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INTERNET INITIATIVE JAPAN INC
Form 6-K
June 09, 2006

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 under
the Securities Exchange Act of 1934

For June 9, 2006
Commission File Number: 0-30204

Internet Initiative Japan Inc.
(Translation of registrant's name into English)
Jinbocho Mitsui Bldg. 1-105 Kanda Jinbo-cho, Chiyoda-ku, Tokyo 101-0051, Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F:
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in
paper as permitted by Regulation S-T Rule 101(b) (1): _____

Note: Regulation S-T Rule 101(b) (1) only permits the submission in paper of
a Form 6-K if submitted solely to provide an attached annual report to security
holders.

Indicate by check mark if the registrant is submitting the Form 6-K in
paper as permitted by Regulation S-T Rule 101(b) (7): _____

Note: Regulation S-T Rule 101(b) (7) only permits the submission in paper of
a Form 6-K if submitted to furnish a report or other document that the
registrant foreign private issuer must furnish and make public under the laws of
the jurisdiction in which the registrant is incorporated, domiciled or legally
organized (the registrant's "home country"), or under the rules of the home
country exchange on which the registrant's securities are traded, as long as the
report or other document is not a press release, is not required to be and has
not been distributed to the registrant's security holders, and, if discussing a
material event, has already been the subject of a Form 6-K submission or other
Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No

If "Yes" is marked, indicate below the file number assigned to the
registrant in connection with Rule 12g3-2(b): 82-_____

EXHIBIT INDEX

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Exhibit -----	Date -----	Description of Exhibit -----
1	2006/06/09	IIJ Discloses the Additional Items for the Notes to the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2006 under Accounting Principles Generally Accepted in the United States

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Internet Initiative Japan Inc.

Date: June 9, 2006

/s/ Koichi Suzuki

Koichi Suzuki
President, Chief Executive Officer and
Representative Director

EXHIBIT 1

(English translation)

June 9, 2006

Company name	Internet Initiative Japan Inc.
Representative	Koichi Suzuki President and Representative Director (Stock code number: 3774 TSE Mothers)
Contact	Akihisa Watai, Director and CFO (TEL. 03-5259-6500)

IIJ Discloses the Additional Items for the Notes to the Consolidated Financial

Statements for the Fiscal Year Ended March 31, 2006 under

Accounting Principles Generally Accepted in the United States

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IIJ discloses the additional items for the notes to the consolidated financial statements under accounting principles generally accepted in the United States ("U.S. GAAP") that were announced on May 10, 2006, in accordance with the disclosure rules defined by the Tokyo Stock Exchange.

Items to be additionally disclosed:

Income taxes

Retirement and pension plans

1. INCOME TAXES (Unaudited)

Net deferred income tax assets and liabilities reflected on the consolidated balance sheets as of March 31, 2005 and 2006 as follows:

		(Unit)
	Fiscal Year Ended March 31, 2005	Fiscal Year Ended March 31, 2006
Current Assets - Other current assets	26,399	-
Noncurrent Assets - Other assets	-	-
Noncurrent liabilities - Other noncurrent liabilities	(7,748)	-
Total	18,651	0

The approximate effect of temporary differences and carryforwards giving rise to deferred tax balances at March 31, 2005 and 2006 was as follows:

	Fiscal Year Ended March 31, 2005	Fiscal Year Ended March 31, 2006	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets
Unrealized gains on available-for-sale securities	-	3,580,494	-
Valuation of limited partnership investments for tax purpose	-	35,014	-
Capitalized leases	74,621	-	84,345
Accrued expenses	185,732	-	161,902
Retirement and pension cost	58,885	-	89,705
Stock issue cost	15,548	-	29,212
Allowance for doubtful accounts	1,461,058	-	16,333
Depreciation	25,699	-	25,070
Net loss on other investment	92,080	-	127,115
Operating loss carryforward	9,902,013	-	9,602,271
Other	261,843	27,563	121,659

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Total	12,077,479	3,643,071	10,257,612
Valuation allowance	(8,415,757)	-	(7,171,431)
Total	3,661,722	3,643,071	3,086,181

As of March 31, 2005 and 2006, the valuation allowance for deferred tax assets has been provided at amounts which are not considered more likely than not to be realized. The net changes in the valuation allowance for deferred tax assets were a decrease of JPY 2,224,170 thousand and JPY 1,244,326 thousand for the fiscal years ended March 31, 2005 and 2006, respectively.

A reconciliation between the amount of reported income taxes and the amount of income taxes computed using the normal statutory rate (approximately 41.0%) for each of the fiscal year ended March 31, 2005 and 2006 is as follows:

	Fiscal Year Ended March 31, 2005	(Unit F
Amount computed by using normal Japanese statutory tax rate	1,290,888	
Increase (decrease) in taxes resulting from:		
Expenses not deductible for tax purpose	34,820	
Reserve for tax contingencies	-	
Inhabitant tax-per capital	23,410	
Realization of tax benefit of operating loss carryforwards	(1,426,755)	
Other change in valuation allowance	261,380	
Expiration of operating loss carryforwards	-	
Other--net	(83,873)	
Income tax expense as reported	99,870	

2. RETIREMENT AND PENSION PLANS (Unaudited)

IIJ and certain subsidiaries have unfunded retirement benefit and noncontributory defined benefit pension plans which together cover substantially all of their employees who are not directors and also participate in a contributory multi-employer pension plan, the Japan Computer Information Service Employee's Pension Fund (the "Multi-Employer Plan"), covering substantially all of their employees.

Approximately 70 percent of the employees' benefits from IIJ's severance

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indemnity plan was transferred in May 1997 to its newly established noncontributory defined benefits pension plan. The following information regarding net periodic pension cost and accrued pension cost also includes the 30 percent of severance benefits not transferred to the noncontributory plan. Under the severance and pension plans, all of IIJ's employees are entitled, upon voluntary retirement with 15 years or more service, or upon mandatory retirement at age 60, to a 10-year period of annuity payments (or lump-sum severance indemnities) based on the rate of pay at the time of retirement, length of service and certain other factors. IIJ's employees who do not meet these conditions are entitled to lump-sum severance indemnities.

As stipulated by the Japanese Welfare Pension Insurance Law, the Multi-Employer Plan is composed of a substitutional portion of Japanese Pension Insurance and a multi-employers' portion of a contributory defined benefit pension plan. The benefits for the substitutional portion are based on a standard remuneration schedule under the Welfare Pension Insurance Law and the length of participation. The multi-employers' portion of the benefits is based on the employees' length of service. However, assets contributed by an employer are not segregated in a separate account or restricted to provide benefits only to employees of that employer, including IIJ. The net pension cost under the Multi-Employer Plan is recognized when contributions become due.

Net periodic pension cost for the fiscal years ended March 31, 2005 and 2006 included the following components:

	Fiscal Year Ended March 31, 2005	Fisc
Service cost	221,132	
Interest cost	14,944	
Expected return on plan assets	(13,129)	
Amortization of transition obligation	402	
Recognized net actuarial loss	8,262	
Net periodic pension cost	231,611	

The funded status as of March 31, 2005 and 2006 is as follows:

	Fiscal Year Ended March 31, 2005	Fisc
Change in benefit obligation:		
Benefit obligation at beginning of year	933,969	
Service cost	221,132	
Interest cost	14,944	
Actuarial loss (gain)	(558)	
Benefit paid	(29,247)	
Benefit obligation at end of year	1,140,240	

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Change in plan assets:

Fair value of plan assets at beginning of year	656,443
Actual return on plan assets	17,844
Employer contribution	143,471
Benefits paid	(20,812)
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Fair value of plan assets at end of year	796,946
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Funded status	(343,294)
Unrecognized actuarial loss	195,530
Unrecognized transition obligation	4,418
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Net amount recognized	(143,346)
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Accumulated benefit obligation	635,122
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Amounts recognized in the consolidated balance sheets consist of accrued retirement and pension costs of JPY 143,346 thousand as of March 31, 2005, and prepaid pension costs of JPY 3,891 thousand and accrued retirement and pension costs of JPY 220,462 thousand as of March 31, 2006.

The Company uses a March 31 measurement date for all its plans.

Actuarial assumptions as of March 31:

	Benefit Obligations		Net
	2005	2006	20
Discount rate	1.8%	2.0%	
Expected long-term rate of return on plan assets			
Rate of increase in compensation	3.4	3.4	