DAIICHI JITSUGYO CO., LTD.

ANNUAL REPORT 2011

Year ended March 31, 2011

FOUNDING SPIRIT

As a trading company, Daiichi Jitsugyo Co., Ltd. (DJK) strives to facilitate the logistics of an economic society in order to contribute to social prosperity.
Corporate activities are based on a proactive approach and spirit of unified cooperation.
The company aims for stable growth based on sound management, while striving to improve the lifestyles and welfare of its employees.

PROFILE OF OUR COMPANY

Daiichi Jitsugyo Co., Ltd. is an engineering and trading company that supplies optimum production equipment and systems to a wide range of industries. In that capacity, the Company is evolving into an advanced solutions company that offers integrated machinery (hardware), technology (software), and services by combining the diverse capabilities of its Group. We are committed to contributing to the creation of a creative global society through the sophisticated fusion of our leading technology, the knowledge of our predecessors, and our highly skilled employees. Based on that commitment, we aim to play an important role in the international community.

The DJK Group comprises DJK, twenty-four subsidiaries and five affiliates globally. The Group works together to achieve the most efficient networks possible for the procurement and sales of manufactured goods. Our subsidiaries manufacture some of the products.

Key consolidated subsidiaries under the DJK Group network are DAIICHI MECHA-TECH CORPORATION, providing after-sales technical services and parts and developing new equipment and systems; DJTECH CO., LTD., which develops, designs, and manufactures solder print inspection equipment; DAIICHI JITSUGYO VISWILL CO., LTD., which develops, designs, and manufactures visual inspection equipment for pharmaceuticals and chip condensers; DAIICHI JITSUGYO (AMERICA), INC., a strategic global partner with eight offices in North and Central America, including a Brazilian subsidiary; DJK EUROPE GMBH; SHANGHAI YISHI TRADING CO., LTD., the regional manager for China; DAIICHI JITSUGYO (HONG KONG) LIMITED; DAIICHI JITSUGYO (GUANGZHOU) TRADING CO., LTD.; DAIICHI JITSUGYO ASIA PTE. LTD., the regional manager for Southeast Asia; DAIICHI JITSUGYO (THAILAND) CO., LTD.; DAI-ICHI JITSUGYO (MALAYSIA) SDN. BHD.; DAIICHI JITSUGYO (PHILIPPINES), INC.; and PT. DJK INDONESIA.

Through its over 60 years of professional experience in worldwide commerce, the DJK Group is globally recognized as a business solution provider based on cutting-edge products and technologies throughout its overseas network of 31 cities in 18 countries.

CONTENTS

CONSOLIDATED FINANCIAL HIGHLIGHTS

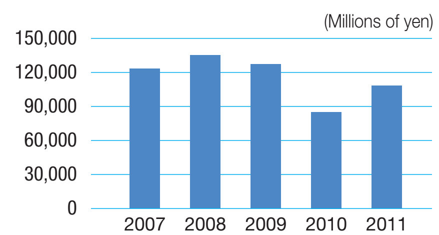
DAIICHI JITSUGYO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. Dollars (Note)
	2011	2010	**2011**
For the year:			
Net sales:	**¥ 108,079**	¥ 85,058	**$ 1,299,816**
Plant & Energy Business	**18,767**	28,414	**225,708**
Electronics Business	**34,161**	18,723	**410,847**
Industrial Machinery Business	**34,454**	25,166	**414,359**
Overseas Company	**17,217**	8,676	**207,064**
Gross profit	**15,224**	11,104	**183,099**
Operating income	**4,243**	941	**51,031**
Net income	**2,448**	363	**29,441**
Comprehensive income	**2,159**	600	**25,970**
Oveaseas sales:	**44,819**	23,380	**539,016**
Asia	**36,706**	19,284	**441,453**
Europe	**1,886**	1,656	**22,686**
North and Central America	**4,546**	1,423	**54,684**
Other	**1,678**	1,017	**20,191**
At the year-end:			
Total assets	**73,322**	55,096	**881,808**
Shareholders' equity	**23,697**	21,759	**284,999**
Total equity	**23,777**	22,082	**285,955**

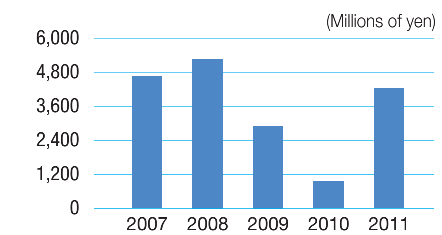
	Yen		U.S. Dollars (Note)
	2011	2010	**2011**
Per Share Data:			
Net income	**¥ 46.90**	¥ 6.97	**$ 0.56**
Cash dividends	**13 .00**	7.00	**0.16**
Shareholders' equity	**445.88**	416.63	**5.36**

Note: The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥83.15 to U.S.$1.00.

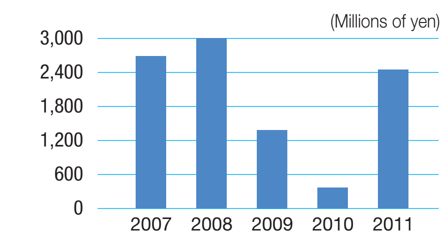
Net sales



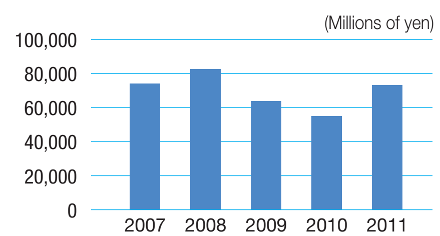
Operating income



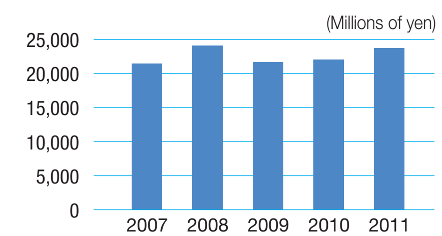
Net income



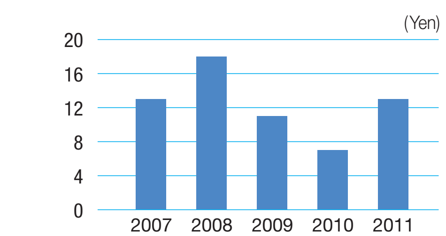
Total assets



Shareholders' equity



Cash dividends



TO OUR STAKEHOLDERS

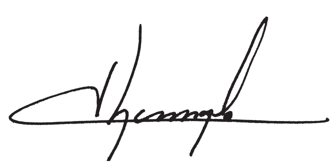
I would like to take this opportunity to thank our stakeholders for their support over the past fiscal year. Having completed our 88th term, the fiscal year from April 1, 2010 to March 31, 2011, we are pleased to report in this document an outline of the business performance of the DJK Group.

Japan's economy during the fiscal year under review showed moderate signs of recovery thanks to the expanding economies of the emerging countries and the effects of the various economic stimulus packages, while capital investments also continued their gradual recovery on the back of improvements in corporate earnings. However, in the latter half of the fiscal year, personal consumption dropped as the effects of stimulus packages for durable goods wore off and uncertainty began to mount toward the employment situation, while the yen continued to climb and stock prices slumped. Moreover, the unprecedented devastation caused by the Great East Japan Earthquake, which struck on March 11, 2011, and the effects of the ensuing electricity shortage on corporate activities, together with fears for further deterioration of consumer confidence have resulted in a state of continued uncertainty over the future.

The outlook for Japan's economy remains unpredictable despite hopes for increasing exports due to the growing demand in the emerging countries and economic expansion among the Southeast Asian countries. This is due to the devastating impact that the Great East Japan Earthquake and the ensuing accident at the Fukushima Nuclear Power Stations has had on corporate production activities, materials procurement and distribution, as well as concerns over the future trends in materials price and foreign exchange.

Under these circumstances, the DJK Group formulated a three-year mid-term management plan covering the period from April 2010 to March 2013 called ACT 2012. The plan's slogan is "Active Challenges for the Global Business Creator with Trust." Based on the corporate vision and basic strategies laid down by the plan, we will aim to improve performance and implement sales drives to win more orders.

To achieve our business targets, we look forward to the ongoing support of our stakeholders.



Koji Yamagata
President & COO

AN INTERVIEW WITH THE PRESIDENT

Q1 >> Give us a summary of the current fiscal year and your outlook for the coming fiscal year.

A1 *During the current fiscal year, we achieved a V-shaped recovery through substantial increases in both sales and profits. In the coming year, we are planning to take another significant leap forward by accelerating our overseas business development.*

In the fiscal year ended March 31, 2011, we recorded substantial increases in both sales and profits and achieved a V-shaped recovery, bringing us back to the high levels that were maintained prior to the Lehman crisis. As far as the coming year is concerned, despite the precariousness of the economic environment, all of our officers and employees are committed to promoting sales activities and achieving the plan.

- **Plant & Energy Business**
  We witnessed demand for petrochemical plant facilities and facilities for solar panel-manufacturing plants targeted at major engineering companies during the current fiscal year. As far as the future is concerned, despite certain signs of demand in the post-earthquake recovery and new energy fields, the domestic market for such businesses is gradually diminishing. Currently, we are injecting human resources overseas, mainly in China and India, and aggressively cultivating the local markets. By utilizing the results achieved in these markets, we plan to expand to Vietnam and Thailand and accelerate our overseas development plan.
- **Electronics Business**
  During the current fiscal year, Monozukuri (Japanese manufacturing) gained momentum mainly in China and Southeast Asia, and considerable growth was recorded in orders for facilities geared toward increased production of smartphones and game consoles. In Japan, the earthquake had the effect of severely damaging the supply chains for electronic parts and devices, as well as base plates, and a temporary shrinking of the market cannot be avoided. However, as overseas sales account for nearly 90% of the Electronics Business, we expect to cover the decrease in domestic demand by expanding our orders from overseas.
- **Industrial Machinery Business (Plastic-related and Automobile-related)**
  Sales of automated assembly lines, automated processing equipment, spray painting robots and systems, lithium ion battery manufacturing-related equipment, and injection molding machines increased dramatically mainly abroad thanks to the recovery of the automobile industry during the current fiscal year. The industrial machinery business has had a long history of overseas expansion and boasts of a wealth of human resources in each region. In the future, we intend to accelerate our overseas business development by promoting local transactions and procurement.

Q2 >> The Company seems to have significantly improved its profit margin this year. What do you think are the Company's strengths?

A2 *I believe our strengths are our attitude of thoroughly contributing to the customer's profits, our proposals that enable such profits and our comprehensive strengths that are grounded on a flexible mindset.*

I think it comes down to our capacity to stand in our customers' shoes, come up with proposals that generate value for our customers, and provide high value-added services while always maintaining cost consciousness. Such a capacity is generated from the confidence of each and every one of our employees as they immerse themselves in the manufacturing sites of our customers and propose never-before-heard solutions. The spirit of sticking with the customer and developing a long-lasting Win-Win situation has been ingrained in all of our officers and employees, which may be our greatest strength.

Our superiority also lies in our ability to utilize our strengths as an independent trading company not only selling single products but also handling state-of-the-art products of each manufacturer, and to offer product lines that combine various products and improved systems. In recent years, we have established ourselves as a one-stop provider of everything from manufacturing equipment to buildings, electricity wiring, piping, emergency power generation, clean rooms, and air-conditioning, having been instrumental in the overseas expansion of Japanese companies.

We have also been promoting collaboration across multiple countries and boasting a strong delivery record; an example of which is the business scheme we have developed where engineering is done and major equipment is procured in Malaysia, the incidental equipments are designed in Japan, and the entire system is upgraded and delivered to an emerging country. We will continue to focus on and expand such efficient undertakings in the future.

Q3 >> How is the mid-term management plan progressing?

A3

We have made steady progress in strengthening and expanding our business earnings base and we are also forging ahead with the strengthening of our financial position.

In terms of our "further pursuit of global business development," we have reinforced our global businesses, especially in China and Southeast Asia, and we have launched Technical Centers in Shanghai and Chongqing during the current fiscal year. In the coming fiscal year, we are planning to open offices in Changchun and Wuhan. Although business activities in Southeast Asia are currently based mainly in Thailand, we are planning to expand to the voluminous markets of India and Indonesia, where in addition to automobile- and electronics-related manufacturing, contracted manufacturing of generic pharmaceuticals is also taking off. As far as expansion to other emerging markets is concerned, we will coordinate our movements with the movements of customers.

Our efforts in new business fields have also been rewarding. We are off to an auspicious start, as we received orders immediately after we launched the LIB project, which was intended to reinforce sales of lithium ion battery manufacturing-related products. As lithium ion batteries are becoming the focus of attention as integral parts of electric vehicles and hybrid cars, we are hoping for even greater growth in the future.

With regard to our performance indicators, we were able to attain the initial goals for the current fiscal year and in the coming fiscal year we will continue to strengthen our financial position and work toward attaining the goals for the final year of our management plan.

>> Active Challenges for the Global Business Creator with Trust

ACT 2012, the mid-term management plan, which started from the fiscal year 2010, further expands our overseas business development based on regional centers and propels our global business efforts by adding new areas, namely the emerging countries. Additionally, we are aggressively developing new business fields, including our environmentally-friendly new energy, water resource-related and secondary battery-related businesses, while endeavoring to increase corporate value by further strengthening our financing structure.

Targeted Management Performance Indicators (Consolidated Performance Goals)

(Units: Millions of yen)

	FY2010 (Results)	FY2011 (Plan)	FY2012 (Targets)
Net Sales	108,079	122,000	127,000
Operating Income	4,243	4,550	5,100
Net Income	2,448	2,600	2,900

Q4 >> Finally, what message would you like to send to your shareholders?

A4

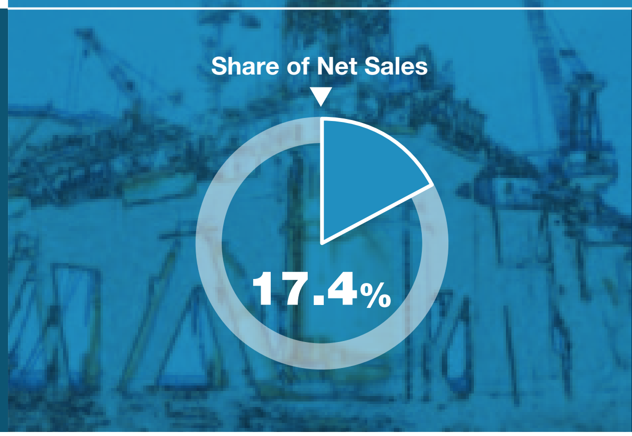
With the new management structure, our shareholders can expect to see innovative and speedy business development.

First of all, I would like to announce that I, Koji Yamagata, have assumed the office of President and COO, effective April 1, 2011. We have also launched the executive officer system as of the same date, and we have assigned youthful personnel as managers of each business division. We have also cut more than half of the members of the Board of Directors and launched a 6-member structure. Such efforts will contribute to the swiftness and flexibility of our management structure. Under the new management structure, we intend to attain the goals of our mid-term management plan by cultivating new business opportunities through youthful creativity and accelerating our global business development. Additionally, we will aggressively promote superior human resources, regardless of nationality or gender, and embark on the next step forward as a corporate group with a truly global competitive edge.

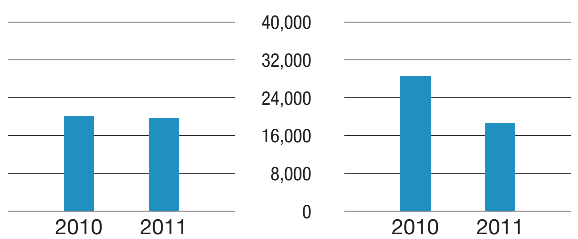
In line with our improved business performance, we increased our dividends by 6 yen per share to 13 yen per share. We will continue to strive for the appropriate return of profits to our shareholders.

We humbly ask our shareholders to continue to support us in our endeavors and to count on our Group for innovative and swift business development.

Plant & Energy Business



	Orders Received 2010	Orders Received 2011	Net Sales 2010	Net Sales 2011
(Millions of yen)	19,929	19,706	28,414	18,767



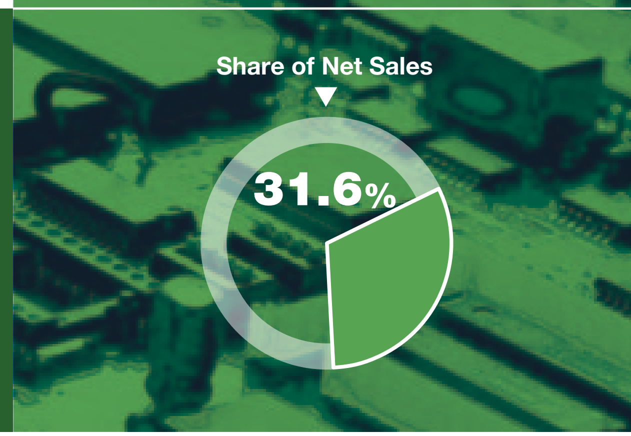
Business Fields

Machinery and equipment for energy development and production, oil and gas refining, chemicals, engineering, construction, and pulp and paper

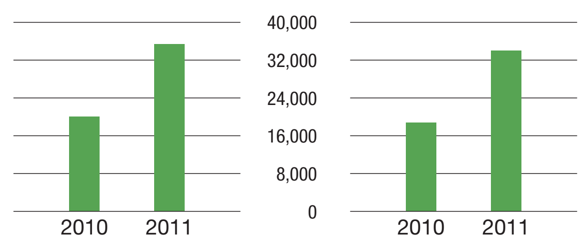
Overview for Fiscal 2011

Although demand remained brisk for petrochemical plants and solar panel-related facilities for major engineering companies, sales declined due to the decrease in major projects such as exploratory drilling services of petroleum and natural gas. However, sales are expected to increase in the future, as large orders have been received for high water-absorption resin plants for chemical companies, and for lithium ion battery positive-electrode materials manufacturing plants.

Electronics Business



	Orders Received 2010	Orders Received 2011	Net Sales 2010	Net Sales 2011
(Millions of yen)	19,766	35,266	18,723	34,161



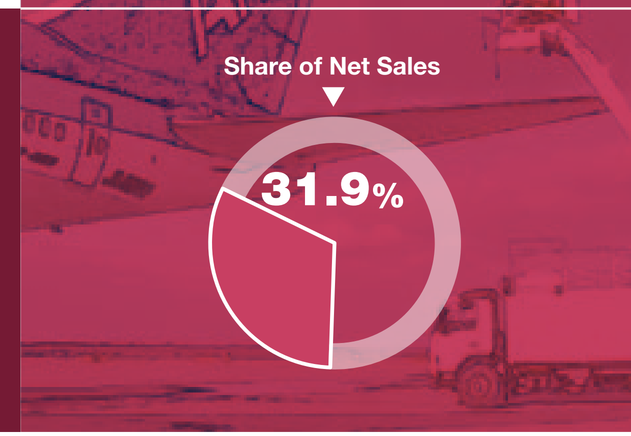
Business Fields

Machinery and equipment for the industries of electronics, IT, electric machinery, precision, optical, audio and musical instruments

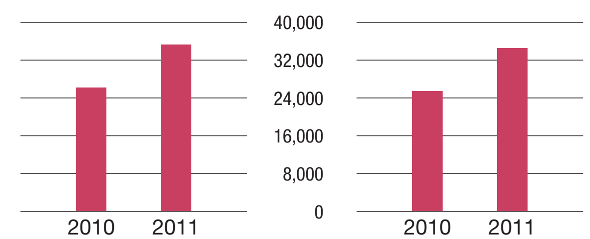
Overview for Fiscal 2011

Thanks to the increased production of flat-screen TVs and smart phones, demand for electronics parts-mounted equipment, printed circuit boards and various testing equipment for major manufacturers of IT and digital devices mainly in China and South Korea increased dramatically, which has lead to considerable increases in both orders received and sales. The business environment is still expected to remain strong particularly in the Asian region.

Industrial Machinery Business



	Orders Received 2010	Orders Received 2011	Net Sales 2010	Net Sales 2011
(Millions of yen)	26,273	35,136	25,166	34,454



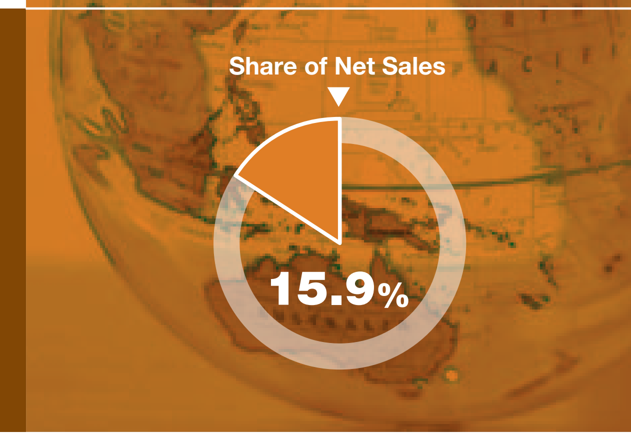
Business Fields

Machinery and equipment for plastics, rubber, automobiles, steel, pharmaceuticals, food, and aviation industries

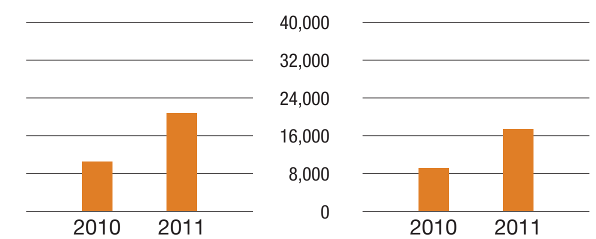
Overview for Fiscal 2011

In addition to pharmaceutical filling devices and tablet inspection equipment, sales of spray paint robots and systems, and lithium ion battery manufacturing equipment for the automobile-related industry were strong due to the recovery of automobile sales. Additionally, increasing demand for consumer electronics and automobile components has boosted sales of injection molding machinery and peripheral equipment for the manufacture of plastic products, which has lead to increases in both orders received and sales. Future demand is also expected especially among the emerging countries.

Overseas Company



	Orders Received 2010	Orders Received 2011	Net Sales 2010	Net Sales 2011
(Millions of yen)	10,536	20,877	8,676	17,217

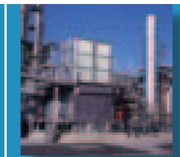


Business Fields

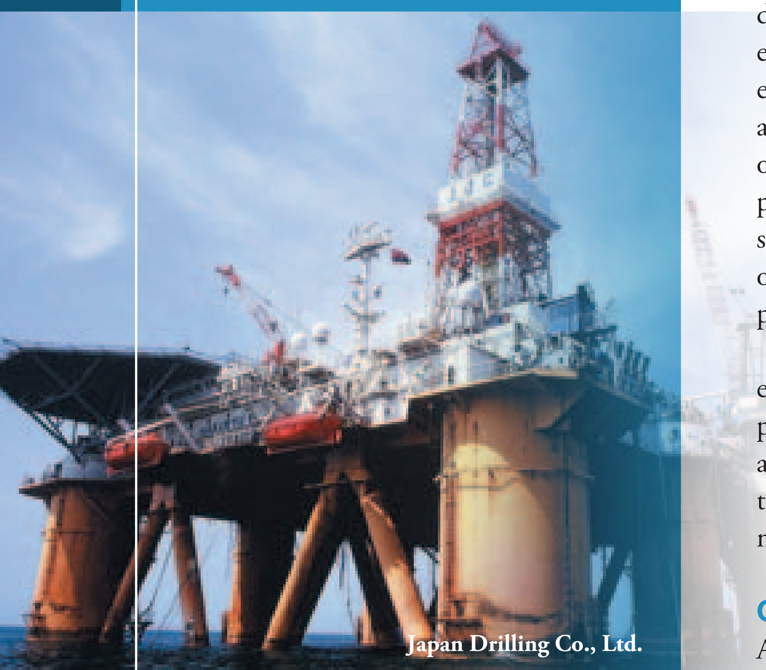
Machinery and equipment sold by overseas branches and subsidiaries

Overview for Fiscal 2011

Sales to the electronic and vehicle equipment-related industries have picked up in the United States, while semiconductor packaging-related, consumer electronics and automobile manufacturing equipment-related demands were strong mainly in China and other Asian countries, which has lead to increases in both orders received and sales. Stable demand is expected to continue, as a steady flow of capital investments is expected to accompany increasing consumption in the emerging countries.



Plant & Energy Business



Japan Drilling Co., Ltd.

Topic

Recently, due to the deregulation of domestic laws and concerns over the electricity shortage resulting from the earthquake, clean energy such as geothermal power, wind power, solar electric power generation and binary generators have become the focus of attention. Consequently, DJK has commenced sales of small binary generators utilizing untapped heat sources for small-sized plants and incinerator plants.

Business

DJK is known in the energy industry as a highly reputable, specialist supplier of machinery related to plant and energy. Against the backdrop of its rich experience and solid technology accumulated over the years, the Company has actively addressed new themes in its business and achieved grand results in the energy conservation, alternative energy to oil, new energy, and environmental protection fields. Its business departments provide detailed services for customers in the fields of engineering, construction, and maintenance as well as consulting services for soil remediation in the way only DJK can. For example, the energy development department can provide various hardware and software such as environmental assessments for development projects, physical exploration equipment and its analysis software, drilling rigs and equipment for both on-shore or off-shore use. On the other hand, the production and refining department can supply petroleum and gas production systems, geothermal, wind and solar electric power generation systems that utilize the energy of nature, binary generators, petroleum refining plants, and petrochemical plants.

In our pulp and paper operations, we carry a wide range of equipment for wood and pulp processing, chemical recovery, paper manufacturing, coating, and finishing processes. In addition, we provide customized automated systems that utilize the latest computer technology to coordinate various types of machinery involved in the paper production process.

Operating environment

Although sales were recorded from petrochemical plants and solar panel-related facilities for major engineering companies, sales declined overall due to the decrease in major projects such as exploratory drilling services of petroleum and natural gas. In Japan, prospects had looked dim for order receipt and sales, as the entire energy industry tended toward curbing new capital investments. However, in the aftermath of the Great East Japan Earthquake, increased demand is expected for plant-related facilities required for rebuilding after the earthquake, clean energy-related equipment and power generators in response to the domestic electricity shortage. Additionally, there has been an increase in the number of negotiations for various plants intended for the emerging countries.

Electronics Business

Business

The infrastructure of our society is made up of a range of basic industrial technologies, among which electronics play an essential role. To support the increasing use of electronics in those technologies, we market a wide range of electronic machinery and equipment, including factory automation systems, computers and peripheral equipment.

To support progress in leading-edge industrial electronics, DJK offers global services, including the proposing of optimal systems, the planning and procuring of peripheral equipment for the development of automated production lines as well as support for overseas business expansion, the introduction to business partners, and the proposing of effective utilization of facilities. DJK provides the industry with various inspection equipment and semiconductor manufacturing-related equipment, including PCB (printed circuit board), SMT (surface mounting technology), COB (chip on board) and IC packaging equipment.

By leveraging its expertise and unique concepts acquired through the sales of precision instruments, DJK also markets Bio-Pharmaceutical/Drug Discovery Systems in the drug discovery field.

Operating environment

Thanks to the growing global demand for flat-screen TVs, smart phones, tablet computers and game consoles, the semiconductor packaging industry has made a considerable recovery from its decline last year. Strong investor confidence is expected to continue on the part of manufacturers of digital-related equipment intended for Asia, particularly China and South Korea, device manufacturers, and EMS manufacturers. In Japan, although there is a concern over delays in the restoration of the supply chain affected by the earthquake, we intend to catch up without being left behind since the industry is rapidly-changing by nature.

Industrial Machinery Business

Topic

Major auto makers in Japan and other countries are continuing to shift toward low fuel-consumption hybrid cars and electric cars, which has resulted in the acceleration of development and production of lithium ion batteries and electronic control base plates which comprise the core technology of such vehicles, as well as of new materials and plastic parts for reducing car weight. Consequently, DJK has been experiencing an increase in negotiations for conventional and next-generation facilities and equipment that enable full-scale production, including equipment to enhance production efficiency as well as the very latest facilities and machinery.

Business

DJK, through its industrial machinery, supports various products and services that enrich people's lives. Backed by a long history and abundant experience, DJK handles FA equipment in a wide range of industries both in Japan and abroad. In particular, DJK's various automated assembly lines and peripheral equipment, industrial robots and inspection systems have been highly acclaimed by many customers who seek enhanced efficiency, laborsaving and streamlining.

DJK covers a broad range of industries and products, providing total solutions that extend from consulting to implementation and maintenance: for example, FA systems, injection molding machinery and peripheral equipment to the automobile, consumer electronics and food industries; filling devices, various types of inspection equipment and the latest packaging production lines to the pharmaceutical industry; incinerators and drying furnaces that are indispensable for manufacturing the raw materials of secondary batteries and solar batteries; and ground support equipment for airports.

Operating environment

Sales of automated assembly lines, automated processing equipment, spray paint robots and systems, and lithium ion battery manufacturing equipment increased dramatically thanks to the recovery of automobile sales mainly overseas. Additionally, increasing demand for consumer electronics and automobile components has boosted sales of injection molding machinery and peripheral equipment. Many of the Japanese manufacturers are also relocating their production bases overseas. Accordingly, we will try to take advantage of this rising trend in overseas capital investments and capture orders from these manufacturers by using our global network.

Overseas Company

Business

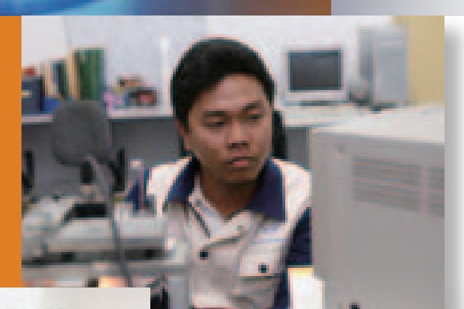
DJK manages its overseas offices in 31 cities in 18 countries around the world by dividing the world into four regions. By setting up headquarters in each of the 4-axis network (China, Southeast Asia, the Americas and Europe), DJK Headquarters coordinates with the other areas and is implementing speedy business activities.

Although we are intent on increasing the number of overseas offices and expanding our overseas network to include 5 or 6 regions around the world, we also intend to accelerate the development of each area. In the China region, we established technical centers in Shanghai and Chongqing this spring to conduct demonstrations and training, as well as a portion of our maintenance operations. Currently, we are going ahead with plans to open offices in Changchun, in the northeastern part of China, and the inland city of Wuhan, in an effort to reinforce our sales activities.

Operating environment

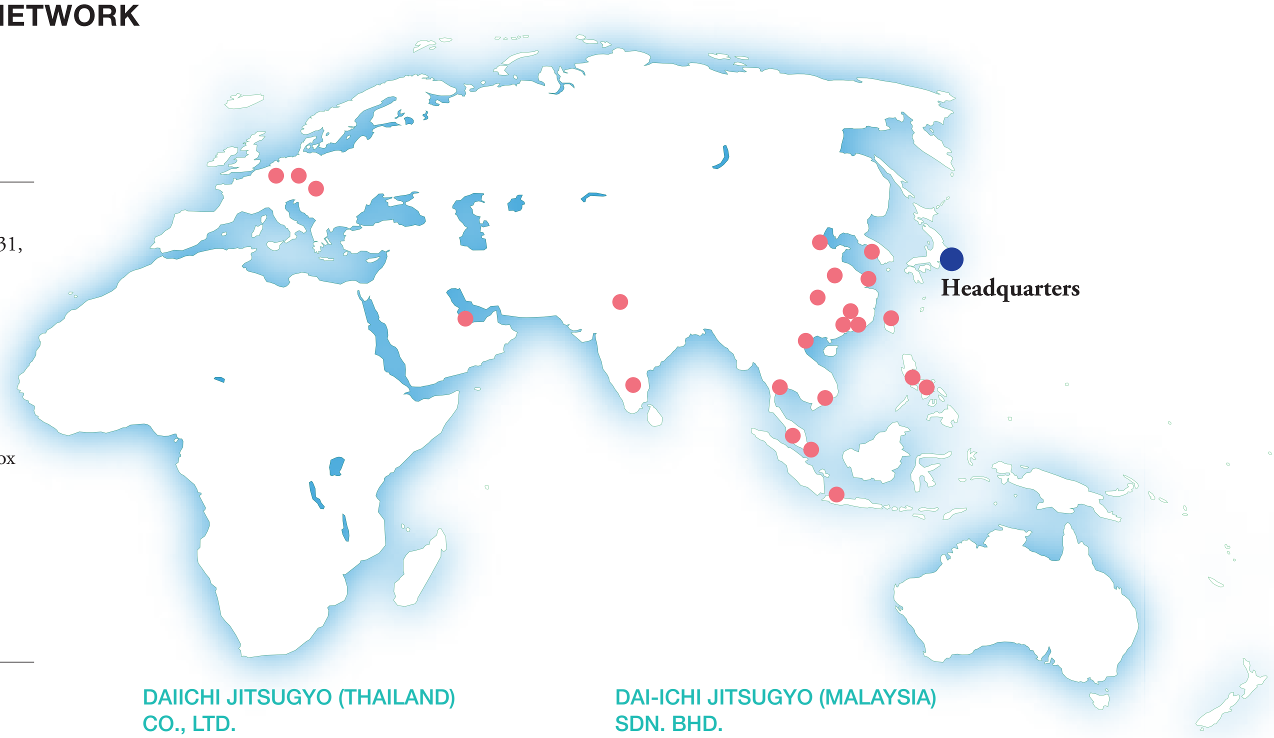
Semiconductor packaging- and automobile manufacturing equipment-related demands were strong mainly in Southeast Asia and China. In the United States, sales to the electronic and vehicle equipment-related industries also began to pick up.

DJK will continue to aim for the expansion of LIB/LED- and environmental measure-related sales to meet the demands of the industrialized countries, in addition to increasing sales of motorcycle/automobile manufacturing equipment and digital devices, the demands for which are expected to grow in the emerging countries.



THE DJK OVERSEAS NETWORK

(As of August 1, 2011)



OVERSEAS OFFICES

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Fax: +91-12-4426-6081

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Office No. 1404 Regus UB City Level
14 & 15, Concorde Towers UB City, 1 Vittal
Mallya Road Bangalore 560001, India
Phone: +91-80-4030-0435
Fax: +91-80-4030-0400

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2nd Floor, Suite 201, V-Tower, 649
Kim Ma Street, Ba Dinh District, Hanoi,
Vietnam
Phone: +84-4-3766-5990
Fax: +84-4-3766-5992

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Nguyen Trai Street, District 1,
Ho Chi Minh City, Vietnam
Phone: +84-8-3925-6900
Fax: +84-8-3925-6877

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Consolidated subsidiary
Suite 22B, Box No.80, 22nd Floor,
UBN Tower, No.10 Jalan P. Ramlee 50250,
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Phone: +60-3-2070-6913
Fax: +60-3-2070-6912

DAIICHI JITSUGYO (PHILIPPINES), INC.
Consolidated subsidiary
Unit 2001-2002, Philippines AXA Life
Centre, Sen. Gil Puyat Avenue, Makati City,
1200, Philippines
Phone: +63-2-759-6944
Fax: +63-2-759-6946

PT. DJK INDONESIA
Consolidated subsidiary
Skyline Building 16th Floor Jalan. M.H.
Thamrin No.9, Jakarta 10340, Indonesia
Phone: +62-21-390-4930
Fax: +62-21-390-4961

DJK FACTORY SOLUTIONS (PHILIPPINES), INC.
Orient Goldcrest Building, Lot 32-D
Block 2 Phase 5 East Main Avenue, Laguna,
Philippines
Phone: +63-49-544-0229

SHANGHAI YISHI TRADING CO., LTD.
Consolidated subsidiary

Headquarters (Shanghai)
Room 13F02-06 Aetna Tower No.107,
Zunyi Road, Shanghai, 200051, P.R.China
Phone: +86-21-6237-5800
Fax: +86-21-6237-5288

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Phone: +86-22-2840-8723
Fax: +86-22-2840-8726

Suzhou Office
Room 203, No.1 Building RunJie Palza,
No.9 Dengwei Road, SDN Suzhou, Jiang Su,
P.R.China
Phone: +86-512-6802-6128
Fax: +86-512-6802-6125

Chongqing Office
Room 24-7 Century Plaza 38 Jian Xin North
Road, Jiang Bei District, Chongqing City,
P.R.China
Phone: +86-23-6779-7543
Fax: +86-23-6779-7542

DAIICHI JITSUGYO (HONG KONG) LIMITED
Consolidated subsidiary
Suite 1611A, 16th Floor, Exchange Tower,
No.33 Wang Chiu Road, Kowloon Bay,
Hong Kong, P.R.China
Phone: +852-2802-8233
Fax: +852-2802-9734

DAIICHI JITSUGYO (GUANGZHOU) TRADING CO., LTD.
Consolidated subsidiary
Unit 1310, Goldlion Digital Network Center,
138 Tiyu Road East, Guangzhou 510620
P.R.China
Phone: +86-20-3877-2405
Fax: +86-20-3877-2410

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(West Tower) Hai De San Dao, Nanshan
District, Shenzhen 518059 P.R.China
Phone: +86-755-2669-2515
Fax: +86-755-2669-2539

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11th Floor-3, 23, Sec. 1, Chang-An East
Road, Taipei, Taiwan
Phone: +886-2-2537-1017
Fax: +886-2-2521-6389

DAIICHI JITSUGYO (AMERICA), INC.
Consolidated subsidiary

Headquarters (Chicago)
939 AEC Drive, Wood Dale, Illinois 60191,
U.S.A.
Phone: +1-630-875-0101
Fax: +1-630-875-0422

Houston Office
2950 North Loop West, Suite 455, Houston,
Texas 77092, U.S.A.
Phone: +1-713-682-1571
Fax: +1-713-682-1782

Knoxville Office
1708 Tringle Park Drive, Maryville Tennessee
37801, U.S.A.
Phone: +1-865-983-7042
Fax: +1-865-983-8678

DAIICHI JITSUGYO PUERTO RICO, INC.
100 Food Court, Suite 50
Las Piedras, Puerto Rico 00711-3208
Phone: +1-787-746-5396
Fax: +1-787-746-5396

DJK GLOBAL MEXICO, S.A. DE C.V.
Blvd. Bellas Artes 17686-114 Fracc. Garita de
Otay C.P. 22645, Tijuana, B.C. Mexico
Phone: +52-664-647-8471
Fax: +52-664-647-8473

Monterrey Office
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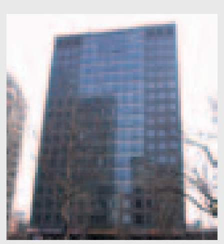
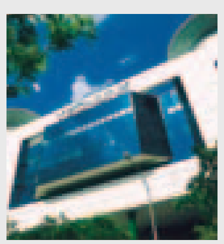
Santa Maria, Monterrey,
Nuevo Leon C.P. 64650 Mexico
Phone: +52-81-8864-5125
Fax: +55-81-8864-5127

DAIICHI JITSUGYO DO BRASIL COMERCIO DE MAQUINAS LTDA.
Rua do Paraiso 45-CJ51 Sao Paulo,
SP-04103-000, Brazil
Phone: +55-11-3284-1500
Fax: +55-11-3171-3169

Manaus Office
Av. Djalma Batista,1661 Torre Empresarial-
Sala 701 Cond. Millennium Center-Chapada
Manaus -AM CEP 69050-010, Brazil
Phone: +55-92-3302-2045


Seoul Branch


DJK EUROPE GMBH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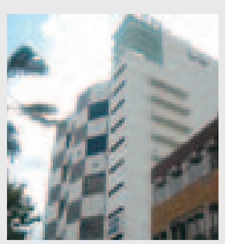
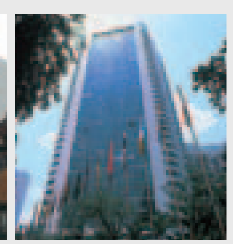
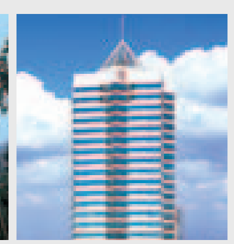
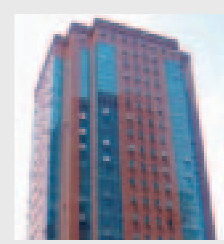
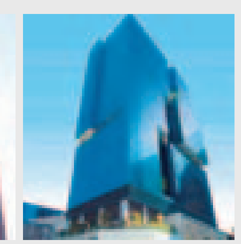

Ho Chi Minh Office


DAI-ICHI JITSUGYO (MALAYSIA) SDN. BHD.

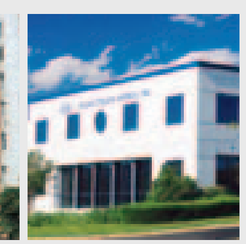

DAIICHI JITSUGYO (PHILIPPINES), INC.

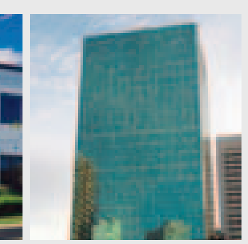

SHANGHAI YISHI TRADING CO., LTD.


DAIICHI JITSUGYO (HONG KONG) LIMITED


DAIICHI JITSUGYO (GUANGZHOU) TRADING CO., LTD.


DJK (Taiwan) Corp.


DAIICHI JITSUGYO (AMERICA), INC.


DAIICHI JITSUGYO DO BRASIL COMERCIO DE MAQUINAS LTDA.

THE DJK DOMESTIC NETWORK

(As of August 1, 2011)

HEADQUARTERS

Kowa Nibancho Bldg. 11-19 Nibancho,
Chiyoda-ku, Tokyo 102-0084, Japan
Phone: 03-5214-8500 (information desk)
Fax: 03-5214-8501

BRANCHES

Osaka, Nagoya, Sapporo, Tohoku (Sendai), Hiroshima, Fukuoka

DOMESTIC SIGNIFICANT SUBSIDIARIES

DAIICHI MECHA-TECH CORPORATION
Consolidated subsidiary
Headquarters:
8-6 Ryoke 5chome, Kawaguchi, Saitama
332-0004, Japan
Phone: 048-222-1692
Fax: 048-222-1630
Technical development and services related to equipment handled by DJK.

DJTECH CO., LTD.
Consolidated subsidiary
Headquarters:
15 Asahidai, Moroyamamachi, Irumagun,
Saitama 350-0444, Japan
Phone: 049-295-4975
Fax: 049-295-4972
Development, designing, manufacturing, and sales of PCB-mounting inspection device, handlers for semiconductor post-process, and image-processing application systems.

DAIICHI JITSUGYO VISWILL CO., LTD.
Consolidated subsidiary
12-43 Honamicho, Suita, Osaka
564-0042, Japan
Phone: 06-6378-6115
Fax: 06-6378-6117
Development, designing, manufacturing, sales and maintenance of Visual Inspection Systems for pharmaceuticals and chip condensers.

DAIICHI ENGINEERING CO., LTD.
Kowa Nibancho Bldg. 11-19 Nibancho,
Chiyoda-ku, Tokyo 102-0084, Japan
Phone: 03-3288-1951
Fax: 03-3288-1955
Design, engineering and construction of environmental treatment and recycling plant for chemical, petrochemical, steel, metal and IT industries.

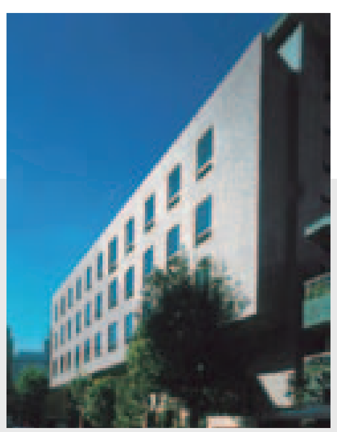
DJK INNOVALUE CORPORATION
Kowa Nibancho Bldg. 11-19 Nibancho,
Chiyoda-ku, Tokyo 102-0084, Japan
Phone: 03-5214-8728
Fax: 03-5214-8508
Marketing and sales of 3D inspection systems for semiconductor industry.

SIGNIFICANT AFFILIATES

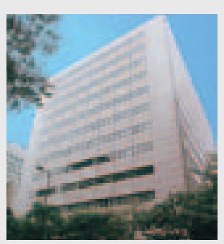
SULZER DAIICHI K.K.
A joint venture with Sulzer Pumps (Switzerland)
TSI Hakozaki Bldg. 20-5 Nihonbashi
Hakozakicho, Chuo-ku, Tokyo
103-0015, Japan
Phone: 03-3664-5721
Fax: 03-3664-5737
Sales and services of pumps for paper, pulp plants and other equipment.

CAMERON JAPAN LTD.
A joint venture among Cameron international Corporation of the U.S.A. and MODEC, INC.
6-2 Gobancho, Chiyoda-ku, Tokyo
102-0076, Japan
Phone: 03-3288-1901
Fax: 03-3288-1904
Design, manufacture and sales of equipment for petroleum manufacturing plants.

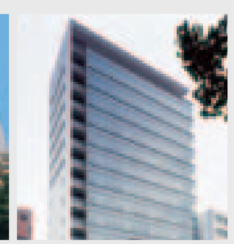
ASANO LABORATORIES CO., LTD.
158-247 Kitayama, Morowa, Togocho,
Aichigun, Aichi 470-0151, Japan
Phone: 0561-38-1211
Fax: 0561-38-1491
Development, design, and manufacturing of vacuum forming machines, heat forming machines, and various type of post-treatment equipment.



Headquarters



Osaka Branch



Nagoya Branch

CORPORATE GOVERNANCE

Basic corporate governance policy

From the perspective of reinforcing our corporate capabilities to survive global competition, we place high priority on promoting accurate and speedy business decision-making, while at the same time, enhancing our management oversight function to ensure the transparency of our business.

Corporate governance organization

Our Board of Directors comprises 6 directors and meets in principle once a month or as necessary. The board carries out a vigorous exchange of opinions in deciding basic business policy and other important matters, while also fulfilling its function as an oversight body for business execution. The board also places directors at consolidated subsidiaries in Japan and abroad to be in charge of those companies and to manage and oversee their business execution. According to the Company's Articles of Incorporation, the Board of Directors shall comprise 7 members or less, who shall be elected by a general meeting of shareholders. To elect directors, one third or more of the shareholders holding voting rights must be in attendance, of which half or more must vote for said directors.

In an effort to further enhance its corporate value, DJK has adopted the executive officer system and conducts flexible and efficient business operations by reinforcing the business decision-making and supervising functions as well as separating the business execution function. DJK dispatches certain executive officers to be in charge of its consolidated subsidiaries in Japan and overseas and to manage their business execution.

Currently, the Company does not appoint outside directors. However, the Company does appoint people external to its organization as outside auditors and the audit process is carried from an objective point of view based on the common sense, experience, and insight of these outside auditors. Based on this audit system, DJK believes that it has established an adequate system in terms of management oversight.

DJK uses a Board of Auditors system comprised of four corporate auditors, two of whom are outside auditors. In addition to attending every Board of Directors meeting, these corporate auditors attend other important internal meetings to monitor the business execution performance of directors from an objective perspective. The Board of Auditors works to ensure the effective implementation of the audit by receiving reports on and explanations of the audit plan and results from corporate auditors; exchanging opinions on the areas to be covered by the audit, the audit methods, and the audit results; sharing information; and taking other measures. According to the Articles of Incorporation, the Company shall have five corporate auditors or less, who shall be elected by a general meeting of shareholders. To elect corporate auditors, one third or more of the shareholders holding voting rights must be in attendance, of which half or more must vote for said corporate auditors.

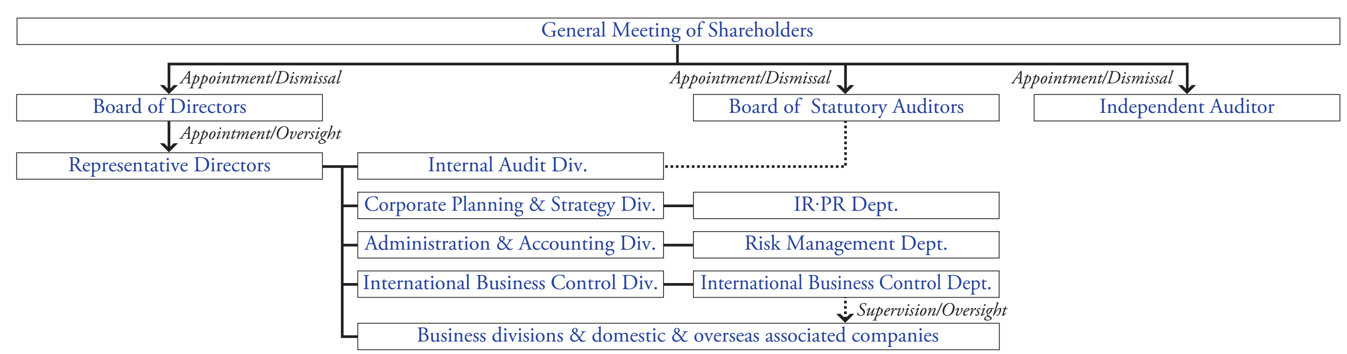
The Company has concluded an auditing agreement with the certified public accounting firm Deloitte Touche Tohmatsu to act as its independent auditor. In addition to providing accounting auditing services in a fair and unbiased manner, the auditing firm provides advice on accounting matters as appropriate.

Internal audits are led by the Internal Audit Division and assess the internal control system from the point of view of whether the job execution of employees has been in accordance with laws and regulations and the Articles of Incorporation and the basic internal control policy.

DJK has also concluded advisory agreements with several lawyers to act as its legal advisers, from which the Company receives advice as necessary.

To increase the transparency of its business, the Company proactively discloses information through its IR·PR Department. In addition, as one of its IR activities,

DJK'S CORPORATE GOVERNANCE SYSTEM (As of June 23, 2011)



the Company holds information meetings on Overview for Fiscal 2011s and information meetings for individual shareholders. In these meetings, DJK reports on and explains business conditions and strategies for the future to shareholders and investors. In conjunction with these meetings, the Company makes timely and appropriate disclosure of business information through its website.

Establishing an internal control system

As a necessary tool to ensure that directors execute their business duties and conduct their business practices in accordance with laws and regulations and the Articles of Incorporation and other methods necessary to ensure proper company operations, the Company has formulated a " basic internal control policy," the details of which are as follows.

1. Systems to ensure that directors comply with laws and regulations and Articles of Incorporation in the execution of their business duties

(1) In accordance with our business practices policy and code of conduct, the representative director shall ensure that business activities are premised on compliance with laws and regulations, the Articles of Corporation, and corporate ethics by repeatedly reminding the officers and employees of the Company of this policy.

(2) To ensure that the business execution of the Company is carried out in an overall appropriate and sound manner, the directors shall endeavor to establish a practical internal control system and an overall legal compliance system from the perspective of further strengthening the Company's corporate governance. Furthermore, the corporate auditors shall audit the effectiveness and functional capability of the internal control system, and if necessary report recommendations on improvements for the system to directors.

(3) To deal with antisocial forces, the Company shall thoroughly manage information on the elimination and the eradication of such influences in a unified manner. External pressure applied by such antisocial forces shall be reported to the risk management committee for assessment of its importance and investigation.

2. System to store and manage information on business execution by directors

Information on business execution by directors shall be recorded in written form or electronic media (Hereinafter referred to as "written, etc. records") based on the Company's filings rules. These records shall be stored and managed so that they can be easily searched in an appropriate and accurate manner.

Directors and corporate auditors shall have free access to view these written, etc. records.

3. Systems providing rules to manage possible losses and other matters

As a foundation for the risk management system, the Company will determine risk management rules, assign managers to be in charge of the different types of risk, and establish a risk management system based on those rules.

When a management crisis occurs as determined by said rules, DJK shall set up a task force with the re-presentative director as its head as well as an information liaison team and an outside advisory team including legal counsels. Based on these actions, the Company shall establish on organization to minimize damages and prevent them from growing through quick response.

4. Systems to ensure that directors carry out job execution effectively

(1) In the Company's mid-term management and annual business plans that are built around its corporate principles, each operating section shall work toward achieving the goals of the plan. In addition, each operating section shall check whether the business plan is proceeding on schedule on a monthly basis based on performance reports.

(2) In executing their duties, directors shall comply with all of the obligations of the Board of Directors regarding business decisions as set out in the rules of the Board of Directors. Based on the principles of business decision-making, the Company will set up a system that distributes adequate information on items prior to their discussion to all directors and corporate auditors.

(3) As the foundation of the system to ensure that directors carry out the execution of their duties effectively, in principle, the Board of Directors will meet regularly once a month and as otherwise necessary. Important matters regarding the business policy and strategy of the Company will first be discussed by an Executive Committee comprising directors with a ranking of managing director or above, and passed on for approval by the Board of Directors before execution.

(4) The business execution of decisions made by the Board of Directors shall be carried out by directors and executive officers in accordance with the division of duties decided at the start of each fiscal year, with assignments, responsibilities, and execution procedures determined in detail.

5. Systems for ensuring that directors, executive officers, and employees execute their business duties in accordance with laws and regulations and the Articles of Incorporation

(1) As a foundation for the compliance system, employees will be made thoroughly aware of the code of conduct.

(2) An Internal Audit Division will be established under the supervision of the representative director and will determine internal audit rules and establish, maintain, and improve an internal control system. As necessary, the Division shall carry out audits and training sessions in all business sections.

(3) When a major legal violation or other significant incident regarding compliance has been discovered, directors shall promptly report it to the representative director and to the corporate auditors.

(4) As an in-house information system to report legal violations or other incidents regarding compliance, the manager of the Internal Audit Division will promptly establish an internal communication system where information can be directly reported and operate it in accordance with the internal communications rules.

(5) When corporate directors recognize that there is a problem with the operation of the Company's legal compliance system or internal communication system, they may give their opinion and require that improvement measures be formulated.

6. System to ensure the fairness of operations of the corporate group comprising the parent company and its subsidiaries

(1) To ensure the appropriate and fair conduct of the Group companies, each Group company will create a code of conduct and formulate its own related rules based on it.

(2) The Company will appoint a director in charge of business administration of the Group, which will managed based on prior consultation meetings and a reporting system. If necessary the director in charge will undertake monitoring.

(3) If a director recognizes that a Group company has violated some aspect of the business management or business guidance systems or if a compliance problem is discovered, the director shall report it to the representative director.

7. System for requesting staff to aid corporate auditors and the independence of those staff members from the influence of directors

(1) Corporate auditors may instruct the Internal Audit Division manager to provide assistance in matters necessary to the auditing process. The staff of the Internal Audit Division who have been instructed by the corporate auditors to provide assistance regarding matters necessary to the auditing process may not receive other instructions regarding those matters from directors.

(2) Based on meetings with the Board of Auditors, the Internal Audit Division manager will perform internal audits on items requested by corporate auditors and report the results to the Board of Auditors.

8. System for directors, executive officers, and employees to report to the corporate auditors, system for making other reports to corporate auditors, and system to enable corporate auditors to do an effective audit

(1) Directors, executive officers, and employees shall report the following important items regarding the Company's business or influence on business performance on a case-by-case basis.

- Activities of the sections related to the establishment of the Company's internal control system.
- The Company's principal accounting policies and standards and any changes in them.
- Details of announcements on business performance or business forecasts, details of important disclosure items.
- Details of operations and communications of internal communications system.
- Internal management approval (Ringi) documents, applications for different types of transactions, and keeping minutes of meetings as required by corporate auditors.

(2) As necessary, corporate auditors may request reports on preceding issues from directors, executive officers, and employees.

(3) The Board of Auditors and the representative director shall establish regular meetings to exchange opinions.

(4) The Company will ensure an appropriate system for reporting to corporate auditors on legal violations and other compliance issues by maintaining the proper application of the in-house communication rules.

(5) Corporate auditors will check the objectivity of the work of the Company's independent certified public accounting firm, and will request reports and explanations of the details of the independent certified public accounting firm's audit and collaborate with the audit firm through periodic exchanges of information and other activities.

CONSOLIDATED FIVE-YEAR SUMMARY

DAIICHI JITSUGYO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31

	Millions of yen					Thousands of U.S. Dollars (Note 1)
	2011	2010	2009	2008	2007	**2011**
For the year:						
Net sales:	**¥108,079**	¥ 85,058	¥ 127,285	¥ 135,050	¥ 123,336	**$1,229,816**
Gross profit	**15,224**	11,104	14,287	17,255	17,053	**183,099**
Operating income:	**4,243**	941	2,893	5,273	4,647	**51,031**
Net income	**2,448**	363	1,384	3,000	2,687	**29,441**
Comprehensive income	**2,159**	600	—	—	—	**25,970**
Overseas sales:	**44,819**	23,380	47,951	53,830	43,592	**539,016**
Asia	**36,706**	19,284	39,625	43,239	34,047	**441,453**
Europe	**1,886**	1,656	2,571	3,699	3,156	**22,686**
North and Central America	**4,546**	1,423	3,646	6,342	5,124	**54,684**
Other	**1,678**	1,017	2,109	549	1,263	**20,191**
Depreciation and amortization	**356**	326	357	382	366	**4,286**
Capital expenditures	**381**	443	263	633	573	**4,588**
At year-end:						
Total assets	**¥ 73,322**	¥ 55,096	¥ 64,066	¥ 82,532	¥ 74,267	**$ 881,808**
Working capital	**17,180**	15,590	15,463	13,874	15,002	**206,620**
Interest-bearing debt	**10,560**	5,489	5,567	5,706	4,550	**127,003**
Total equity	**23,777**	22,082	21,694	24,115	24,151	**285,955**
Per share of common stock (in yen and U.S. dollars):						
Net income	**¥ 46.90**	¥ 6.97	¥ 25.76	¥ 52.83	¥ 47.27	**$ 0.56**
Cash dividends	**13.00**	7.00	11.00	18.00	13.00	**0.16**
Shareholders' equity	**445.88**	416.63	410.63	423.39	420.00	**5.36**
Other statistics:						
Number of shares of common stock outstanding (thousand)	**52,213**	52,119	52,099	56,269	56,856	
Number of employees	**992**	974	942	931	892	
Key ratio (%):						
Gross profit margin	**14.1**	13.1	11.2	12.8	13.8	
Operating income margin	**3.9**	1.1	2.3	3.9	3.8	
Return on sales	**2.3**	0.4	1.1	2.2	2.2	
Return on assets	**3.8**	0.6	1.9	3.8	3.8	
Return on equity	**10.9**	1.7	6.1	12.6	11.7	
Asset turnover (times)	**1.68**	1.43	1.70	1.72	1.75	
Current ratio	**135.3**	148.5	137.3	124.2	131.4	
Equity ratio	**31.8**	39.4	33.4	28.9	32.2	
Debt to equity ratio (times)	**0.45**	0.25	0.26	0.24	0.19	

Notes: 1. U.S. dollar figures have been converted from Japanese yen, for convenience only, at the rate of ¥83.15 to U.S.$1.
2. Minority interests in equity have been excluded from equity when key ratio is calculated.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Although the steep rise in crude oil and raw material prices around the world and the appreciating yen in the first half of the fiscal year had the effect of putting a damper on our customers' willingness to invest, the economic stimulus measures introduced by each country and the vigorous production activities by the emerging countries, whose expanding internal demand had propelled them into dramatic recovery, became the driving force for the DJK Group. As a result, we were off to a promising start in the current fiscal year, which was the initial year of the current mid-term management plan, and were able to attain the initial quantitative goals of the plan.

In terms of the management environment surrounding the DJK Group, it is expected that further globalization on the part of our customers and diversification of material- and parts-procurement will be accelerated due to the Great East Japan Earthquake, which struck at the end of the fiscal year, and the ensuing accident at the nuclear power plants. As the emerging markets continue on their remarkable recovery, we intend to further accelerate our global business development, which has produced marked results in the voluminous markets of rapidly-growing China, India and Indonesia. Through our efforts to increase our overseas sales, we will work toward attaining the goals of our mid-term management plan and enhancing our corporate value.

PERFORMANCE

Our nation's economy during the fiscal year under review began to show signs of moderate recovery driven by the growing economies of the emerging countries and the effects of the various economic stimulus measures; capital investments were also on a moderate rising trend boosted by improved corporate earnings. However, in the latter half of the fiscal year, the effects of the stimulus measures which encouraged the purchase of durables began to wear off, personal consumption slumped due to uncertainty over the employment situation, and the economy was faced with a perpetually rising yen and flagging stock prices. In addition, there was concern over unprecedented damages caused by the Great East Japan Earthquake, which struck on March 11, 2011, and the impact of the ensuing electricity shortage on corporate activities, as well as fears of further loss of consumer confidence, therefore uncertainty for the future continued to prevail.

Under such circumstances, consolidated net sales for the fiscal year under review increased ¥23,021 million, or 27.1%, to ¥108,079 million. As to profitability, operating income increased ¥3,301 million, or 350.5%, to ¥4,243 million, and net income increased ¥2,084 million, or 573.9%, to ¥2,448 million.

Performance by business segment was as follows.

(1) Plant & Energy

Although sales in response to internal demand, including petrochemical plant facilities and solar panel manufacturing facilities for major engineering companies, were recorded, major projects such as exploratory drilling services of petroleum and natural gas declined. As a result, net sales decreased ¥9,646 million, or 33.9%, to ¥18,767 million, while operating income increased ¥96 million, or 9.7%, to ¥1,092 million.

(2) Electronics

Sales of electronic parts-mounted equipment, circuit board printer and various testing equipment to major manufacturers of IT and digital devices mainly in China and South Korea increased dramatically. As a result, net sales increased ¥15,438 million, or 85.5%, to ¥34,161 million, and operating income increased ¥1,341 million, or 179.2%, to ¥2,089 million.

(3) Industrial Machinery

Sales of automated assembly lines, automated processing equipment, spray painting robots and lithium ion battery manufacturing equipment intended for the automobile industry increased dramatically mainly overseas thanks to the recovery of automobile sales. Additionally, demand for injection molding machinery and peripheral equipment also increased reflecting the growing demand for consumer electronics and automobile components. As a result, net sales increased ¥9,287 million, or 36.9%, to ¥34,454 million, and operating income increased ¥1,039 million, or 77.0%, to ¥2,388 million.

(4) Overseas Company

In the United States, sales to the electronics- and vehicle equipment-industries are showing signs of recovery, while in China and the other Asian countries, demand for semiconductor packaging-related equipment is growing. As a result, net sales increased ¥8,540 million, or 98.4%, to ¥17,217 million, and operating income increased by ¥969 million, to ¥762 million.

FINANCIAL POSITION

As of March 31, 2011, total assets amounted to ¥73,322 million, increasing ¥18,225 million, or 33.1%, year on year. The increase can be mainly attributed to such factors as the increase in cash and cash equivalents, and the increase in notes and accounts receivable-trade accompanying the recovery in demand for capital investments.

Total liabilities amounted to ¥49,545 million, increasing ¥16,530 million, or 50.1%, from the previous fiscal year. The main factors were the increase in notes and accounts payable-trade accompanying the increase in sales and the proceeds from short-term bank loans.

Total equity amounted to ¥23,777 million, increasing ¥1,694 million, or 7.7%, from the previous fiscal year. The Company recorded a net income of ¥2,448 million, despite the payment of dividends. As a result, shareholders' capital totaled ¥23,280 million, and the equity ratio became 31.8%, which is 7.6 points lower than the previous fiscal year.

Cash and cash equivalents at the end of the fiscal year under review amounted to ¥11,878 million, increasing ¥4,759 million year on year.

Consolidated cash flows by activity for the fiscal year ended March 2011 were as follows.

Operating Activities

Net cash provided by operating activities totaled ¥690 million, an increase of ¥7,538 million from the previous fiscal year. This is mainly attributed to the recording of income before income taxes and minority interests and the increase of notes and accounts payable-trade, despite the increase in notes and accounts receivable-trade accompanying the recovery in demand for capital investments.

Investing Activities

Net cash used in investing activities totaled ¥396 million, decreasing ¥2,389 million from a net cash provided by investing activities in the previous fiscal 2010. The principle cash outflows were the acquisition of investment securities and the execution of a loan.

Financing Activities

Net cash provided by financing activities totaled ¥4,557 million, increasing ¥4,930 million from the previous fiscal 2010. The principal cash inflows were due to short-term bank loans.

BUSINESS RISK

The following section indicates matters that could have a significant bearing on the investment decision of those considering investment in the Company with regard to the business conditions and accounting procedures stated in this annual report. However, it does not represent in any way an exhaustive description of business risks.

Risk of change in the macroeconomic environment

The Company's major business involves the sale of various types of machinery, fixtures, parts, and lease services of various types of machinery and devices, which it sells domestically and imports and exports. Overseas, the Group is accelerating its business development under a new medium-term management plan ACT 2012 that commenced in April 2010 based on a global 4-axis network that the Group has been pursuing and working to strengthen its profitability. Therefore, the Group's business performance may be affected by changes not only in economic trends in Japan but also on a global scale. Especially with the economic growth in China and the Asian region as well as in the North, Central, and South americas and Europe, while these conditions provide the possibility of expanded business opportunities for the Group, a slowdown in economic activity in these regions could have a negative impact on the business results of the Group.

Risk of increased in proportion of overseas sales

Japanese companies continued to enter overseas markets and transferred their production bases overseas. In response, the DJK Group also is proceeding with the globalization of its operations by expanding its overseas network and other activities, aiming to expand its business opportunities. The proportion of overseas sales to the consolidated net sales in the fiscal year under review was 41.5%, drastically up from 27.5% in the previous fiscal year. With the steady implementation of the new mid-term management plan ACT 2012, it is expected that the proportion of overseas sales in net sales will continue to swing upward. As a result, there is a possibility that the international financial environment, exchange rate trends, international trends in crude oil and raw material prices, and capital investment trends for customers' production bases could affect the business results of the Group. In addition, the Company's overseas business activities are exposed to the risk of unexpected changes in political systems or economic environments and social disturbances based on legal and regulatory changes.

Risk of increases in interest rates

The Company has signed trade commitment agreements with five banks. By making progress with the reduction of interest-bearing debt, the consolidated interest-bearing debt of the Company and its subsidiaries at March 31, 2011 amounted to ¥10,560 million. Going forward, the Company will aim to systematically and stably procure working capital and to reduce interest expenses. However, should the balance of the Company's financial income and expenses deteriorate because of the trend in net sales or in interest rates, it could impact negatively on the Company's business results and financial position. In addition, if substantial turmoil occurs in major financial markets in Japan or overseas, financing costs could increase.

Credit risk

At March 31, 2011, the total sales receivables of the Company and its consolidated subsidiaries amounted to ¥38,362 million, or 52.3% of total assets. As a result, the Company is exposed to the risk of losses due to the credit of its clients worsening or their businesses failing. For that reason, the Company acts in accordance with its rules regarding trading rights and risk management, setting maximum credit and transaction amounts in its required transaction approval procedures, requires collateral or guarantees depending on the credit rating of the debtor, and puts in place risk hedges, such as the factoring or securitization of debt. Despite these measures, if the client experiences a liquidity crisis or a chain reaction bankruptcy due to a worsening of the business environment or a specific major debtor experiences business problems resulting in it becoming impossible to recover credit extended, it could have a negative influence on the business results and financial position of the Group.

Business development risk related to mid-term management plan

Under the mid-term management plan ACT 2012 that began in April 2010, the Group's basic policy is to endeavor to strengthen earning power by proactively developing its businesses in growth fields, including the use of mergers and acquisitions (M&A) strategies. Nevertheless, depending on the cost required for strategic business development and whether or not the timing and scale of the effective allocation of business resources based on the progress of business development is appropriate, the Group could lose earnings opportunities and increase its financial burden, resulting in a negative impact on its business results and financial position.

Risk of disaster

Should a disaster, such as an earthquake, typhoon, fire or infectious disease epidemic occur, the DJK Group's offices; plants; computer systems; directors, executive officers, and employees; or other related assets may suffer damages or interruptions may occur in the Group's business or production activities. To be able to determine whether or not its directors, executive officers, and employees are safe and to implement its business continuity plan (BCP), the Company has produced risk management manuals for the different possible disasters and established such measures as backup systems for computer system data and emergency fire drills, and implemented other disaster-related activities. Nevertheless, there is no guarantee that these measures will allow the Group to completely avoid any damages from disasters, and should major damages occur, they could impact negatively on the business results and financial position of the DJK Group.

Furthermore, should one of the Group's major customers or vendors suffer substantial damages from a disaster, the suspension of the business and production activities of the customer or vendor could have a negative effect on the performance of the DJK Group.

The disruption of the supply chain of companies and the slowdown in production activities due to the Great East Japan Earthquake, which struck on March 11, 2011, and the ensuing accident at the Fukushima Daiichi Nuclear Power Station have become matters of grave concern. Depending on future developments of the Japanese economy, the demand for capital investments from our customers could slow down and have a negative impact on the business results of the Group.

CONSOLIDATED BALANCE SHEETS

DAIICHI JITSUGYO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2011**	2010	**2011**
Current assets:			
Cash and cash equivalents (Note 14)	¥ 11,878	¥ 7,118	$ 142,855
Time deposits (Note 14)	468	773	5,637
Receivables (Note 14) :			
Notes receivable	5,684	4,884	68,360
Accounts receivable	32,227	26,028	387,579
Unconsolidated subsidiaries and associated companies	386	76	4,652
Other	1,006	692	12,101
Lease investment assets (Note 13)	339	494	4,083
Inventories (Note 4)	8,945	4,436	107,580
Deferred tax assets (Note 10)	480	303	5,779
Accounts prepaid	4,156	2,629	49,992
Other current assets	341	380	4,112
Allowance for doubtful accounts	(69)	(72)	(840)
Total current assets	65,846	47,745	791,895
Property, plant and equipment (Note 5):			
Land	458	508	5,515
Buildings and structures	1,181	1,248	14,212
Machinery and equipment	474	483	5,707
Furniture and fixtures	568	561	6,832
Leased assets (Note 13)	919	860	11,063
Construction in progress	9	36	109
Total	3,612	3,698	43,442
Accumulated depreciation	(1,946)	(1,942)	(23,405)
Net property, plant and equipment	1,666	1,756	20,036
Investment and other assets:			
Investment securities (Notes 3 and 14)	3,691	3,684	44,395
Investment in and advances to unconsolidated subsidiaries and associated companies	1,070	1,004	12,880
Long-term deposits	527	557	6,346
Deferred tax assets (Note 10)	230	68	2,768
Other assets	586	588	7,050
Allowance for doubtful accounts	(296)	(308)	(3,563)
Total investment securities and other assets	5,810	5,595	69,876
TOTAL	¥ 73,322	¥ 55,096	$ 881,808

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	**2011**	2010	**2011**
Current liabilities:			
Short-term bank loans (Notes 6 and 14)	¥ 10,239	¥ 5,022	$ 123,149
Current portion of long-term debt (Notes 6 and 14)	151	151	1,826
Payables (Note 14) :			
Notes payable	635	436	7,643
Accounts payable	26,786	21,178	322,151
Unconsolidated subsidiaries and associated companies	1,127	848	13,560
Other	59	31	720
Income taxes payable	1,456	238	17,519
Accrued expenses	1,087	788	13,077
Advances received	6,862	3,228	82,530
Other current liabilities	257	231	3,095
Total current liabilities	48,665	32,155	585,274
Long-term liabilities:			
Long-term debt (Notes 6 and 14)	152	304	1,832
Liability for retirement benefits (Note 7)	666	510	8,020
Deferred tax liabilities (Note 10)	3	34	45
Other long-term liabilities	56	10	678
Total long-term liabilities	879	859	10,577
Commitments and contingent liabilities (Notes 15 and 16)			
Equity (Notes 8,9 and 19)			
Common stock, authorized, 160,000,000 shares; issued, 57,432,000 shares in 2011 and 2010	5,105	5,105	61,395
Capital surplus	3,789	3,789	45,575
Stock acquisition rights	94	34	1,134
Retained earnings	17,013	15,087	204,610
Treasury stock-at cost, 5,218,210 shares in 2011 and 5,312,468 shares in 2010	(2,210)	(2,222)	(26,581)
Accumulated other comprehensive income (loss) :			
Unrealized gain on available-for-sale securities	89	276	1,072
Deferred gain on derivatives under hedge accounting	25	(3)	309
Foreign currency translation adjustments	(531)	(317)	(6,393)
Total	23,375	21,749	281,121
Minority interests	401	332	4,834
Total equity	23,777	22,082	285,955
TOTAL	¥ 73,322	¥ 55,096	$ 881,808

CONSOLIDATED STATEMENTS OF INCOME

DAIICHI JITSUGYO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
Net sales	**¥ 108,079**	¥85,058	**$ 1,299,816**
Cost of sales	**92,855**	73,953	**1,116,716**
Gross profit	**15,224**	11,104	**183,099**
Selling, general and administrative expenses (Notes 11 and 12)	**10,981**	10,162	**132,067**
Operating income	**4,243**	941	**51,031**
Other income (expenses):			
Interest and dividend income	**141**	201	**1,706**
Interest expense	**(67)**	(33)	**(808)**
Purchase discount	**230**	100	**2,774**
(Loss) gain on sales on property, plant and equipment	**(12)**	31	**(149)**
Evaluation loss on investment securities	**(2)**	(10)	**(34)**
Impairment loss (Note 5)	**(59)**		**(711)**
Other – net	**(211)**	8	**(2,545)**
Other income – net	**19**	297	**231**
Income before income taxes and minority interests	**4,262**	1,239	**51,263**
Income taxes (Note 10):			
Current	**1,992**	739	**23,960**
Prior periods		44	
Deferred	**(261)**	72	**(3,139)**
Total income taxes	**1,731**	857	**20,821**
Net income before minority interests	**2,531**	—	**30,442**
Minority interests in net income	**83**	18	**1,000**
Net income	**¥ 2,448**	¥ 363	**$ 29,441**
	Yen		U.S. Dollars (Note 1)
Per share of common stock (Notes 2.r and 18)			
Basic net income	**¥ 46.90**	¥ 6.97	**$ 0.56**
Diluted net income	**46.89**	6.94	**0.56**
Cash dividends applicable to the year	**13.00**	7.00	**0.16**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DAIICHI JITSUGYO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Year ended March 31, 2011

	Millions of yen	Thousands of U.S. Dollars (Note 1)
	2011	**2011**
Net income before minority interests	**¥ 2,531**	**$ 30,442**
Other comprehensive income (Note 17) :		
Unrealized loss (gain) on available-for-sale securities	**(186)**	**(2,247)**
Deferred gains or losses on hedges	**29**	**349**
Foreign currency translation adjustment	**(214)**	**(2,573)**
Share of other comprehensive income in associates	**(0)**	**(0)**
Total other comprehensive income	**(371)**	**(4,472)**
Comprehensive income (Note 17)	**¥ 2,159**	**$ 25,970**
Total comprehensive income attributable to (Note 17) :		
Owners of the parent	**¥ 2,090**	**$ 25,136**
Minority interests	**69**	**833**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

DAIICHI JITSUGYO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2011 and 2010

	Thousands	Millions of yen										
							Accumulated other comprehensive income (loss)					
	Number of shares of common stock outstanding	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Minority interests	Total equity
BALANCE, MARCH 31, 2009	52,099	¥5,105	¥3,791		¥14,985	¥(2,225)	¥51	¥(8)	¥(306)	¥21,393	¥300	¥21,694
Adjustment of retained earnings for newly consolidated subsidiaries					24					24		24
Net income					363					363		363
Cash dividends, ¥5.50 per share					(286)					(286)		(286)
Purchase of treasury stock	(19)					(5)				(5)		(5)
Disposal of treasury stock	40		(1)			8				6		6
Net change in the year				34			224	5	(11)	253	31	285
BALANCE, MARCH 31, 2010	52,119	¥5,105	¥3,789	¥34	¥15,087	¥(2,222)	¥276	¥(3)	¥(317)	¥21,749	¥332	¥22,082
Net income					2,448					2,448		2,448
Cash dividends, ¥10.00 per share					(521)					(521)		(521)
Purchase of treasury stock	(19)					(6)				(6)		(6)
Disposal of treasury stock	114		(0)			18				17		17
Net change in the year				59			(186)	29	(214)	(312)	69	(243)
BALANCE, MARCH 31, 2011	**52,213**	**¥5,105**	**¥3,789**	**¥94**	**¥17,013**	**¥(2,210)**	**¥89**	**¥25**	**¥(531)**	**¥23,375**	**¥401**	**¥23,777**

	Thousands of U.S. Dollars (Note 1)										
						Accumulated other comprehensive income (loss)					
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Minority interests	Total equity
BALANCE, MARCH 31, 2010	$61,395	$45,579	$420	$181,443	$(26,727)	$3,319	$(40)	$(3,819)	$261,570	$4,000	$265,571
Net income				29,441					29,441		29,441
Cash dividends, $0.12 per share				(6,274)					(6,274)		(6,274)
Purchase of treasury stock					(73)				(73)		(73)
Disposal of treasury stock		(4)			219				215		215
Net change in the year			714			(2,247)	349	(2,573)	(3,757)	833	(2,924)
BALANCE, MARCH 31, 2011	**$61,395**	**$45,575**	**$1,134**	**$204,610**	**$(26,581)**	**$1,072**	**$309**	**$(6,393)**	**$281,121**	**$4,834**	**$285,955**

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
Operating activities:			
Income before income taxes and minority interests	**¥ 4,262**	¥1,239	**$ 51,263**
Adjustments for:			
Income taxes – paid	**(722)**	(743)	**(8,683)**
Depreciation and amortization	**356**	326	**4,286**
Impairment loss	**59**		**711**
Amortization of goodwill		105	
Changes in operating assets and liabilities:			
Increase in notes and accounts receivable – trade	**(7,155)**	(864)	**(86,058)**
(Increase) decrease in advance payments to suppliers	**(1,579)**	1,886	**(18,990)**
Increase in inventories	**(4,637)**	(700)	**(55,771)**
Increase (decrease) in notes, acceptance and accounts payable – trade	**6,230**	(2,052)	**74,935**
Increase (decrease) in advances from customers	**3,740**	(7,496)	**44,990**
Other – net	**134**	1,451	**1,620**
Total adjustments	**(3,572)**	(8,087)	**(42,959)**
Net cash provided by (used in) operating activities	**690**	(6,848)	**8,304**
Investing activities:			
Proceeds from sales of short – term investment securities		3,000	
Acquisition of property, plant and equipment	**(129)**	(146)	**(1,552)**
Proceeds from sales of property, plant and equipment	**38**	95	**462**
Acquisition of marketable and investment securities	**(421)**	(213)	**(5,069)**
Payments of loans receivable	**(250)**	(54)	**(3,006)**
Collection of loans receivable	**39**	41	**475**
Other – net	**326**	(728)	**3,924**
Net cash (used in) provided by investing activities	**(396)**	1,993	**(4,766)**
Financing activities:			
Increase in short-term bank loans – net	**5,227**	69	**62,863**
Repayment of long-term debt	**(151)**	(150)	**(1,819)**
Dividends paid	**(522)**	(288)	**(6,281)**
Other – net	**4**	(3)	**51**
Net cash provided by (used in) financing activities	**4,557**	(372)	**54,813**
Foreign currency translation adjustments on cash and cash equivalents	**(92)**	(7)	**(1,106)**
Net increase (decrease) in cash and cash equivalents	**4,759**	(5,235)	**57,244**
Increase in cash and cash equivalents from a newly consolidated subsidiary, beginning of year		72	
Cash and cash equivalents, beginning of year	**7,118**	12,282	**85,611**
Cash and cash equivalents, end of year	**¥ 11,878**	¥ 7,118	**$142,855**

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act 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 of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 20. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which DAIICHI JITSUGYO CO., LTD. (the "Company") is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83.15 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts of less than one million yen and one thousand U.S. dollars have been rounded down to the nearest million and thousand in the presentation of the accompanying consolidated financial statements. The Company applies this method in annual reports in and after 2011. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its 13 significant (13 in 2010) subsidiaries (together, the "Group"). Consolidation of the remaining unconsolidated subsidiaries would not have a material effect on the accompanying consolidated financial statements.

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

An investment in 1 (1 in 2010) associated company is accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and other associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

c. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

d. Inventories

Inventories are stated at the lower of cost, determined by the average method for finished products and work in process, and by the first-in, first-out method for raw materials, or net selling value.

e. Marketable and Investment Securities
Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and
ii) available-for-sale securities, are reported at their fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, marketable and investment securities are reduced to net realizable value by a charge to income.

f. Property, Plant and Equipment
Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is principally applied to the property, plant and equipment of consolidated foreign subsidiaries. Depreciation of leased assets is computed by the straight-line method based on the lease term of the respective assets. The range of useful lives is principally from 2 to 50 years for buildings, from 2 to 17 years for machinery, equipment and vehicles and from 2 to 23 years for furniture and fixtures.

g. Long-lived Assets
The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Retirement and Pension Plans
The Company and certain domestic consolidated subsidiaries have non-contributory and contributory funded defined benefit pension plans for employees which cover their benefits. Other consolidated subsidiaries have unfunded retirement benefit plans.

The Group accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Retirement benefits for directors and corporate auditors of the Company and certain domestic consolidated subsidiaries are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

i. Asset Retirement Obligations
In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was immaterial.

j. Stock Options
In December 2005, the ASBJ issued ASBJ Statement No.8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

The Company has applied this accounting standard for stock options to those granted on and after May 1, 2006.

k. Research and Development Costs
Research and development costs are charged to income as incurred.

l. Leases
(Lessee)
In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

(Lessor)
In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee be recognized as lease receivables, and that all finance leases that are not deemed to transfer ownership of the leased property to the lessee be recognized as investments in lease. The Company applied the revised accounting standard effective April 1, 2008.

m. Bonuses to Directors and Corporate Auditors
Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

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

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

p. Foreign Currency Financial Statements
The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

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

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

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows : (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and (2) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts employed to hedge foreign exchange exposures for export sales and import purchases are measured at the fair value and the unrealized gains/losses are deferred until maturity of the hedged transaction. Forward contracts applied for forecasted (or committed) transactions are also measured at the fair value but the unrealized gains/losses are deferred until the underlying transactions are completed.

The foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of machinery from overseas customers/suppliers. Trade account receivables/payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not measured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

r. Per Share Information
Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of year.

s. New Accounting Pronouncements

Accounting Changes and Error Corrections

In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies:
When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Non-current:			
Marketable equity securities	**¥ 3,288**	¥3,295	**$ 39,547**
Government and corporate bonds	**14**	14	**174**
Other	**388**	375	**4,673**
Total	**¥ 3,691**	¥3,684	**$ 44,395**

The 14 million yen of government bonds are a mortgage for guarantee of dealings.

The costs and aggregate fair values of investment securities at March 31, 2011 and 2010 were as follows:

	Millions of yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 3,136**	**¥ 888**	**¥ 736**	**¥ 3,288**
Held-to-Maturity	**14**	**1**		**15**
March 31, 2010				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 2,831	¥ 1,068	¥ 605	¥ 3,295
Held-to-Maturity	14	0		14

	Thousands of U.S. Dollars			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 37,723**	**$ 10,687**	**$ 8,863**	**$ 39,547**
Held-to-Maturity	**174**	**12**		**186**

4. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Merchandise and finished products	**¥7,826**	¥3,323	**$ 94,125**
Work in process	**817**	790	**9,836**
Raw materials and supplies	**300**	321	**3,618**
Total	**¥8,945**	¥4,436	**$ 107,580**

5. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2011. As a result, the Group recognized an impairment loss of ¥59 million as other expense for a certain building due to a plan to dismantle it.

Although the building was being used as a company house before, it is an idle asset today. The book value of the building was written down to the memorandum value and ¥59 million was measured as an impairment loss.

No impairment loss was recognized in 2010.

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2011 and 2010 consisted of notes to bank and bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.68% to 1.54% and 0.75 % to 1.60% at March 31, 2011 and 2010, respectively.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Loans from banks and other financial institutions, due serially to 2013 with interest rates ranging from 1.53% to 1.75% (2011) and from 1.53% to 1.75% (2010):			
Unsecured	**¥304**	¥455	**$3,658**
Less current portion	**(151)**	(151)	**(1,826)**
Long-term debt, less current portion	**¥152**	¥304	**$1,832**

Annual maturities of long-term debt as of March 31, 2011 were as follows:

Year ending March 31:	Millions of yen	Thousands of U.S. Dollars
2012	**¥151**	**$1,826**
2013	**152**	**1,832**
Total	**¥304**	**$3,658**

In order to procure operating funds efficiently and stably, loan commitments were signed on July 25, 2005 with 5 banks. The unused credit balance under those loans as of March 31, 2011 were as follows:

	Millions of yen	Thousands of U.S. Dollars
Maximum amount of the loan commitment	**¥ 10,000**	**$120,264**
Amount loaned	**9,500**	**114,251**
Unused credit balance	**¥ 500**	**$ 6,013**

7. RETIREMENT AND PENSION PLANS

The Company and certain domestic consolidated subsidiaries have severance payment plans for employees, directors and corporate auditors.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. In certain circumstances, the Company might pay the premium severance on termination of employment.

The Company and certain domestic consolidated subsidiaries have non-contributory and contributory funded defined benefit pension plans for employees which cover their benefits. Other consolidated subsidiaries have unfunded retirement benefit plans.

The contributory funded defined benefit pension plan, which was established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Company on behalf of the government and a corporate portion established at the discretion of the Company.

The liability for retirement benefits for directors and corporate auditors was ¥297 million ($3,572 thousand) and ¥212 million at March 31, 2011 and 2010, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Projected benefit obligation	**¥ (2,701)**	¥ (2,269)	**$(32,484)**
Fair value of plan assets	**1,306**	1,325	**15,717**
Unrecognized actuarial gain	**677**	646	**8,149**
Unrecognized prior service cost	**346**		**4,165**
Net liability	**¥ (369)**	¥ (298)	**$ (4,448)**

The components of net periodic benefit costs for the years ended March 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Service cost	**¥172**	¥178	**$ 2,074**
Interest cost	**43**	43	**519**
Expected return on plan assets	**(33)**	(29)	**(398)**
Amortization of prior service cost	**2**		**24**
Recognized actuarial loss	**76**	88	**915**
Premium severance pay	**69**	30	**839**
Net periodic benefit costs	**¥330**	¥312	**$ 3,975**

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.5%**	2.5%
Amortization period of prior service cost	**14 years**	
Recognition period of actuarial gain/loss	**14 years**	14 years

8. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends
Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus
The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

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

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.
The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. STOCK OPTIONS

The stock options outstanding as of March 31, 2011 are as follows:

Stock Options	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2002 Stock Options	236 Persons	1,660,000 Shares	October 18, 2002	¥153 ($1.84)	From July 1, 2003 To June 30, 2010
2009 Stock Options	320 Persons	1,819,000 Shares	September 1, 2009	¥313 ($3.76)	From August 1, 2011 To July 31, 2016

The stock option activity is as follows:

For the year ended March 31, 2010	2002 Stock Options (Shares)	2009 Stock Options (Shares)
Non-vested		
March 31, 2009-Outstanding		
Granted		1,819,000
Canceled		25,000
Vested		1,794,000
March 31, 2010-Outstanding		
Vested		
March 31, 2009-Outstanding	188,000	
Vested		
Exercised	33,000	
Canceled		
March 31, 2010-Outstanding	155,000	
Exercise price	¥153	¥313
	($1.64)	($3.36)
Average stock price at exercise	¥276	
	($2.97)	
Fair value price at grant date		¥64
		($0.69)

For the year ended March 31, 2011	2002 Stock Options (Shares)	2009 Stock Options (Shares)
Non-vested		
March 31, 2010-Outstanding		
Granted		1,794,000
Canceled		10,000
Vested		1,784,000
March 31, 2011-Outstanding		
Vested		
March 31, 2010-Outstanding	155,000	
Vested		
Exercised	110,000	
Canceled	45,000	
March 31, 2011-Outstanding		
Exercise price	¥153	¥313
	($1.84)	($3.76)
Average stock price at exercise	¥274	
	($3.29)	
Fair value price at grant date		¥64
		($0.76)

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2011 and 2010. Foreign consolidated subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 148**	¥ 167	**$ 1,789**
Allowance for bonus payable	**229**	186	**2,759**
Pension and severance costs	**271**	215	**3,270**
Evaluation loss on investment securities	**7**	2	**89**
Impairment loss	**24**		**289**
Tax loss carry forwards	**199**	96	**2,394**
Other	**401**	286	**4,828**
Less valuation allowance	**(467)**	(393)	**(5,622)**
Total	**¥ 814**	¥ 559	**$ 9,797**
Deferred tax liabilities:			
Deferred gain on sales of property	**¥ (22)**	¥ (23)	**$ (274)**
Unrealized gain on available-for-sale securities	**(61)**	(189)	**(743)**
Other	**(23)**	(8)	**(277)**
Total	**¥ (107)**	¥ (222)	**$ (1,295)**
Net deferred tax assets	**¥ 706**	¥ 337	**$ 8,502**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate	**40.7%**	40.7%
Expenses not deductible for income tax purposes	**2.9**	9.0
Exclusion from charges against revenue	**(0.8)**	(3.3)
Lower income tax rates applicable to income in certain foreign countries	**(2.1)**	2.2
Overseas income deductible for enterprise tax	**(0.1)**	(0.1)
Less valuation allowance	**(0.9)**	11.1
Other-net	**0.9**	9.6
Actual effective tax rate	**40.6%**	69.2%

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the fiscal years ended March 31, 2011 and 2010 principally consisted of the following:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Salaries and fees	**¥4,159**	¥3,993	**$50,024**
Retirement benefit costs	**289**	277	**3,477**
Depreciation and amortization	**155**	133	**1,865**
Amortization of goodwill		105	
Research and development costs	**174**	152	**2,093**
Rental expense	**989**	1,030	**11,904**

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended March 31, 2011 and 2010 were ¥174 million ($2,093 thousand) and ¥152 million, respectively.

13. LEASES

(1) As Lessee

Total rental expenses including lease payments under finance leases for the years ended March 31, 2011 and 2010 were ¥720 million ($8,665 thousand) and ¥699 million, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of yen		Thousands of U.S. Dollars	
	2011		**2011**	
	Finance leases	Operating leases	Finance leases	Operating leases
Due within one year	**¥ 7**	**¥4**	**$ 93**	**$ 58**
Due after one year	**8**	**4**	**101**	**56**
Total	**¥16**	**¥9**	**$195**	**$114**

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No.13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 was as follows:

	Millions of yen					
	2011			2010		
	Furniture and Fixtures	Others	Total	Furniture and Fixtures	Others	Total
Acquisition cost	**¥ 24**	**¥ 48**	**¥72**	¥72	¥51	¥ 124
Accumulated depreciation	**19**	**42**	**61**	43	35	79
Net leased property	**¥ 5**	**¥ 5**	**¥11**	¥28	¥15	¥ 44

	Thousands of U.S. Dollars		
	2011		
	Furniture and Fixtures	Others	Total
Acquisition cost	**$298**	**$578**	**$876**
Accumulated depreciation	**228**	**514**	**742**
Net leased property	**$ 69**	**$ 64**	**$133**

Obligations under finance leases:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥ 9**	¥26	**$113**
Due after one year	**2**	19	**25**
Total	**¥11**	¥45	**$139**

Depreciation expense, interest expense and other information under finance leases:

	Millions of yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Depreciation expense	**¥20**	¥46	**$249**
Interest expense	**0**	0	**5**
Total	**¥21**	¥47	**$254**

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

(2) As Lessor

The Group leases machinery, equipment and other assets.

Total rental revenues for the years ended March 31, 2011 and 2010 were ¥268 million ($3,230 thousand) and ¥278 million, respectively.

The net investments in lease are summarized as follows:

	Millions of yen	Millions of yen	Thousands of U.S. Dollars
	2011	2010	**2011**
Gross lease receivables	**¥376**	¥542	**$4,528**
Unguaranteed residual values	**25**	25	**302**
Unearned interest income	**(62)**	(73)	**(747)**
Investments in lease, current	**¥339**	¥494	**$4,083**

Maturities of investment in lease for finance leases that were deemd not to transfer ownership of the leased property to the lessee are as follows:

year ending March 31	Millions of yen	Thousands of U.S. Dollars
2012	¥122	$1,475
2013	92	1,110
2014	67	806
2015	56	685
2016	37	451
Total	¥376	$4,528

The minimum rental commitments under noncancellable operating leases at March 31, 2011 were as follows:

	Millions of yen	Thousands of U.S. Dollars
	2011	**2011**
Due within one year	**¥111**	**$1,341**
Due after one year	**161**	**1,948**
Total	**¥273**	**$3,289**

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No.19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance was applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Group uses financial instruments, mainly short-term debt including bank loans, based on its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Short-term bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and extent of risks arising from financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are hedged by using forward foreign currency contracts. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mainly less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are hedged by using forward foreign currency contracts.

Maturities of bank loans are less than four years after the balance sheet date. Although a part of such bank loans are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank loans. Please see Note 15 for more detail about derivatives.

(3) Risk management for financial instruments

Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers in early stage. With respect to held-to-maturity financial investment, the Group manages its exposure to credit risk by limiting its funding to high credit rated bonds in accordance with in its internal guidelines. Please see Note 15 for the detail about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2011.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables.

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets at the level of one months' sales volume, along with adequate financial planning by the corporate treasury department.

(4) Concentration of credit risk

There are no significant account receivables from particular major customers of the Group as of March 31, 2011.

(5) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 15 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of yen		
At March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain / Loss
Cash and cash equivalents	¥11,878	¥11,878	
Time deposits	468	468	
Receivables	39,304	39,264	¥(39)
Marketable and investment securities			
Held-to-maturity	14	15	1
Equity securities	3,288	3,288	
Total	¥54,954	¥54,915	¥(38)
Payables	¥28,609	¥28,608	¥ 1
Short-term bank loans	10,239	10,239	
Long-term debt	304	301	2
Total	¥39,154	¥39,150	¥ 4

	Millions of yen		
At March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain / Loss
Cash and cash equivalents	¥ 7,118	¥ 7,118	
Time deposits	773	773	
Receivables	31,681	31,605	¥(75)
Marketable and investment securities			
Held-to-maturity	14	14	0
Equity securities	3,295	3,295	
Total	¥42,882	¥42,807	¥(75)
Payables	¥22,494	¥22,494	¥ 0
Short-term bank loans	5,022	5,022	
Long-term debt	455	454	0
Total	¥27,972	¥27,971	¥ 1

	Thousands of U.S. Dollars		
At March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain / Loss
Cash and cash equivalents	$142,855	$142,855	
Time deposits	5,637	5,637	
Receivables	472,693	472,215	$(478)
Marketable and investment securities			
Held-to-maturity	174	186	12
Equity securities	39,547	39,547	
Total	$660,908	$660,442	$(466)
Payables	$344,075	$344,060	$ 15
Short-term bank loans	123,149	123,149	
Long-term debt	3,658	3,625	33
Total	$470,884	$470,835	$ 48

Cash and cash equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Marketable and investment securities

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for the marketable and investment securities by classification is included in Note 3.

Receivables and payables

The fair values of receivables and payables are measured at the amount to be received or paid at maturity discounted at the Group's assumed corporate discount rate. The foreign currency forward contracts are utilized to hedge foreign currency exposures in the procurement of raw machinery from overseas customers/suppliers. Trade account receivables/payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Short-term bank loans and long- term debt

The fair values of short-term bank loans approximate fair value because of their short maturities. The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

Derivatives

The information of the fair value for derivatives is included in Note 15.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

At March 31, 2011	Millions of yen		Thousands of U.S. Dollars
	2011	2010	2011
Investments in equity instruments that do not have a quoted market price in an active market	¥1,459	¥1,380	$17,553

(6) Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen	
At March 31, 2011	Due in one year or less	Due after one year through five years
Cash and cash equivalents	¥ 11,878	
Time deposits	468	
Receivables	37,700	¥ 1,604
Marketable and investment securities		
Government bonds		15
Total	¥ 50,047	¥ 1,619

	Thousands of U.S. Dollars	
At March 31, 2011	Due in one year or less	Due after one year through five years
Cash and cash equivalents	$ 142,855	
Time deposits	5,637	
Receivables	453,398	$ 19,295
Marketable and investment securities		
Government bonds		180
Total	$ 601,892	$ 19,475

Please see Note 6 for annual maturities of long-term debt and Note 13 (1) for obligations under finance leases, respectively.

15. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization.

Derivative transactions to which hedge accounting is not applied

	Millions of yen			
At March 31, 2011	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain / Loss
Foreign currency forward contracts:				
Selling				
U.S.$	¥ 155		¥ (0)	¥ (0)
JP¥	37		(0)	(0)
S$	16	6	(0)	(0)
Buying				
JP¥	1,305	15	12	12
U.S.$	4		0	0
STG	3		(0)	(0)
THB	1		0	0
EURO	1		0	0

At March 31, 2010	Millions of yen Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain / Loss
Foreign currency forward contracts:				
Selling				
U.S.$	¥ 220		¥ (1)	¥ (1)
Buying				
JP¥	34		(1)	(1)
HK$	7		0	0

At March 31, 2011	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain / Loss
Foreign currency forward contracts:				
Selling				
U.S.$	$ 1,867		$ (8)	$ (8)
JP¥	445		(3)	(3)
S$	195	73	(9)	(9)
Buying				
JP¥	15,700	188	153	153
U.S.$	59		0	0
STG	44		(0)	(0)
THB	21		0	0
EURO	15		0	0

Derivative transactions to which hedge accounting is applied

At March 31, 2011	Hedged item	Millions of yen Contract Amount	Contract Amount due after One Year	Fair Value
Forecasted transactions				
Foreign currency forward contracts:				
Selling				
U.S.$	Receivables	¥979	¥206	¥(2)
EURO	〃	29		(1)
STG	〃	4		0
SEK	〃	1		(0)
S$	〃	1		(0)
Buying				
U.S.$	Payables	443		(0)
DKK	〃	409		12
EURO	〃	110		5
CHF	〃	46		2
STG	〃	0		0
Assigned transactions				
Foreign currency forward contracts:				
Selling				
U.S.$	Receivables	¥1,020		Note2
EURO	〃	21		Note2
STG	〃	3		Note2
THB	〃	2		Note2
Buying				
U.S.$	Payables	365		Note2
SEK	〃	4		Note2
S$	〃	3		Note2
THB	〃	2		Note2
EURO	〃	2		Note2

At March 31, 2010	Hedged item	Millions of yen Contract Amount	Contract Amount due after One Year	Fair Value
Forecasted transactions				
Foreign currency forward contracts:				
Selling				
U.S.$	Receivables	¥916		¥(15)
S$	〃	248		(10)
EURO	〃	11		(0)
STG	〃	9		(0)
Buying				
U.S.$	Payables	626		16
DKK	〃	135		(7)
SEK	〃	49		0
JP¥	〃	47		1
EURO	〃	12		(0)
S$	〃	6		0
THB	〃	0		(0)
Assigned transactions				
Foreign currency forward contracts:				
Selling				
U.S.$	Receivables	¥720		Note2
EURO	〃	21		Note2
STG	〃	17		Note2
S$	〃	9		Note2
Buying				
U.S.$	Payables	70		Note2
JP¥	〃	11		Note2
S$	〃	5		Note2
THB	〃	5		Note2
EURO	〃	1		Note2
STG	〃	0		Note2

At March 31, 2011	Hedged item	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value
Forecasted transactions				
Foreign currency forward contracts:				
Selling				
U.S.$	Receivables	$11,779	$2,481	$(33)
EURO	〃	350		(18)
STG	〃	56		0
SEK	〃	22		(0)
S$	〃	21		(0)
Buying				
U.S.$	Payables	5,332		(6)
DKK	〃	4,919		155
EURO	〃	1,326		71
CHF	〃	559		26
STG	〃	9		0
Assigned transactions				
Foreign currency forward contracts:				
Selling				
U.S.$	Receivables	$12,277		Note2
EURO	〃	263		Note2
STG	〃	46		Note2
THB	〃	32		Note2
Buying				
U.S.$	Payables	4,390		Note2
SEK	〃	59		Note2
S$	〃	38		Note2
THB	〃	29		Note2
EURO	〃	26		Note2

Notes: 1. The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.
2. Fair value of the Foreign currency forward contract assigned for receivables and payables is included in the fair value of receivables and payables disclosed at Note14. (5) (a).

At March 31, 2011	Hedged item	Millions of yen Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	¥64	¥32	Note

At March 31, 2010	Hedged item	Millions of yen Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	¥95	¥64	Note

At March 31, 2011	Hedged item	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	$772	$389	Note

The fair value of swap contracts assigned for Long-term debt is included in the fair value of Long-term debt disclosed at Note14. (5) (a).

16. CONTINGENT LIABILITIES

At March 31, 2011, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. Dollars
Guarantees and similar items of bank loans	¥18,562	$223

17. COMPREHENSIVE INCOME

For the year ended March 31, 2010

Total comprehensive income for the year ended March 31, 2010 was the following:

	2010
Total comprehensive income attributable to:	
Owners of the parent	¥ 568
Minority interests	31
Total comprehensive income	¥ 600

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	2010
Other comprehensive income:	
Unrealized gain (loss) on available-for-sale securities	¥ 224
Deferred gain (loss) on derivatives under hedge accounting	5
Foreign currency translation adjustments	(11)
Share of other comprehensive income in associates	(0)
Total other comprehensive income	¥ 218

18. NET INCOME PER SHARE

A reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Yen in millions	Thousands of shares	Yen	Dollars
For the year ended March 31,2011	Net income	Weighted average shares	EPS	
Basic EPS				
Net income available to common shareholders	**¥ 2,448**	**52,198**	**¥ 46.90**	**$ 0.56**
Effect of Dilutive Securities				
Warrants		**10**		
Diluted EPS				
Net income for computation	**¥ 2,448**	**52,209**	**¥ 46.89**	**$ 0.56**
For the year ended March 31,2010				
Basic EPS				
Net income available to common shareholders	¥ 363	52,103	¥ 6.97	$ 0.07
Effect of Dilutive Securities				
Warrants		242		
Diluted EPS				
Net income for computation	¥ 363	52,346	¥ 6.94	$ 0.07

19. SUBSEQUENT EVENTS

The following appropriations of retained earnings at March 31, 2011 were approved at the shareholders meeting of the Company and certain domestic consolidated subsidiaries held on June 2011:

	Millions of yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥8.00 ($0.09) per share	¥ 417	$5,023

20. SEGMENT INFORMATION

For the year ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the Plant & Energy Business, Electronics Business, Industrial Machinery Business and Overseas Company.

- Plant & Energy Business : Energy development production, gas oil refining, chemical, engineering, construction, paper & pulp-related machinery and equipment
- Electronics Business : Electron, information and communication, electric, precise, optics, sound, musical instrument-related machinery and equipment
- Industrial Machinery Business : Plastics, rubber, automobile, steel, pharmaceutical, food-related machinery and equipment
- Overseas Company : Machinery and equipment which overseas branches and overseas subsidiaries handle

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies".

3. Information about sales, profit (loss), assets, liabilities and other items is as follows.

	Millions of yen								
	2011								
	Reportable segment								
	Plant & Energy Business	Electronics Business	Industrial Machinery Business	Overseas Company	Subtotal	Other	Total	Reconciliations	Consolidated
Sales									
Sales to external customers	¥18,767	¥34,161	¥34,454	¥17,217	¥104,601	¥3,478	¥108,079		¥108,079
Intersegment sales or transfers	1,854	2,307	2,856	4,081	11,099	2,234	13,334	¥(13,334)	
Total	20,621	36,469	37,310	21,299	115,700	5,713	121,414	(13,334)	108,079
Segment profit	1,092	2,089	2,388	762	6,333	563	6,896	(2,653)	4,243
Segment assets	11,889	18,826	20,107	8,522	59,346	3,747	63,093	10,228	73,322
Other:									
Depreciation	21	31	61	49	164	171	336	20	356
Impairment losses of assets								59	59
Investment in an equity method company			304		304		304		304
Increase in property, plant and equipment and intangible assets	7	17	58	56	140	231	371	10	381

	Millions of yen								
	2010								
	Reportable segment								
	Plant & Energy Business	Electronics Business	Industrial Machinery Business	Overseas Company	Subtotal	Other	Total	Reconciliations	Consolidated
Sales									
Sales to external customers	¥28,414	¥18,723	¥25,166	¥8,676	¥80,980	¥4,077	¥85,058		¥85,058
Intersegment sales or transfers	809	1,336	756	3,248	6,150	2,201	8,352	¥(8,352)	
Total	29,223	20,059	25,922	11,925	87,131	6,279	93,410	(8,352)	85,058
Segment profit	995	748	1,349	(207)	2,885	366	3,251	(2,310)	941
Segment assets	12,032	11,704	14,350	5,957	44,045	4,158	48,204	6,892	55,096
Other:									
Depreciation	22	22	49	48	143	164	308	17	326
Impairment losses of assets									
Investment in an equity method company			314		314		314		314
Increase in property, plant and equipment and intangible assets	18	13	82	75	189	244	433	9	443

	Thousands of U.S. Dollars								
	2011								
	Reportable segment								
	Plant & Energy Business	Electronics Business	Industrial Machinery Business	Overseas Company	Subtotal	Other	Total	Reconciliations	Consolidated
Sales									
Sales to external customers	$225,708	$410,847	$414,359	$207,064	$1,257,980	$41,836	$1,299,816		$1,299,816
Intersegment sales or transfers	22,299	27,749	34,347	49,091	133,488	26,878	160,366	$(160,366)	
Total	248,007	438,596	448,707	256,156	1,391,468	68,714	1,460,182	(160,366)	1,299,816
Segment profit	13,140	25,132	28,722	9,168	76,163	6,781	82,945	(31,913)	51,031
Segment assets	142,987	226,416	241,827	102,494	713,725	45,069	758,794	123,013	881,808
Other:									
Depreciation	257	375	744	599	1,976	2,064	4,041	244	4,286
Impairment losses of assets								711	711
Investment in an equity method company			3,656		3,656		3,656		3,656
Increase in property, plant and equipment and intangible assets	88	214	702	678	1,684	2,779	4,463	124	4,588

Notes: 1) Transfers between segments are made at arm's length prices.
2) Segment profit is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.

1. Information about products and services

Information about products and services is omitted as it is presented in the description of reportable segments.

2. Information about geographical areass

(1) Sales

Millions of Yen						
2011						
Japan	China	Asia	North America	Europe	Other	Total
¥63,260	¥12,652	¥24,054	¥4,546	¥1,886	¥1,678	¥108,079

Notes: Sales are classified in countries or regions based on location of customers.

(2) Property, plant and equipment

Millions of Yen			
2011			
Japan	Asia	Other	Total
¥1,519	¥98	¥48	¥1,666

3. Information about major customers

Information about major customers is omitted as no single external customer accounts for 10% or more of net sales in the consolidated statements of income.

For the year ended March 31, 2010

The Company operates in the following industries:
Machinery : Various machinery, equipment and parts; their repair and maintenance; and overhauling.
Materials : Various pipe materials, metallic materials and plastic materials; and chemical products.
Other : Various machinery and real estate leasing; real estate agency; insurance agency; and others.

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2010 is as follows:

(1) Industry Segments

a. Sales and Operating Income

	Millions of Yen				
	2010				
	Machinery	Materials	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 80,984	¥ 3,733	¥ 340		¥ 85,058
Intersegment sales					
Total sales	80,984	3,733	340		85,058
Operating expenses	80,193	3,650	273		84,116
Operating income	¥ 791	¥ 83	¥ 67		¥ 941

b. Total assets, Depreciation, Impairment loss and Capital Expenditures

	Millions of Yen				
	2010				
	Machinery	Materials	Other	Eliminations/ Corporate	Consolidated
Total assets	¥ 45,573	¥ 1,348	¥ 1,272	¥ 6,902	¥ 55,096
Depreciation	148	1	157	19	326
Capital expenditures	212	1	222	6	443

(2) Geographical Segments

The geographical segments of the Group for the year ended March 31, 2010 are summarized as follows:

	Millions of Yen				
	2010				
	Japan	Asia	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 76,381	¥ 6,364	¥ 2,312		¥ 85,058
Interarea transfer	2,895	1,885	1,385	¥ (6,166)	
Total sales	79,277	8,250	3,697	(6,166)	85,058
Operating expenses	78,054	8,250	3,907	(6,096)	84,116
Operating income	1,222	(0)	(209)	(70)	941
Total assets	¥ 42,240	¥ 4,319	¥ 1,628	¥ 6,908	¥ 55,096

(3) Sales to Foreign Customers

Sales to foreign customers for the year ended March 31, 2010 amounted to ¥23,380 million.

Deloitte

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Daiichi Jitsugyo Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Daiichi Jitsugyo Co., Ltd. and consolidated subsidiaries (the "Company") as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Daiichi Jitsugyo Co., Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 23, 2011

Member of
Deloitte Touche Tohmatsu Limited

DAIICHI JITSUGYO CO., LTD.

Date of Establishment
August 12, 1948

Paid-in Capital
¥5,105 million

Stock Exchange Listing
Tokyo Stock Exchange, First Section

Number of Employees
418 (Non-consolidated)
992 (Consolidated)

Transfer Agent and Registrar
Tokyo Securities Transfer Agent Co., Ltd.

Major Shareholders

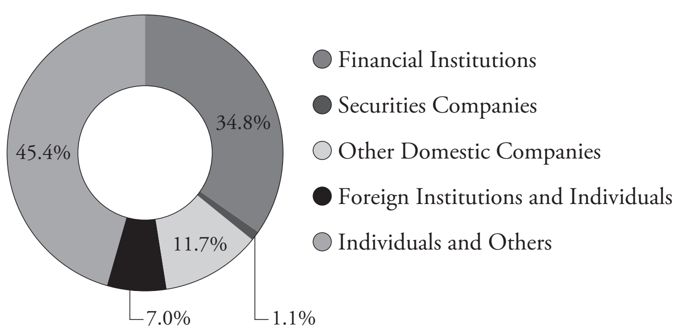
	(% of total)
Mizuho Corporate Bank, Ltd.	4.90
Sumitomo Mitsui Banking Corporation	4.89
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.89
NIPPONKOA Insurance Co., Ltd.	4.33
Japan Trustee Services Bank, Ltd. (Trust Account)	4.31
Resona Bank, Limited.	3.24

* Percentages of total shares issued are calculated based on the total number of shares issued excluding treasury stock.

Common Stock

Authorized:	160,000,000 shares
Issued:	57,432,000 shares
Number of shareholders:	7,868

Distribution of Ownership among Shareholders



Board of Directors (As of June 23, 2011)

Chairman & CEO
Kunihiro Yano*

President & COO
Koji Yamagata*

Senior Managing Director
Tatsuo Umemura

Managing Directors
Yukio Konishi
Yoshihide Yamanaka

Managing Director & CFO
Tohru Tsuda

Standing Statutory Auditor
Isao Takesue

Statutory Auditor
Takafumi Shinmoto

Outside Auditors
Tsuyoshi Terui
Sumio Kanemoto

Executive Officers (As of June 23, 2011)

Managing Executive Officers
Michiaki Sugiura
Aviation & Industrial Machinery Business Div.
Takanori Ogura
DAIICHI MECHA-TECH CORPORATION
Toru Takata
Plant & Energy Business Div.

Executive Officers
Hajime Kimoto
DAIICHI JITSUGYO (AMERICA), INC.
Hiroshi Yoshida
SHANGHAI YISHI TRADING CO., LTD.
Junzo Takai
Administration & Accounting Div.
Shigeki Terakawa
Osaka Business Div.
Akira Kasamatsu
Electronic Systems Business Div.
Muneo Yamano
Plant & Energy Business Div.
Hitoshi Takasaki
DAIICHI JITSUGYO ASIA PTE. LTD.
Ryuichi Ninomiya
Nagoya Business Div.
Mitsuru Yoshida
DAIICHI JITSUGYO VISWILL CO., LTD.

(*:Representative Director)

COMMITMENT TO THE ENVIRONMENT

Recognizing that conducting environmentally conscious business activities is one of its social obligations, DJK has established the following environmental policy, which is being pursued by all employees and directors companywide.

ENVIRONMENTAL POLICY

As a company conducting international trade as well as sales in Japan of energy-, semiconductor-, plastic-injection molding-, and pulp-and-paper-related machinery and equipment, Medical equipment and engineering materials and aerospace-related devices, we will carry out environmental management of our business based on the following policies.

1. We will be constantly aware of the environmental issues regarding our merchandise and service activities, and will take steps to prevent environmental pollution. In addition, we will pursue constant improvement in our environmental management activities.
2. To comply with environmentally related laws, regulations, and accords regarding our merchandise and service activities, we will establish and follow our own voluntary standards.
3. Among the environmental issues regarding our merchandise and service activities, we will make the following issues special priority themes.
   (1) Reducing amounts of energy and resources used through greater operating efficiency
   (2) Handling and promotion of environmentally friendly merchandise
   (3) Promoting understanding of the importance of environmental issues inside and outside the Company

To achieve these environmental policies, we will establish environmental targets and goals. Working together, all employees and directors in all sections of the company will pursue environmental management.

DJK acquired ISO 14001 certificate on January 24, 2004 and revised it on January 24, 2010.

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