

## ETIC to Provide Support to ARRK Corporation

March 31<sup>st</sup>, 2011

Enterprise Turnaround Initiative Corporation of Japan

The Enterprise Turnaround Initiative Corporation of Japan (“ETIC”), has decided to provide support to ARRK Corporation under Article 25, Clause 4 of the Enterprise Turnaround Initiative Corporation of Japan Act (Act 63, of 2009, hereafter “the ETIC Act”).

1. Name(s) of persons or companies concerned  
ARRK Corporation (“ARRK”) and its subsidiaries Yasuda Inc., Showa Seiki Kogyo, Co., Ltd., Gifu Die & Mold Engineering Co., Ltd., Sol-Plus Co., Ltd., Sagamihara-Buhin Co., Ltd., Clover Electronics Co., Ltd., Toho System Co., Ltd.
2. Name(s) of financial institutions jointly applying for rehabilitation support with ARRK  
Mizuho Bank, Ltd. (“Mizuho Bank”) and Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”)
3. Outline of business revitalization plan  
Please see appendix.
4. Comments from State Ministers in charge of ETIC  
Prime Minister, Minister of Internal Affairs, Minister of Finance, Minister of Economy, Trade and Industry, Minister of Health, Labour and Welfare: *“I have no objection to the decision to support ARRK Corporation. However, I ask that after reaching the decision to support, ETIC should encourage ARRK to discuss the situation with employees of the company as soon as possible. I also ask that in advising on and guiding the implementation of the corporate revitalization plan, ETIC should aim to ensure that ARRK complies with related laws and regulations, and that ARRK also provides adequate opportunities for substantive discussions with the workforce with due consideration of employment stability and other such factors.”*
5. Comment from State Minister supervising business activities  
Minister of Economy, Trade and Industry: *It is my recognition that, although ARRK Corporation has previously formulated a medium-term business plan and pursued reorganization of its business accordingly, the present situation with regard to its business environment and financial base would make it difficult to achieve further*

*business restructuring.*

*This business revitalization plan aims, while improving ARRK's financial strength, at designating its key strength, product development-related services, as a core business onto which concentrates management resources. The plan also aims at consolidate ARRK's domestic business locations and construct a global production framework that will improve productivity and cost competitiveness. The plan uses a business model spanning the full line of production from the product development to casting and assembly, which will enable ARRK to respond to the needs of the domestic and of Asian market and thereby inspire the overseas expansion, of Japan-based manufacturers. The Ministry of Economy, Trade and Industry expects that, through the implementation of this plan, ARRK Corporation should achieve renewed growth together with its group companies as a integrated businesses entity, while also making steady progress in the better reorganization of its group structure.*

6. Debt purchase application period: From Friday, April 1<sup>st</sup>, 2011 for receipt by ETIC no later than Wednesday, June 22<sup>nd</sup>, 2011

7. Request for temporary suspension

Under Article 27, Clause 1 of the ETIC Act, financial institutions have been requested not to recover loans or exercise any other rights they may have as creditors, other than those permitted under the corporate revitalization plan, before the end of the debt purchase period as per item 6 above.

8. Treatment of trade creditors

The decision to provide support only involves requesting financial institutions to provide financial support to the target companies. No request for support will be made with regard to trade debt. Therefore there will be no impact on trade creditors.

9. Basis for decision to support

ETIC's basis for deciding to provide support is as follows.

9.1 Rationale

ARRK Corporation is Japan's leading product development company serving the manufacturing sector. The mainstay business of the ARRK Group (the parent and 67 consolidated subsidiaries) is industrial design modeling (product development support) wherein it uses a full-line network system to provide integrated one-stop services

including planning, design, prototype model production, mold making, casting, and assembly. The company's initial business was the provision of development support skills. It then proceeded to create a global network, amass knowledge related to casting technologies, and develop a system providing clients with integrated services ranging from product development to mold making and casting. The ARRK Group is able to provide services in its core competence, support of small-lot production of prototype models used in product development, on a global scale. The group can thus provide clients with value superior to its competitors, making it highly competitive in the industry.

Provision of support for ARRK Corporation is an example of revitalization based on the model of integration of multiple small- and medium-sized businesses in possession of leading-edge technologies. The company has to date been unable to put into place group-wide management systems capable of keeping pace with rapid M&A-driven expansion, while the parent company's hands-off management style (referred to in-house as *renpo* management) has hindered operational efficiency by tolerating a lack of adherence to business strategy and a preservation of unprofitable business divisions. As a result the company has failed to produce desired synergies from the group companies and the management has been slow to take action to improve group companies producing lackluster results. Through the ETIC business revitalization plan, ARRK Group will follow a clear business strategy geared toward reorganizing it into a group of companies that generate synergies. Though this effort and by strengthening the internal controls of its group management, the company is expected to improve its profitability. In addition, we believe the restructuring of the domestic mold making and casting business within the ARRK Group will assist in the resolution of structural oversupply.

We believe business failure of ARRK Corporation would have an adverse impact on the numerous suppliers and clients and threaten the livelihood of the company's employees (1,600 employees of ARRK Corporation, 8,700 employees in total of domestic and overseas group companies).

In addition to the adverse impact on local economies in the regions where the company's businesses are located, we believe business failure of ARRK Corporation would negatively impact product development of the domestic and the overseas automakers and the electronics makers and thus think it important to consider the impact of such a failure on society at large. Accordingly, ETIC has determined there is

ample merit in supporting the revitalization of ARRK Corporation.

## 9.2 Role of ETIC

Under the terms of this plan, ETIC will: (1) Coordinate between the financial institutions involved; (2) Implement a capital injection of ¥9 billion; (3) Facilitate new financing totaling ¥7.4 billion; (4) Strengthen management structure by providing management personnel

With regard to (1) above, ETIC will reduce excessive interest-bearing debt and improve the financial condition of ARRK Corporation by requesting debt forgiveness from financial institutional creditors. With regard to (2), ETIC will provide funding for business restructuring and capital expenditures by underwriting the issue of ¥9 billion of ordinary shares. With regard to (3), ETIC will provide a credit guarantee of ¥7.4 billion, thereby facilitating the procurement of financing at overseas subsidiaries in the ARRK Group from overseas financial institutions. With regard to (4), ETIC will support the business revitalization process by placing management staff in ARRK Corporation following the capital injection described in (2).

Ends

Appendix: Outline of business revitalization plan

**Section 1: Overview of company receiving support (as of September 30<sup>th</sup>)**

1. ARRK Corporation

1.1 Name of company

ARRK Corporation

1.2 Head office

Minami Honmachi 2-2-9, Chuo-ku, Osaka, 541-0054

1.3 Day of establishment

September 1<sup>st</sup>, 1989

1.4 Capital

¥30,755,500,000

1.5 Shares

Number of shares authorized: 100,000,000 shares

Number of shares issued and outstanding: 68,101,592 shares

1.6 Main shareholders

Name	Number of shares held (Unit: Thousand)	Percentage of total (%)
Emiko Araki	3,578	5.25
Japan Trustee Services Bank, Ltd.	2,758	4.05
Toshihiro Araki	2,588	3.80
Kazumi Araki	2,147	3.15
Japan Securities Finance Co., Ltd.	1,017	1.49
UBS AG London Account IPB Segregated Client Account	750	1.10
Others	55,264	81.16
Total	68,102	100.00

1.7 Business

Comprehensive product development-related services

- Manufacturing and sale of industrial design models
- Product development/planning/design/architectonics
- Designing and manufacturing of molds; small-lot production and sale of molded products
- Other design/model planning, designing, manufacturing, sales and related business
- Worker placement service

1.8 Number of employees

610 (of which, 77 part-time, 8 on placement )

1.9 Main facility locations

Headquarters office: Osaka-shi, Osaka

Tokyo head office: Asaka-shi, Saitama

Osaka head office: Tondabayashi-shi, Osaka

Nagoya head office: Nagoya-shi, Aichi

Fujiyoshida factory: Fujiyoshida-shi, Yamanashi

1.10 Main banks

Sumitomo Mitsui Banking Corporation, Mizuho Bank, Bank of Tokyo-Mitsubishi UFJ, other

1.11 Affiliated companies

Yasuda, Inc., Showa Mold & Engineering Co., Ltd., Gifu Die & Mold Engineering Co., Ltd, Sol-Plus Co., Ltd., Sagamihara-Buhin Co, Ltd., Clover Electronics Co., Ltd., Satosen Co., Ltd., Toho System Co., Ltd., Sekisui Machinery Co., Ltd., ARRK Okayama Co., Ltd., C&G Systems Inc., 3D Auto Protech Co., Ltd.; 55 consolidated foreign subsidiaries and 16 other affiliated companies

1.12 Financial overview (for the year ended March 2010)

(Consolidated)

Net sales	¥122,186,620,000
Gross profit	¥15,211,530,000
Operating income	(¥5,004,590,000)
Ordinary profit	(¥5,637,100,000)
Net income	(¥15,415,850,000)
Net assets	¥8,472,310,000
Gross assets	¥116,613,400,000

(Non-consolidated)

Net sales	¥8,511,680,000
Gross profit	¥1,649,280,000
Operating income	(¥205,610,000)
Ordinary profit	(¥297,470,000)
Net income	(¥13,123,960,000)
Net assets	¥12,255,720,000
Gross assets	¥61,757,860,000

## **Section 2: Background and circumstances leading to the request for ETIC support**

Based on its leading-edge technologies, ARRK Corporation has the top domestic market share in the field of industrial model design and has for many years supported the development activities of the automotive and electronics industries, key sectors in the Japanese economy. The company has therefore developed a powerful brand and a strong client base including the major automakers and the consumer electronics makers.

The mainstay business of the ARRK Group is industrial design modeling (development support) wherein it uses a full-line network system to provide integrated one-stop services including planning, design, prototype model production, mold making, casting, and assembly on a global scale. This business expanded rapidly starting in 2000 due to the company's aggressive M&A strategy. The number of consolidated subsidiaries thus grew from seven in the fiscal year to March 2000 to 180 in the fiscal year to March 2007 and consolidated sales increased from ¥13.9 billion in the fiscal year to March 2000 to ¥383.3 billion in the fiscal year to March 2008.

However, the company was unable to put into place group-wide management systems capable of keeping pace with rapid M&A-driven expansion and growth halted amid the global economic downturn. The parent company's hands-off management style (referred to in-house as *renpo* management) failed to produce desired synergies from group companies and management was slow to take action to improve group companies producing lackluster results. The earnings power of the ARRK Group therefore waned while interest-bearing debt taken on to conduct M&A (¥150.1 billion as of end of the fiscal year to March 2008) has acted as a drag on earnings.

In response, in July 2009, the company formulated its medium-term business plan, ARRK24, which aimed to improve management of group companies (through consolidated management) while maintaining a high level of autonomy. In line with this plan, subsidiaries with flagging earnings and non-core businesses were restructured and the number of consolidated subsidiaries fell from a peak of 180 to the current level of 67 while the group's interest-bearing debt was roughly halved.

However, due to losses on sales of subsidiaries and the posting of impairment losses due to earnings decline, shareholders' equity has deteriorated significantly and, as of the third quarter of the fiscal year to March 2011, the shareholders' equity ratio had fallen to 2.7% and the company was unable to reduce interest-bearing debt to levels commensurate with its

earnings potential. As a result, starting in April 2010, ARRK Corporation and several subsidiaries asked for and received an extension of debt repayment terms from its financial institution creditors.

In our view, the ARRK Group should leverage its powerful brand and strong client base—which includes the major automakers and the consumer electronics makers—built up based on leading-edge technologies, to become more competitive. In order to do this, we believe it must further strengthen consolidated management through far-reaching restructuring of the group and individual businesses. However, due to declining shareholders' equity and excessive interest-bearing debt, the ARRK Group is currently at an impasse because it is not in a position to embark on restructuring programs which would drain capital.

Accordingly, ARRK Corporation, after discussions with its main creditors (Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ), applied to ETIC for support with the aim of pursuing a transparent and fair business revitalization while minimizing damage to corporate value and conducting far-reaching restructuring of its businesses with the financial support of the financial institutions and the capital injection from ETIC, thereby maximizing corporate value.

### **Section 3: Outline of business revitalization plan**

#### **1. Basic policy**

The core aim of this business revitalization plan is to conduct a far-reaching program of streamlining of resources to maximize the competitiveness of the ARRK Group with the aim of supporting industrial product development in four global centers (Japan, other Asian countries, Europe, and North America).

The ARRK Group has competitive advantages including (1) high-level development support skills, (2) a global network, (3) leading-edge technology and knowledge related to molds, and (4) the ability to provide clients with integrated services related to small-lot production for product development (ranging from development to mold making and casting). As mentioned above, however, the formation of a corporate group lacking a robust consolidated management system has prevented the effective leveraging of its capabilities. ARRK Corporation has therefore decided to embark on a group-wide restructuring program with the financial support of its main creditors and a capital injection from ETIC in line with this



business revitalization plan.

## 2. Business restructuring

In line with the above basic policy, the ARRK Group will optimize the number of its group companies, domestic production facilities, and domestic employees through a far-reaching program of streamlining of resources while improving coordination within the group and strengthening consolidated management.

The following is an outline of the business revitalization plan.

### (1) Far-reaching streamlining of resources

The ARRK Group will review its scope of operations, designating knowledge related to product development support as its core competency, designating businesses related to the maintenance and strengthening of its core competency as viable businesses and designating all other businesses as non-viable businesses from which it will withdraw.

### (2) Strengthening of core businesses

- a) Streamlining of domestic production facilities and increasing selectivity with regard to acceptance of orders
- b) Acceptance of more orders making full use of the group's full-line network system in Japan and other Asian countries
- c) Achievement of synergies in Europe and North America

### (3) Strengthening of management systems

- a) Strengthening of management of subsidiaries
- b) Strengthening of ARRK Corporation's earnings management

### (4) Reform of organizational controls and HR policies

Reform of organizational controls and HR policies with the aims of carrying out a far-reaching restructuring of businesses, establishing a consolidated management system, carrying out steady cost-cutting efforts, and continuously strengthening competitiveness.

## 3. Financing of restructuring and capital expenditures

ETIC will provide funding for business restructuring and capital expenditures by underwriting the issue of shares.

## 4. Terms of financial support

The subject company and the others should request that the creditors should forgive at most ¥2.8 billion in outstanding debt and accept stock in lieu of ¥20.6 billion equivalent

in outstanding debt through a debt/equity swap. (However, separately a request to relinquish rights to claim performance guarantees of approximately ¥1 billion is to be made.) The debtor companies other than ARRK Corporation are to transfer all relevant debts to ARRK Corporation, thereby concentrating all relevant obligations in ARRK Corporation so as to integrate all the financial functions.

## 5. Financing

With the provision of financial support as outlined in this business revitalization plan, namely the injection of capital and new financing by ETIC and new financing by the main creditors, we believe the companies receiving support should not to face capital insufficiencies.

## 6. Conformance with standards for support

### (1) Possession of effective management resources

In its product development support business, the ARRK Group assists manufacturers with the development of new products and has the largest team of product development engineers and largest client base in Japan. In the 62 years since its establishment, the ARRK Group has amassed leading-edge technologies, knowledge and a strong client base.

The ARRK Group's businesses perform essential services for domestic and overseas manufacturers including the automakers and the consumer electronics makers. The group has positioned itself as a provider of product development infrastructure enabling it to provide services related to new product development including support for planning and design and prototype model production.

### (2) Excessive indebtedness

The ARRK Group carries an excessive amount of debt compared to its revenues. Financial support is essential to the revitalization of the group.

### (3) Standard for productivity improvement

Successful implementation of this business revitalization plan is expected to increase productivity within three years of the date of the decision to provide support.

### (4) Standards for financial soundness

Successful implementation of this business revitalization plan is expected to enable the group to meet the required standards with respect to financial soundness within three years of the date of the decision to provide support.

### (5) Potential to refinance within three years

Implementation of the business revitalization plan is expected to significantly improve

the financial condition of the ARRK Group, enabling it to reach an appropriate level of financial stability for the repayment of debt principal and interest, thereby making refinancing highly possible.

(6) Connection with structural oversupply

Implementation of the business revitalization plan is expected to decrease structural oversupply through the restructuring of the group's domestic mold and casting businesses.

(7) Status of consultations with unions

As there is no labor union representing a majority of employees at ARRK Corporation, Yasuda, Sol-Plus, Sagamihara-Buhin, Clover Electronics, and Toho System, as part of the revitalization process it is planned that a meeting with representatives of the majority of employees will be scheduled promptly after the announcement of the decision by ETIC to provide support, and opportunities will be provided to discuss aspects of the business revitalization plan including employment and working conditions. At Showa Seiki Kogyo and Gifu Die & Mold Engineering, it is planned that a meeting with labor unions is scheduled promptly after the announcement of the decision by ETIC to provide support, and opportunities are provided to discuss aspects of the business revitalization plan including employment and working conditions.

#### Section 4: Responsibility of management and governance

##### 1. ARRK Corporation

In recognition of their responsibility for the current situation, all current directors and auditors of ARRK Corporation relinquish retirement payments and representative directors surrender their shares free of charge to ARRK Corporation. With the exception of outside auditors, in principle, all current directors and auditors of ARRK Corporation resign from their posts.

##### 2. Yasuda, Showa Seiki Kogyo, Sol-Plus, Clover Electronics, and Toho System

In recognition of their responsibility for the current situation, all current directors and auditors of companies requesting financial support relinquish retirement payments and representative directors surrender their shares free of charge to ARRK Corporation, relinquish retirement payments and, in principle, resign from their posts.

#### Section 5: Responsibility of the shareholders

Regarding the responsibilities of the shareholders of ARRK Corporation, in line with the business revitalization plan, ETIC will underwrite the issue of ¥9 billion of shares and creditors will accept stock in lieu of ¥20.6 billion equivalent in outstanding debt in a

debt/equity swap. This is expected to significantly dilute the holdings of the current shareholders, which leads to clarify the performance of the responsibility by the share holders.

**(Reference) Overview of the companies receiving support besides ARRK**

1. Yasuda Inc. (as of June 30<sup>th</sup>, 2010)

1.1 Name of company

Yasuda Inc.

1.2 Head Office

Nishi-Shinagawa 3-16-45, Shinagawa-ku, Tokyo

1.3 Date of establishment

September 1, 1982

1.4 Capital

¥237,600,000

1.5 Shares

Number of shares authorized: 3,200

Number of shares issued: 1,700

1.6 Main shareholder

Name/name of company	Number of shares held (thousand)	Percentage of total equity (%)
ARRK	1.7	100.00
Total	1.7	100.00

1.7 Main business

Design and manufacture of ejector sleeves

Manufacture, paint, print and simple assembly of plastic products

Manufacture of trial products

1.8 Number of employees

98 (of which, 2 on placement and other)

1.9 Main facility locations

Head Office: Shinagawa-ku, Tokyo

Yamagata Plant: Kawakita-cho, Nishimurayama-gun, Yamagata

Yunosawa Plant: Murayama-shi, Yamagata

1.10 Main banks

Sawayaka Shinkin Bank, Japan Finance Corporation, The Shonai Bank, Ltd., others

1.11 Financial overview (for the year ended December 2009)

Net sales	¥1,253,860,000
Gross profit (loss)	(¥156,700,000)
Operating income (loss)	(¥356,100,000)
Ordinary income (loss)	(¥360,200,000)
Net income (loss)	(¥225,000,000)
Net assets	¥1,101,630,000
Total assets	¥3,711,800,000

2. Showa Mold & Engineering Co., Ltd.

2.1 Name of company

Showa Mold & Engineering Co., Ltd.

2.2 Head Office

Takagawara 1505, Aza Takagawara, Ishii-cho, Myozai-gun, Tokushima

2.3 Date of establishment

February 10<sup>th</sup>, 1937

2.4 Capital

¥96,000,000

2.5 Shares

Number of shares authorized: 6,000,000

Number of shares issued: 1,920,000

2.6 Main shareholder

Name/name of company	Number of shares held (thousand)	Percentage of total equity (%)
ARRK	1,920	100.00
Total	1,920	100.00

2.7 Main business

Plastics moldings

Die casting

Engineering, Manufacture and sale of precision and general molds for powder metallurgy

2.8 Number of employees

179 (of which, 3 part-time)

2.9 Main facility locations

Head Office/Ishii Factory: Ishii-Cho, Myozai-gun, Tokushima

Kamojima Factory: Yoshinogawa-shi, Tokushima

Kansai Branch: Itami-shi, Hyogo

2.10 Main banks

The Awa Bank, Limited, Mizuho Bank, Ltd., Bank of Tokyo-Mitsubishi UFJ, Ltd., others

2.11 Financial overview (for the year ended March 2010)

Net sales	¥1,762,450,000
Gross profit (loss)	(¥187,710,000)
Operating income (loss)	(¥476,630,000)
Ordinary income (loss)	(¥452,040,000)
Net income (loss)	(¥5,350,000)
Net assets	¥2,156,380,000
Total assets	¥4,552,810,000

3. Gifu Die & Mold Engineering Co., Ltd.

3.1 Name of company

Gifu Die & Mold Engineering Co., Ltd.

3.2 Head Office

Rokujo-minami 1-9-6, Gifu-shi, Gifu

3.3 Date of establishment

March 14<sup>th</sup>, 1957

3.4 Capital

¥400 million

3.5 Shares

Number of shares authorized: 1,600,000

Number of shares issued: 800,000

3.6 Main shareholder

Name/name of company	Number of shares held (thousand )	Percentage of total equity (%)
ARRK	800	100.00
Total	800	100.00

3.7 Main business

Plastic mold ejector sleeves

Die casting dies

Low-pressure die casting

Shell molding

3.8 Number of employees

257 (of which, 10 part-time and 26 on placement/other)

3.9 Main facility locations

Head Office/Factory: Gifu-shi, Gifu

3.10 Main banks

The Juroku Bank, Ltd., Mizuho Bank, Ltd., The Gifu Shinkin Bank, others

3.11 Financial overview (for the year ended March 2010)

Net sales	¥3,405,980,000
Gross profit (loss)	¥53,520,000
Operating income (loss)	(¥454,680,000)
Ordinary income (loss)	(¥409,780,000)
Net income (loss)	¥3,201,630,000
Net assets	¥5,811,220,000
Total assets	¥8,880,180,000

4. Sol-Plus Co., Ltd. (as of June 30<sup>th</sup>, 2010)

4.1 Name of company

SOL-PLUS Co., Ltd.

4.2 Head Office

Hirai 22-9, Hinode-Machi, Nishitama-Gun, Tokyo

4.3 Date of establishment



September 3<sup>rd</sup>, 1966

4.4 Capital

¥295 million

4.5 Shares

Number of shares authorized: 2,400

Number of shares issued and outstanding: 1,700

4.6 Main shareholders

Name/name of company	Number of shares held (thousand)	Percentage of total equity (%)
ARRK	1.2	72.06
Hiroshi Yoshida	0.3	19.06
Minoru Yoshida	0.2	8.82
Yasunori Hirata	0	0.06
Total	1.7	100.00

4.7 Main business

Design and manufacture of synthetic resin molds

Molding and processing of synthetic resin products

Processing of precision mold components

4.8 Number of employees

65 (of which, 4 part-time)

4.9 Main facility locations

Head Office/Factory: Hinode-machi, Nishitama-gun, Tokyo

4.10 Main banks

Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and others

4.11 Financial overview (for the year ended December 2009)

Net sales	¥2,295,140,000
Gross profit	¥587,710,000
Operating income	¥144,450,000
Ordinary income	¥123,200,000
Net income	¥10,080,000
Net assets	¥2,278,790,000
Total assets	¥7,593,860,000

5. Sagamihara-Buhin Co., Ltd.

5.1 Name of company

Sagamihara-Buhin Co., Ltd.

5.2 Head Office

Hashimotodai 2-6-28, Midori-ku, Sagamihara-shi, Kanagawa

5.3 Date of establishment

December 16<sup>th</sup>, 1983

5.4 Capital

¥20 million

5.5 Shares

Number of shares authorized: 1,600

Number of shares issued: 400

5.6 Main shareholder

Name/name of company	Number of shares held (thousand)	Percentage of total equity (%)
ARRK	0.4	100.00
Total	0.4	100.00

5.7 Main business

Manufacture and sale of precision plastic components (mold design and manufacture, product design, molding, processing and assembly)

5.8 Number of employees

69 (of which, 29 part-time employees and 2 on placement)

5.9 Main facility locations

Head office/Factory: Sagamihara-shi, Kanagawa

5.10 Main banks

The Shoko Chukin Bank Limited, and Sumitomo Mitsui Banking Corporation

5.11 Financial overview (for the year ended March 2010)

Net sales	¥1,014,700,000
Gross profit	¥100,570,000
Operating income	¥20,130,000
Ordinary income	¥21,660,000
Net earnings	¥12,090,000
Net assets	¥565,290,000
Total assets	¥1,107,540,000

6. Clover Electronics Co., Ltd.

6.1 Name of company

Clover Electronics Co., Ltd.

6.2 Head office

Toiso 573-19, Eniwa-shi, Hokkaido

6.3 Date of establishment

June 1<sup>st</sup>, 1984

6.4 Capital

¥420 million

6.5 Shares

Number of shares authorized: 33,600

Number of shares issued and outstanding: 24,400

6.6 Main shareholder

Name/name of company	Number of shares held (thousand)	Percentage of total equity (%)
ARRK	24.4	100.00
Total	24.4	100.00

6.7 Main business

Manufacture and sale of printed wiring boards

6.8 Number of employees

214 (including 6 part-time employees and 56 on placement)

6.9 Main facility locations

Head office/factory: Eniwa-shi, Hokkaido

6.10 Main banks

Sumitomo Mitsui Banking Corporation, North Pacific Bank, Ltd., Mizuho Bank, Ltd. and others

6.11 Financial overview (for the year ended March 2010)

Net sales	¥4,237,880,000
Gross profit	(¥193,630,000)
Operating income	(¥725,010,000)
Ordinary income	(¥808,530,000)
Net earnings	(¥1,507,440,000)
Net assets	¥208,450,000
Total assets	¥6,048,480,000

## 7. Toho System Co., Ltd.

### 7.1 Name of company

Toho System Co., Ltd.

### 7.2 Head Office

Kikusuidouri 2-10-5, Moriguchi-shi, Osaka

### 7.3 Date of establishment

December 14<sup>th</sup>, 1974

### 7.4 Capital

¥20,000,000

### 7.5 Shares

Number of shares authorized: 200,000

Number of shares issued: 40,000

### 7.6 Main shareholders

Name/name of company	Number of shares held (thousand)	Percentage of total equity (%)
ARRK	21.5	53.75
Mitsuo Nishida	10.7	26.75
Teru Nishida	3.8	9.50
Other	4.0	10.00
Total	40.0	100.00

### 7.7 Main business

Development and manufacture of electric power supply, electronic control, communications and measurement instruments

Design, manufacture and installation of automated manufacturing equipment

Software development for PCs, microcomputers and sequencers

Board and chassis design (sheet metal/ resin molded products)

Board mounting/device production/inspections

### 7.8 Number of employees

72 (including 33 part-time and 4 on placement)

### 7.9 Main facility locations

Head office: Moriguchi-shi, Osaka

Kadoma factory: Kadoma-shi, Osaka

Katano factory: Katano-shi, Osaka

7.10 Main banks

Bank of Kyoto, Ltd. and Bank of Tokyo-Mitsubishi UFJ, Ltd.

7.11 Financial overview (for the year ended March 2010)

Net sales	¥593,910,000
Gross profit	¥40,140,000
Operating income	(¥22,540,000)
Ordinary income	(¥24,980,000)
Net earnings	(¥83,790,000)
Net assets	¥180,180,000
Total assets	¥1,048,400,000