2012

INABATA

Financial Statements

KPMG

Independent Auditor's Report

To the Board of Directors of Inabata & Co., Ltd.:

We have audited the accompanying consolidated financial statements of Inabata & Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, and the consolidated statements of income, statesments of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended March 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Inabata & Co., Ltd. and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 26, 2012
Osaka, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2012 and 2011

	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2012
ASSETS			
Current assets:			
Cash and time deposits (Notes 12 and 15)	¥ 11,243	¥ 16,560	$ 136,793
Receivables:			
Trade notes and accounts (Note 15):			
Unconsolidated subsidiaries and affiliates	1,977	1,955	24,054
Sumitomo Chemical Company, Limited	1,852	3,148	22,533
Other	135,896	120,939	1,653,437
Other	3,473	2,362	42,255
Allowance for doubtful receivables (Note 15)	(579)	(466)	(7,045)
	142,619	127,938	1,735,234
Merchandise and finished goods	29,287	26,552	356,333
Work in Process	586	556	7,130
Raw materials and supplies	2,517	2,471	30,624
Deferred tax assets (Note 6)	803	722	9,770
Other	2,415	2,993	29,382
Total current assets	189,470	177,792	2,305,266
Investments and long-term receivables:			
Investment securities (Notes 4, 7 and 15):			
Unconsolidated subsidiaries and affiliates	4,055	3,447	49,337
Other	36,174	35,083	440,127
Long-term loans receivables (Note 15):			
Unconsolidated subsidiaries and affiliates	84	11	1,022
Other	2,108	1,399	25,648
Other	5,063	6,772	61,601
Allowance for doubtful receivables (Note 15)	(1,661)	(3,293)	(20,209)
	45,823	43,419	557,526
Property and equipment:			
Land	1,963	1,946	23,884
Buildings and structures	11,580	11,804	140,893
Machinery and equipment	11,780	13,041	143,326
Construction in progress	77	109	937
Other	2,662	2,728	32,389
	28,062	29,628	341,429
Less accumulated depreciation	(18,381)	(19,682)	(223,640)
	9,681	9,946	117,789
Other assets			
Deferred tax assets (Note 6)	442	556	5,378
Intangible assets	5,629	6,560	68,488
	6,071	7,116	73,866
	¥ 251,045	¥ 238,273	$ 3,054,447

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans (Notes 10 and 15)	¥ 62,642	¥ 45,344	$ 762,161
Payables:			
Trade notes and accounts (Note 15):			
Unconsolidated subsidiaries and affiliates	3,057	9,499	37,194
Sumitomo Chemical Company, Limited	4,769	6,902	58,024
Other	74,351	69,639	904,623
Accrued employees' bonuses	835	778	10,159
Other (Note 6)	1,927	1,849	23,446
	84,939	88,667	1,033,446
Income taxes and enterprise tax payable	739	1,689	8,991
Accrued expenses	1,223	1,372	14,880
Provision for loss on business liquidation (Note 9)	149	-	1,813
Other current liabilities	2,437	4,123	29,652
Total current liabilities	152,129	141,195	1,850,943
Long-term liabilities:			
Long-term debt (Notes 10 and 15)	11,430	15,185	139,068
Severance and retirement benefits (Note 11)	451	431	5,487
Directors' retirement benefits	18	27	219
Deferred tax liabilities (Note 6)	7,680	7,407	93,442
Provision for loss on business liquidation (Note 9)	59	73	718
Provision for loss on debt guarantees	19	19	231
Other non-current liabilities	1,528	1,896	18,592
	21,185	25,038	257,757
Contingent liabilities (Note 18)			
Net assets (Note 16):			
Shareholders' equity			
Common stock:			
Authorized - 200,000,000 shares			
Issued - 65,159,227 shares in 2012 and 65,159,227 shares in 2011	9,364	9,364	113,931
Capital surplus	7,708	7,708	93,783
Retained earnings	50,908	46,420	619,394
Treasury stock, at cost:			
1,090,674 shares in 2012 and 290,633 shares in 2011	(495)	(140)	(6,023)
Total shareholders' equity	67,485	63,352	821,085
Accumulated other comprehensive income			
Net unrealized holding gains on securities	15,810	13,174	192,359
Net unrealized holding gains on derivatives	34	38	414
Foreign currency translation adjustments	(6,355)	(5,225)	(77,321)
Total accumulated other comprehensive income	9,489	7,987	115,452
Minority interests	757	701	9,210
Total net assets	77,731	72,040	945,747
	¥ 251,045	¥ 238,273	$ 3,054,447

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Revenues:			
Net sales	¥ 464,430	¥ 469,091	$ 5,650,687
Cost and expenses:			
Cost of sales (Note 8)	432,670	437,342	5,264,266
Selling, general and administrative expenses (Note 8)	24,128	23,849	293,563
Operating income	7,632	7,900	92,858
Other income (expenses):			
Interest and dividend income	1,343	1,410	16,340
Interest expense (Note 10)	(953)	(874)	(11,595)
Gain on sale of investment securities	390	-	4,745
Loss on sale of investment securities	(85)	-	(1,034)
Reversal of allowance for doubtful receivables	-	766	-
Provision for allowance for doubtful receivables	(397)	-	(4,830)
Compensation income	159	-	1,935
Gain on sale of investment in subsidiaries and affiliates	-	3,200	-
Equity in losses of unconsolidated subsidiaries and affiliates	-	(512)	-
Equity in earnings of unconsolidated subsidiaries and affiliates	229	-	2,786
Gain on foreign exchange	182	254	2,214
Loss on disposal of noncurrent assets	-	(1,577)	-
Loss on valuation of investment securities	(281)	(266)	(3,419)
Provision for loss on business liquidation	(149)	-	(1,813)
Other, net	402	303	4,891
	840	2,704	10,220
Income before income taxes	8,472	10,604	103,078
Provision for income taxes (Note 6)			
Current	1,568	3,000	19,078
Prior periods	159	-	1,935
Deferred	252	200	3,065
	1,979	3,200	24,078
Income before minority interests	6,493	7,404	79,000
Minority interests	(195)	(172)	(2,373)
Net income	¥ 6,298	¥ 7,232	$ 76,627

Amounts per share:	Yen		U.S. dollars (Note 1)
Net income per share - basic	¥ 97.45	¥ 111.34	$ 1.19
Cash dividends per share applicable to the year	21.00	26.00	0.26

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2012 and 2011

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		2012	
Income before minority interests	¥	6,493	¥	7,404	$	79,000
Other comprehensive income (Note 13):						
Net unrealized holding gains (losses) on securities		2,644		(1,912)		32,169
Net unrealized holding gains (losses) on derivatives		(4)		6		(49)
Foreign currency translation adjustments		(1,075)		(1,194)		(13,079)
Share of other comprehensive income of associates accounted for using the equity method		(79)		118		(961)
Total other comprehensive income		1,486		(2,982)		18,080
Comprehensive income	¥	7,979	¥	4,422	$	97,080
Comprehensive income attributable to:						
Comprehensive income attributable to owners of the parent	¥	7,799	¥	4,255	$	94,890
Comprehensive income attributable to minority interests		180		167		2,190

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2012

	Thousands	Millions of yen								
		Shareholders' equity				Accumulated other comprehensive income				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Net unrealized holding gains on derivatives	Foreign currency translation adjustments	Minority interests	Total
Balance at April 1, 2011	65,159	¥ 9,364	¥ 7,708	¥ 46,420	¥ (140)	¥ 13,174	¥ 38	¥ (5,225)	¥ 701	¥ 72,040
Effect of changes in accounting policies applied to foreign subsidiaries	-	-	-	-	-	-	-	-	-	-
Net income	-	-	-	6,298	-	-	-	-	-	6,298
Cash dividends paid - ¥28 per share	-	-	-	(1,816)	-	-	-	-	-	(1,816)
Treasury stock, net	-	-	-	-	(355)	-	-	-	-	(355)
Change in scope of consolidation	-	-	-	6	-	-	-	-	-	6
Change in scope of equity method	-	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	2,636	(4)	(1,130)	56	1,558
Balance at March 31, 2012	65,159	¥ 9,364	¥ 7,708	¥ 50,908	¥ (495)	¥ 15,810	¥ 34	¥ (6,355)	¥ 757	¥ 77,731

	Thousands of U.S. dollars (Note 1)								
	Shareholders' equity				Accumulated other comprehensive income				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Net unrealized holding gains on derivatives	Foreign currency translation adjustments	Minority interests	Total
Balance at April 1, 2011	$ 113,931	$ 93,783	$ 564,789	$ (1,703)	$ 160,287	$ 462	$ (63,572)	$ 8,529	$ 876,506
Effect of changes in accounting policies applied to foreign subsidiaries	-	-	-	-	-	-	-	-	-
Net income	-	-	76,627	-	-	-	-	-	76,627
Cash dividends paid - $0.341 per share	-	-	(22,095)	-	-	-	-	-	(22,095)
Treasury stock, net	-	-	-	(4,320)	-	-	-	-	(4,320)
Change in scope of consolidation	-	-	73	-	-	-	-	-	73
Change in scope of equity method	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	32,072	(48)	(13,749)	681	18,956
Balance at March 31, 2012	$ 113,931	$ 93,783	$ 619,394	$ (6,023)	$ 192,359	$ 414	$ (77,321)	$ 9,210	$ 945,747

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)
Year ended March 31, 2011

	Thousands	Millions of yen								
		Shareholders' equity				Accumulated other comprehensive income				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Net unrealized holding gains on derivatives	Foreign currency translation adjustments	Minority interests	Total
Balance at April 1, 2010	65,159	¥ 9,364	¥ 7,708	¥ 39,829	¥ (60)	¥ 15,059	¥ 31	¥ (4,126)	¥ 658	¥ 68,463
Effect of changes in accounting policies applied to foreign subsidiaries	-	-	-	-	-	-	-	-	-	-
Net income	-	-	-	7,232	-	-	-	-	-	7,232
Cash dividends paid - ¥12 per share	-	-	-	(774)	-	-	-	-	-	(774)
Treasury stock, net	-	-	-	-	(80)	-	-	-	-	(80)
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Change in scope of equity method	-	-	-	133	-	-	-	-	-	133
Net changes in items other than shareholders' equity	-	-	-	-	-	(1,885)	7	(1,099)	43	(2,934)
Balance at March 31, 2011	65,159	¥ 9,364	¥ 7,708	¥ 46,420	¥ (140)	¥ 13,174	¥ 38	¥ (5,225)	¥ 701	¥ 72,040

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes	¥ 8,472	¥ 10,604	$ 103,078
Adjustments to reconcile net income before income taxes to cash provided by operating activities:			
Depreciation and amortization	2,849	2,526	34,664
Allowance for doubtful receivables	(1,497)	(1,504)	(18,214)
Interest and dividend income	(1,343)	(1,410)	(16,340)
Interest expense	953	874	11,595
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(229)	512	(2,786)
Increase (decrease) in provision for loss on business liquidation	138	(128)	1,679
Loss on disposal of noncurrent assets	-	1,577	-
Loss (gain) on sale of investment securities	(305)	-	(3,711)
Loss (gain) on sale of investment in subsidiaries and affiliates	-	(3,200)	-
Loss on valuation of investment securities	281	266	3,419
Compensation income	(159)	-	(1,935)
Decrease (increase) in receivables	(16,401)	(4,616)	(199,550)
Decrease (increase) in inventories	(3,738)	(6,420)	(45,480)
Decrease (increase) in other current assets	526	1,584	6,400
Decrease (increase) in other noncurrent assets	1,611	713	19,601
Increase (decrease) in payables	(2,175)	4,402	(26,463)
Increase (decrease) in other current liabilities	(1,973)	3,477	(24,005)
Other - net	333	646	4,052
Subtotal	(12,657)	9,903	(153,996)
Interest and dividends received	1,373	1,418	16,705
Interest paid	(935)	(875)	(11,376)
Income taxes paid	(3,316)	(1,950)	(40,346)
Net cash provided by (used in) operating activities	(15,535)	8,496	(189,013)
Cash flows from investing activities:			
Payments for time deposit	(1,108)	(896)	(13,481)
Proceeds from time deposit	1,347	542	16,389
Purchase of short term investment securities	(0)	(0)	(0)
Acquisitions of property and equipment	(1,266)	(1,347)	(15,403)
Proceeds from sale of property and equipment	41	124	499
Acquisitions of intangible assets	(558)	(1,858)	(6,789)
Payments for purchase of investment securities	(906)	(608)	(11,023)
Proceeds from sale of investment securities	895	130	10,889
Proceeds from redemption of investment securities	969	-	11,790
Payments for purchase of investment in subsidiaries	-	(110)	-
Proceeds from sale of investment in subsidiaries	-	10	-
Payments for sale of shares of subsidiaries excluded from the consolidation scope (Note 12)	(57)	-	(694)
Proceeds from sale of shares of subsidiaries excluded from the consolidation scope (Note 12)	-	3,190	-
Net decrease (increase) in short-term loans receivable	(329)	(965)	(4,003)
Long-term loans receivable advanced	(971)	(16)	(11,814)
Proceeds from collection of long-term loans receivable	297	386	3,614
Other - net	18	(19)	218
Net cash provided by (used in) investing activities	(1,628)	(1,437)	(19,808)

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	¥ 16,011	¥ 4,662	$ 194,805
Proceeds from long-term debt	1,735	1,175	21,110
Repayment of long-term debt	(2,987)	(949)	(36,343)
Purchase of treasury stock	(355)	-	(4,319)
Dividends paid	(1,823)	(781)	(22,180)
Dividends paid to minority interests	(109)	(78)	(1,326)
Other - net	(72)	(48)	(877)
Net cash provided by (used in) financing activities	12,400	3,981	150,870
Effects of foreign exchange rates on cash and cash equivalents	(318)	(276)	(3,869)
Net increase (decrease) in cash and cash equivalents	(5,081)	10,764	(61,820)
Cash and cash equivalents at beginning of year	15,778	5,014	191,970
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	60	-	730
Cash and cash equivalents at end of year (Note 12)	¥ 10,757	¥ 15,778	$ 130,880

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of INABATA & CO., LTD. ("the Company") 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 ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of consolidated overseas subsidiaries are prepared in accordance with mainly either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable in compliance with ASBJ Practical Solution No.18, "Tentative Treatment of Accounting for Foreign Subsidiaries in Preparing Consolidated Financial Statements," May 17, 2006.

The accompanying consolidated financial statements have been reformatted and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2012, which was ¥82.19 to U.S. $1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of significant accounting policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its 48 (51 in 2011) significant domestic and foreign subsidiaries (together "the Companies"), the management of which is controlled by the Company. Investments in unconsolidated subsidiaries and affiliates are, with minor exceptions, accounted for by the equity method. The Company has 2 (2 in 2011) unconsolidated subsidiaries and 10 (10 in 2011) affiliates accounted for by the equity method. Intercompany transactions and accounts have been eliminated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary. The excess of investment cost over the value of the net assets of the subsidiary acquired is, with minor exceptions, amortized on the straight-line basis over a period of five years.

All consolidated subsidiaries have fiscal years ending on December 31. Significant transactions taking place between December 31 and March 31, the fiscal year-end of the Company, are reflected in the consolidated financial statements.

(b) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(c) Allowance for doubtful receivables

An allowance for doubtful receivables is provided to cover possible losses on collection. With respect to normal trade accounts receivable, the allowance is stated at an amount based on the actual rate of bad debts in the past. For certain doubtful receivables, the uncollectible amount has been individually estimated. With respect to doubtful receivables of overseas consolidated subsidiaries, the allowance is determined by estimates of management.

(d) Securities

Equity securities issued by subsidiaries and affiliates which are not consolidated or accounted for using the equity method are stated at moving average cost.

Available-for-sale equity securities with available fair market values are stated at the average fair market value for the last month of the year. Non-equity available-for-sale securities with available fair market values are stated at fair market value on the last day of the year. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost. Other securities with no available fair market values are also stated at moving average cost.

(e) Derivative transactions and hedge accounting

Derivatives are generally stated at fair value.

If a derivative financial instrument is used as a hedge and a meets certain hedging criteria, the Companies defer recognition of gain or loss resulting from change in the fair value of the derivative financial instrument until the related loss or gain on the hedged item is recognized.

However, in cases where forward foreign exchange contracts or currency swap contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts, currency swap contracts and hedged items are accounted for in the following manner:

If a forward foreign exchange contract or a currency swap contract is executed to hedge an existing foreign currency receivable or payable,

(1) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and

(2) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate or swap rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gain or loss on the forward foreign exchange contract is recognized.

(f) Inventories

Inventories of the Company and its consolidated domestic subsidiaries, other than real estate held for sale, are mainly stated at the lower of cost determined by the moving average method or net realizable value. Real estate held for sale is stated at the lower of cost determined by the specific identification method or net realizable value.

(g) Property and equipment

Property and equipment are carried at cost and depreciated mainly by the declining balance method (straight-line method for certain subsidiaries) over the estimated useful life of the asset. However, buildings acquired after April 1, 1998 are depreciated using the straight-line method.

(h) Leased assets

Property and equipment capitalized under finance leases are depreciated by the straight-line method over the term of the respective lease.

(i) Intangible assets

Intangible assets are depreciated mainly by the straight-line method. Software is depreciated by the straight-line method over its estimated useful life.

(j) Goodwill

Goodwill is depreciated by the straight-line method over five years.

And negative goodwill which occurred before March 31, 2010 is depreciated by the straight-line method over five years.

(k) Income taxes

Income taxes comprise corporation tax, prefectural and municipal inhabitants taxes and enterprise tax. 'The Companies recognize the tax effects of temporary differences between the carrying amounts of assets and liabilities for tax purposes and financial reporting purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(l) Translation of foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end exchange rates.

Financial statements of overseas subsidiaries are translated into Japanese yen at year-end exchange rates, except for net asset accounts, which are translated at historical exchange rates. The resulting translation adjustments are presented separately in the consolidated financial statements as foreign currency translation adjustments and in minority interests.

(m) Retirement benefits

The Companies provide retirement payment plans and funded non-contributory pension plans under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors. The Companies sometime make additional payments that are not based on the amounts obtained by actuarial calculations. The Company has employee retirement benefit trusts for both plans.

The Companies provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of the year. Actuarial differences and prior service costs are mainly recognized in expenses using the straight-line method within the average of the estimated remaining service years of employees commencing with the following period.

Directors, corporate auditors and executive officers of certain subsidiaries receive retirement payments based on established guidelines similar to the employees' retirement benefit plan, subject to shareholders' approval. Retirement benefits provided for directors and corporate auditors are sufficient to cover stipulated benefits arising from services performed as of the balance sheet date.

A provision for retirement allowances for these officers of the Company's subsidiaries had been made at an estimated amount based on the Company's internal rules for retirement allowances.

(n) Accrued employees' bonuses

The Company and certain subsidiaries accrue amounts for employees' bonuses based on estimated amounts to be paid in the subsequent period.

(o) Reclassifications

Certain reclassifications of the accompanying consolidated financial statements as of and for the year ended March 31, 2011 have been made to conform to the 2012 presentation.

(p) Amounts per share

Computations of net income per share of common stock are based on the weighted average number of shares outstanding during each period.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective fiscal years together with the interim cash dividends paid.

3. Additional information

(Accounting Standards for Accounting Changes and Error Corrections)

The Company and its consolidated domestic subsidiaries adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No.24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and corrections of prior period errors which are made from the fiscal year beginning on April 1, 2011.

4. Securities

(a) The following summarizes information on securities with available fair values as of March 31, 2012 and 2011.

(1) Trading securities:
At March 31, 2012 and 2011, there were no trading securities with fair market values.

(2) Available-for-sale securities as of March 31, 2012 and 2011:
Securities with book values (fair values) exceeding acquisition costs:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Equity securities:			
Acquisition costs	¥ 4,896	¥ 5,732	$ 59,569
Book values	30,180	28,315	367,198
Differences	¥ 25,284	¥ 22,583	$ 307,629
Bonds:			
Acquisition costs	¥ 100	¥ 100	$ 1,217
Book values	100	100	1,217
Differences	¥ 0	¥ 0	$ 0

Securities with book values (fair values) not exceeding acquisition costs:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Equity securities:			
Acquisition costs	¥ 3,361	¥ 3,030	$ 40,893
Book values	2,666	2,380	32,437
Differences	¥ (695)	¥ (650)	$ (8,456)
Bonds:			
Acquisition costs	¥ -	¥ 969	$ -
Book values	-	968	-
Differences	¥ -	¥ (1)	$ -
Others:			
Acquisition costs	¥ 31	¥ 33	$ 377
Book values	31	33	377
Differences	¥ -	¥ -	$ -

(b) The following table summarizes information on available-for-sale securities sold in the year ended March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Total sales of available-for-sale securities	¥ 880	¥ 22	$ 10,707
Amount of related gains	390	6	4,745
Amount of related losses	85	0	1,034

(c) The loss on the write-down of investment securities and investment in subsidiaries and affiliates as of March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Available-for-sale securities	¥ 281	¥ 266	$ 3,419
Investment in subsidiaries and affiliates	-	-	-

The Companies recognize impairment loss when, at the end of the period, the fair value of marketable and investment securities is reduced to less than 50% of the acquisition cost. A loss may also be recognized when the fair market value declines less than 50% but more than 30% if necessary, considering the possibility of market value recovery and other factors.

5. Derivative financial instruments and hedging transactions

The Companies enter into forward foreign exchange contracts, interest rate swap transactions, and currency swap transactions to control risks related to foreign currencies and interest rates. Forward foreign exchange contracts and currency swap contracts are used to hedge the risk of fluctuations in foreign currency exchange rates with respect to monetary receivables and payables denominated in foreign currencies. Interest rate swap contracts are used to convert variable rates to fixed rates with respect to borrowings. The Companies use derivative transactions in connection with managing their market risk and not for speculation or dealing purposes.

The Companies minimize the credit risk exposure of these derivative transactions by using only highly rated financial institutions as counterparties. The derivative transactions are entered into by the finance and accounting divisions in accordance with risk management policies and rules approved by the Board of Directors, which receives periodic reports on the results of the derivative transactions.

In sum, the companies use forward foreign exchange contracts to hedge future transactions denominated in foreign currencies and currency swap transactions to hedge foreign currency monetary assets and liabilities.

With regard to forward foreign exchange contracts and currency swap contracts, the Companies do not evaluate the hedge effectiveness if the significant terms of the hedging instruments and those of the hedged items were the same, and the risk of change in foreign exchange rates was effectively hedged.

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

Currency related

Classification	Type of derivative transaction	March 31, 2012 Millions of yen Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
	Forward foreign exchange contracts:				
	Selling:				
	S.G. dollars	¥ 78	¥ -	¥ (0)	¥ (0)
Non-market transaction	Japanese yen	3	-	(0)	(0)
	Buying:				
	U.S. dollars	230	-	3	3
	S.G. dollars	54	-	0	0
	Japanese yen	390	-	4	4
	Total	¥ 755	¥ -	¥ 7	¥ 7

Classification	Type of derivative transaction	March 31, 2012 Thousands of U.S. dollars Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
	Forward foreign exchange contracts:				
	Selling:				
	S.G. dollars	$ 949	$ -	$ (0)	$ (0)
Non-market transaction	Japanese yen	37	-	(0)	(0)
	Buying:				
	U.S. dollars	2,798	-	37	37
	S.G. dollars	657	-	0	0
	Japanese yen	4,745	-	48	48
	Total	$ 9,186	$ -	$ 85	$ 85

Classification	Type of derivative transaction	March 31, 2011 Millions of yen Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
	Forward foreign exchange contracts:				
	Selling:				
Non-market transaction	S.G. dollars	¥ 82	¥ -	¥ (0)	¥ (0)
	Japanese yen	30	-	(1)	(1)
	Buying:				
	U.S. dollars	244	-	0	0
	S.G. dollars	56	-	1	1
	Japanese yen	363	-	12	12
	Total	¥ 775	¥ -	¥ 12	¥ 12

Fair values are based on year-end forward rates and prices presented by principal financial institutions at March 31, 2012 and 2011, respectively.

(b) Derivative transactions for which hedge accounting is applied

Currency related

Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount (March 31, 2012, Millions of yen)	Contracted amount over 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	¥ 1,963	¥ -	¥ (42)
	G.B. pound	Accounts receivable	0	-	0
	Buying:				
	U.S. dollars	Accounts payable	2,237	-	73
	Euro	Accounts payable	454	-	22
	Thai baht	Accounts payable	7	-	1
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	¥ 6,827	¥ -	¥ -
	G.B. pound	Accounts receivable	49	-	-
	Euro	Accounts receivable	265	-	-
	Swiss franc	Accounts receivable	2	-	-
	Buying:				
	U.S. dollars	Payables: Trade notes and accounts	4,402	-	-
	G.B. pound	Accounts payable	23	-	-
	Euro	Accounts payable	120	-	-
	Currency swap contracts:	Long-term debt	1,805	1,805	-
	Total		¥ 18,154	¥ 1,805	¥ 54

Method for hedge accounting	Type of derivative transaction	Major hedged item	March 31, 2012 Thousands of U.S. dollars Contracted amount	Contracted amount over 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	$ 23,884	$ -	$ (511)
	G.B. pound		0	-	0
	Buying:				
	U.S. dollars	Accounts payable	27,217	-	888
	Euro		5,524	-	268
	Thai baht		85	-	12
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	$ 83,064	$ -	$ -
	G.B. pound		596	-	-
	Euro		3,224	-	-
	Swiss franc		24	-	-
	Buying:				
	U.S. dollars	Payables: Trade notes and accounts	53,559	-	-
	G.B. pound	Accounts payable	280	-	-
	Euro		1,460	-	-
	Currency swap contracts:	Long-term debt	21,961	21,961	-
	Total		$ 220,878	$ 21,961	$ 657

			March 31, 2011		
			Millions of yen		
Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	¥ 673	¥ -	¥ (9)
	G.B. pound		0	-	(0)
	Euro		63	-	(2)
	Buying:				
	U.S. dollars	Accounts payable	3,615	-	18
	Euro		896	-	56
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	¥ 4,652	¥ -	¥ -
	G.B. pound		81	-	-
	Euro		428	-	-
	Swiss franc		4	-	-
	Japanese yen		62	-	-
	Buying:				
	U.S. dollars	Payables: Trade notes and accounts	1,861	-	-
	Euro	Accounts payable	114	-	-
	Japanese yen		3,484	-	-
	Currency swap contracts:	Long-term debt	1,805	1,805	-
	Total		¥ 17,738	¥ 1,805	¥ 63

Fair values are based on year-end forward rates and prices presented by principal financial institutions at March 31, 2012 and 2011, respectively.

6. Income taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which, in the aggregate, indicate a statutory income tax rate in Japan of approximately 40.5% for both the years ended March 31, 2012 and 2011.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for financial statement purposes:

	2012	2011
Statutory tax rate	40.5%	40.5%
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(1.1)	1.9
Nondeductible expenses	2.8	2.0
Dividend income, not taxable	(7.1)	(4.9)
Elimination of dividend income	5.7	3.6
Unrealized tax benefit on prior losses of consolidated subsidiaries	(12.4)	(5.7)
Decrease of deferred tax assets for enacted changes in tax rate	0.9	-
Foreign subsidiaries' tax rates	(7.8)	(7.5)
Other	1.9	0.3
Effective tax rate	23.4%	30.2%

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Allowance for doubtful receivables	¥ 299	¥ 750	$ 3,638
Loss carryforwards	1,219	1,431	14,831
Severance and retirement benefits	339	377	4,125
Directors' retirement benefits	137	157	1,667
Unrealized profit on inventories	192	190	2,336
Unrealized profit on property and equipment	421	367	5,122
Depreciation	919	1,194	11,181
Write-down of golf club memberships	21	39	256
Write-down of investment securities	485	324	5,901
Write-down of inventories	97	143	1,180
Accrued employees' bonuses	280	279	3,407
Enterprise tax payable	11	88	134
Provision for loss on business liquidation	145	8	1,764
Other	476	712	5,792
Total deferred tax assets	5,041	6,059	61,334
Valuation allowance	(2,108)	(2,765)	(25,648)
Net deferred tax assets	2,933	3,294	35,686
Deferred tax liabilities:			
Gain on securities contributed to employee retirement benefit trust	(765)	(876)	(9,308)
Net unrealized holding gains on securities	(8,446)	(8,426)	(102,762)
Other	(160)	(152)	(1,947)
Total deferred tax liabilities	(9,371)	(9,454)	(114,017)
Net deferred tax liabilities	¥ (6,438)	¥ (6,160)	$ (78,331)

Net deferred tax liabilities as of March 31, 2012 and 2011 were included in the consolidated balance sheets as follows:

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		2012	
Deferred tax assets (current assets)	¥	803	¥	722	$	9,770
Deferred tax assets (other assets)		442		556		5,378
Other (current liabilities)		(3)		(31)		(37)
Deferred tax liabilities (long-term liabilities)		(7,680)		(7,407)		(93,442)
Net deferred tax liabilities	¥	(6,438)	¥	(6,160)	$	(78,331)

Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates:

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, the statutory income tax rate for the Company will be reduced to 37.8% for years beginning on or after April 1, 2012 and 35.4% for years beginning on or after April 1, 2015. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2012 to March 31, 2015 and on or after April 1, 2015 are 37.8 % and 35.4%, respectively, as of March 31, 2012.

Due to these changes in statutory income tax rates, net deferred tax assets decreased by ¥58 million ($706 thousand) as of March 31, 2012 and net deferred tax liability decreased by ¥1,191 million ($14,491 thousand) as of March 31, 2012, while net unrealized holding gains on securities increased by ¥1,225 million ($14,904 thousand) as of March 31, 2012 and deferred income tax expense recognized for the year ended March 31, 2012 increased by ¥78 million ($949 thousand).

7. Pledged assets

At March 31, 2012 and 2011, the following assets were pledged as security for trading transactions:

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		2012	
Investment securities	¥	5,434	¥	4,625	$	66,115

8. Research and development expenses

Research and development expenses included in cost of sales for the years ended March 31, 2012 and 2011 totaled ¥121 million ($1,472 thousand) and ¥129 million, respectively.

9. Provision for loss on business liquidation

The Company and its subsidiaries planned the restructuring of some consolidated subsidiaries, estimated the loss and recognized it as expense in this accounting period.

10. Short-term loans and long-term debt

Short-term loans at March 31, 2012 and 2011 consisted of bank loans bearing interest at average annual rates of 1.04% and 1.03%, respectively. Long-term loans due within one year at March 31, 2012 and 2011 consisted of bank loans bearing interest at average annual rates of 1.48% and 2.58%, respectively.

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		2012	
Unsecured loans from banks and insurance companies due through 2017 with interest principally at 1.21% - 5.67%	¥	16,831	¥	18,201	$	204,782
Less amounts due within one year		(5,401)		(3,016)		(65,714)
	¥	11,430	¥	15,185	$	139,068

The aggregate annual maturities of long-term debt at March 31, 2012 were as follows:

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
2014	¥	4,565	$	55,542
2015		3,916		47,646
2016		1,040		12,653
2017		1,909		23,227
2018 and thereafter		-		-
	¥	11,430	$	139,068

The Company has commitment line contracts with six banks in the aggregate amount of ¥19,863 million ($241,672 thousand) in order to secure the efficient procurement of operating funds. At March 31, 2012, the total ¥19,863 million ($241,672 thousand) was unused and available.

11. Employees' severance and pension benefits

The liability for employees' severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		2012	
Projected benefit obligation	¥	7,055	¥	6,948	$	85,838
Fair value of pension assets		(6,744)		(6,783)		(82,054)
Unrecognized prior service cost		27		28		328
Unrecognized actuarial differences		(2,539)		(2,354)		(30,892)
Prepaid expense for pension assets		2,652		2,592		32,267
Liability for severance and retirement benefits	¥	451	¥	431	$	5,487

Included in the consolidated statements of income for the years ended March 31, 2012 and 2011 was severance and retirement benefit expense comprising the following:

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		2012	
Service costs - benefits earned during the year	¥	324	¥	323	$	3,942
Interest cost on projected benefit obligation		115		115		1,399
Expected return on plan assets		(152)		(154)		(1,849)
Amortization of actuarial differences		232		195		2,823
Amortization of prior service cost		(0)		(1)		(0)
Others	(*)	98	(*)	87		1,192
Severance and retirement benefit expense	¥	617	¥	565	$	7,507

(*) This amount includes payment to the defined contribution pension plan in the amount of ¥56 million ($681 thousand) in 2012 and ¥55 million in 2011 and payment to the mutual aid pension plan in the amount of ¥41 million ($499 thousand) in 2012 and ¥30 million in 2011.

The discount rate used by the Company at March 31, 2012 and 2011 was 1.6%. The rate of expected return on plan assets used by the Company at March 31, 2012 and 2011 was 3.0%. The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated total number of service years. Actuarial differences are recognized in the income statement using the straight-line method over mainly 13 years beginning with the following term at March 31, 2012 and 2011. Prior service costs are recognized in the income statement using the straight-line method over 14 years at March 31, 2012 and 2011.

12. Note to consolidated statements of cash flows

(a) The reconciliation of cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows at March 31, 2012 and 2011 was as follows:

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		2012	
Cash and time deposits in balance sheets	¥	11,243	¥	16,560	$	136,793
Time deposits maturing after three months		(486)		(782)		(5,913)
Cash and cash equivalents in statements of cash flow	¥	10,757	¥	15,778	$	130,880

(b) Assets and liabilities of the subsidiaries excluded from scope of consolidation

Assets and liabilities of the subsidiaries excluded from the scope of consolidation at the time the Company sold investment securities in the consolidated subsidiaries, the related sale price of shares and the payments (net) from the sale of the shares are as follows:

Year ended March 31, 2012	Millions of yen		Thousands of U.S. dollars	
Current Assets	¥	151	$	1,837
Fixed Assets		19		231
Current Liabilities		(95)		(1,156)
Long-term Liabilities		(53)		(645)
Minority interests		(9)		(110)
Gain on sales of shares		(5)		(60)
Sale price of sales of shares for the year		8		97
Cash and cash equivalents of the company excluded from the scope of consolidation		(65)		(791)
Payments for sale of shares of subsidiaries excluded from the scope of consolidation	¥	(57)	$	(694)

(c) Assets and liabilities of the subsidiaries excluded from scope of consolidation

Assets and liabilities of the subsidiaries excluded from the scope of consolidation at the time the Company sold investment securities in the consolidated subsidiaries, the related sale price of shares and the proceeds (net) from the sale of the shares are as follows:

Year ended March 31, 2011	Millions of yen	
Current Assets	¥	835
Fixed Assets		286
Current Liabilities		(746)
Gain on sales of shares		3,106
Sale price of sales of shares for the year		3,481
Cash and cash equivalents of the company excluded from the scope of consolidation		(291)
Proceeds from sale of shares of subsidiaries excluded from the scope of consolidation	¥	3,190

13. Note to consolidated statements of comprehensive income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net unrealized holding gains (losses) on securities			
Increase (decrease) during the year	2,587	-	31,476
Reclassification adjustments	69	-	839
Sub- total, before tax	2,656	-	32,315
Tax (expense) or benefit	(12)	-	(146)
Sub- total, net of tax	¥ 2,644	¥ -	$ 32,169
Net unrealized holding gains (losses) on derivatives			
Increase (decrease) during the year	(9)	-	(110)
Sub- total, before tax	(9)	-	(110)
Tax (expense) or benefit	5	-	61
Sub- total, net of tax	¥ (4)	¥ -	$ (49)
Foreign currency translation adjustments			
Increase (decrease) during the year	(1,087)	-	(13,225)
Sub- total, before tax	(1,087)	-	(13,225)
Tax (expense) or benefit	12	-	146
Sub- total, net of tax	¥ (1,075)	¥ -	$ (13,079)
Share of other comprehensive income of associates accounted for by using the equity method			
Increase (decrease) during the year	(81)	-	(985)
Reclassification adjustments	2	-	24
Sub- total	¥ (79)	¥ -	$ (961)
Total other comprehensive income	¥ 1,486	¥ -	$ 18,080

14. Segment information

(a) General information about reportable segments

Inabata Group's reportable segments represent the group's component divisions for which separate financial information is available. This information is regularly evaluated by the Board of Directors in deciding how to allocate management resources and in assessing performance. Inabata Group is primarily engaged in the trading of merchandise, the manufacture and sale of various products and the provision of services in Japan and abroad and operates its business in line with a comprehensive strategy regarding merchandise, products and services for domestic and international markets. For effective business management purposes, Inabata Group has segmented its corporate sales and marketing functions into 5 divisions (reportable segments) based on merchandise, products and target markets/industries, namely: Information Technology, Housing and Construction, Chemicals, Plastics and Foodstuffs. Major merchandise, products and services covered by each reportable segment are as follows.

Information Technology:	Semiconductor manufacturing equipment
	Electronic materials, including parts
	Dyes for printing
	Raw materials for copying
Housing and Construction:	Lumber
	Composite materials
	Wooden building materials
	Residential housing equipment
Chemicals:	Pharmaceutical and agricultural chemicals and bulk raw materials
	Raw materials for insecticides
	Raw materials for toiletries
	Raw materials for plastic resin
	Dyestuffs
Plastics:	General purpose plastics
	Engineering plastics
Foodstuffs:	Raw and processed agricultural products
	Raw and processed marine products

(b) Basis of measurement for reportable segment profit and loss, segment assets, segment liabilities and other material items

Accounting methods applied to the reportable business segments are generally the same as those described in Note 2, "Summary of significant accounting policies." Segmental income derives from operating income. Inter-segment profits and transfers are based on prevailing market prices.

(c) Information about reported segment profit and loss, segment assets, segment liabilities and other material items for the years ended March 31, 2012 and 2011 was as follows:

Year ended March 31, 2012	Millions of yen							
	Information Technology	Housing and Construction	Chemicals	Plastics	Foodstuff	Other	Elimination and Corporate	Consolidated
Revenues:								
Outside customers	¥185,567	¥ 22,371	¥ 62,589	¥175,875	¥ 17,484	¥ 544	¥ -	¥ 464,430
Intersegment	-	-	594	-	-	-	(594)	-
Total	185,567	22,371	63,183	175,875	17,484	544	(594)	464,430
Segmental income (loss)	¥ 2,734	¥ 128	¥ 1,429	¥ 2,594	¥ 494	¥ 253	¥ -	¥ 7,632
Total assets	¥ 78,471	¥ 9,664	¥ 31,756	¥ 78,678	¥ 6,893	¥ 639	¥ 44,944	¥ 251,045
Depreciation and amortization	¥ 739	¥ 117	¥ 502	¥ 1,364	¥ 127	¥ 0	¥ -	¥ 2,849
Amortization of goodwill	37	-	25	35	-	5	-	102
Investment in equity method	812	-	1,623	592	130	-	-	3,157
Increase of property and equipment and intangible assets	¥ 288	¥ 26	¥ 321	¥ 824	¥ 27	¥ 0	¥ 339	¥ 1,825

Year ended March 31, 2012	Thousands of U.S. dollars							
	Information Technology	Housing and Construction	Chemicals	Plastics	Foodstuffs	Other	Elimination and Corporate	Consolidated
Revenues:								
Outside customers	$2,257,781	$ 272,186	$761,516	$2,139,859	$ 212,727	$ 6,618	$ -	$ 5,650,687
Intersegment	-	-	7,227	-	-	-	(7,227)	-
Total	2,257,781	272,186	768,743	2,139,859	212,727	6,618	(7,227)	5,650,687
Segmental income (loss)	$ 33,264	$ 1,557	$ 17,387	$ 31,561	$ 6,010	$ 3,079	$ -	$ 92,858
Total assets	$ 954,751	$ 117,581	$ 386,373	$ 957,270	$ 83,867	$ 7,774	$ 546,831	$ 3,054,447
Depreciation and amortization	$ 8,991	$ 1,424	$ 6,108	$ 16,596	$ 1,545	$ 0	$ -	$ 34,664
Amortization of goodwill	450	-	304	426	-	61	-	1,241
Investment in equity method	9,880	-	19,746	7,203	1,582	-	-	38,411
Increase of property and equipment and intangible assets	$ 3,504	$ 316	$ 3,906	$ 10,025	$ 329	$ 0	$ 4,125	$ 22,205

Year ended March 31, 2011	Millions of yen							
	Information Technology	Housing and Construction	Chemicals	Plastics	Foodstuff	Other	Elimination and Corporate	Consolidated
Revenues:								
Outside customers	¥197,436	¥ 19,873	¥ 67,473	¥167,338	¥ 16,049	¥ 922	¥ -	¥ 469,091
Intersegment	-	-	802	-	-	-	(802)	-
Total	197,436	19,873	68,275	167,338	16,049	922	(802)	469,091
Segmental income (loss)	¥ 2,880	¥ (34)	¥ 1,578	¥ 3,142	¥ 117	¥ 217	¥ -	¥ 7,900
Total assets	¥ 71,445	¥ 7,830	¥ 29,320	¥ 72,515	¥ 6,040	¥ 2,464	¥ 48,659	¥ 238,273
Depreciation and amortization	¥ 595	¥ 102	¥ 420	¥ 1,263	¥ 136	¥ 10	¥ -	¥ 2,526
Amortization of goodwill	-	-	129	35	-	10	-	174
Investment in equity method	1,123	-	1,338	473	108	-	-	3,042
Increase of property and equipment and intangible assets	¥ 70	¥ 2	¥ 215	¥ 1,151	¥ 20	¥ 5	¥ 1,742	¥ 3,205

Notes: 1. Classified as "Other" are business segments not included in reportable segments, such as leasing and real estate rental services.

2. (1) Corporate assets included above in the elimination and corporate column in the amount of ¥44,944 million ($546,831 thousand) and ¥48,659 million for the years ended March 31, 2012 and 2011, respectively, are composed mainly of surplus funds (cash and deposits), long-term investment funds (investment securities, etc.) and assets pertaining to administrative functions of the Company.

(2) An increase in capital expenditure stated in the elimination and corporate column in the amount of ¥339 million ($4,125 thousand) and ¥1,742 million for the years ended March 31, 2012 and 2011, respectively, is attributable to the Company's administrative functions.

3. Segmental income or loss (-) has been adjusted to be consistent with operating income in the consolidated financial statements.

[Related information]

For the fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

(a) Information about geographic areas

(1) Revenues

Year ended March 31, 2012

Millions of yen							
Japan	Southeast Asia	Northeast Asia China	Northeast Asia Taiwan	Northeast Asia Other	North America	Europe	Consolidated
¥ 221,433	¥ 76,859	¥ 78,213	¥ 47,675	¥ 15,012	¥ 9,840	¥ 15,398	¥ 464,430

Year ended March 31, 2012

Thousands of U.S dollars							
Japan	Southeast Asia	Northeast Asia China	Northeast Asia Taiwan	Northeast Asia Other	North America	Europe	Consolidated
$ 2,694,160	$ 935,138	$ 951,612	$ 580,058	$ 182,650	$ 119,723	$ 187,346	$ 5,650,687

Year ended March 31, 2011

Millions of yen							
Japan	Southeast Asia	Northeast Asia China	Northeast Asia Taiwan	Northeast Asia Other	North America	Europe	Consolidated
¥ 233,612	¥ 73,607	¥ 75,734	¥ 40,785	¥ 13,877	¥ 11,871	¥ 19,605	¥ 469,091

Note: Sales amounts are based on customer locations and divided into countries and regions.

(2) Tangible fixed asset

Year ended March 31, 2012

Millions of yen						
Japan	Southeast Asia	Northeast Asia China	Northeast Asia Other	North America	Europe	Consolidated
¥ 5,375	¥ 2,294	¥ 1,203	¥ 12	¥ 43	¥ 755	¥ 9,682

Year ended March 31, 2012

Thousands of U.S. dollars						
Japan	Southeast Asia	Northeast Asia China	Northeast Asia Other	North America	Europe	Consolidated
$ 65,397	$ 27,911	$ 14,637	$ 146	$ 523	$ 9,186	$ 117,800

Year ended March 31, 2011

Millions of yen						
		Northeast Asia				
Japan	Southeast Asia	China	Other	North America	Europe	Consolidated
¥ 5,285	¥ 2,555	¥ 1,384	¥ 20	¥ 53	¥ 649	¥ 9,946

(b) Information on the amount of amortization and unamortized balance of goodwill by reportable segment

Year ended March 31, 2012 — Millions of yen

	Information Technology	Housing and Construction	Chemicals	Plastics	Foodstuff	Other	Elimination and Corporate	Consolidated
Goodwill:								
Amortization	¥ 37	¥ -	¥ 25	¥ 35	¥ -	¥ 5	¥ -	¥ 102
Unamortized balance	137	-	32	9	-	-	-	178
Negative goodwill:								
Amortization	¥ -	¥ -	¥ -	¥ 56	¥ -	¥ -	¥ -	¥ 56
Unamortized balance	-	-	-	-	-	-	-	-

Year ended March 31, 2012 — Thousands of U.S. dollars

	Information Technology	Housing and Construction	Chemicals	Plastics	Foodstuff	Other	Elimination and Corporate	Consolidated
Goodwill:								
Amortization	$ 450	$ -	$ 304	$ 426	$ -	$ 61	$ -	$ 1,241
Unamortized balance	1,667	-	389	110	-	-	-	2,166
Negative goodwill:								
Amortization	$ -	$ -	$ -	$ 681	$ -	$ -	$ -	$ 681
Unamortized balance	-	-	-	-	-	-	-	-

Year ended March 31, 2011 — Millions of yen

	Information Technology	Housing and Construction	Chemicals	Plastics	Foodstuff	Other	Elimination and Corporate	Consolidated
Goodwill:								
Amortization	¥ -	¥ -	¥ 129	¥ 35	¥ -	¥ 10	¥ -	¥ 174
Unamortized balance	-	-	68	44	-	5	-	117
Negative goodwill:								
Amortization	¥ -	¥ -	¥ -	¥ 85	¥ -	¥ -	¥ -	¥ 85
Unamortized balance	-	-	-	¥ 56	-	-	-	¥ 56

Note: Amounts stated in the "Other" column are related to the business of design, construction and sale hoists and cranes.

15. Financial Instruments

(Fair values of financial instruments)

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2012 and 2011 were as follows:

	Millions of yen		
	March 31, 2012		
	Book values	Fair Values	Differences
Cash and time deposits	¥ 11,243	¥ 11,243	¥ -
Receivables: trade notes and accounts	139,725		
Allowance for doubtful receivables (*1)	(281)		
	139,444	139,444	-
Trading securities and investment securities			
Available-for-sale securities	32,978	32,978	-
Long-term loans receivables	2,192	2,196	4
Total Assets	¥ 185,857	¥ 185,861	¥ 4
Payables: trade note and accounts	¥ 82,177	¥ 82,177	¥ -
Short-term loans (*2)	62,642	62,642	-
Long-term debt	11,430	11,696	(266)
Total Liabilities	¥ 156,249	¥ 156,515	¥ (266)
Derivative transactions (*3)			
Derivative transactions for which hedge accounting is not applied	¥ 7	¥ 7	¥ -
Derivative transactions for which hedge accounting is applied	54	54	-
Total Derivative Transactions	¥ 61	¥ 61	¥ -

	Thousands of U.S. dollars		
	March 31, 2012		
	Book values	Fair Values	Differences
Cash and time deposits	$ 136,793	$ 136,793	$ -
Receivables: trade notes and accounts	1,700,024		
Allowance for doubtful receivables (*1)	(3,419)		
	1,696,605	1,696,605	-
Trading securities and investment securities			
Available-for-sale securities	401,241	401,241	-
Long-term loans receivables	26,670	26,719	49
Total Assets	$ 2,261,309	$ 2,261,358	$ 49
Payables: trade note and accounts	$ 999,841	$ 999,841	$ -
Short-term loans (*2)	762,161	762,161	-
Long-term debt	139,068	142,304	(3,236)
Total Liabilities	$ 1,901,070	$ 1,904,306	$ (3,236)
Derivative transactions (*3)			
Derivative transactions for which hedge accounting is not applied	$ 85	$ 85	$ -
Derivative transactions for which hedge accounting is applied	657	657	-
Total Derivative Transactions	$ 742	$ 742	$ -

(*1) The balance of "Allowance for doubtful receivables" is deducted individually from the balances of receivables: trade notes and accounts.

(*2) Short-term loans include long-term debt due within one year amounted to ¥5,401 million ($65,714 thousand).

(*3) Net receivables and payables generated from derivative transactions are shown above. Items that represent net payables are shown in parentheses.

	Millions of yen		
	March 31, 2011		
	Book values	Fair Values	Differences
Cash and time deposits	¥ 16,560	¥ 16,560	¥ -
Receivables: trade notes and accounts	126,042		
Allowance for doubtful receivables (*1)	(246)		
	125,796	125,796	-
Trading securities and investment securities			
Available-for-sale securities	31,796	31,796	-
Long-term loans receivables	1,410	1,408	(2)
Total Assets	¥ 175,562	¥ 175,560	¥ (2)
Payables: trade note and accounts	¥ 86,041	¥ 86,041	¥ -
Short-term loans (*2)	45,344	45,344	-
Long-term debt	15,185	15,453	(268)
Total Liabilities	¥ 146,570	¥ 146,838	¥ (268)
Derivative transactions (*3)			
Derivative transactions for which hedge accounting is not applied	¥ 12	¥ 12	¥ -
Derivative transactions for which hedge accounting is applied	63	63	-
Total Derivative Transactions	¥ 75	¥ 75	¥ -

(*1) The balance of "Allowance for doubtful receivables" is deducted individually from the balances of receivables: trade notes and accounts and long-term loans receivables.

(*2) Short-term loans include long-term debt due within one year amounted to ¥3,016 million.

(*3) Net receivables and payables generated from derivative transactions are shown above. Items that represent net payables are shown in parentheses.

(a) Methods of calculating fair values of financial instruments and matters relating to securities and derivative transactions

Assets

(1) Cash and time deposits

Because Cash and time deposits are short-term and their book values approximate their fair values, these instruments are stated at book value.

(2) Receivables: trade notes and accounts

Because "Receivables: trade notes and accounts" are short-term and their book values approximate fair values, these instruments are stated at book value. The fair value of doubtful receivables is calculated using the amounts deemed recoverable because of collateral, guarantees, etc.

(3) Trading securities and investment securities

The fair value of equity securities is equivalent to the quoted market price, if available. The fair value of bonds is calculated using the present value as determined by discounting the total amount of principal and interest at a rate determined by taking into account the current maturity and credit risks. Because negotiable deposits are short-term and their book values approximate the fair value, these instruments are stated at book value. Please see Note 4 "Securities" for matters relating to trading securities and investment securities based on holding purpose.

(4) Long-term loans receivables

For long-term loans receivables at floating interest rates, market interest rates are reflected over a short period. As such, they are stated at book value because such amounts approximate fair value unless the borrower's credit status has become materially different after such loans were made. The fair value of long-term loans receivables at fixed interest rates is the present value of future cash flows of the receivables. The receivables are categorized into certain periods and divided into groups according to credit risk. Future cash flows are calculated for each group and discounted by a rate that is the sum of an appropriate index rate, such as the long-term prime rate, and the credit spread. The fair value of doubtful receivables is calculated using the amounts deemed recoverable because of collateral, guarantees, etc.

Liabilities

(1) Payables: trade notes and accounts and (2) Short-term loans

Because "Payables: trade notes and accounts" and short-term loans are short-term and their book value approximate fair value, these instruments are stated at book value.

(3) Long-term debt

The fair value of long-term debt is calculated by discounting the total amount of the principal and interest at a rate that is assumed to be applied when a similar loan is newly borrowed. A part of the long-term debt is subject to currency swaps. The fair value of these long-term debts is determined by discounting the future cash flows that were accounted for as a single item with the related currency swap, at the rate that is assumed to apply if a new similar loan was taken out.

Derivative Transactions

See Note 5 "Derivative financial instruments and hedging transactions".

(b) The following table summarizes book values of financial instruments with no available fair value as of March 31, 2012 and 2011:

	Book value		
	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2012	2011	2012
Investments in subsidiaries and affiliates	¥ 4,055	¥ 3,447	$ 49,337
Available for sale securities			
Non-quoted equity securities	3,213	3,301	39,092
Others	14	18	171
Total	¥ 7,282	¥ 6,766	$ 88,600

The above items are not included in "Trading securities and investment securities" because, due to the absence of a market value, it is impossible to estimate future cash flows, thus making it extremely difficult to determine the fair value.

(c) Financial instruments with maturities were as follows:

	March 31, 2012			
	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and time deposits	¥ 11,243	¥ -	¥ -	¥ -
Receivables: trade notes and accounts	138,884	841	-	-
Available-for-sale securities				
Bonds	100	-	-	-
Others	31	-	-	-
Long-term loans receivables	-	1,753	375	64
Total	¥ 150,258	¥ 2,594	¥ 375	¥ 64

	Thousands of U.S. dollars			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and time deposits	$ 136,793	$ -	$ -	$ -
Receivables: trade notes and accounts	1,689,792	10,232	-	-
Available-for-sale securities				
Bonds	1,217	-	-	-
Others	377	-	-	-
Long-term loans receivables	-	21,329	4,563	778
Total	$ 1,828,179	$ 31,561	$ 4,563	$ 778

	March 31, 2011			
	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and time deposits	¥ 16,560	¥ -	¥ -	¥ -
Receivables: trade notes and accounts	126,042	-	-	-
Available-for-sale securities				
Bonds	-	100	969	-
Others	33	-	-	-
Long-term loans receivables	-	857	488	65
Total	¥ 142,635	¥ 957	¥ 1,457	¥ 65

(d) Long-term loans and other debt bearing interest with maturities were as follows:

	March 31, 2012			
	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term loans	¥ 62,642	¥ -	¥ -	¥ -
Long-term debt	-	11,430	-	-
Total	¥ 62,642	¥ 11,430	¥ -	¥ -

	Thousands of U.S. dollars			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term loans	$ 762,161	$ -	$ -	$ -
Long-term debt	-	139,068	-	-
Total	$ 762,161	$ 139,068	$ -	$ -

	March 31, 2011			
	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term loans	¥ 45,344	¥ -	¥ -	¥ -
Long-term debt	-	14,264	921	-
Total	¥ 45,344	¥ 14,264	¥ 921	¥ -

16. Net assets

The Japanese Corporate Law (the "Law") became effective on May 1, 2006, replacing the Japanese Commercial Code (the "Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

17. Related party transactions

The Company is an affiliate of Sumitomo Chemical Company, Limited, which owned 21.5% and 21.3% of the Company's voting shares at March 31, 2012 and 2011, respectively.

Sumika Technology Co., Ltd. and Dongwoo Fine-Chem Co., Ltd. are subsidiaries of Sumitomo Chemical Company, Limited and Ulvac Coating Corporation and NOBEL NC CO., LTD are affiliates of the Company. As of March 31, 2012 and 2011, respectively the Company controlled 15% and 15% of the voting shares of Sumika Technology Co., Ltd, 35% and 35% of the voting shares of Ulvac Coating Corporation and 49% and 49% of the voting shares of NOBEL NC CO., LTD.

Significant transactions with related parties for the years ended March 31, 2012 and 2011 were as follows:

Year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars	
Sumitomo Chemical Company, Limited				
Net sales	¥	4,924	$	59,910
Purchases	¥	16,331	$	198,698
Trade notes and accounts receivable	¥	1,852	$	22,533
Trade notes and accounts payable	¥	4,769	$	58,024
Pledge of investment securities	¥	4,939	$	60,092
NOBEL NC CO., LTD				
Debt guarantees	¥	2,812	$	34,213
Sumika Technology Co., Ltd				
Net sales	¥	17,743	$	215,878
Trade notes and accounts receivable	¥	8,060	$	98,065
Debt guarantees	¥	2,708	$	32,948
Dongwoo Fine-Chem Co., Ltd				
Net sales	¥	12,955	$	157,623
Trade notes and accounts receivable	¥	2,999	$	36,489
Unconsolidated subsidiaries and affiliates				
Allowance for doubtful receivables	¥	(*)150	$	1,825
Provision for loss on debt guarantees	¥	19	$	231

(*) Reversal of allowance for doubtful receivables included that of the unconsolidated subsidiaries and affiliates in the amount of ¥0 million ($0 thousand) on the consolidated financial statements for the year ended March 31, 2012.

Year ended March 31, 2011

		Millions of yen
Sumitomo Chemical Company, Limited		
Net sales	¥	10,085
Purchases	¥	20,549
Trade notes and accounts receivable	¥	3,148
Trade notes and accounts payable	¥	6,902
Pledge of investment securities	¥	4,133
NOBEL NC CO., LTD		
Debt guarantees	¥	3,911
Ulvac Coating Corporation		
Purchases	¥	3,306
Trade notes and accounts payable	¥	2,634
Sumika Technology Co., Ltd		
Net sales	¥	12,307
Trade notes and accounts receivable	¥	4,750
Unconsolidated subsidiaries and affiliates		
Allowance for doubtful receivables	¥	(*)150
Provision for loss on debt guarantees	¥	19

(*) Reversal for allowance for doubtful receivables included that of the unconsolidated subsidiaries and affiliates in the amount of ¥8 million on the consolidated financial statements for the year ended March 31, 2011.

The Consolidated subsidiaries' significant transactions with related parties for the years ended March 31, 2012 and 2011 were as follows:

TAIWAN INABATA SANGYO CO., LTD.

Year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars	
Sumika Technology Co., Ltd				
Purchases	¥	38,732	$	471,250
Trade notes and accounts payable	¥	5,760	$	70,082

Year ended March 31, 2011

	Millions of yen	
Sumika Technology Co., Ltd		
Purchases	¥	33,994
Trade notes and accounts payable	¥	5,797

18. Contingent liabilities

At March 31, 2012 and 2011, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		2012	
As endorsers of notes discounted or endorsed	¥	72	¥	46	$	876
As guarantors of indebtedness of						
unconsolidated subsidiaries and affiliates		4,468		6,489		54,362
Others		2,708		1,532		32,948
		7,176		8,021		87,310
	¥	7,248	¥	8,067	$	88,186

19. Subsequent events

Cash dividends

At the meeting of the Board of Directors of the Company held on May 8, 2012, an appropriation of nonconsolidated retained earnings for the year ended March 31, 2012 was duly approved as follows:

	Millions of yen		Thousands of U.S. dollars	
Cash dividends - ¥12.00 ($0.146) per share	¥	771	$	9,381