,465	1,209,465
Retained earnings	480,192	597,568
Treasury stock	(65)	(80)
Total shareholders' equity	6,668,158	6,785,519
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,086	(78,094)
Foreign currency translation adjustment	(83,909)	(116,309)
Total accumulated other comprehensive income	(70,823)	(194,404)
Total net assets	6,597,335	6,591,115
Total liabilities and net assets	7,393,833	7,548,030

**SANTEC CORPORATION****Consolidated Statements of (comprehensive) Income****FY 2009****FY2010**

(Yen in thousands)

Net sales	2,449,063	2,866,960
Cost of sales	1,633,528	1,804,540
Gross profit	815,535	1,062,420
Selling, general and administrative expenses	1,005,825	957,060
Operating income (loss)	(190,289)	105,359
Non-operating income		
Interest income	14,582	24,909
Dividends income	1,073	25,783
Insurance return	—	13,196
Subsidy income	14,643	18,545
Other	5,850	1,625
Total non-operating income	36,150	84,061
Non-operating expenses		
Interest expenses	543	341
Foreign exchange losses	20,398	92,198
Expenses of inactive noncurrent assets	43,900	42,757
Other	80	590
Total non-operating expenses	64,922	135,887
Ordinary income (loss)	(219,062)	53,533
Extraordinary income		
Reversal of allowance for doubtful accounts	1,441	—
Gain on sales of investment securities	—	5,350
Gain on bad debts recovered	16	—
Reversal of provision for directors' retirement benefits	—	79,969
Total extraordinary income	1,458	85,319
Extraordinary loss		
Loss on retirement of noncurrent assets	1,543	495
Impairment loss	2,348	1,685
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	5,937
Total extraordinary losses	3,891	8,118
Income (loss) before income taxes and minority interests	(221,495)	130,733
Income taxes-current	6,043	12,386
Refund of income taxes	(2,649)	(521)
Income taxes-deferred	519	1,492
Total income taxes	3,913	13,357
Income before minority interests	—	117,376
Minority interests in income	—	—
Net income (loss)	(225,408)	117,376

**Consolidated Statements of Comprehensive Income**

(Yen in thousands)

**FY 2009****FY2010****40,268****40,633**

Income before minority interests	—	117,376
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(91,180)
Foreign currency translation adjustment	—	(32,399)
Total other comprehensive income	—	(123,580)
Comprehensive income	—	(6,204)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	(6,204)
Comprehensive income attributable to minority interests	—	—

<b>SANTEC CORPORATION</b>	<b>FY 2009</b>	<b>FY2010</b>
<b>Consolidated Statements of Cash Flows</b>	<b>31-Mar-10</b>	<b>31-Mar-11</b>
(Yen in thousands)		
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(221,495)	130,733
Depreciation and amortization	206,570	186,831
Increase (decrease) in provision for retirement benefits	31,614	23,432
Increase (decrease) in provision for directors' retirement benefits	16,914	(60,094)
Increase (decrease) in provision for bonuses	745	5,161
Increase (decrease) in allowance for doubtful accounts	(1,441)	—
Interest and dividends income	(15,655)	(50,693)
Interest expenses	543	341
Foreign exchange losses (gains)	11,140	104,214
Loss (gain) on sales of investment securities	—	(5,350)
Loss on retirement of noncurrent assets	1,543	495
Impairment loss	2,348	1,685
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	5,937
Decrease (increase) in notes and accounts receivable-trade	241,799	(247,625)
Decrease (increase) in inventories	205,357	(25,923)
Increase (decrease) in notes and accounts payable-trade	(35,724)	170,624
Increase (decrease) in accrued consumption taxes	229	6,808
Other, net	(56,823)	(42,215)
Subtotal	387,666	204,364
Interest and dividends income received	15,683	51,533
Interest expenses paid	(543)	(341)
Income taxes (paid) refund	(1,416)	(9,317)
Net cash provided by (used in) operating activities	401,389	246,239
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(59,773)	(69,320)
Proceeds from sales of property, plant and equipment	1,158	—
Purchase of intangible assets	(6,473)	(8,457)
Purchase of investment securities	(192,230)	(519,506)
Proceeds from sales of investment securities	—	305,350
Repayments of guarantee deposits received	(11,730)	—
Net cash provided by (used in) investing activities	(269,048)	(291,934)
Net cash provided by (used in) financing activities		
Cash dividends paid	(116)	(34)
Purchase of treasury stock	—	(15)
Repayments of lease obligations	(3,333)	(3,383)
Net cash provided by (used in) financing activities	(3,449)	(3,433)
Effect of exchange rate change on cash and cash equivalents	(21,100)	(134,654)
Net increase (decrease) in cash and cash equivalents	107,789	(183,782)
Cash and cash equivalents at beginning of period	1,432,811	1,540,600
Cash and cash equivalents at end of period	1,540,600	1,356,818