

# **TSUZUKI DENKI**

## **ANNUAL REPORT 2011**

Year ended March 31, 2011

## TO OUR SHAREHOLDERS

It is my pleasure to have this opportunity to express our gratitude to all of our shareholders for your understanding and support.

Tsuzuki Denki Co., Ltd. is pleased to present the 71st term (from April 1, 2010 to March 31, 2011) business report to you.

With “staying close to customers” as their slogan, all employees of Tsuzuki Denki and its consolidated subsidiaries (the “Group”) made exhaustive efforts to improve the Group’s performance during the term under review. Despite these efforts, our performance remained extremely poor, influenced by factors such as a reduction in capital investment by customers. Meanwhile, electronic devices performed steadily.

As a result, we regret to report that profit of the Group declined year-on-year during the term under review, even though sales of the Group increased. The Group posted net sales of ¥96,284.85 million, up 11.5% from the previous year, operating income of ¥668.84 million, down 10.6%, ordinary income of ¥877.25 million, down 2.2%, and net income of ¥3,172.03 million, up 383.4%. The increase in net income was attributable to the posting of negative goodwill linked to a share acquisition of consolidated subsidiaries.

We have decided to pay a year-end dividend of ¥4 per share for the term (annual dividend of ¥8 including an interim dividend).

Bearing these results in mind, the Group will steadily implement its structural reforms and enhance its earnings capacity for better performance to achieve a shift to sustainable growth, while enhancing its earnings capacity for better performance.

At the same time, we will always take into consideration the need to continue to try to be innovative in our technologies, to contribute to the networked society and to supply productive services.

We greatly appreciate your ongoing support and encouragement.



Hajime Ando  
President and Representative Director

### Business Report (From April 1, 2010 to March 31, 2011)

#### 1. Current Conditions of the Group

##### (1) Business Review and Results

The Japanese economy remained on a moderate recovery trend during the term under review, bolstered by factors such as increased export and production attributable to economic growth in Asian countries, and economic measures taken by the government. In the meantime, economic prospects were still clouded by factors such as the financial crisis in Western economies, the appreciation of the yen, deflation, and harsh employment conditions. To compound the challenges, the Great East Japan Earthquake of March 2011 had significant impacts on companies with production bases in the devastated area.

In the IT sector, in which the Group operates, stringent business circumstances continued as customers continued to restrain capital investment for IT and reviewed their budgets and postponed new proposals.

Responding to this challenging environment, business negotiations for network infrastructure development steadily increased in the information network solutions segment. In the electronic devices segment, sales significantly increased from the previous year, backed by the continued recovery trend in the semiconductor sector and strong sales in the electronics sector.

Concurrently, however, operating income and ordinary income both decreased from the previous year. These decreases were attributable to stricter business negotiations with lower profit margins in connection with intensified competition in both the information network solutions segment and electronic devices segment. Net income significantly rose from the previous year, thanks to the posting of negative goodwill linked to a share acquisition of consolidated subsidiaries.

The Group posted net sales of ¥96,284.85 million, up 11.5% from the previous year, operating income of ¥668.84 million, down 10.6%, ordinary income of ¥877.25 million, down 2.2%, and net income of ¥3,172.03 million, up 383.4%.

#### Information Network Solutions

In the network solutions segment, our services focused on IP telephony continued to perform strongly. Business negotiations for network infrastructure development with existing customers in the fields of finance, public administration, and railroads also continued to advance favorably. Demand for call centers in the Chubu and Kansai regions continued to increase strongly, which had significantly positive effects on sales. The market for call centers was saturated, however, and the business did not develop nationwide. We proactively addressed mobile solutions focused on FMC\* and smartphones, products of extreme interest to customers, but these activities did not lead to increases in sales and profits during the term under review.

In system integration services, we have provided solutions for customers especially in the distribution, food, medical and healthcare industries, and local governments, and these had a positive effect on steady sales increases. We also sought to differentiate ourselves from competitors by strengthening solutions for second-tier companies in addition to developing unique solutions in areas such as cinema, market and real estate systems. We proactively addressed service-type businesses (cloud computing, mobile, and LCM) to increase sales and profits.

As a result, sales in the information network solutions segment were ¥66,529.60 million, up 1.2% from the previous year, while operating income decreased 51.7% to ¥459.55 million.

\* FMC (Fixed Mobile Convergence)

A communication service merging mobile communications with wired communications, such that a mobile phone may be used as a portable landline handset.

#### Electronic Devices

In the semiconductor sector, results increased steadily for LSI and memory for factory automation devices, and also for automobiles, while orders received seemed to dip slightly in the second half of the term under review. Exports to China continued to firmly increase for power devices for electric power supplies and sensors for air-conditioners. Among electronic devices, relays for industrial instruments performed strongly, thanks to improved supply. Switches for digital cameras and telecommunications equipment also performed steadily, though the rate of sales growth slowed down in the second half of the term under review. ASIC development for industrial instruments also increased, which had a significantly positive effect on sales.

In the electronics sector, signs of a business recovery finally began to appear for 3.5-inch HDDs for corporations, and the results were steadily favorable. Sales of 3.5-inch HDDs manufactured overseas continued to increase, thanks to strong demand for home audio and visual appliances.

As a result, sales in this segment were ¥27,362.26 million, up 49.6% from the previous year, and operating income was ¥168.28 million, compared to an operating loss of ¥243.30 million in the previous year.

#### Others

The environment-related sector faced still severe market conditions linked to the maturation of the domestic air-

conditioning industry. Amid these conditions, energy-saving products launched by air-conditioner manufacturers generally enjoyed a good reputation in the markets, resulting in rising demand for replacement purchases. Inquiries for energy-saving products from sub-contractors increased steadily. Sales performance also benefited from publicly subsidized replacement purchases under the government program to promote energy-saving. As a result, sales substantially exceeded our target. Moreover, the partial completion of installation work for large construction orders and the completion of installation work for deodorization plants had significantly positive effect on profits. As a result, profits also substantially exceeded our target.

In environment-related equipment and measurement and control devices, the business climate for domestic facilities was as severe as in the previous year. Cutbacks and postponements in the capital investment plans of major customers and stringent conditions in the general-purpose electric devices market only perpetuated the issue. Sales fell substantially below target as orders received substantially declined as a consequence of the dissipation or postponement of individual business negotiations. In these circumstances, we concentrated on negotiations for high-added-value inspection and maintenance service to improve sales, though the results did not reach our targets.

Severe conditions persisted in the temporary staffing services sector, as the employment environment for domestic corporations continued to deteriorate since the Lehman shock, with no prospects for a turnaround in sight. The number of temporary staff positions declined by nearly 20% from the beginning of the term under review to the end, and working hours at our client companies also decreased. Sales were slightly below target as a result, though the target for total working hours was reached, which brought profits almost to the level planned.

As a result, sales for the others business segment were ¥2,392.98 million, up 2.3% from the previous year, and operating income increased 9.2% to ¥25.71 million.

## **(2) Capital investment and fund raising**

The Group's total amount of capital investment for the term under review was ¥552.78 million (including intangible assets). Its major breakdowns were the development of software for the improvement of operational efficiency and the purchase of personal computers and servers for the maintenance of corporate infrastructure.

The Group procured necessary funds from its own funds and borrowings from financial institutions.

## **(3) Key Issues to be addressed**

In the information service industry, customers tend to apply stricter standards when selecting their suppliers in consideration of the many changes brought by the huge trends of globalization and technological innovation. To realize continuous corporate growth under these circumstances, we consider it essential to precisely understand customer needs and provide high-added-value products and services, in addition to assuring operational efficiency and lower costs. To that end, we will set up a "Structural Reform Promotion Office" to carry out "Structural Reform." Specifically, the Group will implement the following measures to enhance corporate value from a medium- and long-term perspective and strive to be "a trusted partner for customers."

### *1) Creation of new business earnings models and expansion of business fields*

The information network society is evolving day-by-day and technological innovations are moving forward at speeds beyond expectation. To survive in these circumstances, we believe that it is indispensable to create new business models. We will expand

our operations into fields of business with actual results by working more closely with existing customers and consolidating the ample technological capability and know-how we have fostered for many years. We will also improve our performance by creating and developing business earnings models through new services. Specific initiatives are as follows.

- (a) We will provide mobile solutions jointly with model users in our respective business fields.
- (b) We will establish a private cloud-type business model and provide application services through the cloud computing promotion office.

### *2) Innovation of business style*

We also believe it will be essential to innovate our business style in order to further increase profits by realizing our slogan, "staying close to customers."

We will strive to establish a more advanced business style by proactively promoting our responses to current customers. Specific initiatives are as follows.

- (a) We will develop new customers and increase orders received by setting up an operation planning department for each customer and strengthening our responses to customers.
- (b) We will develop markets for second-tier companies by completing solution services, a field where we enjoy a competitive edge, and by using "KitFit," a brand established through the merchandizing of their templates.

### *3) Training and buildup of specialists*

We continue to follow two key business philosophies:

"We generally contribute to society by taking on advanced technologies and know-how as a company specialized in information communication systems and by providing solutions and services optimal to customers."

"We respect individual character and create bright and active workplaces with abundant originality and ingenuity."

To further improve the level of customer satisfaction based on these philosophies, we will train specialists with know-how in various operations and various types of business to serve as system integrators capable of providing outstanding services and proposing attractive solutions. Specific initiatives are as follows.

- (a) We will review training processes for employees, present an education and training system, and establish schemes for human resources development that assist employees in autonomous growth.
- (b) We will establish schemes that reflect issues at sites and the personalities and ideas of employees in management.
- (c) We will establish a substantial system without disparities or unfairness by reviewing various systems to respond to the requests of individual employees.

### *4) Enforcement of Group management*

The Group has advanced its initiatives in group development mainly in the information network solutions segment and electronic devices segment. To respond to further changes in the markets, the Group will continue to pursue an overall synergy effect by reviewing redundant functions within the Group, by creating a new business synergy effect, and by taking other steps. Specific initiatives are as follows.

- (a) We will review group composition and functions and reestablish group synergy by establishing a new "Group Management Committee."
- (b) We will aim for internal production by establishing optimal business information with group companies.

We will not only ardently accelerate the initiatives described above, but also further implement a number of measures to assure and enhance corporate value and the common interests of shareholders while bringing advancements into new sectors and capital alliances into view where necessary.

**CONSOLIDATED BALANCE SHEETS**

As of March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash at hand and in banks .....	¥12,536	¥14,971	\$150,763
Trade receivables .....	25,348	22,748	304,846
Inventories .....	6,600	5,084	79,374
Deferred tax assets .....	1,116	1,125	13,421
Income taxes receivable .....	113	75	1,358
Other current assets .....	711	770	8,550
Allowance for doubtful accounts .....	(49)	(40)	(589)
<b>Total current assets</b> .....	<b>46,377</b>	<b>44,734</b>	<b>557,751</b>
<b>Fixed assets:</b>			
<b>Property, plant and equipment:</b>			
Building and structures .....	952	947	11,449
Machinery, equipment and vehicles .....	4	4	48
Land .....	2,346	2,346	28,214
Lease assets .....	387	527	4,654
Construction in progress .....	129	627	1,551
Others .....	145	145	1,743
<b>Total property, plant and equipment</b> .....	<b>3,966</b>	<b>4,599</b>	<b>47,696</b>
<b>Intangible assets:</b>			
Goodwill .....	476	50	5,724
Lease assets .....	499	502	6,001
Others .....	405	390	4,870
<b>Total intangible assets</b> .....	<b>1,381</b>	<b>943</b>	<b>16,608</b>
<b>Investments and other assets:</b>			
Investments in securities .....	4,650	5,840	55,923
Long-term loans .....	172	148	2,068
Deferred tax assets .....	3,449	2,969	41,479
Long-term time deposits .....	3,900	4,200	46,903
Other .....	1,487	1,767	17,883
Allowance for doubtful accounts .....	(169)	(241)	(2,032)
<b>Total investments and other assets</b> .....	<b>13,490</b>	<b>14,684</b>	<b>162,236</b>
<b>Total fixed assets</b> .....	<b>18,838</b>	<b>20,227</b>	<b>226,554</b>
<b>Total assets</b> .....	<b>¥65,215</b>	<b>¥64,961</b>	<b>\$784,305</b>

Notes: (1) The U.S. dollar amounts represent translation of Japanese yen at the rate of ¥83.15=\$1.00 on March 31, 2011.

(2) Figures less than ¥1 million are rounded down to the nearest ¥1 million.

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Trade payables .....	¥14,791	¥14,910	\$177,883
Short-term bank loans .....	6,780	6,323	81,539
Current portion of long-term debt .....	1,070	745	12,868
Lease obligations .....	371	322	4,461
Income taxes payable .....	380	136	4,570
Accrued employees' bonuses .....	2,062	2,055	24,798
Allowance for loss on orders .....	62	35	745
Other current liabilities .....	3,212	2,815	38,628
<b>Total current liabilities</b> .....	<b>28,731</b>	<b>27,344</b>	<b>345,532</b>
<b>Long-term liabilities:</b>			
Long-term debt .....	1,360	1,545	16,355
Lease obligations .....	601	769	7,227
Deferred tax obligations .....	1	1	12
Accrued retirement benefits .....	5,680	4,928	68,310
Provision for directors' retirement benefits .....	370	314	4,449
Negative goodwill .....	69	104	829
Provision for loss on disaster .....	127	-	1,527
Other long-term liabilities .....	5	5	60
<b>Total long-term liabilities</b> .....	<b>8,215</b>	<b>7,668</b>	<b>98,797</b>
<b>Total liabilities</b> .....	<b>36,946</b>	<b>35,013</b>	<b>444,329</b>
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Common stock .....	9,812	9,812	118,003
Additional paid-in capital .....	4,100	3,476	49,308
Retained earnings .....	14,484	11,243	174,191
Treasury stock .....	(164)	(1,121)	(1,972)
<b>Total shareholders' equity</b> .....	<b>28,232</b>	<b>23,410</b>	<b>339,530</b>
<b>Accumulated other comprehensive income:</b>			
Net unrealized holding gain on other securities .....	112	102	1,346
Foreign currency translation adjustment .....	(76)	-	(914)
Minority interests in consolidated subsidiaries .....	-	6,434	-
<b>Total accumulated other comprehensive income</b> .....	<b>35</b>	<b>102</b>	<b>420</b>
<b>Total net assets</b> .....	<b>28,268</b>	<b>29,948</b>	<b>339,963</b>
<b>Total liabilities and shareholders' equity</b> .....	<b>¥65,215</b>	<b>¥64,961</b>	<b>\$784,305</b>

Notes: (1) The U.S. dollar amounts represent translation of Japanese yen at the rate of ¥83.15=\$1.00 on March 31, 2011.

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**CONSOLIDATED STATEMENTS OF OPERATIONS**

For the years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars		Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011		2011	2010	2011
<b>Net sales</b> .....	<b>¥96,284</b>	<b>¥86,386</b>	<b>\$1,157,955</b>	<b>Extraordinary loss:</b>			
Cost of sales .....	<b>80,600</b>	71,078	<b>969,332</b>	Loss on retirement of fixed assets .....	<b>0</b>	71	<b>0</b>
Gross profit .....	<b>15,684</b>	15,308	<b>188,622</b>	Impairment loss .....	<b>–</b>	34	<b>–</b>
Selling, general and administrative expenses .....	<b>15,015</b>	14,560	<b>180,577</b>	Loss on sales of investment in securities .....	<b>265</b>	–	<b>3,187</b>
Operating income .....	<b>668</b>	748	<b>8,033</b>	Loss on valuation of investment in securities ...	<b>482</b>	5	<b>5,796</b>
<b>Non-operating income:</b>				Office transfer expenses .....	<b>–</b>	27	<b>–</b>
Interest income .....	<b>35</b>	44	<b>420</b>	Loss on valuation of golf club memberships ...	<b>3</b>	2	<b>36</b>
Dividend income .....	<b>57</b>	88	<b>685</b>	Loss on valuation of memberships .....	<b>–</b>	14	<b>–</b>
Purchase discounts .....	<b>5</b>	3	<b>60</b>	Extra retirement payment .....	<b>145</b>	90	<b>1,743</b>
Life insurance income .....	<b>99</b>	130	<b>1,190</b>	Loss on adjustment for changes of accounting standard for asset retirement obligations ...	<b>152</b>	–	<b>1,828</b>
Stock allotment income .....	<b>101</b>	–	<b>1,214</b>	Loss on disaster .....	<b>140</b>	–	<b>1,683</b>
Amortization of negative goodwill .....	<b>35</b>	35	<b>420</b>	Enterprise tax for prior periods .....	<b>3</b>	–	<b>36</b>
Other non-operating income .....	<b>119</b>	39	<b>1,431</b>	Income before income taxes and minority interests ...	<b>3,497</b>	940	<b>42,056</b>
<b>Operating expenses:</b>				<b>Income taxes</b> .....	<b>316</b>	531	<b>3,800</b>
Interest expenses .....	<b>125</b>	150	<b>1,503</b>	Income taxes for prior periods .....	<b>389</b>	–	<b>4,678</b>
Foreign exchange losses .....	<b>86</b>	–	<b>1,034</b>	Deferred income taxes .....	<b>(421)</b>	(177)	<b>(5,063)</b>
Other non-operating expenses .....	<b>33</b>	42	<b>396</b>	Income before minority interests .....	<b>3,212</b>	–	<b>38,628</b>
Ordinary income .....	<b>877</b>	896	<b>10,547</b>	Minority interests .....	<b>40</b>	(68)	<b>481</b>
<b>Extraordinary income:</b>				<b>Net income</b> .....	<b>¥3,172</b>	<b>¥656</b>	<b>\$38,147</b>
Gain on sales of investment in securities .....	<b>219</b>	157	<b>2,633</b>				
Gain on sales of golf memberships .....	<b>–</b>	1	<b>–</b>				
Reversal of allowance for doubtful accounts ...	<b>–</b>	126	<b>–</b>				
Gain on negative goodwill .....	<b>3,554</b>	–	<b>42,742</b>				
Construction income for prior periods .....	<b>–</b>	4	<b>–</b>				
Reversal of provision for directors' retirement benefits ...	<b>38</b>	–	<b>457</b>				

Notes: (1) The U.S. dollar amounts represent translation of Japanese yen at the rate of ¥83.15=\$1.00 on March 31, 2011.

(2) Figures less than ¥1 million are rounded down to the nearest ¥1 million.

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

For the year ended March 31, 2011

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income			Minority interests in consolidated subsidiaries	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on other securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of March 31, 2010	¥9,812	¥3,476	¥11,243	¥(1,121)	¥23,410	¥102	–	¥102	¥6,434	¥29,948
Change during the consolidated fiscal year										
Issuance of new shares		131			131					131
Change of scope of consolidation			243		243					243
Cash dividends			(174)		(174)					(174)
Net income			3,172		3,172					3,172
Purchase of treasury stock				(151)	(151)					(151)
Disposal of treasury stock		492		1,107	1,600					1,600
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal period						9	(76)	(67)	(6,434)	(6,502)
Total changes during the consolidated fiscal period	–	623	3,241	956	4,821	9	(76)	(67)	(6,434)	(1,680)
<b>Balance as of March 31, 2011</b>	<b>¥9,812</b>	<b>¥4,100</b>	<b>¥14,484</b>	<b>¥(164)</b>	<b>¥28,232</b>	<b>¥112</b>	<b>¥(76)</b>	<b>¥35</b>	<b>–</b>	<b>¥28,268</b>

Notes: (1) The U.S. dollar amounts represent translation of Japanese yen at the rate of ¥83.15=\$1.00 on March 31, 2011.

(2) Figures less than ¥1 million are rounded down to the nearest ¥1 million.

(Thousands of U.S. Dollars)

	Shareholders' equity					Accumulated other comprehensive income			Minority interests in consolidated subsidiaries	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on other securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of March 31, 2010	\$118,003	\$41,803	\$135,213	\$(13,481)	\$281,539	\$1,226	–	\$1,226	\$77,378	\$360,168
Change during the consolidated fiscal year										
Issuance of new shares		1,575			1,575					1,575
Change of scope of consolidation			2,922		2,922					2,922
Cash dividends			(2,092)		(2,092)					(2,092)
Net income			38,147		38,147					38,147
Purchase of treasury stock				(1,815)	(1,815)					(1,815)
Disposal of treasury stock		5,917		13,313	19,242					19,242
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal period						108	(914)	(805)	(77,378)	(78,196)
Total changes during the consolidated fiscal period	–	7,492	38,977	11,497	57,979	108	(914)	(805)	(77,378)	(20,204)
<b>Balance as of March 31, 2011</b>	<b>\$118,003</b>	<b>\$49,308</b>	<b>\$174,191</b>	<b>\$(1,972)</b>	<b>\$339,530</b>	<b>\$1,346</b>	<b>\$(914)</b>	<b>\$420</b>	<b>–</b>	<b>\$339,963</b>

Notes: (1) The U.S. dollar amounts represent translation of Japanese yen at the rate of ¥83.15=\$1.00 on March 31, 2011.

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>I. Cash flows from operating activities:</b>			
Income before income taxes and minority interest .....	¥3,497	¥940	\$42,056
Depreciation .....	592	448	7,119
Amortization of goodwill .....	14	20	168
Amortization of negative goodwill .....	(35)	(35)	(420)
Gain on negative goodwill .....	(3,554)	—	(42,742)
Increase (decrease) in allowance for doubtful accounts .....	(43)	(146)	(517)
Increase (decrease) in provision for retirement benefits .....	751	699	9,031
Increase (decrease) in provision for directors' retirement benefits .....	56	(41)	673
Increase (decrease) in allowance for loss on orders .....	26	0	312
Increase (decrease) in provision for loss on disaster .....	127	—	1,527
Increase (decrease) in other provision .....	7	(58)	84
Interest and dividends income .....	(93)	(133)	(1,118)
Interest expenses .....	125	150	1,503
Loss (gain) on sales and retirement of fixed assets .....	0	71	0
Impairment loss .....	—	34	—
Loss (gain) on sales of investment securities .....	51	(157)	613
Loss (gain) on valuation of investment securities .....	482	5	5,796
Loss on adjustment for changes of accounting standard for measurement of inventories ...	152	—	1,828
Other non-operating expenses (income) .....	(169)	(6)	(2,032)
Decrease (increase) in notes and accounts receivable-trade .....	(2,690)	270	(32,351)
Decrease (increase) in inventories .....	(1,225)	544	(14,732)
Decrease (increase) in other assets .....	(7)	6	(84)
Increase (decrease) in notes and accounts payable-trade .....	(392)	1,134	(4,714)
Increase (decrease) in other liabilities .....	323	(79)	3,884
<b>Sub-total</b> .....	<b>(2,002)</b>	<b>3,669</b>	<b>(24,076)</b>
Interest and dividends received .....	96	133	1,154
Interest paid .....	(135)	(163)	(1,623)
Payments for extra retirement payments .....	(160)	(83)	(1,924)
Other .....	197	332	2,369
Income taxes paid .....	(678)	(1,373)	(8,153)
Income taxes refund .....	176	46	2,116
<b>Net cash provided by operating activities</b> .....	<b>(2,506)</b>	<b>2,561</b>	<b>(30,138)</b>
<b>II. Cash flows from investing activities:</b>			
Payments into time deposits .....	(0)	(0)	(0)
Proceeds from withdrawal of time deposit .....	—	900	—
Payments for purchases of property, plant and equipment .....	(426)	(1,255)	(5,123)
Proceeds from sales of property, plant and equipment .....	836	767	10,054
Payments for purchase of intangible assets .....	(132)	(176)	(1,587)
Payments for purchase of investment securities .....	(212)	(1,120)	(2,549)
Proceeds from sales of investment securities .....	754	239	9,067
Payments for purchase of investments in subsidiaries .....	(1,079)	—	(12,976)
Payments for purchases of investments in subsidiaries resulting in change in scope of consolidation ...	(166)	—	(1,996)
Payments of loans receivable .....	(328)	(1)	(3,944)
Collection of loans receivable .....	4	26	48
Other proceeds .....	82	126	986
Other payments .....	(59)	(193)	(709)
<b>Net cash used in investing activities</b> .....	<b>(727)</b>	<b>(687)</b>	<b>(8,743)</b>
<b>III. Cash flows from financing activities:</b>			
Proceeds from short-term bank loans .....	300	510	3,607
Disbursements for repayments of short-term bank loans .....	(18)	(416)	(216)
Proceeds from long-term bank loans .....	1,190	—	14,311
Disbursements for repayments of long-term bank loans .....	(1,050)	(970)	(12,627)
Disbursements for repayment of lease obligations .....	(365)	(276)	(4,389)
Payments for purchases of treasury stock .....	(151)	(112)	(1,815)
Proceeds from disposal of treasury stock .....	—	0	—
Payments for purchases of treasury stock of subsidiaries in consolidation .....	(8)	(0)	(96)
Cash dividends paid .....	(174)	(176)	(2,092)
Cash dividends paid to minority shareholders .....	(37)	(44)	(444)
<b>Net cash used in financing activities</b> .....	<b>(315)</b>	<b>(1,486)</b>	<b>(3,788)</b>
<b>IV. Net increase (decrease) in cash and cash equivalents</b> .....	<b>(3,548)</b>	<b>387</b>	<b>(42,669)</b>
<b>V. Cash and cash equivalents at beginning of year</b> .....	<b>14,873</b>	<b>14,453</b>	<b>178,869</b>
<b>VI. Increase in cash and cash equivalents for newly consolidated subsidiary</b> ...	<b>813</b>	<b>—</b>	<b>9,777</b>
<b>VII. Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b> ...	<b>—</b>	<b>32</b>	<b>—</b>
<b>VIII. Cash and cash equivalents at end of year</b> .....	<b>¥12,138</b>	<b>¥14,873</b>	<b>\$145,977</b>

Notes: (1) The U.S. dollar amounts represent translation of Japanese yen at the rate of ¥83.15=\$1.00 on March 31, 2011.

(2) Figures less than ¥1 million are rounded down to the nearest ¥1 million.

**CORPORATE DATE**

As of March 31, 2011

Name:	TSUZUKI DENKI CO., LTD
Head Office:	19-15, Shinbashi 6-chome, Minato-ku, Tokyo 105-8665, Japan
Established:	May 1, 1932
Capital:	¥9,812,930,540
Number of Employees:	1,181

**BOARD OF DIRECTORS**

As of June 29, 2011

## Directors

Shuichi Torigata	Chairman
Hajime Ando*	President
Kangi Okamoto	Senior Managing Director
Toshihisa Mizushima	Managing Director
Kazunori Yoshii	Managing Director
Isao Emori	Managing Director
Chikafumi Urakawa	Director
Toshiya Mukohda	Director
Kazuhiro Shimura	Director

Hideki Hiura	Director
Yoshio Takeuchi	Director

## Auditors

Yoshinari Uchida	Standing Statutory Auditor
Kinjiro Shishido	Statutory Auditor
Kimihiko Tada	Statutory Auditor
Toshihiro Murashima	Statutory Auditor

\*Representative Director

**MAJOR SHAREHOLDERS**

As of March 31, 2011

Name	Number of shares held	Percentage of shares issued(%)
1. Goldman Sachs International	8,907,490	34.68
2. Fujitsu Limited	2,402,235	9.35
3. Employees' Stockholding	1,209,170	4.70
4. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,037,907	4.04
5. Deutsche Bank AG London-PB Non-Treaty Clients 613	802,000	3.12
6. Mizuho Bank, Ltd.	751,802	2.92
7. Sumitomo Mitsui Banking Corporation	751,215	2.92
8. UNIMAT LIFE CORPORATION	360,000	1.40
9. CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	340,000	1.32
10. HSBC-FUND SERVICES CLIENTS A/C 500-P	283,000	1.10

**PRINCIPAL SUBSIDIARIES**

## Subsidiaries (consolidated)

Tsuzuki Densan Co., Ltd.	Sales of semiconductors, electronic components, and personal computer equipment
Tsuzuki Techno Service Co., Ltd.	Maintenance of computers and office automation equipment
Tsuzuki Software Co., Ltd.	Design of software
Tsuzuki Amenity Co., Ltd.	Sale and installation of air-conditioning equipment

**BRANCHES AND OFFICES**

As of March 31, 2011

Branches: Hokkaido, Kanagawa, Nagoya, Kyoto, Osaka, Kobe, Takamatsu, Kyushu  
 Offices: Asahikawa, Muroran, Tohoku, Mito, Tsukuba, Chiba, Omiya, Kawasaki, Kofu, Shizuoka, Hamamatsu, Toyota, Ogaki, Okayama, Hiroshima, Tokushima, Matsuyama, Kochi

**TSUZUKI DENKI CO., LTD**