

Message from the President

Although signs of recovery have been seen in corporate earnings and capital investment, the Japanese economy has continued to suffer from severe market conditions amid concerns over the impact of the accelerated appreciation of the yen and fluctuations of stock prices. The occurrence of the Great East Japan Earthquake has also triggered increasing uncertainties about the future of the economy. Under such circumstances, all of us at the Iwasaki Electric Group focused intensely on measures including total cost reduction and a review of the personnel structure. As a result, the Company achieved profitability for the consolidated fiscal year ended March 31, 2011, with net sales, operating income and ordinary income each exceeding the levels recorded in the previous term.

In the Lighting Sector, sales increased as we introduced 45 lines of products including urbanscape lighting, the “LED EYE lamp” and approximately 220 new LED product items. We plan to launch 62 lines of products and approximately 300 new items during the next fiscal year. In addition, we will further expand our product range and speed up product development toward the anticipated expansion of the LED market. Furthermore, we will focus on sales of Ceralux products in order to capture replacement demand for high energy efficiency lamps.

In the Applied Optics Sector, we have seen a recovery in the sales of optics devices such as solar cells, liquid crystal panels and semiconductor-related products. We are determined to reinforce our sales activities with the aim of winning further orders for these items. At the same time, we will continue to focus on the promotion of UV curing products for which we have seen an increase of sales including in overseas markets.

The Company has set “reinforcement of overseas business,” “restructuring of corporate earnings structure,” “strengthening and expanding the LED business” and “further evolution of HID light sources” as four key policies for the Group to focus on for the next two years. We will endeavor to promote our businesses in a strategic manner by implementing thorough cost reduction measures and increasing operational efficiency in an effort to enhance our earnings capability and increase our corporate value. Lastly, in an environment where power saving will inevitably be required due to the expected power shortage, we will be committed to contributing to energy and power savings through our energy efficient products with a concentration on LED products.

We would be grateful for the continued support of all our stakeholders.

Bunya Watanabe, President and Representative Director

A handwritten signature in black ink, appearing to read "B. Watanabe", with a large, stylized flourish underneath the name.