

Annual Report 2010

April 1.2009 – March 31.2010



Profile

A “Technology-Driven Trading Company” Offering High Value to Society

Established in 1921 as an electrical products distributor and partner in electrical construction, Tachibana Shokai went on to become a sales agent for Mitsubishi Electric Corporation. The Company excelled in the sale of motors, circuit breakers and other electrical devices, and over the years the name “Tachibana” became synonymous in the industry with superior industrial electrical equipment. Capitalizing on this strength, the Company in 1976 moved beyond the mere sales of equipment and started handling semiconductors and other electronic components and devices, and we concurrently incorporated the motto “A Technology-Driven Trading Company” into our corporate culture ahead of other companies and embarked on the business of providing additional technical services. Since then, the Company has aggressively promoted joint development projects with suppliers and has reinforced the application engineering services provided to customers.

Since our listing on the Osaka Securities Exchange in 1986, we have further expanded the scope of our operations as “A Technology-Driven Trading Company.” On the occasion of the 80th anniversary of the Company’s founding in 2001, we changed our corporate name from Tachibana Shokai to Tachibana Eletech Co., Ltd.

In adopting the new company name, we dropped the word Shokai, and a portmanteau derived from the corporate slogan, “Electric and Electronic Technology.” Subsequently, in March 2005, the Company was listed on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange.

Under the banner of the Group’s slogan—“Electric & Electronics Technology”—we aim to become a leader in the electric and electronics industry in Asia with the resilience and foresight to quickly respond to the changing economic environment and globalization. We are aggressively broadening the scope of business operations in order to become a technology-driven trading company that can offer high-value products and services to the industry and society.

Furthermore, the Solution Systems Division was established as a new pillar of the business in addition to the four core businesses of Factory Automation Systems, Semiconductors and Electronic Devices, Information and Communication Systems and Building Services Systems, as a division with the ability to respond to customers with diverse system requirements spanning two or more existing businesses and to cultivate new demands in the field of environment and energy.

Provide Total Solutions to Solve Customers’ Problems

Tachibana Eletech’s business is divided into five segments: four by product—“Factory Automation Systems Business,” “Semiconductors and Electronic Devices Business,” “Information and Communication Systems Business,” and “Building Services Systems Business,” and one by region—“Overseas Business.” The Solution Systems Business seeks to win contracts for system projects spanning the Factory Automation Systems, Information and Communication Systems and Building Services Systems businesses and to cultivate new demands in the field of environment and energy.

Factory Automation Systems Business

Various types of motors, magnetic switches, ground-fault circuit interrupter, inverters, servos, programmable controllers, electric discharge machines, laser beam machines, machine tools

Semiconductors and Electronic Devices Business

Microcomputers, ASIC, power elements, memory modules, optical devices, LCD modules, assembled base plates, high-frequency parts

Information and Communication Systems Business

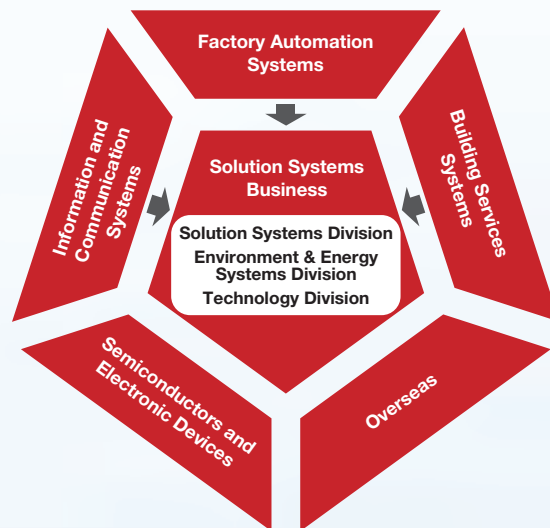
Client server systems, POS systems, personal computers, monitors, communications equipment, display and video equipment, various types of special terminals

Building Services Systems Business

Elevators, escalators, lighting equipment, power receiving/transformation equipment, air-conditioning equipment, air conditioners, electric water heaters, disaster-prevention and security equipment, equipment for all-electric housing

Overseas Business

Materials for electronic components, power and communication cables, carrier tapes, electric equipment and interior trims for automobiles, equipment for ships



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Forward-Looking Statements

Projections of operating results and changes in the business environment provided in this report are based on information available to the management as of the date the report was prepared. As such, these projections are exposed to uncertainties and potential risks that may affect the projections should they materialize. Readers are therefore cautioned that actual operating results and the business environment in the future may differ materially from the projections provided herein.

Highlights

Consolidated Financial Highlights

	Millions of yen					Thousands of U.S. dollars	
	2006	2007	2008	2009	2010	2010	
For the Year:							
Net Sales	¥ 155,915	¥ 149,890	¥ 130,871	¥ 116,540	¥ 96,838	\$ 1,040,827	
Operating Income	3,714	3,943	3,495	2,601	1,036	11,141	
Net Income	2,105	2,223	2,006	1,396	815	8,760	
At Year-End:							
Shareholders' Equity	¥ 31,285	¥ 32,745	¥ 33,031	¥ 32,549	¥ 33,851	\$ 363,829	
Total Assets	84,544	84,466	75,547	63,755	70,020	752,580	
Per Share Data:							
Net Assets per Share (Yen/U.S. Dollars)	1,487.41	1,551.86	1,549.52	1,558.25	1,619.61	17.40	
Net Income per Share (Yen/U.S. Dollars)	99.41	105.74	94.37	66.11	39.12	0.42	
Diluted Net Income per Share (Yen/U.S. Dollars)	97.64	105.02	94.29	—	—	—	
Financial Index:							
Equity Ratio (%)	37.0	38.8	43.7	51.0	48.1	48.1	
Return on Equity (%)	7.2	6.9	6.1	4.3	2.5	2.5	

Notes: 1. Sales figures do not include consumption tax.

2. U.S. dollar amounts are provided solely for convenience at the rate of ¥93.04 = US\$1, the approximate exchange rate as at March 31, 2010.

Topics Highlights

April 2009

Environment & Energy Systems Division Established

In the high growth potential sector of clean energy, the Environment & Energy Systems Division will support the introduction of photovoltaic power generation systems (particularly into small/medium-size factories), wind power generation systems, and fuel cells, and engage in a seamless process from the procurement and sales of these products and materials to construction and support maintenance work.



March 2010

Tachibana Kouwa System Service Co., Ltd. Established

This new subsidiary was established through the merger of engineering subsidiaries Kowa Industry Co., Ltd. and Tachibana ES Ltd. The Tachibana Eletech Group will expand the scope of business operations of the newly established subsidiary and strengthen the Group's equipment-related engineering capabilities, offering seamless, high-quality construction and services, covering from sales and design to installation, construction and subsequent maintenance of electric equipment.



April 2010

Daidensha Co., Ltd. Becomes A Wholly Owned Subsidiary

The Tachibana Eletech Group has converted Daidensha Co., Ltd., into a wholly owned subsidiary. The Group originally entered a business and capital tie-up agreement with Daidensha in 2006, and has added it to the Group in order to seek synergies with the company, which has particular strength in sales of parts and components of electronic equipment such as display, control and wiring equipment as well as in monitoring, measuring and image processing technology. The integration with Daidensha Co., Ltd., will also help the Group promote cost reduction and effective utilization of assets through rationalization and greater efficiency.



President's Statement

Setting our sights to recovery and growth in the new fiscal year and beyond.

Review 2010

The year under review was again marked by a most challenging global economic environment. The Japanese economy showed some signs of pulling out of the worst of the recession but conditions remained severe, with downside risks due to deflationary worries, falling exports, shrinking capital spent, and sluggish personal consumption due to employment uncertainties.

Despite difficult operating conditions the Group continued to energetically implement business development plans in both domestic and overseas markets. Further progress was made in bringing together the skills and disciplines of our operating divisions with the objective of providing clients with comprehensive system solutions, particularly in the field of environment and energy, a business sector where we foresee high growth and profit potential.

Overseas operations were also affected by the economic slowdown, with factory automation and semiconductor orders falling short of their respective targets. However, with our focus being to the markets in Asia, including China, where overall economic activity and conditions were less affected than in the developed markets of the United States and Europe, the downturn in our overseas sales was able to be contained to within 10% of the level achieved last year, and represented 11% plus of total Group sales. The constitutional improvement Project "C.A.P. UP 1500" commenced in 2008 continued throughout the year, with positive effects recognized in all

divisions of the organization. Training and development of management will continue to be at the core of our business philosophy.

Throughout the year we have closely monitored and exercised control of expenditure in order to achieve cost reductions wherever possible, and consistent with prudent financial management credit control and risk management functions are under regular review.

For the year ending March 2010 the Group reported net sales of ¥96,838 million and net income of ¥815 million, which translated into reductions of 16.9% and 41.6% respectively, when compared with the results of the previous year.

A final dividend of ¥10 per share for the year ended March 2010 has been declared. With the interim dividend of ¥8 per share already paid the total dividend for the year amounts to ¥18 per share.

Outlook and Prospects 2011

While economies of developed nations continue to struggle, economies of the emerging nations forge ahead and report solid growth. Despite some signs of up-turn in electronics-related and certain other sectors in Japan, we have yet to observe any strong signals of an industry-wide recovery, and in consequence we foresee trading difficulties in the domestic market business for some time to come. The uncertain trading environment demands that we continue to be watchful of operating costs, and make further savings wherever possible.



Presentation for individual investors

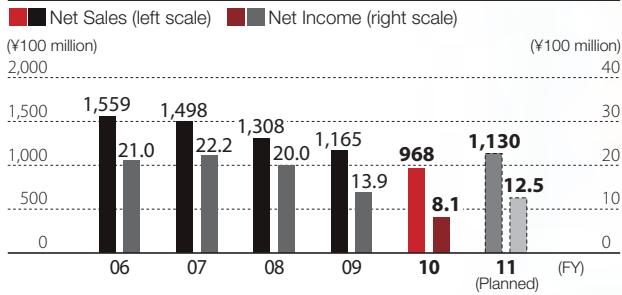


Presentation for institutional investors

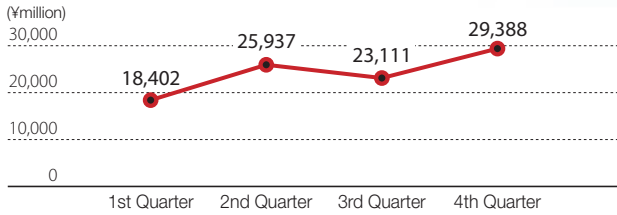


"Ningen Dojo (Human Training Hall)" on the premises of the "Risshikan"

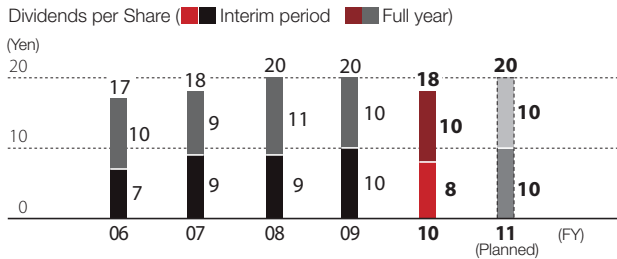
Trends in Net Sales and Net Income



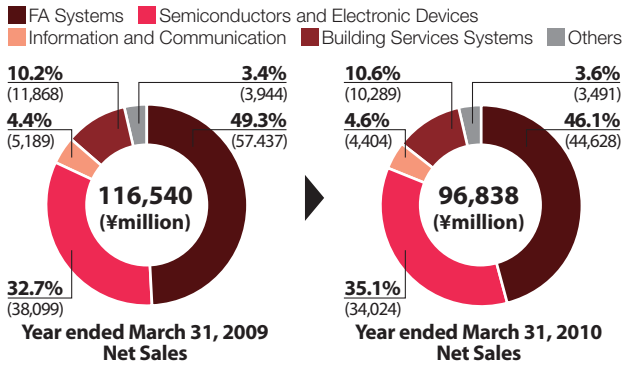
Quarterly Net Sales in Year Ended March 31, 2010



Trends in Dividends per Share



Composition of Net Sales by Segment



Summary - FY2010

- ◆ Net Sales ¥96,838 million
- ◆ Operating Income ¥1,036 million
- ◆ Net Income ¥815 million

However, at the same time, positive actions must be taken to advance the businesses at home and overseas, and the Management Plan outlines the strategy now being implemented.

Having reviewed our operating plans, and taken account of trading conditions in the markets in which we operate, we are forecasting to produce improved results for the year ending March 2011 with net income of ¥1.25 billion on net sales of ¥113.0 billion.

In reviewing past performance, and looking to the competitive and challenging times ahead of us, I would like to take this opportunity to thank all employees of the Group for their dedicated hard work and loyalty, and to thank our customers and business partners for their continued support to the company.

In conclusion, it gives me much pleasure to announce that this year marks the 90th anniversary of the founding of the company. This major milestone in our history encourages us all to strive for the further successful growth of the enterprise, so that we may live up to the expectations and confidence placed in us by our shareholders.

T. Watanabe
President and CEO



Appearance on Internet TV for individual investors

Management Plan

We have re-set “GT21” to five years ahead in order to achieve our growth potential.

Trading Company of Choice

The value and importance of a trading company lies in its “sales power”, and at critical times when electrical and electronic equipment and semiconductor manufacturers, both domestic and overseas, undertake to review and re-align their distribution networks and routes to market, it is vital we as a trading company be capable to demonstrate our marketing and sales strengths, and be well positioned to meet any and all competitive challenges.

The Group formulated a medium / long term vision for growing Tachibana in the 21st Century “GT21” with a target year of 2010. However, the unprecedented events which followed the financial crisis of 2008 made it both necessary and sensible for a review to be undertaken, the result of which has re-set the “GT21” target to five years ahead.

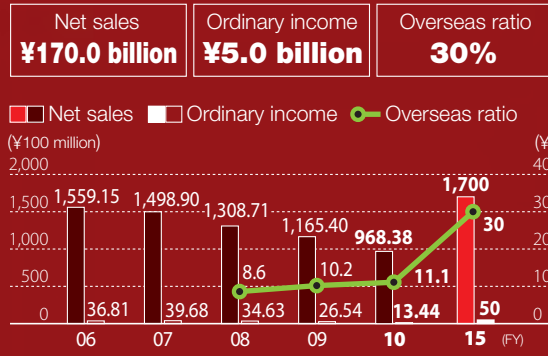
The following Management Plan takes account of “GT21” achievements to date, and sets out to accelerate business development in a number of areas, and particularly the growth of operations overseas. In outline the Management Plan sets out the following important challenges:

- People development.
- Domestic market expansion
- Engineered system services.
- Overseas operations.

People underpin the Group strength, and the on-going development of our staff at all levels within the organization is crucial to the future growth and success of the Group.

GT21 Plan

Numerical targets (for the year ending March 31, 2015)



Priorities and Challenges

- Strengthen market power and internal reforms.
- Expand domestic market position.
- Development of value-added engineering systems and services.
- Rapid expansion of overseas operations.

Reforms and innovations with the introduction of the “C.A.P. UP 1500” project in 2008, together with staff training and development in technical, commercial and financial related fields, is beginning to pay dividends, and will continue to form an important part of the overall company plan.

Having developed the capability to effectively bring together a coordinated marketing and sales approach across the operating divisions, we have confidence to profitably expand our domestic market business.

Opportunities for collaboration have already been identified, and include project cooperation between the Tachibana Factory Automation division and Daidensha, a company which became a wholly owned subsidiary of the Group earlier in the year, and which excels in the image and sensor-related fields.

The Solution Systems division provides a further important example of the opportunities and potential benefits through its ability to bring together the multi-discipline skills of the Group to prepare and present clients with integrated solutions to solve their energy saving, environmental, and security and safety related issues and problems.

Through internal reorganization, and the formation of a new subsidiary company, Tachibana Kouwa Systems Service, we have brought together the skills of two separate engineering and service operations. We are now able to offer a much wider range of engineered systems from the design stages through to on-going maintenance services. Responses already received from clients are most encouraging, and lead us to having confidence in the new company, and its approach to providing value-added engineering services.

Asia markets present exciting opportunities and challenges for growth, and making solid in-roads, particularly into the high growth China market, is at the forefront of our overseas plans. Since first venturing overseas in the early 1980's with the formation of a sales office in Singapore we have made steady progress towards developing a regional network, and now have



subsidiaries in a number of the leading cities in the region, notably Singapore, Hong Kong, Shanghai, Taipei, Seoul, and Bangkok. More recently a marketing and sales presence has been established in Beijing, and plans are in progress to further strengthen the China mainland operations with a marketing and sales presence in Guangdong province. Further expansion of the sales network will continue as appropriate and timely, and in collaboration with Mitsubishi Electric and other Japanese manufacturers. As the managing of a growing and widespread network will place both strains and demands on human resources, we have plans to accelerate local recruitment and localize the management of overseas subsidiaries.

Factory Automation Systems



Norio Shimada
Director,
Executive Operating Officer

Main Products Handled

Electrical Equipment

Rotating equipment: Various motors, pressure fans, hoists, geared motors, others
Static equipment: No-fuse breakers, magnetic switches, indicating instruments, voltmeters, transformers, high-pressure breakers, energy-saving support equipment, others

FA Equipment

Inverters, AC servos, programmable controllers (PLC), indicators, others

Industrial Machinery

Electric discharge machines, electron beam machines, laser beam machines, CAD/CAM, various machine tools, industrial robots, NC equipment, dielectric heaters, press benders, various furnaces, boilers, others

FA Systems

Management systems, control systems, monitoring systems, measuring/testing systems, others

Review 2010

Severe downward adjustments to production by auto-makers, liquid crystal manufacturing equipment makers, and other manufacturers resulted in the sector experiencing a reduction in order-intake for low-pressure power distribution control equipment, motors, programmable controllers, servo motors, and control boards. Order-intake in the industry machinery sector also suffered a sharp reduction as capital spent for electric discharge and laser beam machines was curtailed, as was the introduction of plasma display panel-related automated equipment, though sales of dielectric heaters for metal processing grew. Business development efforts related to the PV (photovoltaic power generation) Project in clean energy, such as PV generation and secondary cells are finally beginning to show some positive signs. As a result of the extremely tough market conditions we have experienced throughout the year net sales of FA Systems declined 22.3% as compared with the 2009 year result.



Programmable controllers (PLC)

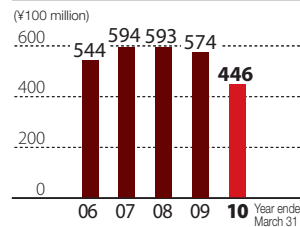


Inverters

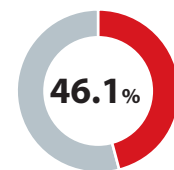


MELSERVO, an AC servo made by Mitsubishi Electric

Net Sales



Composition of Net Sales



Year ended March 31, 2010

also achieved success in developing new clients among the makers of equipment in the manufacture of light emitting diodes (LEDs), and we expect the demand to grow. In the light of moves by domestic manufacturers to strengthen quality control procedures, we expect to witness a growing demand for image-processing testing systems for quality management. Prospects and system proposals will be prepared and submitted to clients in cooperation with Mitsubishi Electric. In line with the overall Group Management Plan we are focusing divisional attention to two specific business development targets:

- In the domestic market, in addition to reinforcing marketing and sales cooperation with that of other operating divisions, in the presentation of multi-discipline system proposals, the FA division will also be furthering its cooperation with the recently acquired Daidensha company.
- Overseas business development, specifically in the China mainland, will be increasingly focused to penetrating domestic suppliers and manufacturers, alongside the existing working relationships we have with Japanese-affiliated companies.

Outlook and Prospects 2011

It is encouraging to note the signs of a market up-turn, with the division receiving new business enquiries at a threefold level from a year ago. The energetic marketing and sales effort related with the PV Project, which covers the broad spectrum of clean energy, including solar cells, lithium ion secondary batteries and fuel cells, is now producing a constant stream of orders from new clients. The division has

Three advantages of the integration of Daidensha Co., Ltd.

(1) Synergy in sales

We can sell production line rationalization and efficiency solutions by combining FA equipment (programmable controllers and inverters), our core products, with monitoring, measuring and display devices, where Daidensha is strong;

(2) Cost reduction in back-office operations

Management integration helps cost reduction through unified management of mission-critical systems; and

(3) Effective utilization of assets

We can make effectively use of real estate and other assets held by Daidensha



Semiconductors and Electronic Devices

Hiroshi Konuma
Managing Operating Officer



Main Products Handled

Semiconductors

Microcomputers, ASICs, power units, memories, semiconductor application products

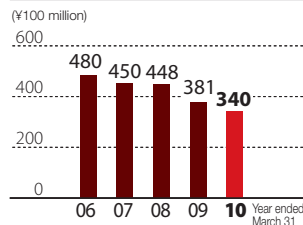
Electronic Devices

Optical devices, LCD modules, projector lamps, thermal heads, assembled base plates, others

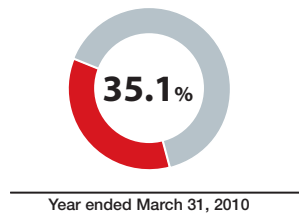
Review 2010

Sales of microcomputers for the consumer market such as home electrical appliances and car electronics equipment were at a similar level to the prior year, while sales of power units for air conditioners and opto-electronics for optical communications declined. In the electronic devices market sales dropped sharply for contact image sensors for copying machines, liquid crystal panels for store terminals and projector lamps. As a result, overall divisional net sales declined 10.7% when compared with the previous year.

Net Sales



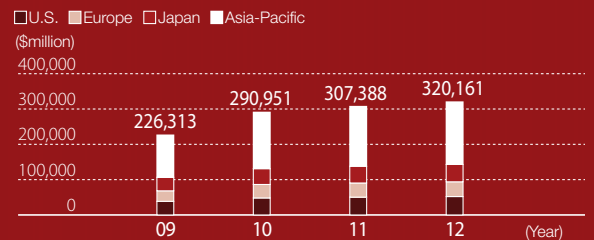
Composition of Net Sales



Developments in the global semiconductor market

The global semiconductor market in 2010 is expected to return to favorable growth, expanding by a sharp 28.6% over the preceding year to a record \$291.0 billion (¥26,390.0 billion), in reaction to negative growth in 2009 and on robust demand for electronic equipment in emerging economies.

Source: World Semiconductor Trade Statistics Inc. (WSTS)



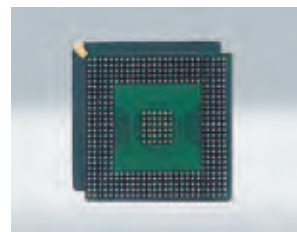
The division continues reform efforts to achieve a “lean and slim organization” structure, while strengthening operational capabilities to enable a high level of service to be provided. Through continuing to build trusting client relationships we strive to remain the “Trading Company of Choice”

Outlook and Prospects 2011

The market has “bottomed-out” and is now headed for recovery. “The global semiconductor market in 2010 is expected to return to favorable growth, expanding 28.6% over the preceding year to a record \$291 billion (¥26,390 billion), in response to negative growth in 2009”.

Source : World Semiconductor Trade Statistics Inc. (WSTS)

We have already witnessed a rapid recovery in semiconductor demand related with industrial equipment such as welders and injection molding machines. This primarily reflects production expansion in the Asia region, centering on China, with a recovery in capital spent in the semiconductor and liquid crystal segments leading to sharp rises in orders. Semiconductor manufacturers are currently producing at full capacity to meet the robust demand, but supply could fall short at any time. Under such demanding conditions the securing of supplies to enable us to meet customer production schedules and targets is critical and of the highest priority.



Microcomputers



Power and optical devices

Information and Communication Systems



Masao Hamamura
Operating Officer

Main products handled

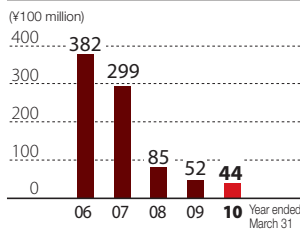
Physical Security
Information Security
Information Components

RFID solutions, DSRC solutions and monitoring systems
Thin clients, CC4UTM, virtualization solutions
Touch panels, surveillance cameras, liquid crystal display monitors, personal computers, digital signage, large video equipment
Industrial Devices
Industrial computers, built-in computers, special-purpose computers, CPU boards

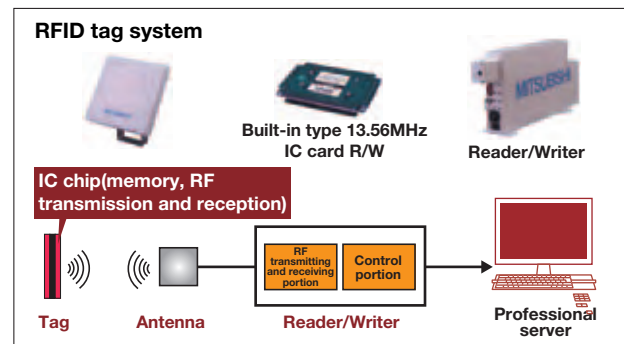
Review 2010

Closed circuit television (CCTV) systems sales for factory surveillance and other purposes have been strong, and the launch of the screen transfer-type thin client system also contributed to sales. However, sales of touch panels for information terminals and servers and peripheral equipment declined due to postponement of capital spent in the private sector. Recovery in corporate technology investment tends to lag behind recovery in investment in producer goods and equipment. As a result of that trend divisional sales reported a 15.1% decline when compared with the prior year.

Net Sales



Composition of Net Sales



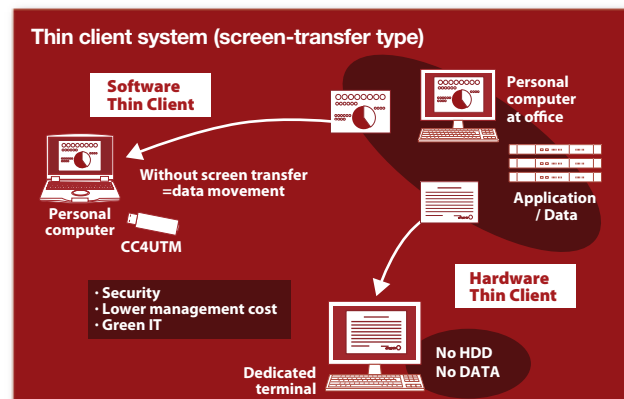
its sales. During fiscal 2009, as many as 103 companies took part in the sample evaluation of our system, and more than half of them have already started introducing trials. As companies grow increasingly aware of security measures to prevent information leaks, inquiries about the system are rising steadily. The system is also attracting government attention for its potential for promoting telework, an initiative being spearheaded by the Ministry of Internal Affairs and Communications, and an initiative to support for work-at-home jobs in single-parent households overseen by the Ministry of Health, Labour and Welfare.

Both RFID and thin client systems have the potential to contribute greatly to society, as they are directly linked to the security and safety of people and offer new possibilities for ways of working. Going forward, while taking operational efficiency into account, we will strive for widespread use of these systems by boosting partnerships with system integration companies as main purchasers.

Outlook and Prospects 2011

RFID systems (radio frequency identification: electronic tags containing embedded ID information used to manage physical inventory) are finding increasingly wider applications, mainly in the four fields of transportation, distribution, production and security. In transportation, for example, pilot programs are currently in progress relating to school commuting situations by attaching electronic tags to bicycles and bags. In pharmaceuticals and food and beverage industries RFID systems are widely used to ensure product traceability.

Our screen transfer-type thin client system, the first in the industry, allows users to operate a personal computer physically located at the office remotely from their home without taking potentially sensitive data out of the office. The system has drawn attention as an effective tool to fight pandemics by eliminating the need for workers to gather in one space, and several major manufacturers are promoting



Building Services Systems



Hiroshi Yoneda
General Manager

Main products handled

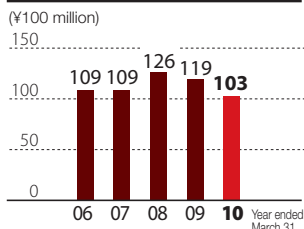
Elevators, escalators, power receiving/transformation equipment, monitoring and controlling equipment, uninterruptible power-supply systems, lighting equipment, package air-conditioners and other air-conditioning equipment, refrigerators, showcases, room air-conditioners, heaters, electric water heaters, fans, disaster-prevention and security equipment, equipment for all-electric housing, others

Review 2010

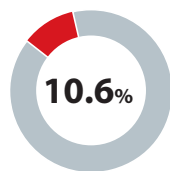
In the facility equipment sector, products targeted at all-electric housing such as the “Eco Cute” energy-efficient water heating and supply systems fared well, as did materials for electrical facilities for large construction projects in the Tokyo metropolitan area. While demand for rural electrification-related equipment was sluggish due to declines in fuel prices, signs of recovery are slowly emerging, but sales of air-conditioning equipment such as packaged air conditioners for stores, buildings and factories, declined.

As a result, overall net sales for the building services systems business fell 13.3% from the previous year.

Net Sales



Composition of Net Sales



Year ended March 31, 2010

Tachibana Kouwa System Service Co., Ltd. established in March 2010

Tachibana Kouwa System Service Co., Ltd. was established through the merger of subsidiaries Kowa Industry Co., Ltd. and Tachibana ES Ltd. With the addition of Tachibana Kouwa System Service Co., Ltd., the Tachibana Eletech Group will further enhance its facility-related engineering capability and also place emphasis on maintenance services. The Group will strive to raise the level of engineering capabilities through on-target proposals to clients and installation and construction work.



Plumbing and sanitation installation work

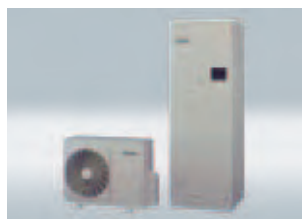


Services work

Industrial Technology Development Organization (NEDO) and the Ministry of Agriculture, Forestry and Fisheries. With the installation of elevators, security, and other equipment at the Osaka Station Building (North) project to complete next year, we are now focusing attention to securing contracts in the North Yard redevelopment.

Outlook and Prospects 2011

With the recent formation of Tachibana Kouwa System Service Co., Ltd., a company which brought together the technical and commercial skills of two wholly owned subsidiaries, Kowa Industry Co., Ltd., and Tachibana ES Ltd., the Group is well positioned to broaden the scope of operations and provide quality systems engineering and maintenance services to clients. In the short period of time since formation the level of work requests received have increased sharply, and it has been most encouraging to note successes achieved. In the facility equipment sector we expect the continuing steady introduction of the “Eco Cute” energy-efficient water heating and supply systems in tandem with the spread of photovoltaic power generation. In the agricultural sector opportunities are arising for heat pump air conditioners, lighting, and ventilating equipment, taking advantage of the subsidies from the New Energy and



The “Eco Cute” energy-efficient water heating and supply systems



Air-conditioning equipment for a greenhouse

Solution Systems

The division to commence separate accounting of net sales from the year 2015.



Michiyasu Yamamoto
Managing Operating Officer

Description of Business

Bringing together the technologies and skills from across the operating divisions of the Group enables the Solution Systems division to present clients with comprehensive integrated system proposals.

Review 2010

Tachibana is particularly strong in solutions, ranging from terminal systems at industrial plants to the manufacturing execution system (MES). We plan to focus projects particularly with the pharmaceutical, food and beverage industries where potentially stable demand exists. At the Design Engineering & Manufacturing Solutions Expo 2009, we proposed MES solutions featuring low cost of system construction designed for food manufacturers. As these manufacturers face increasingly tougher consumer safety regulations, we expect to see increasing demand for security systems. Going forward, we plan to step up marketing activities on two fronts, with the Division putting proposals direct to major food makers operating multiple plants while we continue to provide support to the marketing efforts of each operating division.

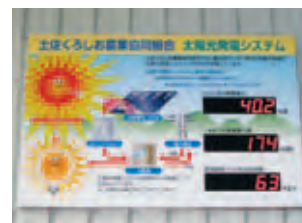
Outlook and Prospects 2011

In the high-growth potential field of clean energy, we are exploiting demand for and supporting the introduction of photovoltaic power generation systems, wind power generation systems and fuel cells.



A photovoltaic power generation system delivered to JA Tosa Kuroshio

In particular, demand for photovoltaic power systems is likely to expand, aided in part by an easing of the green area ratio being considered for companies installing photovoltaic power systems as a deregulation step under



A display panel

the Factory Location Act. Another factor likely to drive demand is ecological renovation of school buildings, including the introduction of photovoltaic power systems, a concept incorporated in the School New Deal scheme being promoted by Japan's Ministry of Education, Culture, Sports, Science and Technology. In collaboration with local engineering and construction companies, we hope to take advantage of this ecological renovation demand, including the installation of photovoltaic power systems.

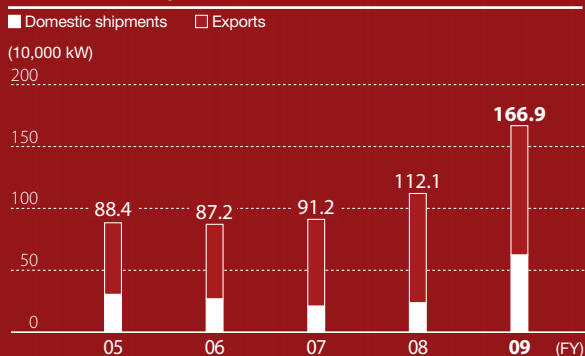
As part of rural electrification, the introduction of photovoltaic power systems began in Kochi Prefecture (by a JA agricultural cooperative) and the Tokai region. Going forward, in order to improve our cost competitiveness, we will consider purchasing low-cost foreign-made parts such as solar panels and power conditioners.

Total shipments of photovoltaic cells in Japan

Total shipments of photovoltaic cells in fiscal 2009 stood at a record 1,668,531 kilowatts in terms of power output, about 1.5 times higher than the previous year. Domestic shipments came to 623,127 kilowatts in terms of power generation capacity, a 2.6-fold expansion year on year. In Japan, residential photovoltaic cells increased thanks to subsidies from the central and local governments, with the market size ranking third in the world after Germany and Italy (up from sixth in fiscal 2008). Exports were also firm, rising 18.3% year on year to 1,045,404 kilowatts.

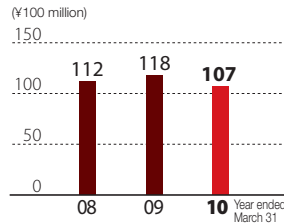
Source: Japan Photovoltaic Energy Association (JPEA)

Trends in Total Shipments of Solar Cells

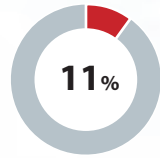


Overseas Operations

Net Sales



Ratio of Overseas Net Sales to Total Net Sales



Year ended March 31, 2010



Review 2010

Despite energetic marketing and sales promotion throughout the region, with primary targets being Japanese manufacturers, we experienced reduced levels of orders for both factory automation equipment and semiconductors, due largely to the adverse trading conditions existing in the United States and Europe, and in consequence lower levels of exports from Asia to those important markets.

As a result, net sales at ¥10,724 million were 9.4% lower than the previous year, and represented 11.1% of total Group sales.

Outlook and Prospects 2011

Tachibana Overseas Holdings will continue to spearhead overseas operations, and in line with the Management Plan and overall "GT21" Plan, the focus is to a more rapidly expand our on-the-ground presence in China.

A marketing and sales presence has recently been established in Beijing, and pending approval being granted by the Chinese authority, our position in the south will be strengthened by a marketing and sales presence being established in Shenzhen, alongside the existing technical center we already have in that city.

In both Semiconductor and Electronic Devices and Factory Automation divisions of the Group it is recognized that to achieve the growth ambitions we must further strengthen sales and technical support networks. Accordingly, we are identifying potential local partners in a number of provinces and cities with whom we can build working relationships, and gain access to a much wider range of domestic manufacturing companies than we have at present.

Being in a position to provide a high level of technical support is seen as the "key" to successful local partnering and profitable growth. Through the respective technical divisions at headquarters in Japan, the technical center in Shenzhen, plus relationships with independent local designers, we have the capability to fulfill that role and put forward solutions and system designs to clients which are tailored to domestic market needs.

Tachibana Overseas Holdings currently has a combined regional commercial and technical staff of 63 people with the China operations accounting for 73% of that total. As the marketing and sales and technical support networks further grow so will the importance for continued staff training development, and localization of company management.

Corporate Governance

We are continuing to strengthen internal control and risk management functions

Basic Policy

With the basic recognition that the objective of a company is to realize efficient economic activities, and aim to improve shareholder value, Tachibana Eletech believes that corporate governance is about “meeting the expectations of and proving worthy of the confidence placed in us by various stakeholders, including shareholders, clients, employees and local communities, as well as fulfilling our social responsibility as a company listed on the First Section of the Tokyo Stock Exchange.”

Governance Structure

We have invited attorneys at law with a wealth of knowledge and experience in compliance to serve as outside directors and outside auditors. We have sought their legal advice based on their extensive knowledge and experience to improve the transparency, soundness and legal conformity of the way of our management. Tachibana Eletech’s management consists of seven directors, including two outside directors, and three auditors, including two outside auditors.

We also recognize that one of our important tasks is to improve the performance of our core businesses. Accordingly, Directors in charge of management not only concurrently serve as Operating Officers but also appoint Operating Officers who specialize in the execution of operations. Directors play their roles at the Board of Directors and the Operating Officers at the Corporate Executive Committee. In order to clearly define the managerial responsibilities in each fiscal year, the term of office for both Directors and Operating Officers is one year.

In the fiscal year under review, meetings of the Board of Directors were convened 17 times, the Corporate Executive Committee 12 times, and the Board of Auditors 7 times. Directors make decisions on matters set forth in laws and regulations and basic management policies at the meetings of the Board of

Directors, attend the meetings of the Corporate Executive Committee and also other important meetings, and supervise the status of execution of businesses.

The Board of Auditors formulates and implements audit policies, audit plans, audit methods, allocation of audit operations, etc. and exchanges opinions with an independent auditing company.

Internal Control and Risk Management

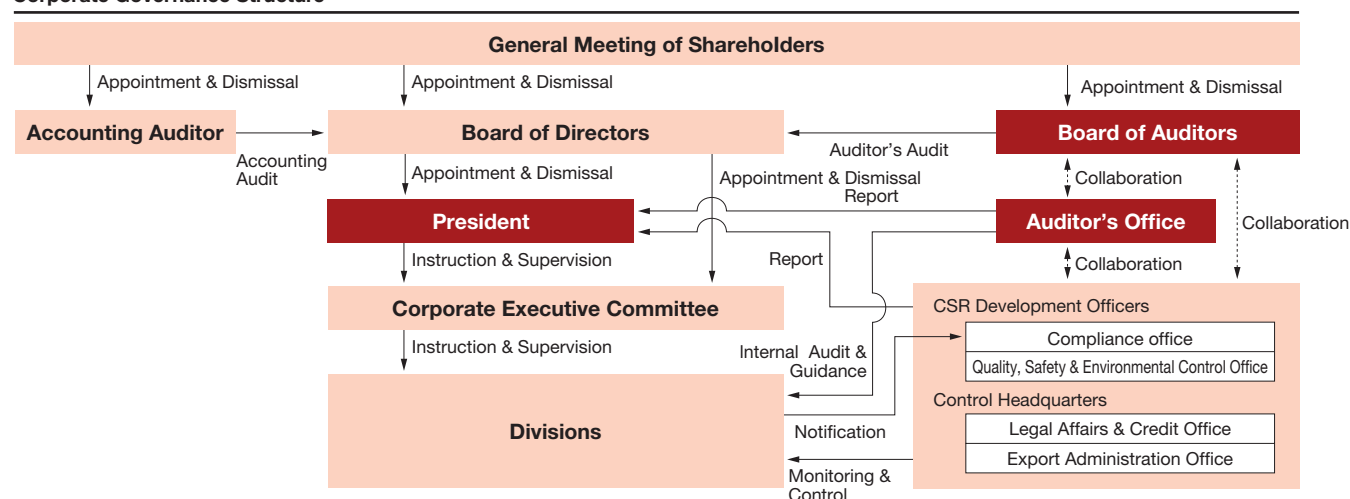
We have formulated internal rules for developing the internal control system, established the Compliance Office to ensure that the execution of duties conform to laws and regulations as well as to the Articles of Incorporation, and have put in place the system to ensure the appropriateness of our business operations, including those of subsidiaries.

The Compliance Office, in order to facilitate risk management and internal audit activities, encourages operating divisions to prepare respective business-related rules, such as accounting rules, as well as practical sales and other manuals, and makes known the significance of internal audit across the corporate organization. Thus, we have put in place a structure that allows the President, Directors in charge and the Board of Directors to promptly grasp the situation when a risk of loss is identified.

The Auditors’ Office, an independent organization that directly reports to the President, takes charge of internal audit tasks. It investigates the actual status of business operations and asset management based on the Internal Audit Rules established by Tachibana Eletech, in efforts to improve internal controls.

We have built a risk management system in accordance with risk management rules with respect to each type of risk. For the promotion of risk management, the Compliance Office makes an audit of the status of risk management at each division.

Corporate Governance Structure



● **Development Status of Risk Management System**

We have built a risk management system in accordance with risk management rules with respect to each type of risk.

● **Internal Control System**

The Auditors’ Office, which is an independent organization that directly reports to the President, takes charge of internal audit tasks. It investigates the actual status of business operations and asset management based on the Internal Audit Rules established by Tachibana Eletech, in an effort to improve internal control.

We have taken measures to ensure the quality of products from suppliers and to preserve the environment

Auditing of suppliers' plants to ensure no defects

The scope of our suppliers is widening to include many firms both in Japan and abroad, reflecting the diversification of products we handle and clients' growing demands with regard to prices, delivery time and product quality. Accordingly, in order to reinforce our system to deliver products to our customers in a responsible manner, we established the Factory Auditing Office in 2004.

The Factory Auditing Office audits manufacturing plants for newly procured products and certifies plants for consignment production. Audits are conducted mainly on sources of newly procured products, but the Factory Auditing Office also conducts supplier plant audits when manufacturing processes, production factories or suppliers' senior executives change, defective products are found, or when customers request an audit.

Factory auditing begins with a review of the outline of a manufacturing plant. We first check the type of activities carried out at the plant, the items produced, net sales, the number of production lines, key production facilities, test facilities, main customers, the status of ISO and UL certification and product liability insurance coverage, and other items. Next, we perform quality control checks covering a total of 112 points. Main check items include corporate philosophy, quality consciousness, organization and in-house meetings, drawing management, material intake management, manufacturing process management, management of manufacturing and testing facilities, the claims processing structure, employee education and training, safety and health management, and control of hazardous substances.

We attach particular importance in factory auditing to ascertaining trends in the defect rate and measures in place to deal with defects. We evaluate factors such as whether product manufacturing is based on a QC process chart, whether jobs are done in accordance with a job sheet, and whether the maintenance of manufacturing facilities and material management follow prescribed rules. We evaluate all these items on a scale of one to four, and we do not do business with suppliers who fail to satisfy the acceptability criteria. In the overall evaluation, except in cases when the supplier in question follows our guidance for improvement and meets the acceptability criteria in a subsequent factory audit. The key points that we check at production site include "5S" (organizational and orderly arrangements, sweeping, cleanliness and discipline; the pronunciation of all these properties starts with an "S" sound in Japanese language), countermeasures against static electricity, occupational safety and health measures, QC circle activities and employee education and training, as these are closely related to quality control.

In the fiscal year under review, we audited a total of 46 plants, of which we sought improvements for 33. The positive results of factory auditing, which led to higher levels of product quality of audited suppliers and fewer defects in products we deliver to our customers, are reflected in the actual business outcome, included more stable transactions with customers and Tachibana Eletech capturing the top share in transaction amounts with customers.

Factory Auditing Plans and the Actual Number of Audit

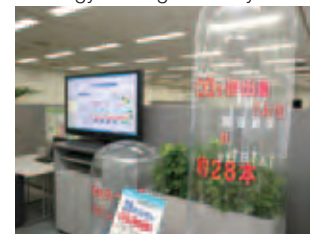
*Numbers in parentheses indicate plans.

Fiscal Year The business year ending March 31	Japan	Overseas	Total	Overseas ratio
2007	16	16	32	50%
2008	34	22	56	39%
2009	17	29	46	63%
2010 (Plan)	(20)	(20)	(40)	

Promoting energy-saving solutions via "Mieruka" of energy

On the occasion of the renovation of the Head Office building in spring 2007, we jointly developed with Mitsubishi Electric Corp. a system for managing energy use of the entire building, "TEM Solution (Tachibana Energy Management Solution)." The TEM Solution helps realize energy saving by making operational management more efficient through "Mieruka (visualization)" of energy usage within a building, including machinery and equipment. The TEM Solution automatically collects data on in-house energy use for display on office terminals, helping raise each employee's energy-conservation awareness. The TEM Solution, characterized by its configuration having "MELSEC-Q," a control device in wide use at manufacturing sites, as a master controller, is a system that contributes to energy-saving by manufacturers, our main customers.

We use the TEM Solution in-house, and make energy-saving solutions to customers, from the knowhow we have acquired from its internal use. The importance of energy management systems is growing as the revised Act on the Rational Use of Energy (put into force on April 1, 2009) calls for energy management by each company. The TEM Solution has much to offer as a tool to demonstrate the corporate stance in favor of preservation of the environment, let alone its effectiveness as an energy-saving and cost-saving system.



A large screen monitor of "TEM Solution" installed on the first floor of the head office

Risk Management

Statement of Business Risks and Other Risks

Risks which may affect the Tachibana Eletech Group's business performance, financial position, etc. include, but are not limited to, the following.

Forward-looking statements in this report are based on the Group's judgment as of the end of the fiscal year under review(March 31, 2010).

(1) Changes in Economic Climate

The Tachibana Eletech Group is engaged primarily in the business of selling electronic and information equipment and products as well as semiconductor device products. While its customers are mainly in the manufacturing industry, they are wide-ranging in terms of business type.

As the circumstances of each customer are susceptible to a fall in demand in the industry in which it operates and a reduction in capital investment attributable to changes in the economic climate, the Group's business performance and financial position could also be affected.

(2) Relationship with Major Customers

The Tachibana Eletech Group mainly deals in FA equipment and products, such as inverters, servos and programmable controllers, and semiconductor products, including memory chips, microcomputers, ASICs, which are primarily supplied by Mitsubishi Electric Corporation and Renesas Technology Sales Co., Ltd. Accordingly, the Group's business performance and financial position could be affected by the business strategies, etc. of these major suppliers.

The Group could also be affected likewise by the trends in the market strategies and product strategies of its major clients to which the products are supplied.

(3) Product Quality and Liability

The Tachibana Eletech Group outsources some of the tasks involved in the production process of the systems it sells and its proprietary software. For the quality control of products, we have established a division specializing in quality assurance and are endeavoring to maintain quality assurance for customers. However, in the event that there are problems such as defects in the products or services provided, the Group could be liable for the resulting damages.

(4) Collection of Receivables

The Tachibana Eletech Group pays due attention to credit management, including investigating and analyzing customers on a regular basis. However, the Group could incur a loss from bad debt if receivables become uncollectible in the event of the rapid deterioration in cash flows of customers, bankruptcy of customers, etc.

(5) Fluctuations in Foreign Exchange Rates

The Tachibana Eletech Group's business operations include selling products to overseas customers as well as the procurement from overseas suppliers. Local currency-quoted items in each region, including net sales, costs and assets, are converted into yen in the consolidated balance sheet. Values for these items when converted into yen, even if they remain unchanged in local currencies, could be affected by fluctuations in foreign exchange rates at the time of conversion.

In order to mitigate risks of exchange rate fluctuations, the Tachibana Eletech Group is striving to minimize the impact of exchange rate fluctuations among major currencies, including the U.S. dollar and the Japanese yen, by utilizing currency hedge transactions such as forward exchange contracts. However, the Group's earnings performance and financial position could still be affected by the timing of concluding forward exchange contracts and rapid exchange rate fluctuations.

(6) Financial Structure

The Tachibana Eletech Group's turnover cycle of trade payables is shorter than trade receivables. Therefore, as the demand for operating funds arises in line with the increase in sales, its financial structure requires that such operating funds be raised from financial institutions and other sources outside the Group. Accordingly, the Group's business performance and financial position could be affected by the Group's sales trends, trends in interest rates in the financial markets, and changes in financial institutions' propensity to lend in the future.

(7) Retirement Benefit Obligations

The Tachibana Eletech Group's employee retirement benefit expenses and obligations are calculated on the basis of assumptions set in actuarial calculations, such as the discount rate and the expected rate of return of pension assets.

Retirement benefit expenses could increase due to a reduction in the discount rate and changes in investment yields in the future.

(8) Important Lawsuits, etc.

An important lawsuit pending during the consolidated fiscal year under review is described below. Though it is difficult to precisely predict an outcome of the lawsuit, should the outcome prove to be unfavorable to Tachibana Eletech, it could adversely affect the Group's business performance and financial condition.

On October 24, 2008, Max Co., Ltd. brought an action for damages against the Tachibana Eletech Group over allegedly defective home-use fire alarms supplied to the company, seeking the refund of payments it had made for the products following the cancellation of the fire alarm supply transaction, the cost of recall of the products and other expenses (¥837 million plus delay damages on ¥566 million of that amount). The Tachibana Eletech Group has both contended that the claims by Max Co., Ltd. have no legitimate grounds, and also filed a countersuit on June 16, 2009, seeking the full receipt of uncollected payments for the transaction (¥221 million in demanded amount plus delay damages on that amount). Both cases are still pending.



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Financial Overview

(Fiscal Year Ended March 31, 2010)

(1) Analysis of Financial Position in the Fiscal Year Under Review

In the fiscal year ended March 31, 2010, total assets increased by ¥6,265 million year-on-year to ¥70,020 million, in part because the Tachibana Eletech Group acquired additional shares in Daidensha Co., Ltd., which was previously an equity-method affiliate, making it a consolidated subsidiary. Increases/decreases by item are described below.

Current assets increased by ¥4,583 million year on year to ¥57,420 million. This was primarily due to an increase of ¥5,363 million in cash and cash equivalents and a decrease in articles of trade of ¥893 million.

Fixed assets increased by ¥1,681 million year-on-year to ¥12,599 million. This was mainly attributable to an increase in investment securities of ¥1,064 million and an increase in land of ¥673 million.

Current liabilities increased by ¥1,225 million year on year to ¥31,744 million. This was mainly due to an increase of ¥872 million in trade notes and accounts payable. Long-term liabilities increased by ¥3,738 million year on year to ¥4,425 million. This was mainly attributable to the increase in negative goodwill by ¥2,384 million and the increase in long-term debt by ¥821 million.

In the fiscal year ended March 31, 2010, total shareholders' equity increased by ¥1,301 million year-on-year to ¥33,850 million. This was mainly due to an increase of ¥748 million in unrealized gains on available-for-sale securities and an increase of ¥439 million in retained earnings.

(2) Analysis of Management Results in the Fiscal Year Under Review

1) Net Sales

Net sales in the fiscal year ended March 31, 2010 amounted to ¥96,838 million, a decrease of 16.9% from the previous fiscal year, with net sales falling in all businesses other than the core FA Systems Division. This was due to the prolonged sluggishness in capital investment in Japan, despite some signs that the worst of the recession is now over.

2) Cost of Sales and Selling, General and Administrative Expenses

Cost of sales decreased by ¥16,962 million or 16.6% from the previous year to ¥84,950 million, in line with a decline in net sales. The ratio of cost of sales to net sales rose 0.3 of a percentage point to 87.7%. Selling, general and administrative expenses decreased by ¥1,173 million or 9.8% from the previous year to ¥10,851 million. This mainly reflected continued efforts to cut back on personnel expenses and general and administrative expenses, as well as the promotion of efficiency in business operations through thorough efforts toward internal reform.

3) Non-operating Profit/Loss

Non-operating profit increased by ¥145 million or 40.0% from the previous year to ¥509 million. This mainly reflected amortization of negative goodwill stemming from the addition of Daidensha Co., Ltd. as a wholly owned subsidiary. Non-operating expenses decreased ¥108 million or 35.1% from the previous year to ¥201 million. This was primarily due to a drop in sales discounts.

4) Extraordinary Profit/Loss

Extraordinary profit increased by ¥4 million or 37.6% from the previous year to ¥15 million. Extraordinary losses decreased by ¥598 million or 92.8% from the previous year to ¥46 million. This reflected a decrease in the valuation loss for investment securities.

5) Net Income

Net income decreased by ¥581 million or 41.6% from the previous year to ¥815 million.

(3) Analysis of Sources of Capital and Liquidity of Funds

1) Status of Cash Flows

The Tachibana Eletech Group's balance of cash and cash equivalents at March 31, 2010, increased by ¥3,894 million year-on-year to ¥13,019 million.

The status and breakdown of cash flows in the fiscal year under review are as described below:

(Cash Flow from Operating Activities)

Net cash provided by operating activities amounted to ¥4,083 million. This mainly stemmed from a decrease in accounts receivable of ¥2,198 million and a decrease in inventories of ¥1,145 million.

(Cash Flow from Investing Activities)

Net cash used in investing activities amounted to ¥608 million. This was mainly due to outlays of ¥252 million associated with an increase in time deposits and for the acquisition of intangible fixed assets amounting to ¥146 million.

(Cash Flow from Financing Activities)

Net cash provided by financing activities amounted to ¥394

million. This was primarily due to ¥1,082 million in proceeds from long-term borrowings, ¥391 million in payment of cash dividends, and ¥292 million in outlays associated with the repayment of long-term borrowings.

2) Funding Demand

The Tachibana Eletech Group's demand for funding was mainly driven by cash advances made between payment for purchases and collection of payments for sales, as well as operating expenses such as selling, general and administrative expenses.

(4) Current Situation and Strategic Outlook

Despite signs of pickup in electronics-related and some other sectors, we have yet to observe prospects for a major industry-wide recovery and expect the severe business climate to continue for some time to come.

Under these circumstances, the Tachibana Eletech Group will strive to keep costs under control through further cost-cutting efforts and work to expand our operations through aggressive business strategies and internal reform efforts with the keywords of "reform and innovation" to strengthen the base for future growth.

Consolidated Balance Sheets

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
CURRENT ASSETS:			
Cash and cash equivalents (Note 11)	¥ 13,020	¥ 9,125	\$ 139,939
Short-term investments (Notes 3, 5 and 11)	1,845	111	19,828
Receivables (Note 11):			
Trade notes	6,023	7,288	64,732
Trade accounts	28,842	27,889	309,996
Associated companies		51	
Other	1,368	1,012	14,708
Allowance for doubtful receivables	(85)	(44)	(915)
Inventories (Note 4)	5,896	6,798	63,372
Deferred tax assets (Note 9)	327	382	3,516
Prepaid expenses and other current assets (Note 12)	185	225	1,987
Total current assets	57,421	52,837	617,163
PROPERTY AND EQUIPMENT:			
Land (Note 5)	1,177	503	12,646
Buildings and structures (Note 5)	6,547	6,071	70,373
Machinery and equipment	63	62	682
Furniture and fixtures	679	608	7,294
Construction in progress	1	—	11
Total	8,467	7,244	91,006
Accumulated depreciation	(4,502)	(3,888)	(48,389)
Net property and equipment	3,965	3,356	42,617
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 11)	7,284	4,870	78,286
Investments in associated company		1,349	
Deferred tax assets (Note 9)	19	229	201
Other assets	1,331	1,114	14,313
Total investments and other assets	8,634	7,562	92,800
TOTAL	¥ 70,020	¥ 63,755	\$ 752,580

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
CURRENT LIABILITIES:			
Short-term bank loans (Notes 5 and 11)	¥ 2,050	¥ 2,050	\$ 22,034
Current portion of long-term debt (Notes 5 and 11)	256	289	2,757
Payables:			
Trade notes (Note 11)	1,358	2,025	14,601
Trade accounts (Note 11)	25,261	23,708	271,504
Associated companies		18	
Other	626	448	6,733
Income taxes payable	151	108	1,626
Accrued expenses	695	736	7,465
Deferred tax liabilities (Note 9)	6	0	66
Other current liabilities	1,341	1,137	14,405
Total current liabilities	31,744	30,519	341,191
LONG-TERM LIABILITIES:			
Long-term debt (Notes 5 and 11)	931	110	10,011
Long-term accounts payable	146	151	1,577
Liability for retirement benefits (Note 6)	657	417	7,056
Negative goodwill	2,389	4	25,679
Deferred tax liabilities (Note 9)	294	—	3,154
Other long-term liabilities	8	5	83
Total long-term liabilities	4,425	687	47,560
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10, 12 and 13)			
EQUITY (Notes 7, 8 and 17):			
Common stock - authorized, 80,000,000 shares; issued 21,381,102 shares in 2010 and 2009	5,692	5,692	61,179
Capital surplus	5,571	5,571	59,880
Retained earnings	22,374	21,935	240,480
Unrealized gain on available-for-sale securities	794	45	8,530
Deferred gain on derivatives under hedge accounting	1	0	7
Foreign currency translation adjustments	(282)	(303)	(3,035)
Treasury stock - at cost 600,714 shares in 2010 and 528,220 shares in 2009	(494)	(446)	(5,304)
Total	33,656	32,494	361,737
Minority interests	195	55	2,092
Total equity	33,851	32,549	363,829
TOTAL	¥ 70,020	¥ 63,755	\$ 752,580

Consolidated Statements of Income

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
NET SALES	¥ 96,838	¥ 116,540	\$ 1,040,827
COST OF SALES	84,951	101,914	913,058
Gross profit	11,887	14,626	127,769
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6, 10 and 16)	10,851	12,025	116,628
Operating income	1,036	2,601	11,141
OTHER INCOME (EXPENSES):			
Interest and dividend income	106	166	1,137
Interest expense	(33)	(56)	(353)
Amortization of negative goodwill	132	5	1,418
Valuation loss on investment securities	(38)	(620)	(414)
Other - net	111	(75)	1,193
Other income (expenses) - net	278	(580)	2,981
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	1,314	2,021	14,122
INCOME TAXES (Note 9):			
Current	452	751	4,857
Deferred	43	(136)	461
Total income taxes	495	615	5,318
MINORITY INTERESTS IN NET INCOME	4	10	44
NET INCOME	¥ 815	¥ 1,396	\$ 8,760

	Yen		U.S. Dollars (Note 1)
	2010	2009	2010
PER SHARE OF COMMON STOCK (Notes 2.q and 15):			
Basic net income	¥ 39.12	¥ 66.11	\$ 0.42
Cash dividends applicable to the year	18.00	20.00	0.19

Diluted net income per share is not disclosed because it is anti-dilutive.

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

	Thousands		Millions of Yen								
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2008	21,288	¥ 5,692	¥ 5,571	¥ 20,984	¥ 831	¥ (1)	¥ (8)	¥ (84)	¥ 32,985	¥ 46	¥ 33,031
Net income				1,396					1,396		1,396
Cash dividends, ¥21 per share				(445)					(445)		(445)
Purchase of treasury stock	(435)							(363)	(363)		(363)
Disposal of treasury stock	0		(0)					1	1		1
Net change in unrealized gain on available-for-sale securities					(786)				(786)		(786)
Net change in deferred loss on derivatives under hedge accounting						1			1		1
Net change in foreign currency translation adjustments							(295)		(295)		(295)
Net change in minority interests										9	9
BALANCE, MARCH 31, 2009	20,853	5,692	5,571	21,935	45	0	(303)	(446)	32,494	55	32,549
Net income				815					815		815
Cash dividends, ¥18 per share				(376)					(376)		(376)
Purchase of treasury stock	(73)							(48)	(48)		(48)
Disposal of treasury stock	0		(0)					0	0		0
Net change in unrealized gain on available-for-sale securities					749				749		749
Net change in deferred loss on derivatives under hedge accounting						1			1		1
Net change in foreign currency translation adjustments							21		21		21
Net change in minority interests										140	140
BALANCE, MARCH 31, 2010	20,780	¥ 5,692	¥ 5,571	¥ 22,374	¥ 794	¥ 1	¥ (282)	¥ (494)	¥ 33,656	¥ 195	¥ 33,851

	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity	
BALANCE, MARCH 31, 2009	\$ 61,179	\$ 59,880	\$ 235,760	\$ 483	\$ 1	\$ (3,257)	\$ (4,798)	\$ 349,248	\$ 592	\$ 349,840	
Net income			8,760					8,760		8,760	
Cash dividends, \$0.19 per share			(4,040)					(4,040)		(4,040)	
Purchase of treasury stock							(507)	(507)		(507)	
Disposal of treasury stock			(0)				1	1		1	
Net change in unrealized gain on available-for-sale securities				8,047				8,047		8,047	
Net change in deferred loss on derivatives under hedge accounting					6			6		6	
Net change in foreign currency translation adjustments						222		222		222	
Net change in minority interests									1,500	1,500	
BALANCE, MARCH 31, 2010	\$ 61,179	\$ 59,880	\$ 240,480	\$ 8,530	\$ 7	\$ (3,035)	\$ (5,304)	\$ 361,737	\$ 2,092	\$ 363,829	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 1,314	¥ 2,021	\$ 14,122
Adjustments for:			
Income taxes - paid	(437)	(1,162)	(4,701)
Depreciation and amortization	257	435	2,758
Provision for doubtful receivables	(71)	88	(758)
Provision for employee bonuses	(39)	(145)	(415)
(Gain) loss on sales of investment securities	(2)	11	(26)
Changes in assets and liabilities:			
Decrease in receivables - trade	2,199	8,046	23,635
(Increase) decrease in account receivables - other	(340)	1,007	(3,651)
Decrease in inventories	1,145	960	12,310
Increase (decrease) in trade payables	103	(8,534)	1,103
Increase in liability for retirement benefits	46	52	497
Other - net	(92)	190	(982)
Total adjustments	2,769	948	29,770
Net cash provided by operating activities	4,083	2,969	43,892
INVESTING ACTIVITIES:			
Increase in time deposits	(253)	(14)	(2,718)
Purchases of property and equipment	(46)	(138)	(498)
Purchases of intangible assets	(146)	(177)	(1,571)
Proceeds from sales of investment securities	4	51	38
Purchases of investment securities	(14)	(112)	(148)
Payment for purchase of DAIDENSHA Co., Ltd., net of cash acquired	(105)	—	(1,131)
Other - net	(48)	(253)	(511)
Net cash used in investing activities	(608)	(643)	(6,539)
FINANCING ACTIVITIES:			
Decrease in short-term bank loans - net	(0)	(186)	(3)
Proceeds from long-term debt	1,082	150	11,629
Repayments of long-term debt	(292)	(469)	(3,144)
Net change in treasury stock	(2)	(363)	(17)
Dividends paid	(391)	(436)	(4,203)
Other - net	(2)	(1)	(18)
Net cash provided by (used in) financing activities	¥ 395	¥ (1,305)	\$ 4,244
EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	¥ 25	¥ (298)	\$ 265
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,895	723	41,862
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,125	8,402	98,077
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 13,020	¥ 9,125	\$ 139,939

Assets and liabilities of DAIDENSHA Co., Ltd. at the inception of the consolidation, related acquisition cost and net expenditure for acquisition of shares are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2010	2010
Assets acquired:		
Current	¥ 4,366	\$ 46,932
Non-current	2,324	24,980
Liabilities assumed:		
Current	(798)	(8,576)
Long-term	(320)	(3,443)
Negative goodwill	(2,503)	(26,902)
Minority interests	(145)	(1,563)
Acquisition shares in previous years	(1,452)	(15,601)
Acquisition cost of shares	1,472	15,827
Cash and cash equivalents of newly consolidated company	(1,367)	(14,696)
Payment for purchase of DAIDENSHA Co., Ltd. - net of cash acquired	¥ 105	\$ 1,131

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

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.

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

reclassifications have been made in the 2009 consolidated financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which TACHIBANA ELETECH CO., LTD. (the "Company") is incorporated and operates. The translations 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 ¥93.04 to \$1, the approximate rate of exchange at March 31, 2010. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements as of March 31, 2010 and 2009 include the accounts of the Company and all subsidiaries (together, the "Group").

Due to additional acquisition of shares on January 22, 2010, DAIDENSHA Co., Ltd., an associated company accounted for by the entity method until the acquisition date, became a consolidated subsidiary.

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 the ability to exercise significant influence are accounted for by the equity method.

Investments in associated companies are accounted for by the equity method.

The excess of the cost of acquisition over the fair value of the Group's share of the net assets of subsidiaries acquired or the excess fair value of the Group's share of the net assets of subsidiaries acquired over the cost of acquisition is amortized on a straight-line basis over five years.

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 fair value model accounting for property, plant, and equipment and investment properties and incorporation of 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. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. The Group applied this accounting standard effective April 1, 2008.

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, all of which mature within three months of the date of acquisition.

d. Allowance for Doubtful Receivables - The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

e. Inventories - Inventories are stated at the lower of cost, principally determined by the average method, or net selling value.

f. Short-term Investments and Investment Securities - All of the Group's securities included in short-term investments and investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

g. Property and Equipment - Property and equipment are stated at cost. Depreciation is computed substantially by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998.

The range of useful lives is principally from 3 to 50 years for buildings and structures, from 4 to 12 years for machinery and equipment, and from 2 to 20 years for furniture and fixtures.

h. Long-lived Assets - The Group reviews its long-lived assets for impairment whenever events or changes in circumstances 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.

i. Retirement Benefits - The Group has a non-contributory funded pension plan covering substantially all of its employees and corporate officers. The Company and certain consolidated subsidiaries participate in the welfare pension plans. The liability for employees' and corporate officers' retirement benefits are accounted for based on projected benefit obligations and plan assets at the balance sheet date.

j. Leases - 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 is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

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

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

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

l. Construction Contracts - In December 2007, the ASBJ issued ASBJ Statement No. 15 "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 "Guidance on Accounting Standard for Construction Contracts". Under the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009. The Group applied the new accounting standard effective April 1, 2009. The effect of this change was not material to the consolidated financial statements.

m. 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.

n. Foreign Currency Transactions - Both 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.

However, short-term and long-term receivables and payables covered by forward exchange contracts are translated at the contract rates. Any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts.

o. 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 translations were shown as "Foreign currency translation adjustments" in a separate component of equity.

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

p. 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: a) 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 b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of products from overseas suppliers. Forward contracts applied for forecasted (or committed) transactions are measured at fair value and the unrealized gains/losses are deferred until the underlying transactions are completed.

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.

q. 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.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
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Diluted net income per share reflects the potential dilution that could occur if stock options were exercised. Diluted net income per share of common stock assumes full exercise of outstanding stock options.

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 the year without giving retroactive adjustment for subsequent stock splits.

r. New Accounting Pronouncements

Business Combinations - In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations". Major accounting changes under the revised accounting standard are as follows:

- (1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires companies to account for such business combinations by the purchase method and the pooling of interests method of accounting is no longer allowed.
- (2) The current accounting standard accounts for research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.
- (3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations - In March 2008, the ASBJ published a new 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 is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

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 Presentation

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.

Segment Information Disclosures - 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.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Short-term investments:			
Time deposits other than cash equivalents	¥ 1,580	¥ 111	\$ 16,983
Government and corporate bonds	265		2,845
Total	¥ 1,845	¥ 111	\$ 19,828
Investment securities:			
Marketable equity securities	¥ 6,508	¥ 4,785	\$ 69,945
Government and corporate bonds	599		6,436
Non-marketable equity securities	28	46	304
Others	149	39	1,601
Total	¥ 7,284	¥ 4,870	\$ 78,286

Information regarding each category of securities at March 31, 2010 and 2009 was as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2010				
Equity securities	¥ 5,127	¥ 1,782	¥ 401	¥ 6,508
Government and corporate bonds	854	10	0	864
Others	144	7	2	149
Total	¥ 6,125	¥ 1,799	¥ 403	¥ 7,521

March 31, 2009

Equity securities	¥ 4,708	¥ 649	¥ 572	¥ 4,785
Others	44	4	9	39
Total	¥ 4,752	¥ 653	¥ 581	¥ 4,824

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2010				
Equity securities	\$ 55,100	\$ 19,153	\$ 4,308	\$ 69,945
Government and corporate bonds	9,178	107	4	9,281
Others	1,546	71	16	1,601
Total	\$ 65,824	\$ 19,331	\$ 4,328	\$ 80,827

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

Securities whose fair value is not readily determinable as of March 31, 2009 were as follows.
The similar information for 2010 is disclosed in Note 11.

	Carrying Amount
	Millions of Yen
Non-marketable equity securities	¥ 46

4. INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Merchandise	¥ 5,887	¥ 6,781	\$ 63,274
Work in process	7	15	73
Raw materials	2	2	25
Total	¥ 5,896	¥ 6,798	\$ 63,372

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

Short-term bank loans at March 31, 2010 and 2009 included bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.73% to 1.48% and 0.95% to 1.48% at March 31, 2010 and 2009, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Loans from banks and other financial institutions, due serially to 2019 with interest rates ranging from 0% to 2.30% (2010) and 1.35% to 2.30% (2009):			
Collateralized	¥ 72	¥ 23	\$ 774
Unsecured	1,115	376	11,994
Total	1,187	399	12,768
Less current portion	(256)	(289)	(2,757)
Long-term debt, less current portion	¥ 931	¥ 110	\$ 10,011

Annual maturities of long-term debt at March 31, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 256	\$ 2,757
2012	218	2,346
2013	264	2,839
2014	214	2,301
2015	207	2,225
2016 and thereafter	28	300
Total	¥ 1,187	\$ 12,768

The carrying amounts of assets pledged as collateral for the above secured and collateralized long-term debt at March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Time deposits included in short-term investments	¥ 6	\$ 65
Land	107	1,153
Buildings and structures - net of accumulated depreciation	28	294
Total	¥ 141	\$ 1,512

6. RETIREMENT BENEFITS

The Company participates in defined benefit pension plans. The Company and certain consolidated subsidiaries participate in the welfare pension plans. Under the pension plan, employees terminating their employment are, in most circumstances, entitled to pension payments based on their average pay during their employment, length of service and certain other factors.

The liability for employees' retirement benefits including accruals for corporate officers at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥ 3,734	¥ 3,432	\$ 40,129
Fair value of plan assets	(2,810)	(2,424)	(30,198)
Unrecognized prior service cost	57		612
Unrecognized actuarial gain	(324)	(591)	(3,487)
Net liability	¥ 657	¥ 417	\$ 7,056

The Company changed part of its retirement plan on April 1, 2009. Due to this change, prior service cost of ¥63 million (\$680 thousand) was accrued and is being amortized over 10 years. The components of net periodic benefit costs for the years ended March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost	¥ 200	¥ 191	\$ 2,147
Interest cost	82	81	887
Expected return on plan assets	(24)	(41)	(260)
Amortization of prior service cost	(6)		(68)
Recognized actuarial loss	80	98	859
Subtotal	332	329	3,565
Payments for defined contribution pension plan	223	230	2,397
Additional retirement benefit expenses	16	32	176
Net periodic benefit costs	¥ 571	¥ 591	\$ 6,138

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	1.0%	1.5%
Amortization period of prior service cost	10 years	
Recognition period of actuarial gain/loss	10 years	10 years

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

The total pension fund assets and projected benefit obligation of the welfare pension fund as of March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Pension fund assets	¥ 51,029	\$ 548,468
Projected benefit obligation	(82,178)	(883,259)
Amount of balance	¥ (31,149)	\$ (334,791)

The Group's share of the contribution to the fund for the year ended March 31, 2009 was 6.9%.

Supplemental Information

The balance consists of past service liabilities of ¥15,964 million (\$171,585 thousand), adjusted addition for asset valuation of ¥7,722 million (\$82,992 thousand) and loss carryforward of ¥7,463 million (\$80,214 thousand).

7. EQUITY

Japanese companies are 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 a Board of Directors, (2) having independent auditors, (3) having a 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 certain limitations 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 the 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, which were previously presented as a liability, are now 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.

8. STOCK OPTIONS

The stock option activity is as follows:

	2004 Stock Option (8/10/2004) (Shares)	2004 Stock Option (10/19/2004) (Shares)	2005 Stock Option (4/12/2005) (Shares)	2005 Stock Option (8/9/2005) (Shares)	2005 Stock Option (10/18/2005) (Shares)	2006 Stock Option (4/11/2006) (Shares)
For the year ended March 31, 2009						
Non-vested						
March 31, 2008 - Outstanding ..						
Granted	—	—	—	—	—	—
Canceled	—	—	—	—	—	—
Vested	—	—	—	—	—	—
March 31, 2009 - Outstanding ..	—	—	—	—	—	—
Vested						
March 31, 2008 - Outstanding ..	57,200	3,300	30,000	84,000	21,000	37,000
Vested	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Canceled	(57,200)	(3,300)	(30,000)	—	—	—
March 31, 2009 - Outstanding ..	—	—	—	84,000	21,000	37,000
For the year ended March 31, 2010						
Non-vested						
March 31, 2009 - Outstanding ..				—	—	—
Granted				—	—	—
Canceled				—	—	—
Vested				—	—	—
March 31, 2010 - Outstanding ..				—	—	—
Vested						
March 31, 2009 - Outstanding ..				84,000	21,000	37,000
Vested				—	—	—
Exercised				—	—	—
Canceled				(84,000)	(21,000)	(37,000)
March 31, 2010 - Outstanding ..				—	—	—
Exercise price				¥ 1,161 (\$12.48)	¥ 1,189 (\$12.78)	¥ 1,343 (\$14.43)
Average stock price at exercise ..				—	—	—
Fair value price at grant date				—	—	—

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

9. 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 40.6% for the years ended March 31, 2010 and 2009. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets:			
Bad debt allowance	¥ 71	¥ 69	\$ 765
Accrued bonuses	211	221	2,273
Enterprise tax	16	13	173
Write-down of investment securities	164	114	1,763
Retirement allowance for directors and corporate auditors	62	63	662
Liability for retirement benefits	287	191	3,090
Tax loss carryforward	321	30	3,448
Other	192	176	2,063
Total gross deferred tax assets	1,324	877	14,237
Less valuation allowance	(675)	(184)	(7,258)
Net deferred tax assets	¥ 649	¥ 693	\$ 6,979
Deferred tax liabilities:			
Undistributed earnings of subsidiaries	¥ 33	¥ 32	\$ 358
Unrealized gain on available-for-sale securities	519	30	5,577
Other	51	20	547
Total gross deferred tax liabilities	603	82	6,482
Net deferred tax assets	¥ 46	¥ 611	\$ 497

Net deferred tax assets and liabilities at March 31, 2010 and 2009 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets (Current)	¥ 327	¥ 382	\$ 3,516
Deferred tax assets (Non-current)	19	229	201
Deferred tax liabilities (Current)	(6)	(0)	(66)
Deferred tax liabilities (Non-current)	(294)	—	(3,154)
Net deferred tax assets	¥ 46	¥ 611	\$ 497

A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2010 and 2009 and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2010	2009
Normal effective statutory tax rate	40.6%	40.6%
Expenses not deductible for income tax purposes	4.1	4.1
Income not taxable for income tax purposes	(1.6)	(1.5)
Taxation on per capita basis	2.7	1.7
Equity in earnings of affiliates	(3.3)	(1.4)
Change in valuation allowance	0.4	6.5
Undistributed earnings of subsidiaries	0.1	(17.6)
Amortization of negative goodwill	(4.1)	(0.1)
Other - net	(1.2)	(1.9)
Actual effective tax rate	37.7%	30.4%

At March 31, 2010, certain subsidiaries have tax loss carryforwards aggregating approximately ¥783 million (\$8,418 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 28	\$ 301
2014	118	1,274
2015	114	1,227
2016 and thereafter	523	5,616
Total	¥ 783	\$ 8,418

10. LEASES

The Group leases certain machinery, computer equipment and other assets.

Total rental expense for the years ended March 31, 2010 and 2009 were ¥572 million (\$6,148 thousand) and ¥573 million.

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations on the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Company applied the 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 such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	As of March 31, 2010			As of March 31, 2009			As of March 31, 2010		
	Millions of Yen			Millions of Yen			Thousands of U.S. Dollars		
	Machinery and Equipment	Furniture and Fixtures	Total	Machinery and Equipment	Furniture and Fixtures	Total	Machinery and Equipment	Furniture and Fixtures	Total
Acquisition cost	¥ 43	¥ 238	¥ 281	¥ 43	¥ 258	¥ 301	\$ 463	\$ 2,555	\$ 3,018
Accumulated Depreciation	24	132	156	19	125	144	262	1,417	1,679
Net leased property	¥ 19	¥ 106	¥ 125	¥ 24	¥ 133	¥ 157	\$ 201	\$ 1,138	\$ 1,339

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥ 49	¥ 50	\$ 529
Due after one year	76	107	810
Total	¥ 125	¥ 157	\$ 1,339

The cost of leased property and obligations under finance leases includes the imputed interest expense.

Depreciation expenses, which are not reflected in the accompanying consolidated statements of income, computed by the straight-line method were ¥59 million (\$639 thousand) and ¥62 million for the years ended March 31, 2010 and 2009, respectively.

Future minimum payments under noncancelable operating leases were as follows:

	2010	
	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 166	\$ 1,787
Due after one year	271	2,912
Total	¥ 437	\$ 4,699

11. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 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 are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Group uses mainly bank loans to fund its ongoing operations. Cash surplus is invested in bank deposits or low risk financial assets. Derivatives are used to reduce foreign currency exchange of receivables and payables denominated in foreign currencies and interest rate risks of variable interest rate loans, not for speculative purposes.

(2) Nature, extent of risks arising from financial instruments and risk management for financial instruments

Trade receivables such as trade notes and trade accounts are exposed to customer credit risk.

The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances and monitoring major customers' financial status on a regular basis.

Other receivables are mainly rebate receivables from major vendors and the Company considers their credit risks to be limited.

Securities included in short-term investments and investment securities, mainly equity instruments of customers and suppliers of the Group and high credit rating bonds, are exposed to market price fluctuations. The market values are reported to the Group's administrative director on a regular basis.

Payment terms of trade payables, such as trade notes and trade accounts, are mainly less than one year.

Although foreign currency trade receivables and payables are exposed to fluctuations in foreign currency exchange rates, the Group reduces such foreign exchange risk by forward foreign currency contract hedges.

Short-term bank loans and long-term debt are mainly to finance the Group's operating activity payments.

Although a part of such bank loans are exposed to market risks from changes in variable interest rates, those risks are mitigated by using interest-rate swaps.

(3) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Also please see Note 12 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	March 31, 2010			March 31, 2010		
	Millions of Yen			Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 13,020	¥ 13,020	¥ —	\$ 139,939	\$ 139,939	\$ —
Trade receivables	34,865			374,728		
Allowance for doubtful receivables ..	(85)			(915)		
Sub-total	34,780	34,780	—	373,813	373,813	—
Other receivables	1,368	1,368	—	14,708	14,708	—
Short-term investments and investment securities	9,101	9,101	—	97,810	97,810	—
Total	¥ 58,269	¥ 58,269	¥ —	\$ 626,270	\$ 626,270	\$ —
Short-term bank loans	¥ 2,050	¥ 2,050	—	\$ 22,034	\$ 22,034	—
Trade payables	26,619	26,619	—	286,105	286,105	—
Long-term debt	1,187	1,184	¥ (3)	12,768	12,735	\$ (33)
Total	¥ 29,856	¥ 29,853	¥ (3)	\$ 320,907	\$ 320,874	\$ (33)
Derivative financial instruments	¥ 1	¥ 1	¥ —	\$ 12	\$ 12	\$ —

Cash and cash equivalents, trade receivables, other receivables, trade payables and short-term bank loans

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

Short-term investments and investment securities

The fair values of short-term investments 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 fair value of short-term investments and investment securities by classification is included in Note 3.

Long-term debt

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.

Derivatives

Fair value information for derivatives is included in Note 12.

(b) Financial instruments whose fair value cannot be reliably determined

	March 31, 2010	
	Carrying Amount	
	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market ..	¥ 28	\$ 304

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

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

	March 31, 2010				March 31, 2010			
	Millions of Yen				Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	¥ 13,020	—	—	¥ —	\$ 139,939	—	—	\$ —
Trade receivables	34,865	—	—	—	374,728	—	—	—
Other receivables	1,368	—	—	—	14,708	—	—	—
Short-term investments and investment securities:								
Time deposits	1,580	—	—	—	16,982	—	—	—
Available-for-sale securities with contractual maturities:								
Government and corporate bonds	264	¥ 540	¥ 50	—	2,838	\$ 5,804	\$ 537	—
Others	—	—	100	—	—	—	1,075	—
Total	¥ 51,097	¥ 540	¥ 150	¥ —	\$ 549,195	\$ 5,804	\$ 1,612	\$ —

Please see Note 5 for annual maturities of long-term debt.

12. 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 swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge 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.

These derivative transactions entered into by the Group are executed

by the International Division and an overseas subsidiary.

These derivative transactions entered into by the Group are controlled by the Financial Department in accordance with internal policies which regulate the authorization and credit limit amount.

As noted in Note 11, the Group applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010. Hedging accounting is applied to all derivative transactions at March 31, 2010.

Derivative transactions to which hedge accounting is applied at March 31, 2010

	At March 31, 2010				At March 31, 2010			
	Millions of Yen				Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:								
Buying U.S.\$	Payables	¥ 28	¥ —	¥ 1	Payables	\$ 304	\$ —	\$ 11
Buying H.K.\$	Payables	¥ 8	¥ —	¥ 0	Payables	\$ 87	\$ —	\$ 1
Interest rate swaps:								
(fixed rate payment, floating rate receipt)	Long-term Debt	¥ 1,000	¥ 800		Long-term Debt	\$ 10,748	\$ 8,598	

The above 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 is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 11 is included in that of hedged items (i.e. long-term debt).

There are no derivative transactions at March 31, 2009.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

13. CONTINGENT LIABILITIES

At March 31, 2010, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥ 83	\$ 890

14. LITIGATION

On October 24, 2008, litigation was filed against the Company by Max Co., Ltd. (MAX), in connection with malfunction of residential fire alarms sold to MAX by the Company. MAX claimed recovery of the purchase payment by cancellation of above business and compensation for costs of collecting back the goods in the aggregate amount of ¥838 million (\$9,002 thousand), among which MAX also claimed a delinquency charge in relation to ¥567 million (\$6,090 thousand). With respect to this suit, the Company not only argues that the entire amount of claim is unreasonable but also brought a cross action to claim payment of the uncollected sales proceeds from MAX.

15. NET INCOME PER SHARE

The average number of common shares used in the computation was 20,835,539 shares for 2010 and 21,121,636 shares for 2009.

16. RELATED PARTY DISCLOSURES

Transactions of the Company with related parties for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Legal retaining fee	¥	¥ 19	\$

The legal retaining fee was for an outside director.

17. SUBSEQUENT EVENTS

Cash Dividend

On May 24, 2010, the Company's board of directors approved a year-end cash dividend of ¥10 (\$0.11) per share on the outstanding Common stock of the Company at March 31, 2010.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2010 and 2009

18. SEGMENT INFORMATION

a. Industry Segments

Industry segment information is not shown since substantially all consolidated net sales, operating income and identifiable assets for fiscal 2010 and 2009 resulted from the primary business of the Group, which is to be engaged in marketing, engineering and servicing of electric devices, industrial products, building equipment, and other products.

b. Geographical Segments

The geographical segments of the Company and its subsidiaries for the years ended March 31, 2010 and 2009 is summarized as follows:

Millions of Yen

	2010				
	Japan	Asia	Total	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 86,518	¥ 10,320	¥ 96,838	—	¥ 96,838
Interarea transfer	1,613	275	1,888	¥ (1,888)	—
Total sales	88,131	10,595	98,726	(1,888)	96,838
Operating expenses	87,218	10,471	97,689	(1,887)	95,802
Operating income	¥ 913	¥ 124	¥ 1,037	¥ (1)	¥ 1,036
Total assets	¥ 57,101	¥ 2,710	¥ 59,811	¥ 10,209	¥ 70,020

Thousands of U.S. Dollars

	2010				
	Japan	Asia	Total	Eliminations/ Corporate	Consolidated
Sales to customers	\$ 929,903	\$ 110,924	\$ 1,040,827	—	\$ 1,040,827
Interarea transfer	17,337	2,955	20,292	\$ (20,292)	—
Total sales	947,240	113,879	1,061,119	(20,292)	1,040,827
Operating expenses	937,425	112,546	1,049,971	(20,285)	1,029,686
Operating income	\$ 9,815	\$ 1,333	\$ 11,148	\$ (7)	\$ 11,141
Total assets	\$ 613,724	\$ 29,132	\$ 642,856	\$ 109,724	\$ 752,580

Millions of Yen

	2009				
	Japan	Asia	Total	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 105,458	¥ 11,082	¥ 116,540	—	¥ 116,540
Interarea transfer	1,812	398	2,210	¥ (2,210)	—
Total sales	107,270	11,480	118,750	(2,210)	116,540
Operating expenses	104,981	11,167	116,148	(2,209)	113,939
Operating income	¥ 2,289	¥ 313	¥ 2,602	¥ (1)	¥ 2,601
Total assets	¥ 52,622	¥ 2,874	¥ 55,496	¥ 8,259	¥ 63,755

Notes: 1) The above segments are classified geographically.

2) Main countries or areas other than Japan

Asia: Singapore, China, Taiwan, Korea, Thailand

3) Corporate assets for the years ended March 31, 2010 and 2009 were ¥11,066 million (\$118,942 thousand) and ¥8,679 million, primarily comprised of time deposits and investment securities.

c. Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2010 and 2009 is summarized as follows:

Millions of Yen

	2010		
	Asia	Other	Total
Sales to foreign customers	¥ 10,623	¥ 102	¥ 10,725
Consolidated sales	—	—	96,838
Percentage of consolidated net sales	11.0%	0.1%	11.1%

Thousands of U.S. Dollars

	2010		
	Asia	Other	Total
Sales to foreign customers	\$ 114,175	\$ 1,096	\$ 115,271
Consolidated sales	—	—	1,040,827
Percentage of consolidated net sales	11.0%	0.1%	11.1%

Millions of Yen

	2009		
	Asia	Other	Total
Sales to foreign customers	¥ 11,723	¥ 109	¥ 11,832
Consolidated sales	—	—	116,540
Percentage of consolidated net sales	10.1%	0.1%	10.2%

Notes: 1) The above segments are classified geographically.

2) Main countries or areas other than Japan

(2010) Asia: Singapore, China, Taiwan, Korea, Thailand / Other: France, United States, Bahrain

(2009) Asia: Singapore, China, Taiwan, Korea, Thailand / Other: Australia, United States, France

3) Foreign sales are the total of export sales of the Company and its subsidiaries to countries and areas outside of Japan.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of TACHIBANA ELETECH CO., LTD.:

We have audited the accompanying consolidated balance sheets of TACHIBANA ELETECH CO., LTD. (the "Company") and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, 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 TACHIBANA ELETECH CO., LTD. and subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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 15, 2010

Company Data (as of June 29, 2010)

Trade Name
TACHIBANA ELETECH CO., LTD.

Founded
September 1, 1921

ISO14001 Certificate Number :
JP-JQA-EM1654

ISO9001:2000 Certificate Number :
JP-JQA-QMA10303

ISO27001 Certificate Number :
IS509430

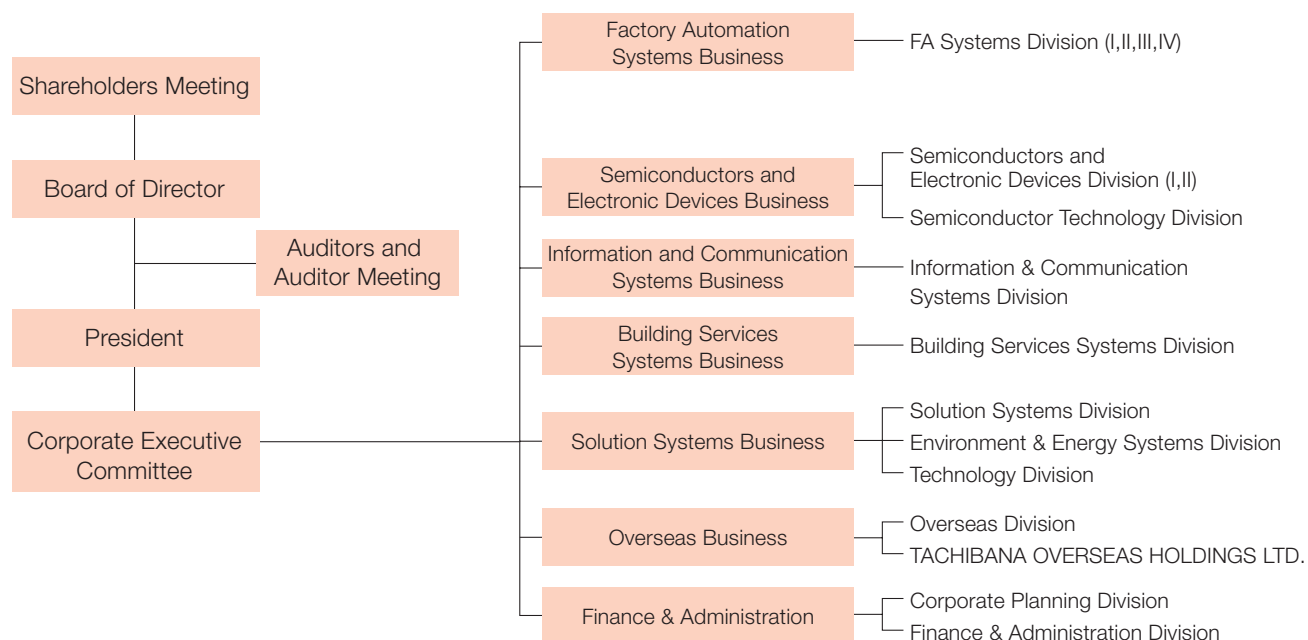


Nishi-ku in Osaka (Head Office)

Board of Directors and Auditors

President, CEO & COO Takeo Watanabe	Managing Operating Officer Michiyasu Yamamoto
Director, Executive Operating Officer Norio Shimada	Operating Officer Akifumi Hamamoto
Director Hideyuki Shimoyoshi	Operating Officer Yukio Ueda
Director, Operating Officer Masashi Sumitani	Operating Officer Masao Hamamura
Director Tomoaki Wakita	Operating Officer Yoshihide Manabe
Director Masato Tujikawa	Operating Officer Hideki Matsuno
Standing Auditor Katsuhiko Tamura	Operating Officer Yoji Shimizu
Auditor Yasuhiro Otani	Operating Officer Hitoshi Yamaguchi
Auditor Hiroumi Shioji	Operating Officer Hisashi Takami
Managing Operating Officer Yuji Anzai	Operating Officer Sadayuki Takami
Managing Operating Officer Hiroshi Konuma	Operating Officer Hisanobu Nunoyama

Organizational Structure



Company Data

(as of June 29, 2010)

History

- 1921 Kunimitsu Tachibana founded Tachibana Shokai.
- 1925 Make a special contract with Mitsubishi Corporation.
- 1947 Make a special contract with Mitsubishi Electric Corporation.
- 1948 Tachibana Shokai Ltd established.
- 1961 Head Office moved to Nishi-ku in Osaka city.
- 1962 Annul the special contract with Mitsubishi Electric Corporation and make a agency agreement with it anew.
- 1966 Start non-life insurance business as the agency of Tokio Marine & Nichido Fire Insurance Co., Ltd.
- 1972 Ajikawa delivery center(the present Advanced Logistics Ltd.) established.
- 1974 Authorized as general constructor and specific constructor by the Minister of Construction.
- 1982 Singaporean branch office established.
- 1985 Osaka Software Center established.
- 1986 Listed as the specified brand in the Second Section(New Second Section) of the Osaka Securities Exchange.
- 1988 Hong Kong branch office established.
- 1990 Named as the brand in the Second Section of the Osaka Securities Exchange.
- 1994 Head Office newly built.
- 1997 Taiwanese branch office established.
- 2001 Acquire ISO14001.
Renamed "Tachibana Eletech Corporation".
- 2002 Shanghai branch office established.
- 2003 Advanced Logistics Ltd established.
Tachibana Management Service Ltd established.
Acquire ISO9001.
- 2004 Listed in the Second Section of the Tokyo Stock Exchange.
- 2005 Listed in the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange.
- 2006 Acquire ISMS.
- 2007 Korea branch office established..
Bangkok branch office established.
Tachibana Overseas Holding established.
Acquire ISO27001.
- 2008 Minami Osaka Building completed (the Minami Osaka branch office and the "Risshikan" training center with accommodation/dormitory).

Subsidiaries and Affiliates

TACHIBANA CREATE LTD.

1-13-25, Nishi-honmachi, Nishi-ku, Osaka 550-8555
Tel. 81-6-6539-3124

KENDEN INDUSTRY Co., LTD.

2-6-23, Mitejima, Nishiyodogawa-ku, Osaka 555-0012
Tel. 81-6-6471-9451

TACHIBANA SOLUTIONS PLAZA LTD.

1-13-25, Nishi-honmachi, Nishi-ku, Osaka 550-8555
Tel. 81-6-6539-5155

Tachibana Kouwa System Service Co., LTD.

2-5-1, Ohama-Cho, Amagasaki City 660-0095
Tel. 81-6-6413-3623

TAIYO SHOKAI Co., LTD.

1-12-10, Kyomachibori, Nishi-ku, Osaka 550-0003
Tel. 81-6-6445-8681

ADVANCED LOGISTICS LTD.

10-28, Toyohara-Cho, Ibaragi 567-0053
Tel. 81-72-640-3575

TACHIBANA MANAGEMENT SERVICE LTD.

1-13-25, Nishi-honmachi, Nishi-ku, Osaka 550-8555
Tel. 81-6-6539-5021

TECHNOLOGY NETWORK, INC.

3-8-15, Hinaga-higashi, Yokkaichi 510-0886
Tel. 81-593-45-9090

DAIDENSHA Co.,Ltd

1-6-17, Nipponbashi-nishi, Naniwa-ku, OSAKA 556-0004
Tel. 81-6-6632-6111

TACHIBANA SALES (SINGAPORE) PTE. LTD.

10 Anson Road #05-19B International Plaza Singapore 079903
Tel. 65-6270-4567

TACHIBANA SALES (HONG KONG) LTD.

Unit 2605, 26/F., One Kowloon, No.1, Wang Yuen Street,
Kowloon Bay, Kowloon, Hong Kong
Tel. 852-2838-8103

TACHIBANA SALES TAIWAN LTD.

4F, No.288 Fu-Shing N. RD., Taipei 104,Taiwan, R.O.C.
Tel. 886-2-2518-1112

TACHIBANA SALES (SHANGHAI) LTD.

Unit G, 16/F., Haixing Plaza, No.1, Ruijin Road (S.),
Shanghai 200023, P.R.C.
Tel. 86-21-3416-0817

TACHIBANA SALES (KOREA) LTD.

C-Dong 3005, Daelim Acrotel, 467-6
Dogok-Dong, Gangnam-Gu., Seoul 135-270 Korea.
Tel. 82-2-2187-7102

TACHIBANA SALES (BANGKOK) CO., LTD.

62 Thaniya Building 11th Fl.,Room No.1109, Silom Road,
Suriyawong Bangrak, Bangkok 10500 Thailand
Tel. 66-2-652-5191

Investor Information (as of March 31, 2010)

Authorized Number of Shares:

80,000,000

Issued Number of Shares:

21,381,102

Number of Shareholders:

3,171

Listings:

Osaka Securities Exchange 1st Section

Tokyo Stock Exchange 1st Section

Major Shareholders

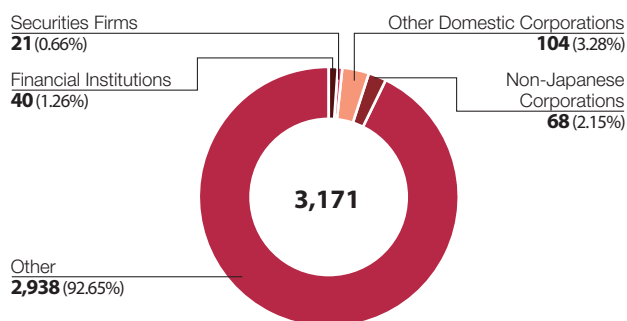
Shareholders	Shares (thousand stocks)	Ratio of stocks held to total outstanding share volume (%)
Mitsubishi Electric Corporation	1,601	7.70
Sansei Technos Co., Ltd.	1,232	5.93
Tachibana Eletech's Employees Shareholders' Association	1,124	5.41
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	901	4.34
Kinden Co., Ltd.	628	3.02
Noritz Corporation	618	2.98
Namiko Tachibana	434	2.09
Nippon Life Insurance Company	431	2.08
Chigusa Satake	409	1.97
Japan Trustee Services Bank, Ltd.	385	1.86
Total	7,763	37.38

Notes: 1. Shown with less than 1,000 shares truncated

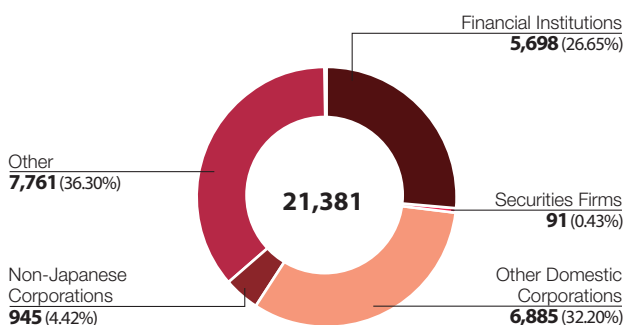
2. The Company holds 600,714 shares of its own stock, but is excluded from the above list of major shareholders. The shareholding ratio is calculated by subtracting treasury stock.

3. Ms. Namiko Tachibana passed away on May 4, 2007, but remains on the list of major holders. As shares she held have yet to be transferred, she remains as a shareholder of record.

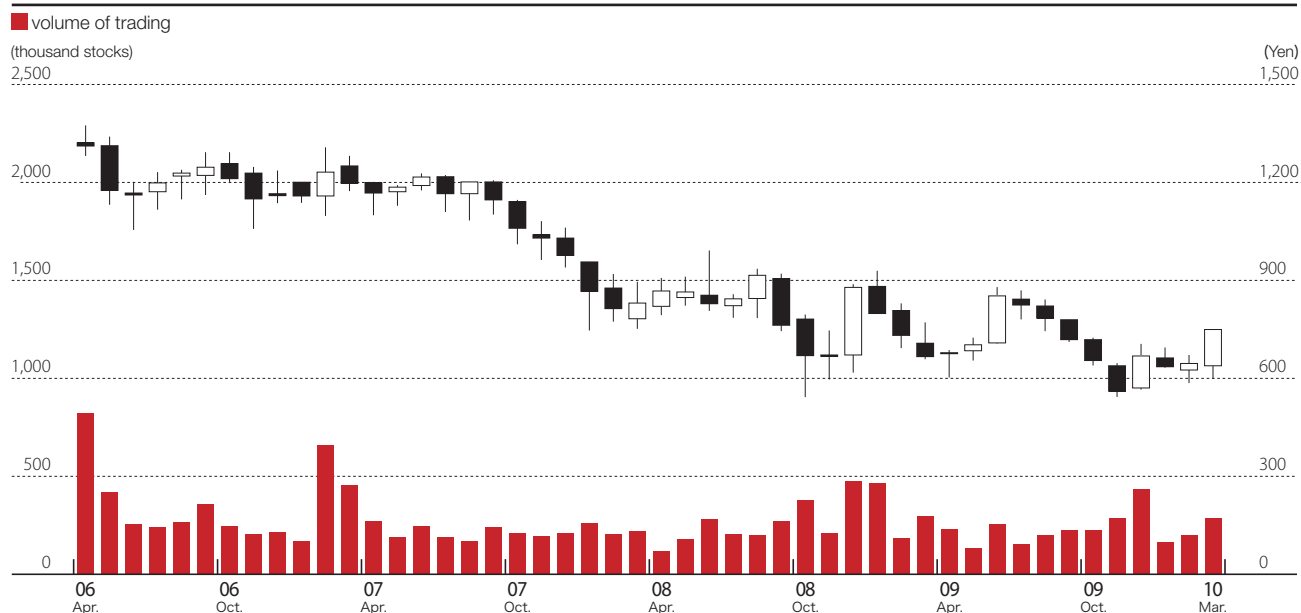
Distribution by Shareholder Type (Number of Shareholders)



Distribution by Number of Shares Held (thousand stocks)



Share price and Trade volume Trends (Tokyo Stock Exchange)





1-13-25, Nisihi-Honmachi, Osaka,
550-8555, Japan
Tel. 81-6-6539-2718

<http://www.tachibana.co.jp>