

Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2009

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 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 4626
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(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the nine months of the fiscal year ending March 31, 2009 (from April 1, 2008 to December 31, 2008)

(1) Operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2008	27,063	–	3,303	–	3,314	–	1,616	–
December 31, 2007	34,895	11.6	7,567	18.3	7,714	17.2	5,361	23.9

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended		
December 31, 2008	61.14	–
December 31, 2007	202.57	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2008	40,599	34,121	82.8	1,280.30
March 31, 2008	48,938	39,140	78.5	1,450.87

Reference: Shareholders' equity

As of December 31, 2008: 33,622 million yen As of March 31, 2008: 38,402 million yen

2. Cash dividends

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2008	—	30.00	—	85.00	115.00
Fiscal year ending March 31, 2009	—	45.00	—	—	—
Fiscal year ending March 31, 2009 (Forecasts)	—	—	—	45.00	90.00

Note: Revisions to the forecasts of cash dividends in the current quarter: None

Note: The year-end dividends for the fiscal year ended March 31, 2008 consisted of an ordinary dividend of 30 yen and a commemorative dividend of 55 yen.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2009	32,000	(29.4)	3,000	(66.3)	3,100	(63.9)	800	(87.0)	30.31

Note: Revisions to the consolidated earnings forecasts in the current quarter: Yes

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of simplified accounting and specific accounting for preparing the quarterly consolidated financial statements: Yes

Note: For more details, please refer to the section of “4. Others” of “[Qualitative Information and Financial Statements]” on page 7.

(3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of “Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements”)

a. Changes due to revisions to accounting standards and other regulations: Yes

b. Changes due to other reasons: None

Note: For more details, please refer to the section of “4. Others” of “[Qualitative Information and Financial Statements]” on page 7.

- (4) Number of issued shares (common stock)
- | | | |
|----|---|-------------------|
| a. | Total number of issued shares at the end of the period (including treasury stock) | |
| | As of December 31, 2008 | 27,464,000 shares |
| | As of March 31, 2008 | 28,464,000 shares |
| b. | Number of treasury shares at the end of the period | |
| | As of December 31, 2008 | 1,202,462 shares |
| | As of March 31, 2008 | 1,995,257 shares |
| c. | Average number of shares during the period (cumulative from the beginning of the fiscal year) | |
| | Nine months ended December 31, 2008 | 26,437,215 shares |
| | Nine months ended December 31, 2007 | 26,468,868 shares |

* Proper use of earnings forecasts, and other special matters

1. The full-year consolidated earnings forecasts announced on November 12, 2008 have been revised as per “3. Consolidated earnings forecasts for the fiscal year ending March 31, 2009” above.
2. The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.
3. Commencing with the current fiscal year, the quarterly consolidated financial statements conform to the “Accounting Standard for Quarterly Financial Reporting” (ASBJ [Accounting Standards Board of Japan] Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). They are also prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

[Qualitative Information and Financial Statements]

1. Qualitative information regarding consolidated operating results

- The following abbreviations are used in this section.

Abbreviation	Meaning
First quarter	First quarter consolidated accounting period (3 months from April 1 to June 30)
Second quarter	Second quarter consolidated accounting period (3 months from July 1 to September 30)
Third quarter	Third quarter consolidated accounting period (3 months from October 1 to December 31)
Fourth quarter	Fourth quarter consolidated accounting period (3 months from January 1 to March 31)

Please note that “current” or “previous” will be added to the above terms to refer to the current period or the previous period, respectively.

- This financial report includes information on the current nine months (9 months from April 1 to December 31, 2008).
- Monetary amounts for the previous nine months and percentage changes from the same period in the previous fiscal year are included as reference.

(1) Business results

a. PWB (printed wiring board) materials sales

- The global electronics industry witnessed a significant and sudden deterioration as the current third quarter began due to the worldwide economic downturn caused by the financial crisis. Strongly impacted by these circumstances, sales of PWB materials drastically fell over the current third quarter for almost all product fields and regions.
- By product group, sales of “package board and flexible board materials” and “build-up board materials,” items especially affected by semiconductor market conditions, greatly decreased. On the other hand, sales of “rigid board materials” have dropped modestly due to the growth of the Chinese market up to the second quarter.
- Average sales unit prices fell mainly as a result of further increases in the value of the yen as the current third quarter began. Average sales unit prices in local currencies were relatively stable.
- As a result, net sales of PWB materials for the current nine months decreased compared with the same period of the previous fiscal year to 21,412 million yen.

b. FPD (flat panel display) materials sales

- Sales of FPD materials, mainly consisting of PDP (plasma display panel) materials, were low from the beginning of the fiscal year and they continued on a stringent path in the current third quarter as well. With the drop in average sales unit prices due to a strong yen and a fall in the price of silver, a raw material, net sales for FPD materials in the current nine months decreased compared with the same period of the previous fiscal year to 4,767 million yen.

c. Profits

- The effects of a sluggish sales volume and a significantly stronger yen were the main factors that led to a decrease in profits. For cost of sales, the recording of 192 million yen in loss on valuation of inventories and, for selling, general and administrative expenses, the recording of 202 million yen in provision of allowance for doubtful accounts, among others, also led to a decrease in profit.
- As a result, net sales for the current nine months amounted to 27,063 million yen (down 22.4% year on year) with operating income at 3,303 million yen (down 56.4%).
- For non-operating income and expenses, foreign exchange losses of 269 million yen resulted from a strong yen. For extraordinary income and loss, a 344 million yen loss on sales and retirement of noncurrent assets, a 226 million yen loss on valuation of investment securities, etc., were recorded.
- Net income amounted to 1,616 million yen (down 69.9% year on year) as a result of ballooning tax liabilities due to factors such as the non-recording of a portion of deferred tax

assets after examining recoverability.

(Sales results by product group category)

The following are sales results by product group category for the current nine months.

(Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Change	Rate of change (%)
Rigid board materials	–	16,382	–	–
Package board and flexible board materials	–	4,279	–	–
Build-up board materials	–	749	–	–
FPD materials	–	4,767	–	–
Others	–	825	–	–
Total	–	27,004	–	–

Notes: 1. The above monetary values do not include royalty revenue.

2. Sales results by product group category over the nine months ended December 31, 2007 are not disclosed.

(2) Segment results by geographic area

a. Japan

- The consolidated company located in Japan is TAIYO INK MFG. CO., LTD.
- The sales by product group was low for all PWB materials especially for “package board and flexible board materials” and “build-up board materials,” whose significantly decreasing sales were affected by semiconductor market conditions.
- Also, the margin of decrease in revenue expanded due to lower sales of raw materials between the parent company and subsidiaries.
- With respect to profits, an increase in fixed costs as a result of lower revenue and a strong yen, among other factors, led to a lower operating income ratio.
- As a result, net sales by geographic area for Japan in the current nine months amounted to 16,219 million yen (down 20.9% year on year) with operating income at 519 million yen (down 76.2%).

b. Asia

- In Asia, there are three consolidated manufacturing subsidiaries, namely TAIWAN TAIYO INK CO., LTD., TAIYO INK CO., (KOREA) LTD. and TAIYO INK (SUZHOU) CO., LTD., and two consolidated sales subsidiaries, namely TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD. and TAIYO INK INTERNATIONAL (HK) LIMITED.
- Although sales in China, the largest market, continued to grow up to the second quarter, they suddenly decelerated at the start of the current third quarter. Sales in Taiwan, Korea and other regions fell in the current third quarter as seen in China despite favorable results up to the second quarter, which were at par with figures recorded in the same period of the previous fiscal year.
- An increase in fixed costs percentage following a drop in revenue, the fall of average sales unit prices and the effect of a stronger yen, among other factors, pulled down the profitability of each company.
- As a result, net sales by geographic area for Asia in the current nine months amounted to 17,653 million yen (down 25.1% year on year) with operating income at 2,546 million yen (down 51.2% year on year).

c. North America

- The consolidated company located in North America is the manufacturing subsidiary TAIYO AMERICA, INC., which mainly handles the North American and European markets.
- Although the company maintained relatively favorable sales in local currencies, net sales in the current nine months amounted to 963 million yen (down 9.1% year on year) with operating income at 153 million yen (down 18.0%), due to the effect of a strong yen.

2. Qualitative information regarding consolidated financial position

(1) Positions of assets, liabilities and net assets

The following shows the position of assets, liabilities and net assets as of the end of the current third quarter.

(Millions of yen)

	As of March 31, 2008	As of December 31, 2008	Change	Main factors (comparison with the end of the previous fiscal year)
Current assets	31,075	23,488	(7,587)	Cash and deposits decreased approx. 4,100 million yen and notes and accounts receivable-trade decreased approx. 1,900 million yen
Noncurrent assets	17,863	17,111	(751)	Depreciation and amortization decreased approx. 1,000 million yen and the new construction of a warehouse at TAIYO INK (SUZHOU) CO., LTD. resulted in an approx. 300 million yen increase
Total assets	48,938	40,599	(8,339)	
Total liabilities	9,798	6,477	(3,320)	Notes and accounts payable-trade decreased approx. 2,200 million yen and income taxes payable decreased approx. 400 million yen
Total net assets	39,140	34,121	(5,018)	Net income increased approx. 1,600 million yen, cash dividends paid decreased approx. 3,400 million yen and foreign currency translation adjustment decreased approx. 2,400 million yen
Total liabilities and net assets	48,938	40,599	(8,339)	

(2) Cash flow position

The following is the position of cash flows for the current nine months.

(Millions of yen)

	Nine months ended December 31, 2008	Main factors
Net cash provided by operating activities	2,659	Income before income taxes and minority interests provided approx. 2,700 million yen, decrease in notes and accounts receivable-trade provided approx. 1,300 million yen and approx. 1,900 million yen was used in decrease in notes and accounts payable-trade
Net cash used in investment activities	(503)	Decrease in time deposits provided approx. 1,300 million yen, approx. 1,000 million yen was used in purchase of property, plant and equipment and intangible assets (new construction of a warehouse at TAIYO INK (SUZHOU) CO., LTD. and production system development at TAIYO INK MFG CO., LTD.) and approx. 800 million yen was used in payments for investments in capital of subsidiaries and affiliates (TAIYO INK (ZHONGSHAN) CO., LTD.)
Net cash used in financing activities	(3,880)	Approx. 3,400 million yen was used in cash dividends paid (of which approx. 1,400 million yen is commemorative dividend)
Net increase (decrease) in cash and cash equivalents	(2,518)	
Cash and cash equivalents at end of period	10,587	

3. Qualitative information regarding consolidated earnings forecasts

The real economy is drastically deteriorating due to a simultaneous global economic downturn on the heels of the financial crisis. Consequently, with semiconductors and electronic components also witnessing a sudden contraction in demand in the third quarter and beyond, we predict that sales of the Company's products will fall significantly shorter than previous forecasts. The sharply appreciating yen is also expected to have a significant effect on the Company's earnings. In addition, the Board of Directors, at a meeting held on February 12, 2009, resolved to apply for withdrawal from the Pension Fund of Tokyo Bungu Kogyo (Tokyo Stationery Industries). If approved, we expect approx. 1,000 million yen in extraordinary loss due to the payment of a special withdrawal premium. Please refer to "(7) Important subsequent events" on page 15 for details. Taking the above into account, we have revised our consolidated earnings forecasts announced on November 12, 2008. Please refer to "Revision of Earnings Forecasts, Extraordinary Income and Extraordinary Loss" released on February 12, 2009.

Consolidated earnings forecasts for the fiscal year ending March 31, 2009
(from April 1, 2008 to March 31, 2009)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Revised forecasts	32,000	3,000	3,100	800
Previous forecasts (announced on November 12, 2008)	39,000	5,500	6,000	4,200
Change	(7,000)	(2,500)	(2,900)	(3,400)
Rate of change	(17.9%)	(45.5%)	(48.3%)	(81.0%)
Actual results of the previous consolidated fiscal year	45,338	8,896	8,586	6,171
Change	(13,338)	(5,896)	(5,486)	(5,371)
Rate of change	(29.4%)	(66.3%)	(63.9%)	(87.0%)

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation)

No items to report

(2) Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements

a. Simplified accounting

(Valuation method of inventories)

With respect to the calculation of inventories for the third quarter under review, physical inventories are omitted and a reasonable calculation method based on the physical inventories at the end of previous fiscal year is employed.

(Calculation method of deferred tax assets and deferred tax liabilities)

The method for determining the recoverability of deferred tax assets uses the earnings forecasts and tax planning used in the previous fiscal year in the event of the recognition that no material changes have occurred in the business and other environments, or in the conditions under which temporary differences occur or other events occurring after the end of the previous fiscal year. In the event of the recognition of a material change in the business and other environments or other material change in the conditions under which temporary differences occur, etc. after the end of the previous fiscal year, the calculation method shall include factors that take into account material changes corresponding to the earnings forecasts and tax planning used in the previous

fiscal year.

- b. Special accounting for preparing the quarterly consolidated financial statements
No items to report

(3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements

- a. Commencing with the current fiscal year, the quarterly consolidated financial statements conform to the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). They are also prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”
- b. Before the change, inventories held for sale in the ordinary course of business was stated mainly at the moving-average cost. However, because the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) has been applied from the first quarter, inventories is now mainly stated at the moving-average cost (for the value stated in the balance sheet, the book value is written down based on the decreased profitability). Accordingly, operating income, ordinary income and income before income taxes and minority interests for the current nine months each decreased by 192 million yen.
The impact on segment information is described in the segment information section.
- c. The consolidated financial statements conform to the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18, May 17, 2006), and necessary amendments were made. Accordingly, operating income, ordinary income, and income before income taxes and minority interests for the current nine months decreased by 21 million yen, 29 million yen, 33 million yen, respectively.
The impact on segment information is described in the segment information section.

(Additional information)

In line with the 2008 revisions to the Corporate Tax Law, the useful lives of machinery and equipment have been shortened from the first quarter.

Accordingly, operating income, ordinary income and income before income taxes and minority interests for the current nine months each decreased by 19 million yen.

The impact on segment information is described in the segment information section.

5. Consolidated financial statements

(1) Consolidated balance sheets

	(Millions of yen)	
	As of December 31, 2008	As of March 31, 2008 (Summary)
Assets		
Current assets		
Cash and deposits	12,265	16,440
Notes and accounts receivable-trade	7,567 *4	9,532
Short-term investment securities	0	0
Merchandise	0	0
Finished goods	1,595	2,247
Raw materials	1,832	1,709
Work in process	97	207
Other	530	1,195
Allowance for doubtful accounts	(400)	(256)
Total current assets	23,488	31,075
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,999 *2	8,545 *2
Land	4,085	4,238
Other, net	2,505	3,115
Total property, plant and equipment	14,591 *1	15,899 *1
Intangible assets		
Goodwill	95	124
Other	371	318
Total intangible assets	467	442
Investments and other assets	2,052 *3	1,520 *3
Total noncurrent assets	17,111	17,863
Total assets	40,599	48,938

Please refer to Notes to consolidated balance sheets on page 19 for *1, *2, *3 and *4.

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008 (Summary)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,667	5,898
Income taxes payable	287	748
Provision for bonuses	159	308
Provision for directors' bonuses	54	80
Other	977	924
Total current liabilities	5,146	7,959
Noncurrent liabilities		
Provision for retirement benefits	321	441
Provision for directors' retirement benefits	86	88
Other	922	1,308
Total noncurrent liabilities	1,331	1,839
Total liabilities	6,477	9,798
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	27,643	32,519
Treasury stock	(3,512)	(6,137)
Total shareholders' equity	37,368	39,618
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	97	133
Foreign currency translation adjustment	(3,843)	(1,348)
Total valuation and translation adjustments	(3,746)	(1,215)
Minority interests	498	737
Total net assets	34,121	39,140
Total liabilities and net assets	40,599	48,938

(2) Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2008
Net sales	27,063
Cost of sales	18,531
Gross profit	8,531
Selling, general and administrative expenses	5,228 *1
Operating income	3,303
Non-operating income	
Interest income	164
Dividends income	45
Other	94
Total non-operating income	303
Non-operating expenses	
Interest expenses	7
Foreign exchange losses	269
Other	15
Total non-operating expenses	292
Ordinary income	3,314
Extraordinary income	
Gain on sales of noncurrent assets	2
Total extraordinary income	2
Extraordinary loss	
Loss on sales and retirement of noncurrent assets	344
Loss on valuation of investment securities	226
Compensation for damage	42
Total extraordinary losses	613
Income before income taxes and minority interests	2,703
Income taxes-current	1,340
Income taxes-deferred	(305)
Total income taxes	1,034
Minority interests in income	52
Net income	1,616

Please refer to Note to consolidated statement of income on page 19 for *1.

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2008
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	2,703
Depreciation and amortization	1,035
Loss (gain) on valuation of investment securities	226
Increase (decrease) in provision for retirement benefits	(131)
Increase (decrease) in provision for bonuses	(142)
Increase (decrease) in provision for directors' bonuses	(26)
Interest and dividends income	(209)
Interest expenses	7
Loss on compensation for damage	42
Decrease (increase) in notes and accounts receivable-trade	1,321
Decrease (increase) in inventories	41
Increase (decrease) in notes and accounts payable-trade	(1,927)
Increase (decrease) in accrued consumption taxes	413
Other, net	848
Subtotal	4,202
Interest and dividends income received	214
Interest expenses paid	(7)
Income taxes paid	(1,750)
Net cash provided by (used in) operating activities	2,659

(Millions of yen)

Nine months ended
December 31, 2008

Net cash provided by (used in) investment activities	
Payments into time deposits	(3,699)
Proceeds from withdrawal of time deposits	5,055
Purchase of property, plant and equipment	(574)
Purchase of intangible assets	(451)
Payments of loans receivable	(24)
Collection of loans receivable	17
Payments for investments in capital of subsidiaries and affiliates	(865)
Other, net	38
Net cash provided by (used in) investment activities	(503)
Net cash provided by (used in) financing activities	
Purchase of treasury stock	(331)
Cash dividends paid	(3,439)
Cash dividends paid to minority shareholders	(109)
Net cash provided by (used in) financing activities	(3,880)
Effect of exchange rate change on cash and cash equivalents	(793)
Net increase (decrease) in cash and cash equivalents	(2,518)
Cash and cash equivalents at beginning of period	13,106
Cash and cash equivalents at end of period	10,587
	*1

Please refer to Note to consolidated statement of cash flows on page 19 for *1.

Commencing with the current fiscal year, the quarterly consolidated financial statements conform to the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). They are also prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

(4) Notes on premise of going concern

No items to report

(5) Segment information

[Information by business segment]

Nine months ended December 31, 2008

The Group is primarily engaged in manufacturing and sales of solder resist for PWBs, among others. Information by business segment is not disclosed because the Group has one business segment.

[Information by geographic area]

Nine months ended December 31, 2008

(Millions of yen)

	Japan	Asia	North America	Total	Elimination	Consolidated total
Net sales						
(1) External sales	8,469	17,643	950	27,063	–	27,063
(2) Inter-segment sales or transactions	7,749	10	12	7,772	(7,772)	–
Total sales	16,219	17,653	963	34,836	(7,772)	27,063
Operating income	519	2,546	153	3,219	83	3,303

Notes: 1. Countries and regions are segmented by geographical proximity.

2. Major countries and regions other than Japan are as follows:

(1) North America: USA

(2) Asia: Korea, Taiwan, China, Hong Kong and Singapore

3. Changes in accounting policy

(Valuation criteria of inventories)

As described in the “Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements,” the consolidated financial statements conform to the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) from the first quarter. As a result of this change, operating income for the current nine months for “Japan” and “Asia” decreased by 96 million yen and 95 million yen, respectively, as compared to the case where the previous method was adopted.

(Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements)

As described in the “Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements,” the consolidated financial statements conform to the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18, May 17, 2006) from the first quarter. As a result of this change, operating income for the current nine months for “Asia” decreased by 21 million yen, as compared to the case where the previous method was adopted.

4. Additional information

(Change of useful lives of property, plant and equipment)

As described in the “Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements,” in line with the 2008 revisions to the Corporate Tax Law, the useful lives of machinery and equipment have been shortened from the first quarter. As a result of this change, operating income for the current nine months for “Japan” decreased by 19 million yen, as compared to the case where the previous method was adopted.

[Overseas sales information]
 Nine months ended December 31, 2008

(Millions of yen)

	North America	Asia	Europe/others	Total
I Overseas sales	863	19,430	110	20,405
II Consolidated sales	–	–	–	27,063
III Percentage of overseas sales	3.2%	71.8%	0.4%	75.4%

Notes: 1. Regions are segmented by geographical proximity.

2. The regions in each segment are as follows:

(1) North America: USA and Canada

(2) Asia: Korea, Taiwan, China, Hong Kong, Thailand, etc.

(3) Europe/others: France, Spain, etc.

3. Overseas sales refer to the sales of the Company and its consolidated subsidiaries in countries or regions other than Japan.

(6) Notes on significant changes in the amount of shareholders' equity

Matters regarding treasury stock

a. Acquisition of treasury stock

The Board of Directors, at a meeting held on November 26, 2008, resolved to purchase treasury stock as follows in accordance with the provisions in Article 156 of the Corporation Law, which are applied after a deemed replacement pursuant to the provisions in Article 165, Paragraph 3 of said Law. During the current third quarter, the Company acquired 177,000 shares of treasury stock valued at 273 million yen.

- | | |
|---|---|
| i. Class of shares to be acquired | Common stock of the Company |
| ii. Total number of shares to be acquired | 500,000 shares (maximum) |
| iii. Total share acquisition price | 1,000 million yen (maximum) |
| iv. Acquisition period | From November 27, 2008 to February 27, 2009 |

b. Retirement of treasury stock

The Board of Directors, at a meeting held on November 26, 2008, resolved to retire treasury stock in accordance with Article 178 of the Corporation Law. The Company retired treasury stock as follows and, as a result, capital surplus decreased 0 million yen and retained earnings and treasury stock each decreased 2,957 million yen.

- | | |
|---|-----------------------------|
| i. Class of shares retired | Common stock of the Company |
| ii. Total number of shares retired | 1,000,000 shares |
| iii. Total retirement price | 2,957 million yen |
| iv. Retirement date | December 17, 2008 |
| v. Number of issued shares after retirement | 27,464,000 shares |

(7) Important subsequent events

The Board of Directors, at a meeting held on February 12, 2009, resolved to apply for withdrawal from the Pension Fund of Tokyo Bungu Kogyo (Tokyo Stationery Industries), which is an integrated corporate-type employees' pension scheme in which the Company participates. In the event the application for withdrawal is approved by the Board of Delegates of the Fund, we expect to record an extraordinary loss in the fiscal year ending March 31, 2009, due to a special premium of approx. 1,000 million yen in accordance with the Employees' Pension Insurance Law and the Pension Fund of Tokyo Bungu Kogyo (Tokyo Stationery Industries) Policy.

(Reference)

Consolidated financial statements for the nine months ended December 31, 2007

(1) (Summary) Consolidated statement of income

	Previous nine months ended December 31, 2007
	Amount (Millions of yen)
I. Net sales	34,895
II. Cost of sales	22,130
Gross profit	12,764
III. Selling, general and administrative expenses	5,197
Operating income	7,567
IV. Non-operating income	282
V. Non-operating expenses	135
Ordinary income	7,714
VI. Extraordinary income	34
VII. Extraordinary loss	67
Income before income taxes and minority interests	7,680
Income taxes-current	1,944
Income taxes-deferred	177
Minority interests in income	196
Net income	5,361

(2) (Summary) Consolidated statement of cash flows

(Millions of yen)

	Previous nine months ended December 31, 2007
I. Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	7,680
Depreciation and amortization	1,142
Decrease (increase) in notes and accounts receivable-trade	(1,074)
Decrease (increase) in inventories	200
Increase (decrease) in notes and accounts payable-trade	1,599
Other	(257)
Subtotal	9,291
Income taxes paid	(1,880)
Other	239
Net cash provided by (used in) operating activities	7,650
II. Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(1,124)
Other	(473)
Net cash provided by (used in) investment activities	(1,598)
III. Net cash provided by (used in) financing activities	
Purchase of treasury stock	(0)
Cash dividends paid	(1,852)
Other	(116)
Net cash provided by (used in) financing activities	(1,969)
IV. Effect of exchange rate change on cash and cash equivalents	(193)
V. Net increase (decrease) in cash and cash equivalents	3,889
VI. Cash and cash equivalents at beginning of period	10,098
VII. Cash and cash equivalents at end of period	13,988

(3) Segment information

[Information by business segment]

Previous nine months ended December 31, 2007

The Group is primarily engaged in manufacturing and sales of solder resist for PWBs, among others.
Information by business segment is not disclosed because the Group has one business segment.

[Information by geographic area]

Previous nine months ended December 31, 2007

(Millions of yen)

	Japan	Asia	North America	Total	Elimination	Consolidated total
Net sales						
(1) External sales	10,294	23,555	1,045	34,895	–	34,895
(2) Inter-segment sales or transactions	10,219	13	14	10,247	(10,247)	–
Total sales	20,513	23,569	1,060	45,142	(10,247)	34,895
Operating expenses	18,331	18,352	873	37,557	(10,229)	27,327
Operating income	2,181	5,216	186	7,584	(17)	7,567

Notes: 1. Countries and regions are segmented by geographical proximity.

2. Major countries and regions other than Japan are as follows:

(1) North America: USA

(2) Asia: Korea, Taiwan, China, Hong Kong and Singapore

6. Other information

(1) Notes to consolidated financial statements

(Notes to consolidated balance sheets)

As of December 31, 2008	As of March 31, 2008						
<p>*1. Accumulated depreciation of property, plant and equipment was 14,533 million yen.</p> <p>*2. Reduction entry Due to acceptance of national subsidies, the following reduction entry was generated from the acquisition cost of relevant assets.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">5 million yen</td> </tr> </table> <p>*3. Direct write-off amount of allowance for doubtful accounts from investments and other assets was 126 million yen.</p> <p>*4. Notes maturing at end of quarter The accounting treatment for notes maturing at end of quarter is to be implemented as of the clearance date. Please note that because the end of the current quarter fell on a bank holiday, the following notes maturing at end of quarter are included in the balance at end of quarter.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">Notes receivable</td> <td style="text-align: right;">132 million yen</td> </tr> </table>	Buildings and structures	5 million yen	Notes receivable	132 million yen	<p>*1. Accumulated depreciation of property, plant and equipment was 14,372 million yen.</p> <p>*2. Reduction entry Due to acceptance of national subsidies, the following reduction entry was generated from the acquisition cost of relevant assets.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">8 million yen</td> </tr> </table> <p>*3. Direct write-off amount of allowance for doubtful accounts from investments and other assets was 148 million yen.</p> <p>*4. _____</p>	Buildings and structures	8 million yen
Buildings and structures	5 million yen						
Notes receivable	132 million yen						
Buildings and structures	8 million yen						

(Note to consolidated statement of income)

Nine months ended December 31, 2008								
<p>*1 Major items of selling, general and administrative expenses were as follows:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">Provision of allowance for doubtful accounts</td> <td style="text-align: right;">202 million yen</td> </tr> <tr> <td>Provision for bonuses</td> <td style="text-align: right;">70 million yen</td> </tr> <tr> <td>Provision for directors' bonuses</td> <td style="text-align: right;">54 million yen</td> </tr> <tr> <td>Provision for directors' retirement benefits</td> <td style="text-align: right;">10 million yen</td> </tr> </table>	Provision of allowance for doubtful accounts	202 million yen	Provision for bonuses	70 million yen	Provision for directors' bonuses	54 million yen	Provision for directors' retirement benefits	10 million yen
Provision of allowance for doubtful accounts	202 million yen							
Provision for bonuses	70 million yen							
Provision for directors' bonuses	54 million yen							
Provision for directors' retirement benefits	10 million yen							

(Note to consolidated statement of cash flows)

Nine months ended December 31, 2008						
<p>*1 Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows:</p> <p style="text-align: right;">(As of December 31, 2008)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">Cash and deposits</td> <td style="text-align: right;">12,265 million yen</td> </tr> <tr> <td>Time deposits whose term exceeds three months</td> <td style="text-align: right;"><u>1,677 million yen</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">10,587 million yen</td> </tr> </table>	Cash and deposits	12,265 million yen	Time deposits whose term exceeds three months	<u>1,677 million yen</u>	Cash and cash equivalents	10,587 million yen
Cash and deposits	12,265 million yen					
Time deposits whose term exceeds three months	<u>1,677 million yen</u>					
Cash and cash equivalents	10,587 million yen					