TACHIBANA ELETECH

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

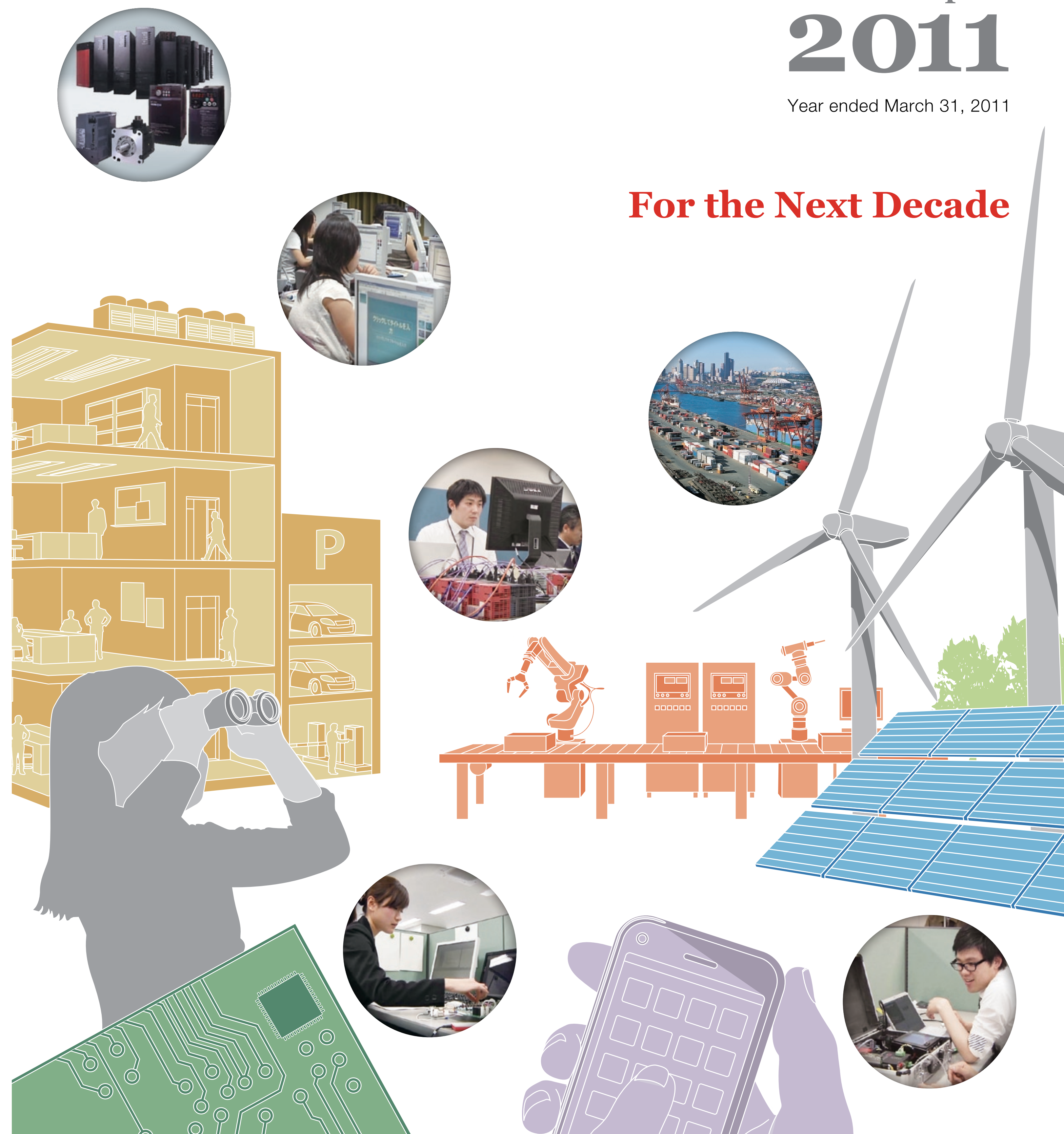
http://www.tachibana.co.jp/

TACHIBANA ELETECH CO.,LTD.

Annual Report 2011

Year ended March 31, 2011

For the Next Decade



Our Steps

Tachibana Eletech to move to the next stage in 2011

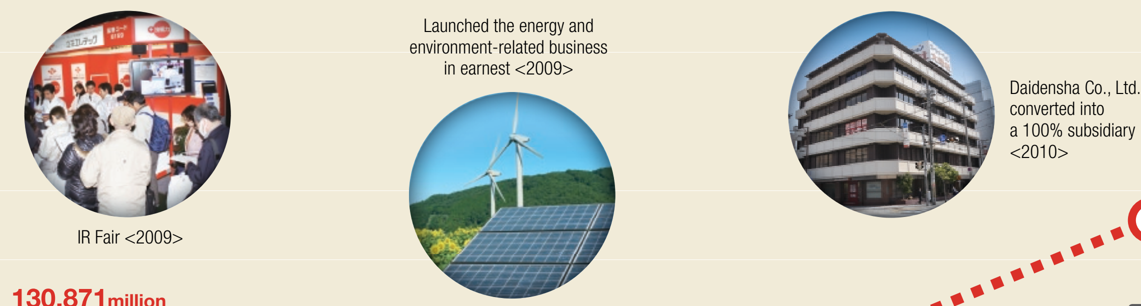
We marked a milestone year in 2011—the 90th anniversary of the Company's founding and the 10th anniversary of the corporate name change to Tachibana Eletech Co., Ltd.

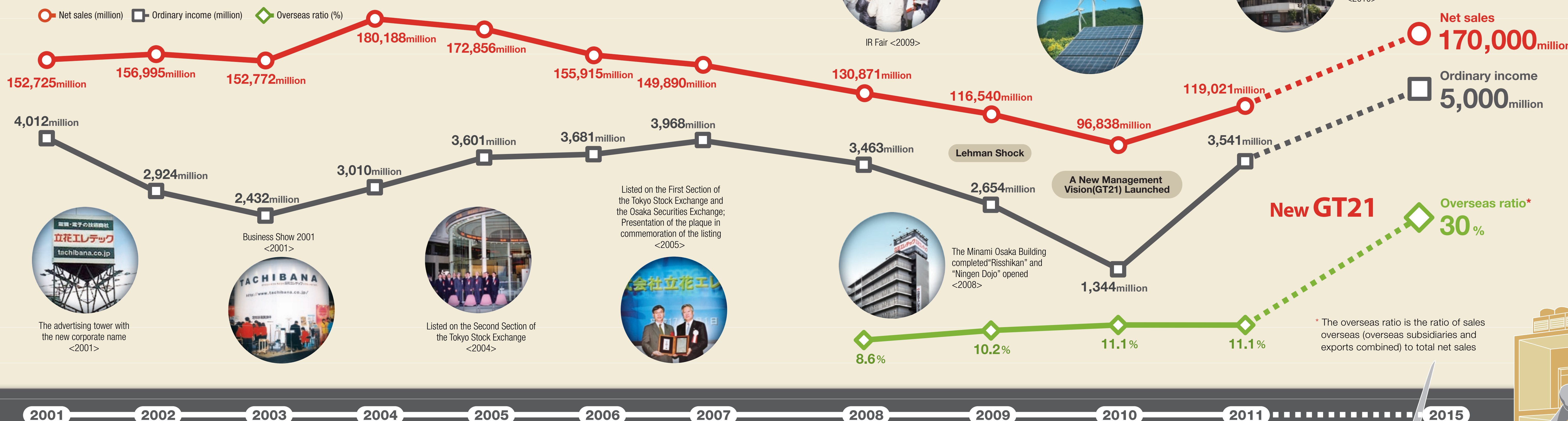
Over the past decade, the Company's performance has been affected by tempestuous changes in the economic environment, but we have nonetheless continued to move ahead steadily, strategically pursuing new growth opportunities.

We have implemented a number of measures, including ventures into growth markets such as the environment and energy field, overseas operations centering on China, pursuit of synergy by group management, and efforts for marketing capability enhancement and constitutional improvement. We are now in a position to reap the fruits of these measures. Our operating results have recovered in the year under review, and we expect them to continue on an upward trend going forward. In the coming decade, the economic and social environment is likely to evolve even more dramatically, and only those with the willingness and ability to adapt to such changes are likely to survive.

Tachibana Eletech will transform these changes into opportunities and continue to pursue new growth.

Contents





2001

- **Renamed to Tachibana Eletech Co., Ltd.**
- **Ritsuryokai established.**

  FA systems distributors set up to strengthen FA systems business and build up the services structure.
- **Acquired ISO14001 certification.**

2002

- **Tachibana Sales (Shanghai) Ltd. established in Shanghai.**

  A local subsidiary set up in Shanghai with the purpose of expanding business in the Chinese market. Also aimed at strengthening business operations in Asia in cooperation with subsidiaries in Hong Kong, Taiwan and Singapore.

2003

- **Acquired ISO9001 certification.**

2004

- **Formulated "GT21*," a medium/long-term vision with the target year ending in March 2010.**

  Set targets for becoming a leading company in the industry in Asia as a technology-driven trading company in the electric and electronics industry.

  *Growing Tachibana 21st Century

2005

- **Listed on the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange.**
- **Exited from the cell phone/PHS base station assembly consignment business and made the shift to the line of business to create added value.**

  Shifted from the customer procurement-oriented business with many elements of instability and lower added value to the added value creation-oriented business.

2006

- **Commenced full-fledged operations of the Solution Systems Business as an independent business division.**

  Respond to customer needs spanning two or more existing businesses. Set up the structure to provide multiple solutions required at production sites with the four keywords of "energy-saving, environment, safety and efficiency."

2007

- **Tachibana Overseas Holdings Co., Ltd. established to supervise overseas business bases.**

  Set up the in-house company in Hong Kong to supervise all business bases overseas in order to further expand sales abroad through integrated control of management resources of "people, goods and money."
- **Tachibana Sales (Korea) Ltd. established.**
- **Tachibana Sales (Bangkok) Co., Ltd. established.**
- **Acquired ISO27001 certification.**

2008

- **"Risshikan" training center inaugurated. "Ningen Dojo (Human Training Hall)" opened.**

  Established the "Risshikan" training center with accommodation/dormitory and the "Ningen Dojo (Human Training Hall)" in Sakai, Osaka Prefecture. These facilities are used for comprehensive human resources development by nurturing interpersonal communication skills and sales activities "wisdom."
- **The constitutional improvement project "C.A.P. UP 1500" launched.**

  The performance of the organization will be maximized by having each individual employee improve their skills to actualize their plans and goals.

2009

- **Launched the energy and environment-related business in earnest.**

  Promote an integrated approach covering from procurement and sales to construction and maintenance of photovoltaic power generation systems, wind power generation systems and fuel cells.

2010

- **Formulated "New GT21," a medium/long-term vision with the target year ending in March 2015.**
- **Daidensha Co., Ltd. converted into a 100% subsidiary.**

  Daidensha, with which the Group originally entered into a business and capital tie-up agreement in 2006, converted into a wholly owned subsidiary. Seek synergies with the company, which has particular strength in sales of parts and components of FA equipment and electronic equipment and promote cost reduction and effective utilization of assets through the integration.
- **Tachibana Kouwa System Service Co., Ltd. established.**

  Provide seamless support covering installation and construction to subsequent maintenance of various equipment at industrial plants and offices, and elevate the Group's engineering capabilities.
- **Beijing branch office established.**
- **Shenzhen branch office established.**

President’s Statement

Positive steps taken towards achieving profitable growth.

T. Watanabe
President and CEO

Review 2011

In addition to the existing businesses, we have continued to pursue development into new business fields, and strengthened our overseas operations

In presenting this review I would first like to express my deepest sympathy to the victims of the Great East Japan Earthquake of March 11, 2011.

Although our group companies were relatively unaffected by that tragic event we have, however, encountered difficulties with product procurement, as a number of our major suppliers’ manufacturing facilities were severely disrupted.

Going forward, we, together with suppliers and customers, are doing our utmost to contribute to the earliest possible recovery and reconstruction of the region and the country.

With the appreciation of the yen, and flagging employment and incomes, trading conditions in the domestic market have been challenging. I am, however, pleased to report that good progress was made by the existing business units in energetically pursuing opportunities in new fields, and that overseas operations were further strengthened.

While focusing attention to opportunities in the promising growth market of clean energy solutions, such as photovoltaic power generation, we also broadened the scope of the Information and Communications Systems division, and concluded a partnership agreement with Fujitsu Ltd.

During the year branch offices were established in Beijing and Shenzhen to assist both Semiconductor and Electronic Devices and FA Systems divisions to gain further market coverage.

Daidensha, the company which became a wholly owned subsidiary in the previous year, reported encouraging sales, and is expected to make a contribution to profit in the current year, while the Building Services Systems division also produced and improved performance.

For the year ended March 2011 the Group reported net sales of ¥119,021 billion, an increase of 22.9% over the previous year, and a net income of ¥2.09 billion, 156.4% ahead of last year.

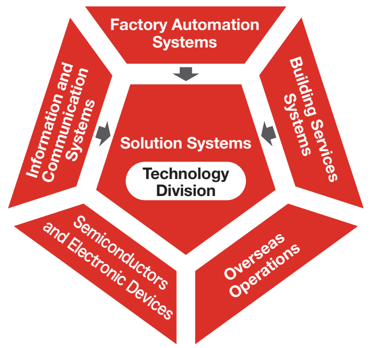
To mark the 90th anniversary of the founding of the company, and as an expression of gratitude to our shareholders, a commemorate dividend of ¥2 per share has been declared. This dividend is in addition to the planned dividend of ¥10 per share. Together with the interim dividend of ¥10 per share already paid, the total dividend for the year amounts to ¥22 per share.

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.

Total Solutions to Solve Customers’ Problems

Tachibana Eletech’s business operations are divided into four businesses by product–“Factory Automation Systems,” “Semiconductors and Electronic Devices,” “Information and Communication Systems” and “Building Services Systems”—and “Solution Systems,” a business to cultivate new demand in the field of environment and energy, such as photovoltaic power generation systems, and to propose and sell systems spanning the existing divisional operations.

The “Overseas” business unit is responsible for transactions with other countries as a whole, including our overseas subsidiaries.



Factory Automation Systems
Handles motors and other electric equipment, factory automation equipment such as PLC and inverters, and industrial machinery, and also builds systems for automation and streamlining of production lines in various industries.

Information and Communication Systems
Provides RFID and virtualization solutions and thin clients systems for physical and information security, and also sells personal computers for industrial use and a variety of information and video equipment.

Semiconductors and Electronic Devices
Supplies semiconductors and electronic devices manufactured in Japan and overseas, from standardized products to customized products tailored to user specifications, and also designs and develops microcomputers and ASICs.

Building Services Systems
Supplies lighting and air-conditioning equipment, elevators and disaster-prevention equipment to factories, office buildings and stores in a comprehensive manner, and also provides energy-saving equipment for all-electric housing.

Solution Systems
Provides solutions required at production sites with energy-saving, environment, safety and efficiency as the main keywords, and also cultivates demand in the field of environment and energy.

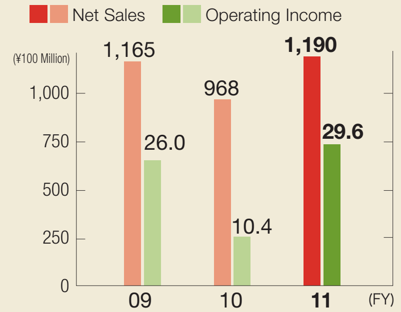
Overseas Operations
Sells semiconductors, FA equipment and industrial mechatronics products in Asia, centering on China, and handles materials for electronic parts and components and various processed metal products in external trade.

Consolidated Financial Highlights

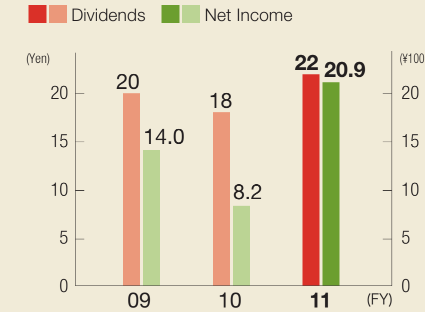
	Millions of yen					Thousands of U.S. dollars
	2007	2008	2009	2010	2011	2011
For the Year:						
Net Sales	¥ 149,890	¥ 130,871	¥ 116,540	¥ 96,838	**¥ 119,021**	**$ 1,431,402**
Operating Income	3,943	3,495	2,601	1,036	**2,956**	**35,554**
Net Income	2,223	2,006	1,396	815	**2,090**	**25,137**
At Year-End:						
Shareholders’ Equity	¥ 32,745	¥ 33,031	¥ 32,549	¥ 33,851	**¥ 35,270**	**$ 424,169**
Total Assets	84,466	75,547	63,755	70,020	**74,394**	**894,695**
Per Share Data:						
Net Assets per Share (Yen/U.S. Dollars)	1,551.86	1,549.52	1,558.25	1,619.61	**1,694.22**	**20.38**
Net Income per Share (Yen/U.S. Dollars)	105.74	94.37	66.11	39.12	**100.58**	**1.21**
Diluted Net Income per Share (Yen/U.S. Dollars)	105.02	94.29	—	—	**—**	**—**
Financial Index:						
Equity Ratio (%)	38.8	43.7	51.0	48.1	**47.3**	**47.3**
Return on Equity (%)	6.9	6.1	4.3	2.5	**6.1**	**6.1**

Notes: 1. Sales figures do not include consumption tax.
2. U.S. dollar amounts are provided solely for convenience at the rate of ¥83.15 = US$1, the approximate exchange rate as at March 31, 2011.

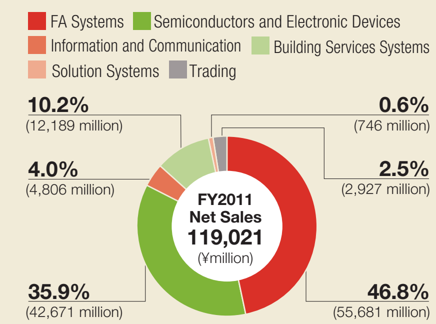
Trends in Net Sales and Operating Income



Trends in Dividends per Share and Net Income



Composition of Net sales by reported segment



President's Statement

Outlook and Prospects 2012

A Clear Focus For Profitable Medium Term Growth

In the Management Plan outlined last year we set out the challenges that lay ahead for the vision "Grow Tachibana in the 21st Century" to be achieved. The Plan continues to emphasize our people and the importance of staff training and development. At this point I believe it noteworthy to mention that the significantly improved result reported for the 2011 financial year was in no small measure achieved through the success of the "C.A.P.UP1500" project, and the performance of divisional management and staff.

A shortage of product from Renesas Electronics Corporation continues to impact both Semiconductor and Electronic Devices and Factory Automation divisions. However, with the Renesas production facilities being rebuilt with great urgency and speed, we expect the supply shortage situation to soon peak, and gradually stabilize.

Until the supply system achieves full recovery we must employ knowledge and resources in seeking alternative solutions. One such solution being addressed is a proposal to substitute the role of a single semiconductor with a combination of multiple semiconductors. This highlights the skills required to be an innovative and successful technology-driven trading company.

Expansion of the overseas operations continues to be of great importance, and with a growing number of Japanese companies accelerating their plans to manufacture overseas, particularly to China, we must be ready and capable to provide a high level of on-the-ground service.

Following branch offices being established in Beijing and Shenzhen, we have more recently opened a large scale showroom in Wuhan, and plans are in progress to establish a base in Dalian. Further additions to both sales and technical staff in these mainland offices will enable us to be more effective in contacting and gaining local customers.

The Building Services Systems division is expanding it's scope to include a wider range of construction related systems and services. This initiative, which holds much future promise, is being led by Tachibana Kouwa System Services.

Solution Systems division is likewise strengthening it's offerings, and is in a position to put forward comprehensive environmental and energy saving proposals.

Strengthening divisional synergies is an important and on-going management task, and it is pleasing to note that an increasing amount of new contracts are being secured through the cooperative actions of the various divisions.

The initial financial target set for the year ending March 2012 was to achieve a net income of ¥2.15 billion on sales of ¥125.0 billion. That forecast was, however, made prior to the tragic event in March, and as a result of the disruptions to product supplies and other unforeseen difficulties, we will be closely monitoring all business operations and doing our utmost to remain on course and in line with the original forecast.

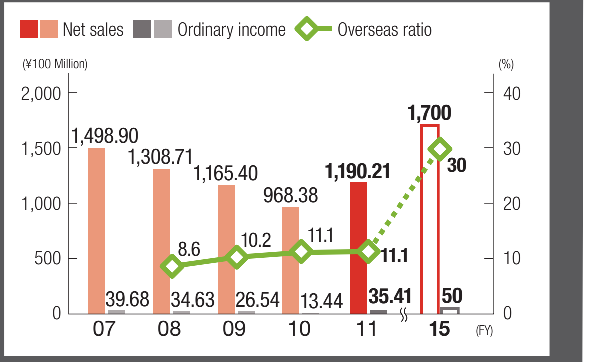
GT21 Progress

We made sure steps forward towards the final target year 2015. Despite the economic uncertainties in the aftermath of the earthquake, we will promote the following priority measures with a great sense of urgency.

GT21 Plan

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

Net sales	Ordinary income	Overseas ratio
170.0billion	5.0billion	30%



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.

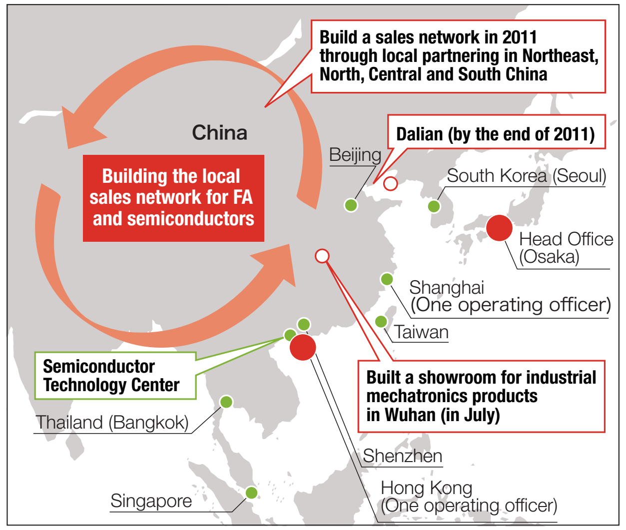
Priority measure 1

Strengthening of the business base in Asia, including China

We are making efforts to expand overseas business operations, centering on China. We established the Beijing and Shenzhen branch offices in the previous year, and we launched a large-scale showroom in Wuhan, inland China, in July 2011 for the permanent exhibition and sale of electric discharge machines. We also plan to establish a branch office in Dalian, the largest port city in Northeast China.

In April 2011, we sent an operating officer to Shanghai with the responsibility to build up a structure to cultivate FA systems markets overseas. The addition of an officer responsible for the semiconductor business in autumn will bring the number of operating officers stationed overseas to three, allowing us to promote overseas business operations more flexibly with a greater sense of urgency. Until now, our customers in the Chinese market have been mostly Japanese manufacturers that have set up operations in the coastal region. Going forward, we will actively seek business in the inland region and with local Chinese companies in order to capitalize on the robust domestic demand in China. In addition to these efforts, we will recruit top human resources in China.

In the year ending March 2012, we will redouble efforts to "build the sales structure" and mark the first step in setting our business in China on the track of further growth.



Priority measure 2

Development of new businesses and pursuit of the Group synergy

We will promote the following three initiatives as important pillars in our drive to elevate the Group to a stage of new growth as a technology-driven trading company.

First, we aim to become a technology-driven trading company capable of construction and services. With Tachibana Kouwa System Service Co., Ltd. at the core, we will seek to upgrade the Group's engineering capabilities and aim to offer high-quality construction and services.

Second, we will strengthen the Solution Systems Business and promote the environment and energy business. We will offer comprehensive solutions in response to multiple needs of energy-saving, environment, safety and efficiency, and also propose the design of total systems, including building structures, in the clean energy field which is expected to become a growth market.

Third, we will strengthen the Group synergy. The ratio of sales by subsidiaries to consolidated net sales grew to almost 14% in the year under review, and we will pursue the synergy effect through full-fledged group management going forward. In cooperation with new Taiyo Shokai Co., Ltd., born out of the business integration in May 2011, and Daidensha Co., Ltd., converted into a wholly owned subsidiary in the previous year, we will strive to enhance the Group's comprehensive strength.

Priority measure 3

Thorough strengthening of marketing capabilities and promotion of constitutional improvement

The "sales power" of the Company, as a trading company, is supported, after all, by high-quality human resources. The Group regards each sales representative's performance as one of the key management indicators and has implemented the Project "C.A.P. UP1500" in a bid to enhance this indicator. Through this project, we have been building a corporate organization that can more accurately respond to increasingly more complex and diverse market needs by enhancing each employee's knowledge of products, technical knowledge and construction capabilities.

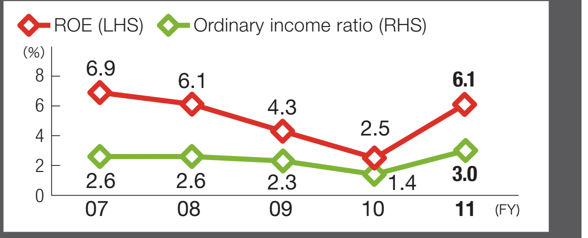
The Group's profit rate increased significantly in the year ending March 2011, and we attribute this to the enhanced "sales power" of each sales employee, thanks to the Project "C.A.P. UP1500."

We will continue to promote the Project "C.A.P. UP1500" as the Group as a whole, and using this as leverage, we will seek to draw upon our maximum strength as an organization by enhancing the ability of each and every employee to deliver.

C.A.P.UP1500

C : Capability (Capability to do something)
A : Ability (Capability, ability, resource, skills or capacity to get things done)
P : Power (Ability to put something into practice)
1500 : Toward the achievement of the target of ¥150 billion in non-consolidated net sales

ROE/Ordinary income ratio



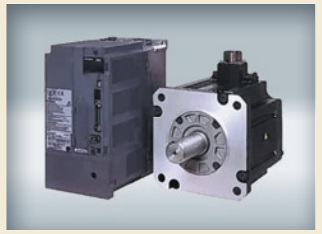
Factory Automation Systems

Norio Shimada
Director,
Executive Operating Officer

Main products

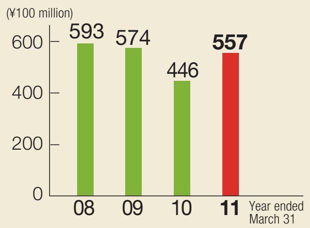
Programmable controllers (PLC), inverters, AC servos, various motors, power distribution control equipment, industrial robots, electric discharge machines, laser beam machines

Programmable controllers (PLC)

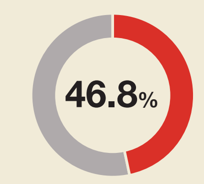


MELSERVO, an AC servo made by Mitsubishi Electric

Net Sales



Composition of Net Sales



Year ended March 31, 2011

Review 2011

Significant growth from recovery in demand

Recovery in the semiconductor, liquid crystal, LED and automobile industries led to increased sales of FA equipment, particularly servos, inverters, programmable controllers, indicators and distribution control equipment.

Daidensha, the wholly owned subsidiary company, made a contribution to divisional sales.

In the industrial machinery segment, the recovery in the automobile industry, and increased overseas projects, resulted in significantly higher sales of wire cutting electric discharge and laser beam machines, and machine tools.

The overall improved performance of the division led to sales being recorded 24.8% ahead of the previous year.

Outlook and Prospects 2012

Expansion at home and in China

The demand for FA equipment and industrial machinery in both home and overseas markets has been encouraging, and order intake has grown steadily. However, following the Great East Japan Earthquake supplies of semiconductors and other essential components have been severely limited. A recovery in supplies by late summer will lessen the effect on full year trading.

We are moving forward in further developing our position in the important and growing energy sector. LED lighting equipment, which we began marketing a year ago shows an increasing level of incoming orders, and the promoting of photovoltaic power generation shows encouraging signs following the securing of a solar cell project from a major client. Going forward we will be focusing marketing and sales effort to production lines of lithium ion secondary batteries and fuel cells.

In May of this year we consolidated Taiyo Shokai and Tachibana Create companies, and together with Daidensha, it is expected to make for overall management effectiveness and efficiency, and provide increasing strength to the search for new products and sources of supply both in the domestic market and overseas.

Business bases in China started procurement from local manufacturers

In line with the overall Management Plan, we are focused to expansion of our business in the China market.

During the first quarter of the current financial year we relocated an operating officer from Japan to become stationed in Shanghai to manage and further develop the FA equipment market.

Through the sourcing of locally manufactured product we have been able to expand the product line-up, and importantly become more competitive.

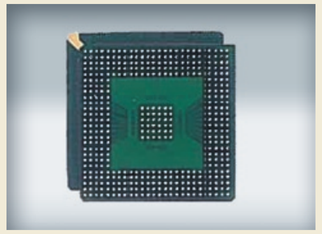
In July a showroom was opened in Wuhan, Hubei province, and plans are in progress to establish a branch office in Dalian.

Semiconductors and Electronic Devices

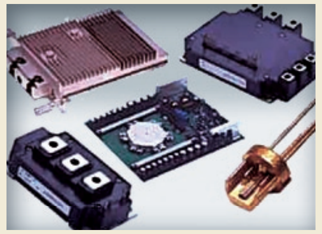
Hiroshi Konuma
Managing Operating Officer

Main products

Semiconductors (microcomputers, ASICs, power units, memories, general-purpose ICs)
Devices (contact image sensors, LCD modules, projector lamps)

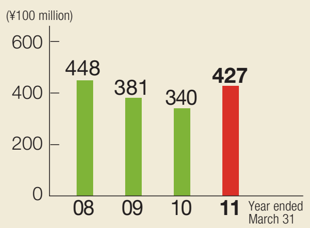


Microcomputers

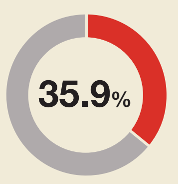


Power and optical devices

Net Sales



Composition of Net Sales



Year ended March 31, 2011

Review 2011

Consumer and industrial markets fared well, with EMS contributing to overall divisional results

Although the semiconductor sector momentum slowed in the first half year with the ending of the subsidies for eco-friendly vehicle purchases, demand for microcomputers and ASICs for car electronics equipment increased substantially both at home and overseas. Home appliances, also supported by the eco-point system, and power modules for industrial machinery and air-conditioning equipment fared well.

In the electronic devices sector, while sales of projector lamps showed a decline in sales contact image sensors for copying machines grew sharply, and liquid crystal panels and indicator parts, such as fluorescent indicator tubes sales also performed well.

Marketing effort during the past two years for electronic manufacturing services (EMS) came to fruition, resulting in orders being received for boards for air-conditioners and bathroom TV sets, and making a positive contribution to results for the year.

Overall, the division increased sales by 25.4% over the prior year.

Outlook and Prospects 2012

Strengthening marketing and technical capability in China

Despite the product shortages being experienced in the first half year as a result of severe disruptions caused by the Great East Japan Earthquake, the semiconductor manufacturers are recovering sooner than expected, and as a result we expect to be able to report full year results in line with target.

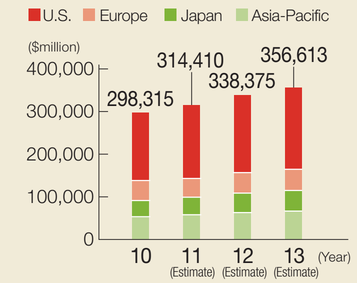
The formation of Renesas Electronics Corporation a year ago brought about a large scale transfer of trading rights, resulting in some of our trading rights being transferred to others. As a step to dealing with that situation we have formed the Semiconductor and Electronic Devices Development Department. The department has been tasked with identifying and sourcing excellent products from around the world to enhance our overall product range.

The first result of this initiative is having located aluminum electrolytic capacitors manufactured in Taiwan which we will be promoting.

We are continuing to focus business development to the China market, with a principal the aim to grow our base with Chinese customers. Towards achieving that objective we must advance our recruitment of local sales and technical staff.

Development in the global semiconductor market

The global market is expected to renew the all-time high for the second consecutive year in 2011. Growth is mainly attributed to the emerging economies. The Japanese market is likely to be slow due to the disruption to manufacturing facilities following the Great East Japan Earthquake, but an upturn is expected in the 2012 year.



Source: World Semiconductor Trade Statistics Inc. (WSTS)
Semiconductor Market Forecast Spring 2011

Information and Communication Systems

Masao Hamamura
Operating Officer

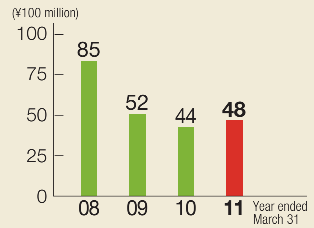
Main products

RFID/DSRC systems, surveillance cameras, Thin clients, touch panel monitors, FA controllers, special-application terminals

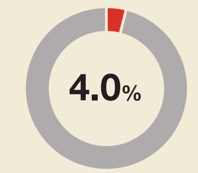
Thin clients

A wristband for entrance/exit management using RFID

Net Sales



Composition of Net Sales



Year ended March 31, 2011

Review 2011

Successful pilot programs with municipal governments

Results have been forthcoming in such areas as physical security and information security.

A successful pilot program for non-stop automatic gate system for bicycle parking has been carried out jointly with local governments. This has resulted in higher sales for RFID (radio frequency identification device) tag systems for entrance and exit management, as well as for other purposes.

In the information security sector, sales of thin client terminals for municipal governments, schools, and hospitals showed a substantial increase, driven by a growing consciousness about the management of personal information, and higher communication speed. Our original management system using USBs has significant cost advantages, and resulted in large orders having been received from government ordinance-designated cities.

The division recorded sales at 9.1% above the level of last year.

Outlook and Prospects 2012

Focusing security, safety and energy saving solutions

The marketing of personal computer servers which we embarked upon as a solutions dealer for Fujitsu in the latter part of last year has begun to show results, with growing demand for the "virtual server" mounted with multiple operating systems on a single server, due to the power saving features.

Going forward we will be working closely with the Factory Automation Systems and Building Services Systems divisions in proposing hardware and software system solutions centering on server re-alignment projects.

In physical security, we will further promote the bicycle parking system, with high expectations being placed on the non-stop automatic gate system piloted in Shiga prefecture. We are to also implement pilot programs with schools for the tagging of school bags to enhance safety and security of students.

In the area of "Smart Grid" technology we have already offered control-related solutions at demonstration plants for photovoltaic power generation, and with the increased concerns for energy savings and conservation our efforts will be directed to providing efficient solutions.

The Non-Stop Automatic Gate System Contributing to the building of safe and secure communities

High expectations are being placed on the Non-Stop Automatic Gate System, a pilot project undertaken jointly with the municipal government of Minami-Kusatsu, Shiga Prefecture.

The system automatically opens the gate when a bicycle with a dedicated IC tag passes through it, allowing the bicycle to enter and leave the parking lot without stopping at the gate. With the IC tag-based management method, the system can also identify bicycles left in the parking lot for long periods of time.

Building Services Systems

Hiroshi Yoneda
General Manager

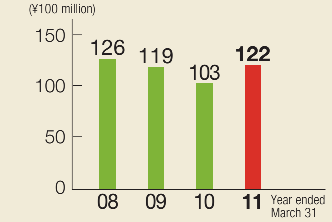
Main products

Package air-conditioners and other air-conditioning equipment, equipment for all-electric housing (Eco Cute, IH cooking heaters), room air-conditioners, power receiving/transformation equipment, monitoring and controlling equipment

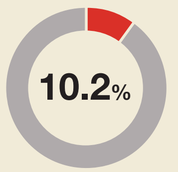
"Eco Cute"

Elevator

Net Sales



Composition of Net Sales



Year ended March 31, 2011

Review 2011

A year of progress

In the facility equipment sector, sales of multi-air conditioners and packaged air conditioners for buildings showed substantial growth largely due to the increase in replacement demand. Sales of "Eco Cute"energy efficient water heating supply systems also fared well, driven by the increasing demand for energy savings products and solutions.

As a means to product and systems promotion, and strengthening cooperation with our wholesaler customers, the division has been active in displaying equipment and building materials at exhibitions sponsored by wholesalers.

In the building and plant equipment sector, sales of special high pressure power receiving / distribution equipment related products and elevators showed substantial growth upon the completion of the Osaka Station Building (North) project, and other large projects with which we have had an involvement. Sales of photovoltaic power generation systems for industrial users also made an important contribution to overall sales.

Divisional sales showed an 18.5% increase over the previous year.

Outlook and Prospects 2012

Opportunities in LED lighting and other power saving related business

In the wake of the Great East Japan Earthquake the importance of power saving in the commercial / industrial and residential markets presents us with good opportunities to expand in such fields as LED lighting and photovoltaic power generation systems.

An air conditioner cleaning service has been launched to address power savings and efficiency enhancements which can be achieved from units which are installed on building roofs and other locations. This service is also assisting the building of customer confidence and relationships.

Tachibana Kouwa Systems Service, the subsidiary company merged during the past year, is witnessing an increase in construction related work through a collaboration with FA Systems and Solution Systems divisions. The ability to present existing and prospective clients with "packaged proposals" is being well received, and we have high expectations that the bringing together of the sales and technical strengths from within the Group will produce future dividends.

Power-saving effects from cleaning of air-conditioner outdoor units are expected

Amid calls for power-saving measures at home and business offices in response to the shortage of electric power supply in the wake of the Great East Japan Earthquake, high expectations are placed on power-saving effects from the cleaning of outdoor units of air-conditioners installed on the roofs of buildings and elsewhere. It is possible to enhance the operational efficiency of air-conditioners by cleaning outdoor units to restore the initial performance.

In response to rising power-saving needs, we launched a cleaning service for air-conditioner outdoor units we handle.

Solution Systems

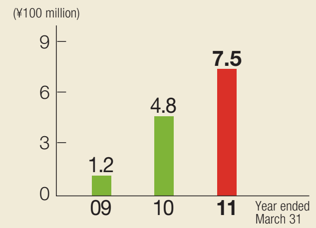
Michiyasu Yamamoto
Managing Operating Officer

Main products

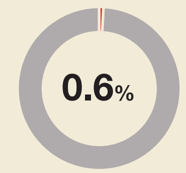
Proposes and sells photovoltaic power generation systems and other systems spanning our business segments with the themes of energy-saving, environment, safety and efficiency

A photovoltaic power generation system delivered to JA Tosa Kuroshio

Net Sales



Composition of Net Sales



Year ended March 31, 2011

Review 2011

Strong sales supported by photovoltaic power generating systems

In the environment and energy sector, orders for photovoltaic power generation systems in both industrial and residential markets rose steadily. Sales to schools also were also encouraging as systems were included in “School New Deal” scheme being promoted by the Government Ministry. The increasing number of distributors promoting photovoltaic power systems is also contributing to increased sales in the residential market.

Additionally, the fully fledged launch of “spec-in” activities in the design stage of new projects produced positive results.

The division reported an encouraging 56.6% sales increase on the prior year.

Outlook and Prospects 2012

Focusing system proposal to the pharmaceutical industry

Opportunities are seen in the pharmaceutical industry, as the legal revision requires the introduction of mechanisms to verify normal operation of programmable logic controllers (PLCs) related with the manufacture of products.

We also have in our sights the Manufacturing Execution System (MES) for which we have the relevant experience to build a strong track record.

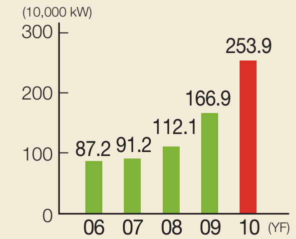
Marketing will initially be in the domestic market, but with an eye to overseas expansion at some future time.

We fully expect photovoltaic power generation systems market to show a growing demand, and it is our intention to reinforce our sales and technical support to meet this challenge.

Total shipments of photovoltaic cells by Japanese manufacturers

Shipments of cells in Japan in the year 2010 stood at 2,538,814 kilowatts in terms of power output, setting a new record for three years, and maintaining a market size that ranks one of the largest in the world.

Further growth of photovoltaic cells can be expected on the back of a global Rising demand for new energy sources.



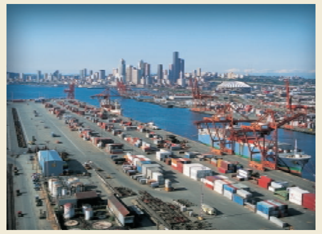
Source: Japan Photovoltaic Energy Association (JPEA)

Overseas Operations

Hisanobu Nunoyama
Operating Officer

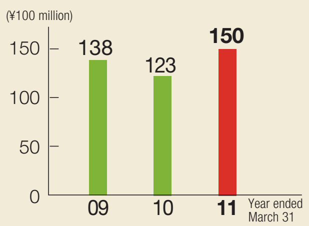
Description of Business

Principally the management and administration of subsidiary companies in the Asia region, and developing the sales network through which FA equipment, semiconductors, and other products and systems are sold.

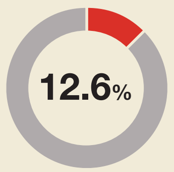


Tachibana Overseas Holdings Co., Ltd.

Net Sales



Composition of Net Sales



Year ended March 31, 2011

Review 2011

Overseas sales growth from expanding domestic demand in China

Through focused marketing and sales promotion, targeted at both domestic Chinese companies and Japanese manufacturers operating in China, good gains were made from the increasing demand for semiconductors such as microcomputers and ASICs.

FA equipment and machine tools, mainly sold to Japanese manufacturers, also showed positive results.

A range of internationally manufactured products are being imported by the domestic trading arm, and in particular, the special pipe-work and fittings for the shipbuilding industry, and frame bars for multi-storey parking systems have fared well. Sales of interior equipment and metal-formed products also showed growth.

Overall, sales gained by 22.5% over the previous year.

Outlook and Prospects 2012

Expanding our reach in China

Responding to the increasing relocation of Japanese manufacturing plants to China we will continue to cautiously expand our in-country marketing and sales and technical support network.

In addition to the branch offices in Beijing, Shanghai, and Shenzhen, a showroom recently opened in Wuhan., and plans are in progress to establish a sales office in Dalian.

As set out in the Management Plan a year ago, one of a number of important and on-going challenges is to gain entry to a wider range of Chinese manufacturing companies, and to aid the Factory Automation Systems to make further progress in that direction steps have been taken to expand the range of products by selectively sourcing within China.

Staff recruitment, training, and development will continue to be a high priority, and earlier in the current financial year an operating officer was relocated from Japan to Shanghai to manage and develop the FA Systems division operations.

We are looking forward with confidence to producing another year of growth in our overseas operations.

*The Overseas Business covers overall overseas transactions, including transactions with overseas subsidiaries and trade (exports and imports for domestic sales)

Corporate Governance

We will continue 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 and reaffirming 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 the auditor system in place. The existing auditor system is contributing to the enhancement of the audit system, strengthening of audit functions and improvement of audit effectiveness, with the function of monitoring management working to the fullest possible extent. Therefore, we believe that the existing auditor system is appropriate and effective also from the standpoint of corporate governance.

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 our management. Tachibana Eletech's management consists of six 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 execute their roles on the Board of Directors and the Operating Officers at the Corporate Executive Committee. In order to clearly define the managerial responsibilities for 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 15 times, the Corporate Executive Committee 12 times, and the Board of Auditors seven 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 progress of business execution.

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

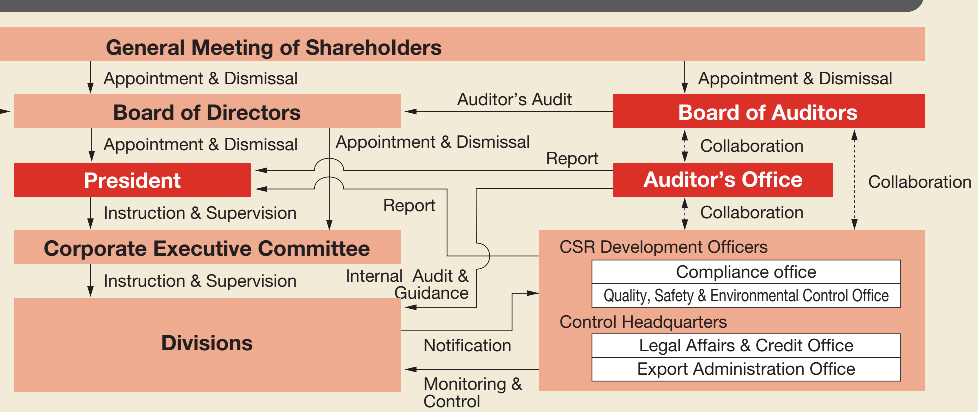
We have formulated internal rules for developing the internal control system, established the Compliance Office to ensure that the execution of duties conforms to laws and regulations as well as to the Articles of Incorporation, and have put in place a system to ensure the appropriateness of our business 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, is responsible for 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.

● **nternal 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.established by Tachibana Eletech, in an effort to improve internal control.

Measures for quality and the environment

We have been taking measures to ensure the quality of products from suppliers and to preserve the environment.

We are auditing manufacturing plants of suppliers

We have been seeking out new suppliers both in Japan and overseas in response to customers' calls for products of higher quality and cheaper prices. In view of the subsequent broadening of the scope of suppliers, we have established the Factory Auditing Office in order to ensure the quality control of products procured. The Factory Auditing Office regularly checks plants, technologies and production systems of suppliers from the perspective of quality control and requests improvements when it detects problems. We thus provide products to customers in a manner where we can always take responsibility for the quality and delivery of products at all times.

In the year ending March 2011, we audited a total of 27 plants (of which 14 are located overseas). Of these plants, we sought improvements for 22, and remedial measures were subsequently taken for all of them. In addition to this regular plant auditing, in the year under review, we promoted the exchange of letters of agreement on compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the Subcontractors Act) as well as of basic transaction contracts and quality assurance agreements with manufacturers that newly applied for supplier transactions. We concluded transaction agreements after ascertaining there were no problems contravening the Subcontractors Act in goods procurement and payment methods by focusing on modes of transaction between suppliers and their subcontractors.

Management of chemical substances

We are supporting customers in their environmental responsiveness through the provision of accurate information. The Chemical Substance Control Office is responsible for integrated management of information about chemical substances contained in products we handle. When we receive inquiries from customers about chemical substances contained in products, we provide them with all the information obtained from suppliers and approve of products that have been verified to conform to the requirements of customers. For your information, 90% of products we are dealing in meet the RoHS (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) Directive established to consider the effects of substances on human health.

The Chemical Substance Control Office is also responsible for the appropriate administration and promotion of the chemical substance management system in accordance with in-house "rules for management of contained chemical substances." The Office routinely checks the status of chemical substance management at suppliers and seeks improvements when it detects problems. Conversely, when customers request the audit of chemical substance management, we accept the audit with the Chemical Substance Control Office serving as the contact for such requests. The Office also takes the initiative in providing in-house education programs on chemical substance management.

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 execute their roles on the Board of Directors and the Operating Officers at the Corporate Executive Committee. In order to clearly define the managerial responsibilities for each fiscal year, the term of office for both Directors and Operating Officers is one year.

Quality control of semiconductors

As semiconductors have a very large share in products we handle, we have established the Semiconductor Quality Control Office as a specialized department to strengthen quality control. The Office has the following four main responsibilities:

The first responsibility is to deal with defects in semiconductor products. When defects are found in products delivered, the Office conducts an investigation to identify possible causes and map out measures to deal with them in cooperation with suppliers. The second responsibility is to manage environmental chemicals in semiconductor products. In response to customers' requests, the Office examines and prepares reports on whether there are hazardous substances contained in products, and if there are, the quantity of such substances. The third responsibility is quality control of EMS* products. The Office is involved in all stages of quality control, from the presence at trial production to discussions on the quality with people at mounting plants. The fourth responsibility is the audit of new suppliers. The Office conducts an advance investigation into whether new suppliers can deliver the quality we require.

The Semiconductor Quality Control Office is currently addressing the enhancement of quality on such themes as the strengthening of the logistics management system, quality control education program for sales representatives and the building of a database of environmental chemicals.

In the year ending March 2011, we received about 350 inquiries related to the quality of products and about 300 environment-related inquiries from customers. We also conducted audits of 10 new suppliers.

* EMS (Electronics Manufacturing Service): Service to offer consignment production of electronics devices.

Lead-free products

Lead is hazardous to human health and could also pose a threat to the natural environment when it turns into waste. Therefore, we are stepping up the supply of "lead-free products" that do not contain lead. Currently, over 99% of semiconductors, EMS products and FA equipment we handle are lead-free products. Meanwhile, we are witnessing a sharp decrease in lead-containing products we handle. Lead-containing products are largely limited to products that have been in use for a long period of time and do not have alternatives even in times of repair and some special-purpose products, such as ammeters and electric power meters. For these lead-containing products, we ask suppliers to come up with alternative products when customers request lead-free products. We are thus pushing for lead-free products while ascertaining that alternative products provided by suppliers match the quality demanded by customers and their production facilities.

We have built and are administering the chemical substance management system. Under this adequate management system, we are responding to a variety of customer requests concerning lead-free products, including the issuance of lead-free product certificates after ascertaining composition data tables submitted by suppliers.

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, 2011).

(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. Likewise the Group could also be affected by 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) Occurrence of Natural Disasters

The Tachibana Eletech Group's business performance and financial position could be affected in the event of occurrence of major earthquakes and other natural disasters because of the deterioration of the business environment due to the damage to company buildings, shutdown of the Head Office function as well as logistics and marketing functions, electric power outage and shutoff of transportation networks that could cause problems in the sale of our products.

(5) 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.

(6) Fluctuations in Foreign Exchange Rates

The Tachibana Eletech Group's business operations include selling products to overseas customers as well as 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 US 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.

(7) 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.

(8) 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.

(9) 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.

Financial Information

Financial Overview

(Fiscal Year Ended March 31, 2011)

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

In the fiscal year ended March 31, 2011, total assets increased by ¥4.373 billion year-on-year to ¥74.393 billion.

Current assets increased by ¥4.786 billion year-on-year to ¥62.207 billion. This was primarily due to an increase of ¥2.830 billion in trade notes and trade accounts receivable and an increase of ¥1.724 billion in articles of trade.

Fixed assets decreased by ¥412 million year-on-year to ¥12.186 billion. This was mainly attributable to a decrease of ¥157 million in buildings and structures and a decrease of ¥285 million in investment securities.

In the fiscal year ended March 31, 2011, total liabilities increased by ¥2.954 billion year-on-year to ¥39.124 billion.

Current liabilities increased by ¥3.543 billion year on year to ¥35.287 billion. This was primarily because of an increase of ¥2.277 billion in trade notes and trade accounts payable and an increase of ¥1.1 billion in income tax payable.

Long-term liabilities decreased by ¥588 million year-on-year to ¥3.836 billion. This was mainly due to a decrease of ¥505 million in negative goodwill.

In the fiscal year ended March 31, 2011, total shareholders' equity increased by ¥1.418 billion year-on-year to ¥35.269 billion. This was mainly due to an increase of ¥1.674 billion 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, 2011, amounted to ¥119.021 billion, an increase of ¥22.182 billion or 22.9% over the previous fiscal year, as the economy followed a steady recovery path. The increase in net sales mainly reflected a substantial recovery in the core FA Systems and Semiconductors and Electronic Devices businesses, but other business segments also turned in steady performance. In addition, Daidensha Co., Ltd. becoming a consolidated subsidiary made a significant contribution to pushing up net sales.

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

Cost of sales increased by ¥18.650 billion or 20.0% over the previous fiscal year to ¥103.601 billion, in line with a rise in net sales. The ratio of cost of sales to net sales declined 0.7 percentage points to 87.0%, reflecting improved margin.

Selling, general and administrative expenses increased by ¥1.612 billion or 14.9% over the previous fiscal year to ¥12.463 billion. This mainly reflected higher expenses stemming from increased selling expenses and Daidensha Co., Ltd. becoming a consolidated subsidiary as mentioned above.

3) Non-Operating Income/Loss

Non-operating income increased by ¥344 million or 67.6% over the previous fiscal year to ¥854 million. This mainly reflected amortization of negative goodwill stemming from the addition of Daidensha Co., Ltd. as a consolidated subsidiary.

Non-operating expenses increased ¥67 million or 33.5% over the previous fiscal year to ¥269 million. This was primarily due to a rise in sales discounts.

4) Ordinary Income

Ordinary income increased by ¥2.197 billion or 163.4% over the previous fiscal year to x3.541 billion. The ratio of ordinary income to net sales improved 1.6 percentage points year-on-year to 3.0%.

5) Extraordinary Income/Loss

Extraordinary income increased by ¥68 million or 452.6% over the previous fiscal year to ¥83 million. This primarily reflects the recording of income on negative goodwill generated from the addition of Daidensha Co., Ltd. as a consolidated subsidiary.

Extraordinary losses increased by ¥282 million or 613.0% over the previous fiscal year to ¥329 million. This mainly reflected an increase in the evaluation loss on investment securities and the recording of business restructuring expenses within Group companies.

6) Net Income

Net income increased by ¥1.275 billion or 156.4% over the previous fiscal year to ¥2.09 billion.

(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, 2011, decreased by ¥853 million year-on-year to ¥12.166 billion.

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

(Cash Flow from Operating Activities)

Net cash used by operating activities amounted to ¥190 million, against net cash provided of ¥4.083 billion in the previous year. This mainly stemmed from income before income taxes and minority interests of ¥3.296 billion, an increase in trade payables of ¥2.404 billion, an increase in accounts receivable of ¥3.458 billion and an increase in inventories of ¥2.338 billion.

(Cash Flow from Investing Activities)

Net cash used in investing activities amounted to ¥93 million, against net cash used of ¥608 million in the previous year. This was mainly due to proceeds of ¥577 million associated with a decrease in time deposits and outlays of ¥600 million for the acquisition of investment securities.

(Cash Flow from Financing Activities)

Net cash used by financing activities amounted to ¥480 million, against net cash provided of ¥394 million in the previous year. This was primarily due to ¥410 million in payment of cash dividends.

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

While we expect the business climate to turn severe in the wake of the Great East Japan Earthquake, the Tachibana Eletech Group will strive to further strengthen the management base for the coming opportunity for a leap forward and carry out business strategies to aggressively move into new businesses.

More specifically, we will steadily proceed with "aggressive overseas business operations" in the Asian market centering on China; "expansion of new businesses" looking to growth markets in the environment and energy field; "provision of high-quality construction and services" with Tachibana Kouwa System Service Co., Ltd., a subsidiary, at the core; "consolidation management" in pursuit of the comprehensive strength of Group companies by making use of the respective characteristics of subsidiaries; and "promotion of thorough internal reform efforts" using "C.A.P. UP 1500" as leverage, thereby reinforcing our capacity to offer total solutions as a technology-driven trading company.

Consolidated Balance Sheets

TACHIBANA ELETECH CO., LTD. and Subsidiaries
March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2011**	2010	**2011**
CURRENT ASSETS:			
Cash and cash equivalents (Note 11)	**¥ 12,166**	¥ 13,020	**$ 146,320**
Short-term investments (Notes 3, 5 and 11)	**1,773**	1,845	**21,329**
Receivables (Note 11):			
Trade notes	**7,616**	6,023	**91,588**
Trade accounts	**30,080**	28,842	**361,756**
Other	**1,630**	1,368	**19,600**
Allowance for doubtful receivables	**(65)**	(85)	**(778)**
Inventories (Note 4)	**8,159**	5,896	**98,123**
Deferred tax assets (Note 9)	**589**	327	**7,082**
Prepaid expenses and other current assets (Notes 11 and 12)	**259**	185	**3,114**
Total current assets	**62,207**	57,421	**748,134**
PROPERTY AND EQUIPMENT:			
Land (Note 5)	**1,175**	1,177	**14,136**
Buildings and structures (Note 5)	**6,558**	6,547	**78,869**
Machinery and equipment	**63**	63	**756**
Furniture and fixtures	**672**	679	**8,073**
Construction in progress	**0**	1	**0**
Total	**8,468**	8,467	**101,834**
Accumulated depreciation	**(4,689)**	(4,502)	**(56,394)**
Net property and equipment	**3,779**	3,965	**45,440**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 11)	**6,998**	7,284	**84,159**
Deferred tax assets (Note 9)	**11**	19	**136**
Other assets	**1,399**	1,331	**16,826**
Total investments and other assets	**8,408**	8,634	**101,121**
TOTAL	**¥ 74,394**	¥ 70,020	**$ 894,695**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	**2011**	2010	**2011**
CURRENT LIABILITIES:			
Short-term bank loans (Notes 5 and 11)	**¥ 2,163**	¥ 2,050	**$ 26,009**
Current portion of long-term debt (Notes 5 and 11)	**236**	256	**2,836**
Payables:			
Trade notes (Note 11)	**1,786**	1,358	**21,475**
Trade accounts (Note 11)	**27,111**	25,261	**326,045**
Other	**747**	626	**8,982**
Income taxes payable	**1,252**	151	**15,054**
Accrued expenses	**1,058**	695	**12,726**
Deferred tax liabilities (Note 9)	**0**	6	**1**
Other current liabilities	**935**	1,341	**11,259**
Total current liabilities	**35,288**	31,744	**424,387**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 5 and 11)	**772**	931	**9,281**
Long-term accounts payable	**100**	146	**1,203**
Liability for retirement benefits (Note 6)	**678**	657	**8,158**
Negative goodwill	**1,884**	2,389	**22,658**
Deferred tax liabilities (Note 9)	**384**	294	**4,620**
Other long-term liabilities	**18**	8	**219**
Total long-term liabilities	**3,836**	4,425	**46,139**
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 2011 and 2010	**5,692**	5,692	**68,456**
Capital surplus	**5,571**	5,571	**67,003**
Retained earnings	**24,049**	22,374	**289,221**
Treasury stock - at cost 601,576 shares in 2011 and 600,714 shares in 2010	**(496)**	(494)	**(5,963)**
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities	**844**	794	**10,150**
Deferred gains (losses) on derivatives under hedge accounting	**1**	1	**11**
Foreign currency translation adjustments	**(455)**	(282)	**(5,485)**
Total	**35,206**	33,656	**423,393**
Minority interests	**64**	195	**776**
Total equity	**35,270**	33,851	**424,169**
TOTAL	**¥ 74,394**	¥ 70,020	**$ 894,695**

Consolidated Statements of Income

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES	**¥ 119,021**	¥ 96,838	**$ 1,431,402**
COST OF SALES	**103,601**	84,951	**1,245,953**
Gross profit	**15,420**	11,887	**185,449**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
(Notes 6 and 10)	**12,464**	10,851	**149,895**
Operating income	**2,956**	1,036	**35,554**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**144**	106	**1,730**
Interest expense	**(44)**	(33)	**(528)**
Amortization of negative goodwill	**505**	132	**6,074**
Valuation loss on investment securities	**(256)**	(38)	**(3,075)**
Other - net	**(8)**	111	**(107)**
Other income (expenses) - net	**341**	278	**4,094**
INCOME BEFORE INCOME TAXES AND MINORITY	**3,297**	1,314	**39,648**
INTERESTS			
INCOME TAXES (Note 9):	**1,444**	452	**17,365**
Current	**(244)**	43	**(2,933)**
Deferred	**1,200**	495	**14,432**
Total income taxes	**2,097**		**25,216**
NET INCOME BEFORE MINORITY INTERESTS	**7**	4	**79**
MINORITY INTERESTS IN NET INCOME			
NET INCOME	**¥ 2,090**	¥ 815	**$ 25,137**
	Yen		U.S. Dollars (Note 1)
PER SHARE OF COMMON STOCK (Notes 2.s and 16):			
Basic net income	**¥ 100.58**	¥ 39.12	**$ 1.21**
Cash dividends applicable to the year	**20.00**	18.00	**0.24**

Diluted net income per share is not disclosed because the Company has no dilutive securities for the year ended March 31, 2011 and it is anti-dilutive for the year ended March 31, 2010.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

TACHIBANA ELETECH CO., LTD. and Subsidiaries Year Ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
NET INCOME BEFORE MINORITY INTERESTS	**¥ 2,097**	**$ 25,216**
OTHER COMPREHENSIVE INCOME (Note 15):		
Unrealized gains on available-for-sale securities	**50**	**605**
Deferred gains on derivatives under hedge accounting	**0**	**3**
Foreign currency translation adjustments	**(173)**	**(2,089)**
Total other comprehensive income	**(123)**	**(1,481)**
COMPREHENSIVE INCOME (Note 15)	**¥ 1,974**	**$ 23,735**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 15):		
Owners of the parent	**¥ 1,967**	**$ 23,656**
Minority interests	**7**	**79**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

	Thousands	Millions of Yen									
						Accumulated Other Comprehensive Income					
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-sale Securities	Deferred Gains on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	20,853	¥ 5,692	¥ 5,571	¥ 21,935	¥ (446)	¥ 45	¥ 0	¥ (303)	¥ 32,494	¥ 55	¥ 32,549
Net income				815					815		815
Cash dividends, ¥18 per share				(376)					(376)		(376)
Purchases of treasury stock	(73)				(48)				(48)		(48)
Disposals of treasury stock	0		(0)		0				0		0
Net change in unrealized gains on available-for-sale securities						749			749		749
Net change in deferred gains 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	(494)	794	1	(282)	33,656	195	33,851
Net income				2,090					2,090		2,090
Cash dividends, ¥20 per share				(415)					(415)		(415)
Purchases of treasury stock	(0)				(2)				(2)		(2)
Net change in unrealized gains on available-for-sale securities						50			50		50
Net change in deferred gains on derivatives under hedge accounting							0		0		0
Net change in foreign currency translation adjustments								(173)	(173)		(173)
Net change in minority interests										(131)	(131)
BALANCE, MARCH 31, 2011	**20,780**	**¥ 5,692**	**¥ 5,571**	**¥ 24,049**	**¥ (496)**	**¥ 844**	**¥ 1**	**¥ (455)**	**¥ 35,206**	**¥ 64**	**¥ 35,270**

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-sale Securities	Deferred Gains on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2010	$ 68,456	$ 67,003	$ 269,083	$ (5,935)	$ 9,545	$ 8	$ (3,396)	$ 404,764	$ 2,341	$ 407,105
Net income			25,137					25,137		25,137
Cash dividends, $0.24 per share			(4,999)					(4,999)		(4,999)
Purchases of treasury stock				(28)				(28)		(28)
Net change in unrealized gains on available-for-sale securities					605			605		605
Net change in deferred gains on derivatives under hedge accounting						3		3		3
Net change in foreign currency translation adjustments							(2,089)	(2,089)		(2,089)
Net change in minority interests									(1,565)	(1,565)
BALANCE, MARCH 31, 2011	**$ 68,456**	**$ 67,003**	**$ 289,221**	**$ (5,963)**	**$ 10,150**	**$ 11**	**$ (5,485)**	**$ 423,393**	**$ 776**	**$ 424,169**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 3,297	¥ 1,314	$ 39,648
Adjustments for:			
Income taxes - paid	(336)	(437)	(4,046)
Depreciation and amortization	(136)	257	(1,632)
Provision for doubtful receivables	(120)	(71)	(1,438)
Provision for employee bonuses	318	(39)	3,821
Valuation loss on investment securities	256	38	3,075
Changes in assets and liabilities:			
(Increase) decrease in receivables - trade	(3,459)	2,199	(41,595)
Increase in account receivables - other	(273)	(340)	(3,279)
(Increase) decrease in inventories	(2,338)	1,145	(28,120)
Increase in trade payables	2,404	103	28,914
Increase in liability for retirement benefits	22	46	264
Other - net	174	(132)	2,096
Total adjustments	(3,488)	2,769	(41,940)
Net cash (used in) provided by operating activities	(191)	4,083	(2,292)
INVESTING ACTIVITIES:			
Net change in time deposits	577	(253)	6,941
Purchases of short-term investments	(600)		(7,216)
Purchases of property and equipment	(66)	(46)	(794)
Proceeds from sales of property and equipment	2		20
Purchases of intangible assets	(77)	(146)	(920)
Purchases of investment securities	(47)	(14)	(562)
Proceeds from redemptions of investment securities	264		3,175
Payment for purchase of DAIDENSHA Co., Ltd., net of cash acquired		(105)	
Other - net	(147)	(44)	(1,771)
Net cash used in investing activities	(94)	(608)	(1,127)
FINANCING ACTIVITIES:			
Net change in short-term bank loans - net	113	(0)	1,355
Proceeds from long-term debt	88	1,082	1,058
Repayments of long-term debt	(268)	(292)	(3,228)
Net change in treasury stock	(1)	(2)	(8)
Dividends paid	(410)	(391)	(4,934)
Other - net	(3)	(2)	(24)
Net cash (used in) provided by financing activities	¥ (481)	¥ 395	$ (5,781)
EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	¥ (88)	¥ 25	$ (1,064)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(854)	3,895	(10,264)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,020	9,125	156,584
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 12,166	¥ 13,020	$ 146,320

Assets and liabilities of DAIDENSHA Co., Ltd. at the inception of the consolidation, related acquisition cost and net expenditure for acquisition of shares in the fiscal year ended March 31, 2010 are as follows:

	Millions of Yen
	2010
Assets acquired:	
Current	¥ 4,366
Non-current	2,324
Liabilities assumed:	
Current	(798)
Long-term	(320)
Negative goodwill	(2,503)
Minority interests	(145)
Acquisition shares in previous years	(1,452)
Acquisition cost of shares	1,472
Cash and cash equivalents of newly consolidated company	(1,367)
Payment for purchase of DAIDENSHA Co., Ltd., net of cash acquired	¥ 105

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

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 the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 15. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which 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 ¥83.15 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements as of March 31, 2011 and 2010 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 IFRS 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 equity; 3) expensing capitalized development costs of research and development ("R&D") costs; 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 applicable.

c. Business Combination - 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 revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed.
(2) The current accounting standard accounts for R&D costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) costs acquired in the business combination are capitalized as an intangible asset.
(3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation.

This standard was applicable to business combinations undertaken on or after April 1, 2010.

The Group applied the new accounting standard effective April 1, 2010.

d. 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.

e. 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.

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

g. 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.

h. Property and Equipment - Property and equipment are stated at cost. Depreciation is computed primarily 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.

i. 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.

j. 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.

k. Asset Retirement Obligations - In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥0 million ($5 thousand) and income before income taxes and minority interests by ¥8 million ($99 thousand).

l. 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.

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

n. 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, 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 was effective for fiscal years beginning on or after April 1, 2009. The Group applied the new accounting standard effective April 1, 2009.

o. 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.

p. 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.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

q. 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 are 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.

r. 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 with gains or losses on derivative transactions recognized in the income statement and b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts are utilized to hedge foreign currency exposures to the 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.

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.

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

Diluted net income per share reflects the potential dilution that could occur if 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.

t. New Accounting Pronouncements

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

(1) Changes in Accounting Policies
When a new accounting policy is applied due to a 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.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Short-term investments:			
Time deposits other than cash equivalents	¥ 963	¥ 1,580	$ 11,586
Government and corporate bonds	810	265	9,743
Total	¥ 1,773	¥ 1,845	$ 21,329
Investment securities:			
Marketable equity securities	¥ 6,408	¥ 6,508	$ 77,065
Government and corporate bonds	385	599	4,630
Non-marketable equity securities	58	28	700
Others	147	149	1,764
Total	¥ 6,998	¥ 7,284	$ 84,159

Information regarding each category of securities at March 31, 2011 and 2010 was as follows:

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥ 4,890	¥ 1,856	¥ 338	¥ 6,408
Government and corporate bonds	1,190	6	1	1,195
Others	144	6	3	147
Total	¥ 6,224	¥ 1,868	¥ 342	¥ 7,750
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
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

	Thousands of U.S. Dollars			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	$ 58,810	$ 22,317	$ 4,062	$ 77,065
Government and corporate bonds	14,311	77	15	14,373
Others	1,730	77	43	1,764
Total	$ 74,851	$ 22,471	$ 4,120	$ 93,202

Impairment losses on securities for the years ended March 31, 2011 and 2010 were ¥256 million ($3,75 thousand) and ¥38 million.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

4. INVENTORIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Merchandise	**¥ 7,612**	¥ 5,887	**$ 91,538**
Work in process	**17**	7	**208**
Raw materials	**530**	2	**6,377**
Total	**¥ 8,159**	¥ 5,896	**$ 98,123**

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

Short-term bank loans at March 31, 2011 and 2010 included bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.63% to 5.60% and 0.73% to 1.48% at March 31, 2011 and 2010, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Loans from banks and other financial institutions, due serially to 2019 with interest rates ranging from 0% to 2.10% (2011) and 0% to 2.30% (2010):			
Collateralized	**¥ 90**	¥ 72	**$ 1,077**
Unsecured	**918**	1,115	**11,040**
Total	**1,008**	1,187	**12,117**
Less current portion	**(236)**	(256)	**(2,836)**
Long-term debt, less current portion	**¥ 772**	¥ 931	**$ 9,281**

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

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	**¥ 236**	**$ 2,836**
2013	**282**	**3,388**
2014	**232**	**2,787**
2015	**224**	**2,701**
2016	**13**	**153**
2017 and thereafter	**21**	**252**
Total	**¥ 1,008**	**$ 12,117**

The carrying amounts of assets pledged as collateral for the above secured and collateralized long-term debt at March 31, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Time deposits included in short-term investments	**¥ 6**	**$ 72**
Land	**107**	**1,290**
Buildings and structures - net of accumulated depreciation	**25**	**295**
Total	**¥ 138**	**$ 1,657**

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 plans, 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, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Projected benefit obligation	**¥ 3,979**	¥ 3,734	**$ 47,854**
Fair value of plan assets	**(2,903)**	(2,810)	**(34,909)**
Unrecognized prior service cost	**51**	57	**608**
Unrecognized actuarial gain	**(449)**	(324)	**(5,395)**
Net liability	**¥ 678**	¥ 657	**$ 8,158**

The Company changed part of its retirement plan on April 1, 2009. Due to this change, prior service cost of ¥63 million ($760 thousand) was accrued and is being amortized over 10 years.

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Service cost	**¥ 214**	¥ 200	**$ 2,577**
Interest cost	**86**	82	**1,027**
Expected return on plan assets	**(28)**	(24)	**(332)**
Amortization of prior service cost	**(6)**	(6)	**(76)**
Recognized actuarial loss	**81**	80	**976**
Subtotal	**347**	332	**4,172**
Payments for defined contribution pension plan	**239**	223	**2,872**
Additional retirement benefit expenses	**76**	16	**914**
Net periodic benefit costs	**¥ 662**	¥ 571	**$ 7,958**

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

	2011	2010
Discount rate	**2.0%**	2.5%
Expected rate of return on plan assets	**1.0%**	1.0%
Amortization period of prior service cost	**10 years**	10 years
Recognition period of actuarial gain/loss	**10 years**	10 years

The total pension fund assets and projected benefit obligation of the welfare pension fund as of March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Pension fund assets	**¥ 60,832**	**$ 731,592**
Projected benefit obligation	**(76,614)**	**(921,397)**
Amount of balance	**¥ (15,782)**	**$ (189,805)**

The Group's share of the contribution to the fund for the year ended March 31, 2010 was 6.9%.

Supplemental Information

The balance consists of past service liabilities of ¥14,826 million ($178,308 thousand), adjusted addition for asset valuation of ¥7,211 million ($86,724 thousand) and accumulated funds of ¥6,255 million ($75,227 thousand).

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

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 the legal reserve and additional paid-in capital equals 25% of 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

Stock option activity is as follows:

For the year ended March 31, 2010	2005 Stock Option (8/9/2005) (Shares)	2005 Stock Option (10/18/2005) (Shares)	2006 Stock Option (4/11/2006) (Shares)
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	¥ 1,189	¥ 1,343
Average stock price at exercise	—	—	—
Fair value price at grant date	—	—	—

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, 2011 and 2010. 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, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets:			
Allowance for doubtful receivables	¥ 46	¥ 71	$ 547
Accrued bonuses	339	211	4,076
Enterprise tax	95	16	1,138
Valuation loss on investment securities	159	164	1,911
Retirement allowance for directors and corporate auditors	43	62	517
Liability for retirement benefits	296	287	3,563
Tax loss carryforward	427	321	5,138
Other	202	192	2,439
Total gross deferred tax assets	1,607	1,324	19,329
Less valuation allowance	(714)	(675)	(8,584)
Net deferred tax assets	¥ 893	¥ 649	$ 10,745
Deferred tax liabilities:			
Undistributed earnings of subsidiaries	¥ 33	¥ 33	$ 399
Unrealized gains on available-for-sale securities	599	519	7,202
Other	45	51	547
Total gross deferred tax liabilities	677	603	8,148
Net deferred tax assets	¥ 216	¥ 46	$ 2,597

Net deferred tax assets and liabilities at March 31, 2011 and 2010 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets (Current)	¥ 589	¥ 327	$ 7,082
Deferred tax assets (Non-current)	11	19	136
Deferred tax liabilities (Current)	(0)	(6)	(1)
Deferred tax liabilities (Non-current)	(384)	(294)	(4,620)
Net deferred tax assets	¥ 216	¥ 46	$ 2,597

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

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

	2011	2010
Normal effective statutory tax rate	**40.6%**	40.6%
Expenses not deductible for income tax purposes	**2.2**	4.1
Income not taxable for income tax proposes	**(0.7)**	(1.6)
Taxation on per capita basis	**1.2**	2.7
Equity in earnings of affiliates		(3.3)
Change in valuation allowance	**1.1**	0.4
Gain on negative goodwill	**(0.8)**	
Amortization of negative goodwill	**(6.2)**	(4.1)
Other - net	**(1.0)**	(1.1)
Actual effective tax rate	**36.4%**	37.7%

At March 31, 2011, certain subsidiaries have tax loss carryforwards aggregating approximately ¥1,051 million ($12,640 thousand) which are available to offset 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**	**$ 337**
2014	**119**	**1,425**
2015	**114**	**1,373**
2016	**234**	**2,815**
2017 and thereafter	**556**	**6,690**
Total	**¥ 1,051**	**$ 12,640**

10. LEASES

The Group leases certain machinery, computer equipment and other assets.
Total rental expense for the years ended March 31, 2011 and 2010 were ¥566 million ($6,804 thousand) and ¥572 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, 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 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, 2011			As of March 31, 2010			As of March 31, 2011		
	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	**¥ 39**	**¥ 203**	**¥ 242**	¥ 43	¥ 238	¥ 281	**$ 476**	**$ 2,446**	**$ 2,922**
Accumulated Depreciation	**26**	**141**	**167**	24	132	156	**316**	**1,698**	**2,014**
Net leased property	**¥ 13**	**¥ 62**	**¥ 75**	¥ 19	¥ 106	¥ 125	**$ 160**	**$ 748**	**$ 908**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	**¥ 42**	¥ 49	**$ 508**
Due after one year	**33**	76	**400**
Total	**¥ 75**	¥ 125	**$ 908**

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

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method was ¥50 million ($596 thousand) and ¥59 million for the years ended March 31, 2011 and 2010, respectively.

Future minimum payments under noncancelable operating leases were as follows:

	Operating Leases 2011	
	Millions of Yen	Thousands of U.S. Dollars
Due within one year	**¥ 164**	**$ 1,977**
Due after one year	**139**	**1,669**
Total	**¥ 303**	**$ 3,646**

11. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

(1) Group policy for financial instruments
The Group uses 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 risk 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 terms 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 currency exchange risk by using forward foreign currency contract hedges.
Short-term bank loans and long-term debt are mainly used 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. Please see Note 12 for the detail of the fair value of derivatives.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

(a) Fair value of financial instruments

	March 31, 2011			March 31, 2010			March 31, 2011		
	Millions of Yen			Millions of Yen			Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains/Losses	Carrying Amount	Fair Value	Unrealized Gains/Losses	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and cash equivalents	¥ 12,166	¥ 12,166	¥ —	¥ 13,020	¥ 13,020	¥ —	$ 146,320	$ 146,320	$ —
Trade receivables	37,696			34,865			453,344		
Allowance for doubtful receivables	(65)			(85)			(778)		
Sub-total	37,631	37,631	—	34,780	34,780	—	452,566	452,566	—
Other receivables	1,630	1,630	—	1,368	1,368	—	19,600	19,600	—
Short-term investments and investment securities	8,713	8,713	—	9,101	9,101	—	104,788	104,788	—
Total	¥ 60,140	¥ 60,140	¥ —	¥ 58,269	¥ 58,269	¥ —	$ 723,274	$ 723,274	$ —
Short-term bank loans	¥ 2,163	¥ 2,163	—	¥ 2,050	¥ 2,050	—	$ 26,009	$ 26,009	—
Trade payables	28,897	28,897	—	26,619	26,619	—	347,520	347,520	—
Long-term debt	1,008	1,011	¥ 3	1,187	1,184	¥ (3)	12,117	12,160	$ 43
Total	¥ 32,068	¥ 32,071	¥ 3	¥ 29,856	¥ 29,853	¥ (3)	$ 385,646	$ 385,689	$ 43
Derivative financial instruments	¥ 1	¥ 1	¥ —	¥ 1	¥ 1	¥ —	$ 18	$ 18	$ —

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 equity instruments, and at the quoted price obtained from financial institutions 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) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Investments in equity instruments that do not have a quoted market price in an active market	¥ 58	¥ 28	$ 700

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

	March 31, 2011				March 31, 2011			
	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	¥ 12,166	—	—	¥ —	$ 146,320	—	—	$ —
Trade receivables	37,696	—	—	—	453,344	—	—	—
Other receivables	1,630	—	—	—	19,600	—	—	—
Short-term investments and investment securities:								
Time deposits	963	—	—	—	11,586	—	—	—
Available-for-sale securities with contractual maturities:								
Government and corporate bonds	810	¥ 330	¥ 50	—	9,741	$ 3,969	$ 601	—
Others	—	—	100	—	—	—	1,203	—
Total	¥ 53,265	¥ 330	¥ 150	¥ —	$ 640,591	$ 3,969	$ 1,804	$ —

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.

Hedging accounting is applied to all derivative transactions.

Derivative transactions to which hedge accounting is applied

		At March 31, 2011			At March 31, 2010			At March 31, 2011		
		Millions of Yen			Millions of Yen			Thousands of U.S. Dollars		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:										
Buying U.S.$	Payables	¥ 92	¥ —	¥ 1	¥ 28	¥ —	¥ 1	$ 1,104	$ —	$ 17
Buying H.K.$	Payables	¥ 2	¥ —	¥ 0	¥ 8	¥ —	¥ 0	$ 22	$ —	$ 0
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term Debt	¥ 800	¥ 600		¥ 1,000	¥ 800		$ 9,621	$ 7,216	

The fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

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 the hedged items (i.e. long-term debt).

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, 2011, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥ 66	$ 788

14. LITIGATION

On October 24, 2008, litigation was filed against the Company by Max Co., Ltd. (MAX), in connection with the malfunction of residential fire alarms sold to MAX by the Company. MAX claimed recovery of the purchase payment by cancellation of the above business and compensation for costs of collecting back the goods in the aggregate amount of ¥841 million ($10,113 thousand), among which MAX also claimed a delinquency charge in relation to ¥570 million ($6,854 thousand). With respect to this suit, the Company not only argues that the entire amount of the claim is unreasonable but also brought a cross action to claim payment of the uncollected sales proceeds from MAX.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

15. COMPREHENSIVE INCOME

For the year ended March 31, 2010

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

	Millions of Yen
Total comprehensive income attributable to:	
Owners of the parent	¥ 1,586
Minority interests	4
Total comprehensive income	¥ 1,590

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

	Millions of Yen
Other comprehensive income:	
Unrealized gains on available-for-sale securities	¥ 749
Deferred gains on derivatives under hedge accounting	1
Foreign currency translation adjustments	21
Total other comprehensive income	¥ 771

16. NET INCOME PER SHARE

The average number of common shares used in the computation was 20,779,964 shares for 2011 and 20,835,539 shares for 2010.

17. SUBSEQUENT EVENTS

Cash Dividend

On May 27, 2011, the Company's board of directors approved a year-end cash dividend of ¥12 ($0.14) per share on the outstanding common stock of the Company at March 31, 2011.

18. SEGMENT INFORMATION

For the year ended March 31, 2011 and 2010

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

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

1. Description of reportable segments

The Group has six reportable segments and each has products and services as described in the table below. The segments are categorized by available separate financial information and evaluated by management regularly. Management discusses the segments' financial information in order to make decisions, such as how to allocate resources among the Group. The Group plans domestic and overseas strategies based on the segments.

Reportable Segment	Products and Services
Factory Automation Systems Business	Programmable controllers, inverters, AC servos, various types of motors, power distribution control equipment and control devices, industrial robots, electric discharge machines and laser beam machines
Semiconductors and Electronic Devices Business	Semiconductors (microcomputers, ASIC, power devices, memory modules and standard IC) Electronic devices (contact image sensors, LCD modules and projector lamps)
Information and Communication Systems Business	RFID/DSRC systems, surveillance cameras, thin clients, touch panels, FA controllers and various types of special terminals
Building Services Systems Business	Package air conditioners and other air-conditioning equipment, equipment for all- electric housing (heat pump systems named "ECO Cute", IH cooking heaters), room air-conditioners, power receiving/transformation equipment, and monitoring and controlling equipment
Solution Systems Business	Proposing systems and providing solutions with all the operating divisions relating to photovoltaic systems, energy saving, natural environments, safety and efficiency
Trading	Exporting and importing parts and materials for carrier machines and railroad vehicles

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

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

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

	Millions of Yen								
	2011								
	Reportable Segment								
	Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Information and Communication Systems Business	Building Services Systems Business	Solution Systems Business	Trading	Total	Reconciliation	Consolidated
Sales									
Sales to external customers	¥ 55,681	¥ 42,671	¥ 4,806	¥ 12,190	¥ 746	¥ 2,927	¥ 119,021		¥ 119,021
Intersegment sales or transfers									
Total	55,681	42,671	4,806	12,190	746	2,927	119,021		119,021
Segment profit (loss)	1,835	1,202	(222)	243	(165)	63	2,956		2,956
(Operating profit (loss))	23,897	18,535	2,297	6,910	690	1,128	53,457	¥ 20,937	74,394
Segment assets									
Other:									
Depreciation	180	103	22	31	25	7	368		368
Increase in property, plant and equipment and intangible assets	56	44	8	16	9	3	136		136

	Millions of Yen								
	2010								
	Reportable Segment								
	Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Information and Communication Systems Business	Building Services Systems Business	Solution Systems Business	Trading	Total	Reconciliation	Consolidated
Sales									
Sales to external customers	¥ 44,628	¥ 34,037	¥ 4,404	¥ 10,288	¥ 477	¥ 3,004	¥ 96,838		¥ 96,838
Intersegment sales or transfers									
Total	44,628	34,037	4,404	10,288	477	3,004	96,838		96,838
Segment profit (loss) (Operating profit (loss))	437	760	(126)	140	(206)	31	1,036		1,036
Segment assets	23,463	14,426	2,635	5,408	747	1,192	47,871	¥ 22,149	70,020
Other:									
Depreciation	177	104	25	32	28	9	375		375
Increase in property, plant and equipment and intangible assets	82	47	12	18	13	4	176		176

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Subsidiaries
Years Ended March 31, 2011 and 2010

	Thousands of U.S. Dollars								
	2011								
	Reportable Segment								
	Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Information and Communication Systems Business	Building Services Systems Business	Solution Systems Business	Trading	Total	Reconciliation	Consolidated
Sales									
Sales to external customers	$ 669,643	$ 513,181	$ 57,802	$ 146,598	$ 8,974	$ 35,204	$ 1,431,402		$ 1,431,402
Intersegment sales or transfers									
Total	669,643	513,181	57,802	146,598	8,974	35,204	1,431,402		1,431,402
Segment profit (loss) (Operating profit (loss))	22,069	14,456	(2,675)	2,931	(1,989)	762	35,554		35,554
Segment assets	287,398	222,907	27,618	83,106	8,297	13,564	642,890	$ 251,805	894,695
Other:									
Depreciation	2,169	1,239	265	367	299	87	4,426		4,426
Increase in property, plant and equipment and intangible assets	679	533	96	185	110	36	1,639		1,639

Notes:Segment assets included in the Reconciliation line as of March 31, 2011 and 2010 which were ¥20,937 million ($251,805 thousand) and ¥22,149 million, are corporate assets which are not allocated to each reportable segment and primarily comprise financial resources (cash and cash equivalents and short-term investments) and long-term investment funds (investment securities).

4. Information about goodwill and negative goodwill is as follows:

	Millions of Yen								
	2011								
	Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Information and Communication Systems Business	Building Services Systems Business	Solution Systems Business	Trading	Total	Elimination/ Corporate	Total
Amortization of negative goodwill	¥ 505	¥	¥	¥	¥	¥	¥ 505	¥	¥ 505
Negative goodwill at March 31, 2011	1,884						1,884		1,884

	Millions of Yen								
	2010								
	Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Information and Communication Systems Business	Building Services Systems Business	Solution Systems Business	Trading	Total	Elimination/ Corporate	Total
Amortization of goodwill		¥	¥	¥ 12	¥	¥	¥ 12	¥	¥ 12
Goodwill at March 31, 2010									
Amortization of negative goodwill	¥ 132						132		132
Negative goodwill at March 31, 2010	2,389						2,389		2,389

	Thousands of U.S. Dollars								
	2011								
	Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Information and Communication Systems Business	Building Services Systems Business	Solution Systems Business	Trading	Total	Elimination/ Corporate	Total
Amortization of negative goodwill	$ 6,074	$	$	$	$	$	$ 6,074	$	$ 6,074
Negative goodwill at March 31, 2011	22,658						22,658		22,658

Note: Amortization of negative goodwill is not included in segment profit.

5. Information about gain on negative goodwill

For the year ended March 31, 2011

The Company purchased additional stock of DAIDENSHA Co., Ltd. that had been its subsidiary and recorded a gain on negative goodwill of ¥65 million ($777 thousand). DAIDENSHA Co., Ltd. belongs to Factory Automation Systems Business.

This amount is not included in segment profit.

For the year ended March 31, 2010

a. Industry Segments

Industry segment information is not shown since substantially all consolidated net sales, operating income and identifiable assets 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 year ended March 31, 2010 is summarized as follows:

	Millions of Yen				
	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

Notes: 1) The above segments are classified geographically.

2) Main countries or areas other than Japan

Asia: Singapore, China, Taiwan, Korea and Thailand

3) Corporate assets for the year ended March 31, 2010 were ¥11,066 million, primarily comprised of time deposits and investment securities.

c. Sales to Foreign Customers

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

	Millions of Yen		
	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%

Notes: 1) The above segments are classified geographically.

2) Main countries or areas other than Japan

Asia: Singapore, China, Taiwan, Korea and Thailand

Other: France, United States and Bahrain

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

Deloitte.

Deloitte Touche Tohmatsu LLC
Yodoyabashi Mitsui Building
4-1-1,Imabashi,Chuo-ku
Osaka 541-0042
Japan

Tel: +81 (6) 4560 6000
Fax: +81 (6) 4560 6001
www.deloitte.com/jp

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, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash ows for the years then ended, all expressed in Japanese yen. These consolidated nancial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated nancial 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 nancial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the nancial statements. An audit also includes assessing the accounting principles used and signi cant estimates made by management, as well as evaluating the overall nancial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated nancial statements referred to above present fairly, in all material respects, the consolidated nancial position of TACHIBANA ELETECH CO., LTD. and subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash ows 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 14, 2011

Member of
Deloitte Touche Tohmatsu Limited

Company Data (as of June 29, 2011)

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

Director, Executive Operating Officer
Norio Shimada

Director
Hideyuki Shimoyoshi

Director, Operating Officer
Masashi Sumitani

Director
Takashi Yamaguchi

Director
Masato Tujikawa

Standing Auditor
Nobuto Takigawa

Auditor
Yasuhiro Otani

Auditor
Hiroumi Shioji

Managing Operating Officer
Yuji Anzai

Managing Operating Officer
Hiroshi Konuma

Managing Operating Officer
Michiyasu Yamamoto

Operating Officer
Masao Hamamura

Operating Officer
Akifumi Hamamoto

Operating Officer
Yukio Ueda

Operating Officer
Yoshihide Manabe

Operating Officer
Hideki Matsuno

Operating Officer
Yoji Shimizu

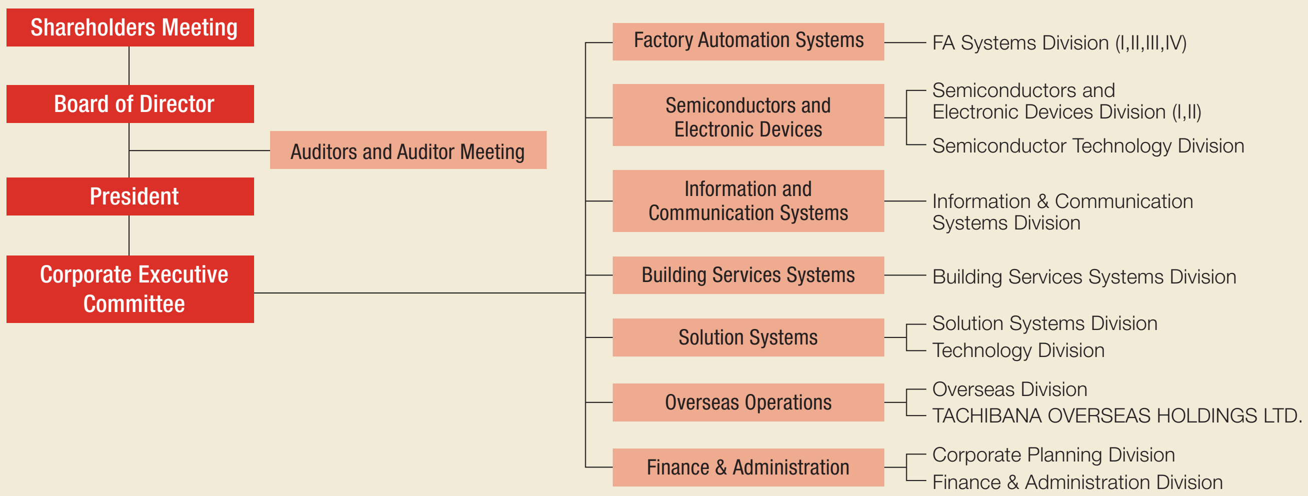
Operating Officer
Hitoshi Yamaguchi

Operating Officer
Hisashi Takami

Operating Officer
Sadayuki Takami

Operating Officer
Hisanobu Nunoyama

Organizational Structure (as of June 29, 2011)



Company Data (as of June 29, 2011)

History

1921 Kunimitsu Tachibana founded Tachibana Shokai. ❶

1925 Make a special contract with Mitsubishi Corporation.

1947 Make a special contract with Mitsubishi Electric Corporation.

1948 Tachibana Shokai Ltd established. ❷

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 a new. ❸

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. ❹

1985 Osaka Software Center established. ❺

1986 TACHIBANA SALES (SINGAPORE) PTE. LTD established.

Listed as the specified brand in the Second Section (New Second Section) of the Osaka Securities Exchange.

1987 TACHIBANA SALES (HONG KONG) LTD established.

1990 Named as the brand in the Second Section of the Osaka Securities Exchange.

1994 Head Office newly built.


❶

❷

❸

❹

❺

1997 TACHIBANA SALES TAIWAN LTD established.

2001 Acquire ISO14001.

Ritsuryokai established.

Renamed "Tachibana Eletech Corporation". ❻

2002 TACHIBANA SALES (SHANGHAI) LTD established. ❼

2003 Advanced Logistics Ltd established.

Tachibana Management Service Ltd established.

Acquire ISO9001.

2004 Listed in the Second Section of the Tokyo Stock Exchange. ❽

2005 Listed in the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange. ❾

2006 Acquire ISMS.

2007 TACHIBANA SALES (KOREA) LTD established.

TACHIBANA SALES (BANGKOK) CO., LTD established.

Tachibana Overseas Holding established. ❿

Acquire ISO27001.

2008 Minami Osaka Building completed (the Minami Osaka branch office and the "Risshikan" training center with accommodation/dormitory). ⓫

2010 TACHIBANA KOUWA System Service Co., Ltd established.

Daidensha Co., Ltd. Becomes A Wholly Owned Subsidiary.


❻

❼

❽

❾

❿

⓫

Subsidiaries and Affiliates

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.
1-6-17, Nipponbashi-nishi, Naniwa-ku, OSAKA 556-0004
Tel. 81-6-6632-9088

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

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.
Room K , Floor 18, Huamin Empire Plaza, No.728 West Yanan Road, Shanghai 200050. PRC.
Tel. 86-21-3100-1700

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, 2011)

Authorized Number of Shares:
80,000,000

Issued Number of Shares:
21,381,102

Number of Shareholders:
3,188

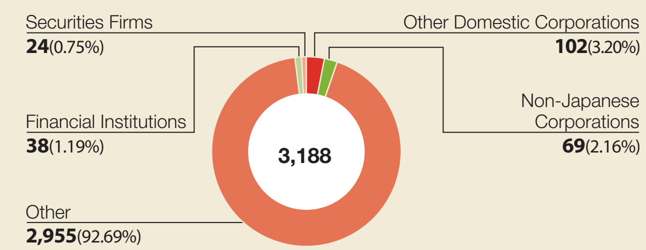
Listings:
Osaka Securities Exchange 1st Section
Tokyo Stock Exchange 1st Section

Major Shareholders

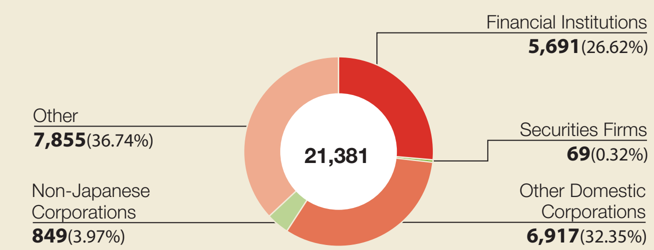
Shareholders	Shares (thousand stocks)	Ratio of stocks held to total outstanding share volume (%)
Mitsubishi Electric Corporation	1,601	7.71
Sansei Technos Co., Ltd.	1,232	5.93
Tachibana Eletech's Employees Shareholders' Association	1,217	5.86
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	901	4.34
Kinden Co., Ltd.	628	3.02
Noritz Corporation	618	2.98
Japan Trustee Services Bank, Ltd.	482	2.32
Nippon Life Insurance Company	431	2.08
The Master Trust Bank of Japan, Ltd.	422	2.03
Chigusa Satake	409	1.97
Total	7,945	38.24

Notes: 1. Shown with less than 1,000 shares truncated.
2. The Company holds 601,576 shares of its own stock, but is excluded from the above list of major shareholders. The shareholding ratio is calculated by subtracting treasury stock.

Distribution by Shareholder Type (Number of Shareholders)



Distribution by Number of Shares Held (thousand stocks)



Share price and Trade volume Trends (Tokyo Stock Exchange)