Translation

May 13, 2009

Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

Company name: **TAIYO INK MFG. CO., LTD.**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 4626
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Scheduled date of ordinary general meeting of shareholders: June 26, 2009
Scheduled date to commence dividend payments: June 29, 2009
Scheduled date to file annual securities report: June 29, 2009

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

(1) Operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
For the fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2009	32,614	(28.1)	3,332	(62.5)	3,546	(58.7)	1,958	(68.3)
March 31, 2008	45,338	8.1	8,896	11.7	8,586	3.9	6,171	11.1

	Net income per share	Diluted net income per share	Net income/ shareholders' equity	Ordinary income/ total assets	Operating income/ net sales
For the fiscal year ended	Yen	Yen	%	%	%
March 31, 2009	74.25	–	5.4	7.9	10.2
March 31, 2008	233.18	–	16.5	17.8	19.6

Reference: Equity in earnings of affiliates
For the fiscal year ended March 31, 2009: – million yen
For the fiscal year ended March 31, 2008: – million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2009	40,869	34,584	83.3	1,313.20
March 31, 2008	48,938	39,140	78.5	1,450.87

Reference: Shareholders' equity
As of March 31, 2009: 34,063 million yen As of March 31, 2008: 38,402 million yen

(3) Cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at the end of period
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2009	4,581	(1,470)	(4,428)	11,291
March 31, 2008	9,241	(3,390)	(1,969)	13,106

2. Cash dividends

	Cash dividends per share					Total cash dividends (Full year)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
Record date	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2008	–	30.00	–	85.00	115.00	3,043	49.3	8.1
Fiscal year ended March 31, 2009	–	45.00	–	45.00	90.00	2,356	121.2	6.5
Fiscal year ending March 31, 2010 (Forecasts)	–	45.00	–	45.00	90.00		116.7	

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, 2010 (from April 1, 2009 to March 31, 2010)

(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
For the six months ending September 30, 2009	14,000	(32.7)	1,300	(61.4)	1,400	(63.9)	800	(67.4)	30.84
For the year ending March 31, 2010	30,000	(8.0)	3,200	(4.0)	3,300	(7.0)	2,000	2.1	77.11

4. Others

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

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated financial statements (changes described in the section of "Changes in significant matters forming the basis of preparing the 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 "Basis of preparation for the consolidated financial statements" on page 24 and "Changes in basis of preparation for consolidated financial statements" on page 28.

(3) Number of issued shares (common stock)

a. Total number of issued shares at the year end (including treasury shares)

As of March 31, 2009	27,464,000 shares
As of March 31, 2008	28,464,000 shares

b. Number of treasury shares at the year end

As of March 31, 2009	1,525,382 shares
As of March 31, 2008	1,995,257 shares

Note: For the number of shares as a basis of calculating consolidated net income per share, please refer to "Per share information" on page 41.

(Reference)

1. Non-consolidated financial results for the fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

(1) Operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
For the fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2009	18,970	(29.4)	15	(99.3)	4,069	(27.4)	2,431	(48.3)
March 31, 2008	26,866	2.7	2,275	8.3	5,609	14.8	4,703	29.1

	Net income per share	Diluted net income per share
For the fiscal year ended	Yen	Yen
March 31, 2009	92.19	–
March 31, 2008	177.68	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2009	31,985	27,699	86.6	1,067.89
March 31, 2008	36,223	29,665	81.9	1,120.78

Reference: Shareholders' equity
As of March 31, 2009: 27,699 million yen As of March 31, 2008: 29,665 million yen

* Proper use of earnings forecasts, and other special matters

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. Please refer to the section of "1. Operating results (1) Analysis of operating results" on page 4 for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of business results forecasts.

1. Operating results

- The following abbreviations of product group categories are used in this section.

Abbreviation	Meaning
PWB	Printed Wiring Board
SR	Solder Resist
LPI	Liquid Photoimageable SR (mainstay product)
PKG	Semiconductor Package
FPD	Flat Panel Display
PDP	Plasma Display Panel

- This financial report includes information on the fiscal year ended March 31, 2009 (12 months from April 1, 2008 to March 31, 2009). The following abbreviations for the quarters 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)

(1) Analysis of operating results

a. Consolidated business results

1) PWB materials sales
   - The global electronics industry, which had been on a downward trend since the beginning of the fiscal year, witnessed a significant and sudden deterioration in the third quarter due to the worldwide economic downturn arising from the financial crisis. Strongly impacted by these circumstances, sales of PWB materials drastically fell over the third quarter for almost all product fields and regions. Although this drop seemed to bottom out as the fourth quarter began, full-year sales figures have decreased by an extent not seen since the burst of the IT bubble in 2001.
   - By product group, sales of “PKG 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 in the yen base due to the significant appreciation of the yen despite their stable prices in the local currency base.
   - As a result, net sales of PWB materials for the current fiscal year amounted to 25,919 million yen (down 22.9% year on year).

2) FPD materials sales
   - Sales of FPD materials, mainly consisting of PDP materials, were low from the beginning of the fiscal year and continued to descend from the third quarter due to inventory adjustments for PDP, a downstream product. With the drop in average sales unit prices due to the strong yen and a fall in the price of silver, a raw material, net sales for FPD materials for the current fiscal year amounted to 5,683 million yen (down 44.5% year on year).

3) Profits
   - The effects of a lower sales volume and the significant appreciation of the yen were the main factors that led to a decrease in profits. For selling, general and administrative

expenses, the recording of a 223 million yen provision of allowance for doubtful accounts and, for cost of sales, the recording of 71 million yen in loss on valuation of inventories, among others, also led to suppressed profits. As a result, operating income for the current fiscal year amounted to 3,332 million yen (down 62.5% year on year).

- For extraordinary income and loss, despite a 564 million yen extraordinary income in settlement received, etc., the Company recorded an extraordinary loss of 1,653 million yen that included a lump-sum payment to withdrawal for employees pension fund, a loss on sales and retirement of noncurrent assets, a loss on valuation of investment securities, etc. Income before income taxes and minority interests amounted to 2,457 million yen (down 71.3% year on year).
- With regard to tax expenses, while a portion of deferred tax assets were not recognized after an examination of recoverability, the introduction of exclusion from charges against foreign subsidiaries' dividend income resulted in a reversal of deferred tax liabilities of 720 million yen and ultimately a decrease in the effective tax rate. As a result, net income for the current fiscal year amounted to 1,958 million yen (down 68.3% year on year).

Sales results by product group category

The following are sales results by product group category for the fiscal year ended March 31, 2009.

(Millions of yen)

Name of product group category	Previous fiscal year results	Current fiscal year results	Compared to the previous fiscal year	
			Change	Rate of change (%)
Rigid board materials	25,392	19,911	(5,480)	(21.6)
PKG board and flexible board materials	6,886	5,107	(1,778)	(25.8)
Build-up board materials	1,325	900	(424)	(32.1)
FPD materials	10,238	5,683	(4,555)	(44.5)
Others	1,378	952	(426)	(30.9)
Total	45,221	32,555	(12,665)	(28.0)

Note: The above monetary values do not include royalty revenue.

b. Segment results by geographic area

[Japan]

- The consolidated company located in Japan is TAIYO INK MFG. CO., LTD., a manufacturing and marketing company.
- The sales in all the product items of PWB materials was low especially for "PKG 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.
- In addition to a decrease in sales, the strong yen causing low profitability in exports led to a significant deterioration in revenue.
- As a result, net sales by geographic area for Japan amounted to 18,970 million yen (down 29.4% year on year) with operating income at 15 million yen (down 99.3%).

[Asia]

- Net sales by geographic area for Asia amounted to 21,596 million yen (down 29.9% year on year) with operating income at 3,059 million yen (down 51.4%). The following is an overview per region.

  1) Taiwan
  - The consolidated subsidiary located in Taiwan is TAIWAN TAIYO INK CO., LTD., a manufacturing and marketing company.
  - Sales of "rigid board materials" in the Taiwanese market, along with those in Japan, were the worst among the regions of the world.

- Sales of “PKG board and flexible board materials,” which are manufactured and sold by TAIWAN TAIYO INK CO., LTD. in Taiwan, decreased significantly as a result of effects from the semiconductor market.

2) Korea

- The consolidated subsidiary located in Korea is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing company.
- Demand for “rigid board materials,” which had remained low, moved onto a recovery track at the beginning of the year resulting in a relatively small full-year sales decrease.
- Sales of “PKG board and flexible board materials,” which are manufactured by TAIYO INK MFG. CO., LTD. and imported and sold by TAIYO INK CO., (KOREA) LTD., also moved to a recovery track at the beginning of the year but not enough to cover the slump witnessed up to the end of the year, thus resulting in a significant decrease.
- FPD material sales were lackluster due to inventory adjustments for PDP, a downstream product.

3) China (including Hong Kong)

- The consolidated subsidiaries located in China are TAIYO INK (SUZHOU) CO., LTD., a manufacturing and marketing company and TAIYO INK INTERNATIONAL (HK) LIMITED, a sales subsidiary operating mainly in the southern China region.
- The Chinese market is the largest for PWB materials. Major sales of the Group in that region are for “rigid board materials.”
- Sales in the Chinese market, which have enjoyed high levels of growth for many years, were favorable up to the second quarter; however, they took a sharp turn downwards as the third quarter began. Subsequently, signs of a recovery in demand in the fourth quarter resulted in a relatively small full-year sales decrease.

4) Other Asia

- The other consolidated subsidiary located in Asia is TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD., a sales subsidiary, which mainly handles ASEAN member countries.
- Although the market share expanded, that company’s results were unfavorable due to a slump in demand.

[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 sales fell starting in the third quarter, the rate of decrease in the North American market was slight compared to that of the Asian market because the products handled were mostly low-volume, high-variety prototypes. Net sales of that company amounted to 1,205 million yen (down 15.1% year on year) with operating income at 190 million yen (down 28.8%).

c. Consolidated forecasts for the next fiscal year

- Concerning the sales of PWB materials, although the volume recovered thanks to a turnaround of the sharp drop in the latter half of the current fiscal year, overall sales in the first half of the next fiscal year are expected to be low. Another recovery is expected in the latter half, but we project full-year net sales to be lower than the current fiscal year by approximately 8%.
- The Company expects FPD material sales to start off low in the beginning of the fiscal year and result in a full-year decrease year on year.
- In terms of profits, we forecast an approximately 4% year-on-year decline in operating income due to effects from a low sales volume and the strong yen. Net income is expected to be about at the same level as the current fiscal year from effects such as a revision of the tax system (especially introduction of the exclusion from charges against foreign dividend income).

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Net income per share (yen)
For the fiscal year ending March 31, 2010 (Forecast)	30,000	3,200	3,300	2,000	77.11
For the fiscal year ended March 31, 2009 (Actual results)	32,614	3,332	3,546	1,958	74.25
Rate of change (%)	(8.0)	(4.0)	(7.0)	2.1	3.8

(2) Analysis of financial position

a. Positions of assets, liabilities and net assets

- The following shows the positions of assets, liabilities and net assets as of March 31, 2009.

	As of March 31, 2008 (Millions of yen)	As of March 31, 2009 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	31,075	23,880	(7,195)	Cash and deposits decreased approx. 2,600 million yen, notes and accounts receivable–trade decreased approx. 2,900 million yen, and inventories decreased approx. 1,300 million yen
Noncurrent assets	17,863	16,989	(873)	Depreciation and amortization decreased approx. 1,400 million yen, investment securities decreased approx. 400 million yen and investments in capital of subsidiaries and affiliates increased approx. 900 million yen
Total assets	48,938	40,869	(8,068)	
Total liabilities	9,798	6,285	(3,513)	Notes and accounts payable–trade decreased approx. 2,900 million yen, income taxes payable decreased approx. 500 million yen and deferred tax liabilities decreased approx. 600 million yen
Total net assets	39,140	34,584	(4,555)	Net income increased approx. 1,900 million yen, cash dividends paid decreased approx. 3,400 million yen, foreign currency translation adjustment decreased approx. 1,800 million yen and purchase of treasury stock decreased approx. 900 million yen
Total liabilities and net assets	48,938	40,869	(8,068)	

b. Cash flow position

- The following is the position of cash flows for the fiscal year ended March 31, 2009.

	Fiscal year ended March 31, 2009 (Millions of yen)	Main factors
Net cash provided by operating activities	4,581	Income before income taxes and minority interests provided approx. 2,500 million yen, depreciation and amortization provided approx. 1,400 million yen, a decrease in notes and accounts receivable-trade provided approx. 2,400 million yen, a decrease in inventories provided 800 million yen and a decrease in notes and accounts payable-trade used approx. 2,800 million yen
Net cash used in investing activities	(1,470)	The new construction of a warehouse at TAIYO INK (SUZHOU) CO., LTD. and the production system development at TAIYO INK MFG CO., LTD. used approx. 1,200 million yen, payments for investments in capital of subsidiaries and affiliates (TAIYO INK (ZHONGSHAN) CO., LTD.) used approx. 900 million yen and proceeds from withdrawals of time deposits provided approx. 500 million yen
Net cash used in financing activities	(4,428)	Cash dividend payments used approx. 3,400 million yen (of which approx. 1,400 million yen is commemorative dividend) and purchase of treasury stock used approx. 900 million yen.
Net increase (decrease) in cash and cash equivalents	(1,815)	
Cash and cash equivalents at end of period	11,291	

c. Forecasts for financial position

- The following are forecasts for position of cash flows, total assets and net assets and main factors for the fiscal year ending March 31, 2010.

	Fiscal year ending March 31, 2010 (Billions of yen)	Main factors
Net cash provided by operating activities	0.3	Income before income taxes and minority interests to provide approx. 3,300 million yen and depreciation and amortization to provide approx. 1,300 million yen, an increase in notes and accounts receivable–trade and inventories to use approx. 3,200 million yen, and payments of income taxes to use 800 million yen
Net cash used in investing activities	(0.5)	Purchase of research and development facility for TAIYO INK MFG CO., LTD. and purchase of software for TAIWAN TAIYO INK CO., LTD.
Net cash used in financing activities	(2.4)	Cash dividend payments to use approx. 2,400 million yen
Net increase (decrease) in cash and cash equivalents	(2.7)	
Cash and cash equivalents at end of period	8.6	
Total assets at end of period	40.4	
Net assets at end of period	34.3	

d. Trend of indicators

- The following is the transition of cash flow indicators.

	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Equity ratio (%)	82.0	77.6	76.8	78.5	83.3
Equity ratio on mark-to-market basis (%)	140.5	192.8	194.4	128.7	97.2
Interest-bearing debt to cash flow ratio (years)	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio	2,514.3	2,738.6	1,124.5	1,394.0	546.7

Equity ratio: (Net assets- Minority interests)/Total assets
Equity ratio on mark-to-market basis: Total market capitalization/Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/Operating cash flows
Interest coverage ratio: Operating cash flow/Interest paid

(1) The above indicators are calculated based on consolidated financial figures.
(2) Total market capitalization is calculated based on total number of issued shares at the fiscal year end (excluding treasury stock) ×stock market price at the fiscal year end. Because a 2:1 stock split was effectuated on April 1, 2007, with respect to shareholders registered as of March 31, 2007, the fiscal year ended March 31, 2007 is calculated based on 28,464,000 shares of issued shares and 1,995,082 shares of treasury shares.
(3) Amount of operating cash flow is net cash provided by (used in) operating activities stated in the consolidated statement of cash flows. Interest-bearing debt is all debt subject to interest payments within liabilities stated in the consolidated balance sheets. Amount of interest payments are interest expenses paid stated in the consolidated statement of cash flows.

(3) Basic policy on profit distribution and dividends for the current fiscal year and next fiscal year

- The Company regards profit distribution to shareholders in cash as an important policy and will effectuate a continuous, stable profit distribution at high levels. Furthermore, from the current fiscal year, instead of our conventional index (dividend payout ratio), we will use the ratio of dividends to net assets as our target index, keeping this figure at least 5% of consolidated financial results for the mid-to long-term.
- In accordance with this policy, the Company paid an interim dividend of 45 yen per share.
- We also plan to pay an end-of-period dividend of 45 yen per share, as already announced, therefore, this will be placed on the agenda of the next General Meeting of Shareholders. This results in an annual dividend of 90 yen per share for the current fiscal year.
- For next fiscal year dividends, at present, the Company plans to pay 90 yen per share taking into consideration the abovementioned policy of implementing high-level returns to shareholders on a sustained and stable basis despite predictions of a tough business environment continuing unabated.

(4) Risk factors

The following are the main risks that may influence the business development of the Company.

a. Technological innovation risks

1) Risks related to PWBs
   - As a specialized manufacturer, we are reliant on the manufacture and sale of PWB materials, and SR in particular, as a major source of our income. If radical technological developments, such as electronic parts that do not use PWBs or PWBs that do not use SR, were to be widely adopted, this would result in a significant loss of income.
   - However, the Company considers as important effecting research and development to find possible new methods for PWBs.
   - From the viewpoint of product characteristics, operability, and economic viability, there is little possibility that such technological innovations will be widely adopted in the near future.
2) Risks related to PDP materials
   - Our PDP material customers are restricted to Japanese and Korean panel manufacturers.

As we rely heavily on certain customers, the performance of these customers could significantly impact our own sales.
- As PDPs compete with LCDs, Organic Electro-Luminescence (OLEDs) and other technologies, the future of the PDP market involves uncertainty.

b. Risks associated with patents

1) Risks accompanying the expiry of patents held by the Company
   - We own patents for alkaline developable SR, the current main LPI used in PWB applications, but these patents have already expired. However, patents are not the only area in which we retain a competitive advantage. Patent expirations may exert some influence on our superior competitive position with regard to other companies in the future.
2) Risk of patent infringement
   - If we infringed the intellectual property rights owned by a third party, it could impact on our operating results.

c. Risk of major production facilities being affected by a disaster

- Our domestic PWB materials manufacturing facilities are concentrated at the Ranzan-Kitayama Facility. In the event that production at the facility was affected by a natural disaster, supply functions would be shifted to our overseas subsidiaries as an emergency measure. However, as this would require some preparation and adjustment with regard to production and shipment, and our business would be affected in the interim.

d. Country-specific risks related to business deployment overseas

- Our Group conducts manufacturing activities in Japan, Taiwan, Korea, China, and the United States. Sales of our Group's products in Japan, and particularly in China, Taiwan, Korea, ASEAN countries, and other Asian markets are expanding. Accordingly, terrorist activities, destabilization of the political situation, economic fluctuations, the outbreak of contagion, unforeseen changes to legal, regulatory or tax systems, and other country-specific risks could impact on the business strategies and performance of our Group.

e. Risk of exchange rate fluctuations

- Our ratio of overseas sales to net sales is comparatively high and there are many instances when we calculate product prices in foreign currencies. Accordingly, our business performance is affected by fluctuations in exchange rates, with a high yen normally leading to reduced income and profits.

f. Risk of price fluctuations in key products

- PWB manufacturing is shifting to other Asian countries, especially China, and we are engaged in continuing price wars with local companies as well as other Japanese firms. There is also pressure to lower SR prices which has resulted from price competition in the PWB market. Because of this, there is a possibility that the price of our main product, SR, may drop thus affecting the performance of our Group.

g. Risks related to the soaring cost of raw materials

- Due to the state of the oil market, the prices of certain raw materials have risen, which may affect the performance of our Group. The profitability of PDP materials in particular may be affected due to the rising cost of silver, one of the key raw materials used in PDP production.

h. Risks related to fluctuations in product demand

- Demand for our Group's main products is influenced by electronic components market trends, which may affect the performance of our Group.

i. Credit risks related to receivables

- The Group has many customers and, although we do not concentrate an excessive amount of receivables on specific customers, the deterioration of the financial position of customers and the resulting bad debt may affect the performance of our Group.

2. Overview of the corporate group

The corporate group (hereinafter the Group) consists of TAIYO INK MFG. CO., LTD. (filing company), ten subsidiaries and one associated company. Its principal business is the manufacturing and sales of PWB materials.

[The Company and consolidated subsidiaries]

Relation to the filing company	Company name	Main business
Filing company	TAIYO INK MFG. CO., LTD.	Manufacturing, purchasing and sales of PWB materials and other chemical products for use in the electronic components and electronics industries
Consolidated subsidiary	TAIWAN TAIYO INK CO., LTD.	
Consolidated subsidiary	TAIYO INK CO., (KOREA) LTD.	
Consolidated subsidiary	TAIYO INK (SUZHOU) CO., LTD.	
Consolidated subsidiary	TAIYO AMERICA, INC.	
Consolidated subsidiary	TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD.	Manufacturing, purchasing and sales of PWB materials and other chemical products for use in the electronic components and electronics industries
Consolidated subsidiary	TAIYO INK INTERNATIONAL (HK) LIMITED	

[Non-consolidated subsidiaries]

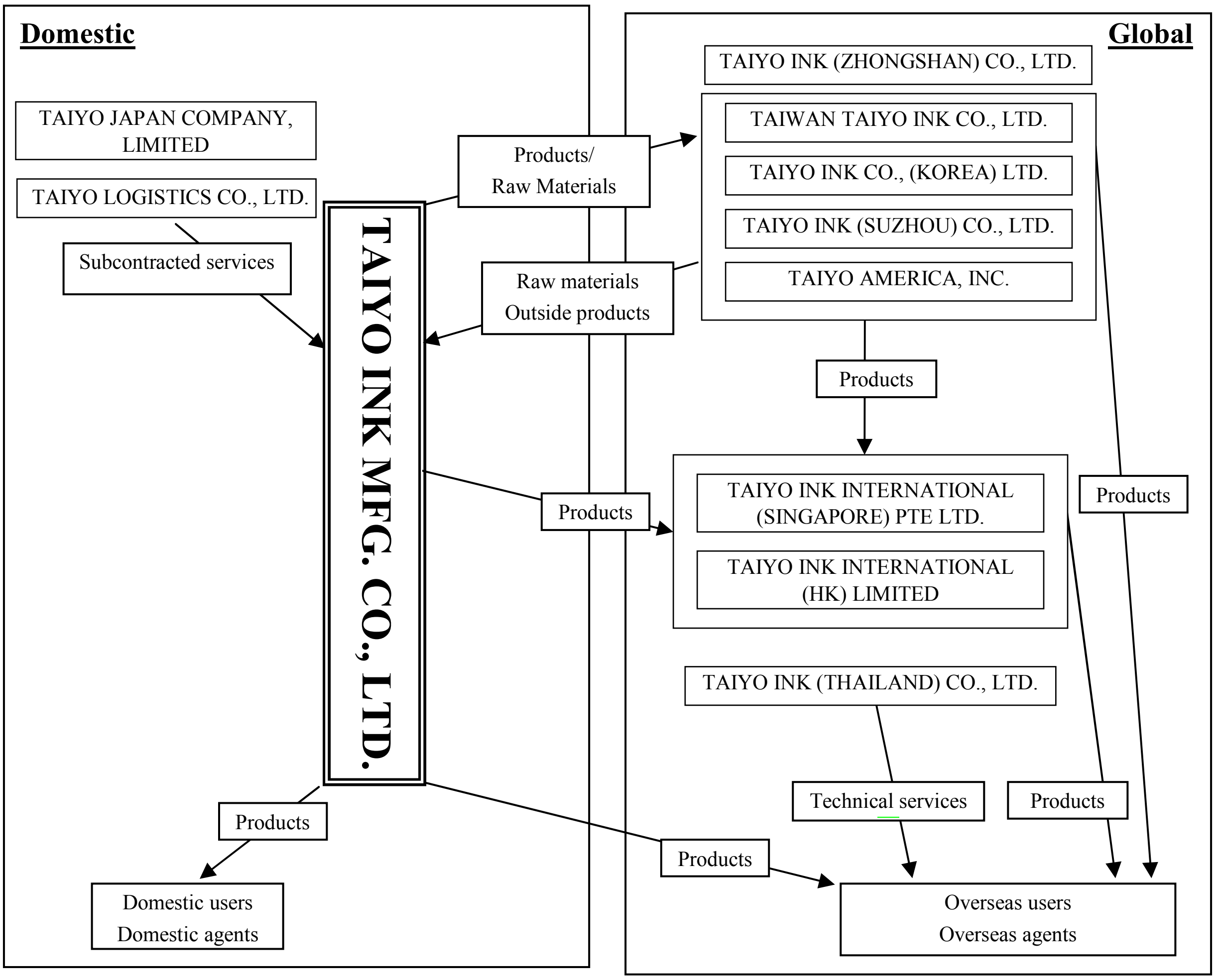
Relation to the filing company	Company name	Main business
Non-consolidated subsidiary	TAIYO INK (THAILAND) CO., LTD.	Technical services relating to PWB materials
Non-consolidated subsidiary	TAIYO LOGISTICS CO., LTD.	Provision of subcontracted services to the parent company such as the transportation and warehousing of products, etc.
Non-consolidated subsidiary	TAIYO JAPAN COMPANY, LIMITED	Manufacturing and sales of PWB materials and other chemical products for use in the electronic components and electronics industries (Operations have yet to begin.)
Non-consolidated subsidiary	TAIYO INK (ZHONGSHAN) CO., LTD.	Manufacturing and sales of PWB materials and other chemical products for use in the electronic components and electronics industries (Operations have yet to begin.)

[Associated company]

Relation to the filing company	Company name	Main business
Associated company	Kowa Co., Ltd.	Investments with respect to real estate and marketable securities

Kowa Co., Ltd. became an “associated company” with 20.27% of its voting rights held by the Company as a result of the acquisition of treasury stock during the fiscal year under review. The Taiyo Ink Group operates independently from Kowa Co., Ltd. and no influence is exerted by that company on the business and management decisions of the Taiyo Ink Group.

The organization chart is as follows.



3. Business policies

(1) Basic management policies

- TAIYO INK MFG. CO., LTD. ("we" or "our") has identified its objectives as a corporate group in the Management Philosophy and Basic Management Policy below. We will develop by continuing the spirit of our management philosophy without changes and reviewing our basic management policy to match changes in the environment and strategy on a long-term basis.

Management Philosophy

Based on our technological capabilities, we will develop and provide products with maximum value, and produce income and increase its corporate value, and thereby contribute to the well-being and prosperity of our customers, community, shareholders, and employees.

Basic Management Policy

1. We will discharge our corporate social responsibility with regard to the achievement of our management philosophy, including complying with the law, protecting the environment, ensuring thorough quality management, and contributing to society.
2. We will leverage our international network to always provide superior products and services.
3. We will increase our comprehensive corporate strengths by aiming for total optimization through the teamwork of all employees and cooperation between the group companies.
4. We will use our management resources effectively and conduct efficient administrative operations.
5. We will aim to be "a company full of dreams" that is determined to grow through the development of new product groups.

(2) Target management indicators

- As of 2007, we have annually formulated mid- to long-term management plans on a rolling basis so that we constantly have numerical management objectives for the next three years.
- Our mid- to long-term management plan created in April 2009 ("MLP 2009"), sets targets for 2011 (66th term), the final fiscal year of the plan, of 42 billion yen in consolidated net sales and a consolidated operating income of 6 billion yen.
- These targets represent a downward revision of the 55 billion yen in consolidated net sales and 11 billion yen in operating income projected for 2010, the final fiscal year of the mid- to long-term management plan created in 2008, in light of the present economic circumstances. The new plan envisions a recovery in consolidated net sales to the 40 billion yen level in three years.
- The previous 20% profit margin target for the final fiscal year has been revised to 14%.
- In consideration of the importance of capital efficiency, the plan also set an additional target of maintaining a stable consolidated ROE of approximately 12%; however, we now project that this target will not be achieved due to effects from the global economic slowdown. The above mid- to long-term management plan ("MLP 2009") predicts that a consolidated ROE of approximately 12% is recoverable by the final fiscal year of the plan.

(3) Mid- to long-term management strategies

a. Management strategies and operational measures in the mid- to long-term management plan ("MLP 2009") are based on the management philosophy and basic management policy. Our basic strategy is summed up by the words "further growth."
b. "Further growth" refers to further stabilizing our earnings platform on a long-term basis by diversifying product groups and expanding business domain in addition to expanding business scale. It also means the continuous improvement of business infrastructure components such as information and organizational systems and the implementation of administrative measures as well as preparing for large strides in our business once the economy recovers.
c. In the previous mid- to long-term management plan, both "survival" and "further growth" were given as the two basic strategies. "Survival" refers to maintaining and further strengthening our position as the leader of the PWB materials market, particularly the SR market, which has traditionally been our key business domain and continues to be a central focus of our operations. In the future, all of these measures will be effectuated for "further growth."
d. For "further growth," the following will be implemented.

- For the PWB materials market, and especially the SR market, while the field is polarizing into generic products and high value-added products, the Company will establish a supply system for customers around the world based on production at optimal locations and optimal business channels.
- PWB manufacturing is concentrated in Japan and the rest of Asia, with particular expectations of great support on the PWB market demonstrated by China. The demand for PWB materials and generic SR in particular is showing the signs of relatively rapid recovery in China, which is the biggest market for these items, and further expansion is expected to continue. We intend to extend our presence in the Chinese market by working to bring manufacturing costs down and leveraging the abovementioned optimal business channels.
- Meanwhile, we aim to further strengthen our competitiveness in Japan to meet the demand for high-quality features by high value-added PWB material customers. To achieve this, we aim to establish a system capable of supplying high-quality products effectively that includes an overhaul of production processes.
- For FPD materials, our secondary product group, and especially PDP materials, we will continue to promote technological development and increase our presence in hopes of making them stable sources of revenue for the Company.
- We will expand our business domain into the electronic components industry by developing new product groups that will succeed PWB and FPD materials. The Company will also continuously revise its technological development strategy and proactively make efforts in new fields through new product R&D and strategic technological tie-ups.
- While working towards obtaining earnings contributions from products in new fields, we will improve revenues by pursuing optimal business channels and effective cost cutting to weather the present economic storm.

(4) Current and future challenges

a. Our large-scale customers are becoming more and more active internationally, and we are demanded to demonstrate the comprehensive power of our group in sales, technical services, R&D, product improvement, production and other areas. Bearing this in mind, we need to strengthen collaboration between the Group companies, review roles as appropriate, and aim for optimal production locations and sales channels around the globe.

b. Spurred by the price wars over PWBs, the pressure is on to lower prices for SR. There is competition between local companies and other Japanese companies in growing Asian markets. We need to maintain and enhance our competitiveness by reviewing manufacturing processes and implementing other continuous cost-cutting efforts.

c. In addition to catching up with technological progress related to the manufacture of electronic circuits and continuing to shift the focus to high value added products, we need to improve our presence in materials markets other than SR. In order to achieve this, we must strengthen our technological development capabilities. We will also explore possibilities for new PWB manufacturing methods and establish more effective production and technological strengths that will help us respond quickly to customer demands for high quality features.

d. We will continue our efforts to overcome various issues related to technology, production, and sales in PDP materials, our second product group.

e. We will promote in-house development, alliances, and M&As with regard to strategic development of new products and deployment of new businesses aiming for the expansion of our business domain to areas other than PWB and FPD materials. In-house development is an especially important concern, as one of our major challenges is developing the several promising new product groups into businesses that can contribute to earnings.

f. As measures to improve group revenues, we will continue reduce costs while promoting sales through optimal production locations and optimal supply channels and increasing revenues from products made for new fields. As administrative measures, we will fortify our risk management with respect to assets (accounts receivable-trade, inventories) that are vulnerable in this economic downturn and prop up our foreign exchange risks countermeasures for the entire Group.

g. There also remains a need to continue making progressive improvements to corporate infrastructure, including information, communication, and organizational systems in order to provide further support for growth and development of the Group.

(5) Other significant matters concerning management

(No items to report)

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	16,440	13,812
Notes and accounts receivable-trade	9,532	6,644
Short-term investment securities	0	0
Inventories	4,262	–
Merchandise and finished goods	–	1,356
Work in process	–	187
Raw materials and supplies	–	1,403
Consumption taxes receivable	494	89
Prepaid expenses	68	66
Deferred tax assets	145	548
Other	387	222
Allowance for doubtful accounts	(256)	(450)
Total current assets	31,075	23,880
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	8,545 *2	8,007 *2
Machinery and equipment, net	2,049	–
Vehicles, net	61	–
Machinery, equipment and vehicles, net	–	1,900
Tools, furniture and fixtures, net	584	627
Land	4,238	4,107
Construction in progress	419	2
Total property, plant and equipment	15,899 *1	14,644 *1
Intangible assets		
Goodwill	124	85
Leasehold right	113	111
Software	158	256
Software in progress	31	–
Telephone subscription right	2	2
Other	13	12
Total intangible assets	442	468

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Investments and other assets		
Investment securities	997	640
Stocks of subsidiaries and affiliates	125	125
Investments in capital of subsidiaries and affiliates	–	865
Long-term loans receivable	9	8
Long-term prepaid expenses	0	1
Life insurance funds	113	111
Facility membership	83	62
Deferred tax assets	7	10
Other	332	89
Allowance for doubtful accounts	(148)	(39)
Total investments and other assets	1,520	1,876
Total noncurrent assets	17,863	16,989
Total assets	48,938	40,869

Please refer to Notes to consolidated balance sheets on page 30 for *1 and *2.

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,898	3,005
Accounts payable-other	648	1,537
Income taxes payable	748	249
Accrued expenses	200	189
Deposits received	27	22
Provision for bonuses	308	213
Provision for directors' bonuses	80	56
Deferred tax liabilities	3	–
Other	43	29
Total current liabilities	7,959	5,303
Noncurrent liabilities		
Deferred tax liabilities	1,304	703
Provision for retirement benefits	441	181
Provision for directors' retirement benefits	88	90
Other	4	6
Total noncurrent liabilities	1,839	981
Total liabilities	9,798	6,285
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	32,519	27,985
Treasury stock	(6,137)	(4,060)
Total shareholders' equity	39,618	37,162
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	133	55
Foreign currency translation adjustment	(1,348)	(3,155)
Total valuation and translation adjustments	(1,215)	(3,100)
Minority interests	737	522
Total net assets	39,140	34,584
Total liabilities and net assets	48,938	40,869

(2) Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net sales	45,338	32,614
Cost of sales	29,512	22,635
Gross profit	15,826	9,979
Selling, general and administrative expenses	6,930 *1, *2	6,647 *1, *2
Operating income	8,896	3,332
Non-operating income		
Interest income	224	186
Dividends income	85	45
Other	71	111
Total non-operating income	381	343
Non-operating expenses		
Interest expenses	6	8
Commission fee	3	6
Foreign exchange losses	661	91
Other	19	22
Total non-operating expenses	690	129
Ordinary income	8,586	3,546
Extraordinary income		
Gain on sales of noncurrent assets	1 *3	2 *3
Gain on sales of subsidiaries and affiliates' stocks	1	–
Reversal of allowance for doubtful accounts	26	–
Settlement received	–	552
Other	2	10
Total extraordinary income	31	564
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	33 *4	357 *4
Loss on valuation of investment securities	13	224
Lump-sum payment to withdrawal for employees pension fund	–	1,029
Other	–	41
Total extraordinary losses	47	1,653
Income before income taxes and minority interests	8,571	2,457
Income taxes-current	2,038	1,400
Income taxes-deferred	121	(992)
Total income taxes	2,160	408
Minority interests in income	239	91
Net income	6,171	1,958

Please refer to Notes to consolidated statement of income on page 31 for *1, *2, *3 and *4.

(3) Consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	6,134	6,134
Balance at the end of current period	6,134	6,134
Capital surplus		
Balance at the end of previous period	7,102	7,102
Changes of items during the period		
Disposal of treasury stock	0	(0)
Retirement of treasury stock	–	(0)
Total changes of items during the period	0	(0)
Balance at the end of current period	7,102	7,102
Retained earnings		
Balance at the end of previous period	28,200	32,519
Effect of changes in accounting policies applied to foreign subsidiaries	–	(94)
Changes of items during the period		
Dividends from surplus	(1,852)	(3,439)
Net income	6,171	1,958
Retirement of treasury stock	–	(2,957)
Total changes of items during the period	4,319	(4,438)
Balance at the end of current period	32,519	27,985
Treasury stock		
Balance at the end of previous period	(6,137)	(6,137)
Changes of items during the period		
Purchase of treasury stock	(0)	(879)
Disposal of treasury stock	0	0
Retirement of treasury stock	–	2,957
Total changes of items during the period	(0)	2,077
Balance at the end of current period	(6,137)	(4,060)
Total shareholders' equity		
Balance at the end of previous period	35,300	39,618
Effect of changes in accounting policies applied to foreign subsidiaries	–	(94)
Changes of items during the period		
Dividends from surplus	(1,852)	(3,439)
Net income	6,171	1,958
Purchase of treasury stock	(0)	(879)
Disposal of treasury stock	0	0
Retirement of treasury stock	–	–
Total changes of items during the period	4,318	(2,360)
Balance at the end of current period	39,618	37,162

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	409	133
Changes of items during the period		
Net changes of items other than shareholders' equity	(276)	(78)
Total changes of items during the period	(276)	(78)
Balance at the end of current period	133	55
Foreign currency translation adjustment		
Balance at the end of previous period	904	(1,348)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,252)	(1,806)
Total changes of items during the period	(2,252)	(1,806)
Balance at the end of current period	(1,348)	(3,155)
Total valuation and translation adjustments		
Balance at the end of previous period	1,313	(1,215)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,529)	(1,884)
Total changes of items during the period	(2,529)	(1,884)
Balance at the end of current period	(1,215)	(3,100)
Minority interests		
Balance at the end of previous period	951	737
Changes of items during the period		
Net changes of items other than shareholders' equity	(214)	(214)
Total changes of items during the period	(214)	(214)
Balance at the end of current period	737	522
Total net assets		
Balance at the end of previous period	37,565	39,140
Effect of changes in accounting policies applied to foreign subsidiaries	–	(94)
Changes of items during the period		
Dividends from surplus	(1,852)	(3,439)
Net income	6,171	1,958
Purchase of treasury stock	(0)	(879)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	(2,743)	(2,099)
Total changes of items during the period	1,574	(4,460)
Balance at the end of current period	39,140	34,584

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,571	2,457
Depreciation and amortization	1,529	1,396
Amortization of goodwill	28	38
Loss (gain) on valuation of investment securities	13	224
Increase (decrease) in provision for retirement benefits	(231)	(291)
Increase (decrease) in provision for directors' retirement benefits	3	1
Increase (decrease) in provision for bonuses	(16)	(93)
Increase (decrease) in provision for directors' bonuses	–	(24)
Increase (decrease) in allowance for doubtful accounts	(97)	109
Interest and dividends income	(309)	(231)
Interest expenses	6	8
Loss (gain) on sales of property, plant and equipment	(1)	(2)
Loss (gain) on sales and retirement of property, plant and equipment	33	357
Loss (gain) on sales of stocks of subsidiaries and affiliates	(1)	–
Settlement package	–	(552)
Decrease (increase) in notes and accounts receivable-trade	(215)	2,414
Decrease (increase) in inventories	389	849
Decrease (increase) in other current assets	(173)	36
Increase (decrease) in notes and accounts payable-trade	1,193	(2,809)
Increase (decrease) in other current liabilities	297	1,368
Increase (decrease) in accrued consumption taxes	(29)	375
Other, net	–	41
Subtotal	10,990	5,673
Interest and dividends income received	303	240
Interest expenses paid	(6)	(8)
Income taxes paid	(2,045)	(1,876)
Settlement received	–	552
Net cash provided by (used in) operating activities	9,241	4,581

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year 7ended March 31, 02009
Net cash provided by (used in) investing activities		
Payments into time deposits	(6,694)	(3,770)
Proceeds from withdrawal of time deposits	5,099	4,279
Purchase of property, plant and equipment	(1,360)	(763)
Proceeds from sales of property, plant and equipment	4	7
Purchase of investment securities	(147)	(0)
Payments of long-term loans receivable	(33)	(29)
Collection of long-term loans receivable	17	21
Payments for investments in capital of subsidiaries and affiliates	–	(865)
Purchase of stocks of subsidiaries and affiliates	(230)	–
Proceeds from sales of stocks of subsidiaries and affiliates	15	–
Purchase of software	(24)	(475)
Purchase of software in progress	(30)	–
Other, net	(6)	124
Net cash provided by (used in) investing activities	(3,390)	(1,470)
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(0)	(879)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(1,852)	(3,439)
Cash dividends paid to minority shareholders	(116)	(109)
Net cash provided by (used in) financing activities	(1,969)	(4,428)
Effect of exchange rate change on cash and cash equivalents	(873)	(498)
Net increase (decrease) in cash and cash equivalents	3,008	(1,815)
Cash and cash equivalents at beginning of period	10,098	13,106 *1
Cash and cash equivalents at end of period	13,106 *1	11,291 *1

Please refer to Note to consolidated statements of cash flows on page 33 for *1.

Notes on premise of going concern

No items to report

Basis of preparation for the consolidated financial statements

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
1. Scope of consolidation Number of consolidated subsidiaries: 6 Number of non-consolidated subsidiaries: 3 Names of consolidated subsidiaries: TAIYO AMERICA, INC., TAIYO INK CO., (KOREA) LTD., TAIWAN TAIYO INK CO., LTD., TAIYO INK INTERNATIONAL (HK) LIMITED, TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD., and TAIYO INK (SUZHOU) CO., LTD. Names of non-consolidated subsidiaries: TAIYO JAPAN COMPANY, LIMITED, TAIYO INK (THAILAND) CO., LTD., and TAIYO LOGISTICS CO., LTD. • Reason for exclusion from the scope of consolidation The non-consolidated subsidiaries are small in size, and their accounts, such as total assets, net sales, net income (amount corresponding to the Company's interest) and retained earnings (amount corresponding to the Company's interest), have no significant effects on the Company's consolidated financial statements.	1. Scope of consolidation Number of consolidated subsidiaries: 6 Number of non-consolidated subsidiaries: 4 Names of consolidated subsidiaries: TAIYO AMERICA, INC., TAIYO INK CO., (KOREA) LTD., TAIWAN TAIYO INK CO., LTD., TAIYO INK INTERNATIONAL (HK) LIMITED, TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD., and TAIYO INK (SUZHOU) CO., LTD. Names of non-consolidated subsidiaries: TAIYO JAPAN COMPANY, LIMITED, TAIYO INK (THAILAND) CO., LTD., TAIYO LOGISTICS CO., LTD., and TAIYO INK (ZHONGSHAN) CO., LTD. • Reason for exclusion from the scope of consolidation The non-consolidated subsidiaries are small in size, and their accounts, such as total assets, net sales, net income (amount corresponding to the Company's interest) and retained earnings (amount corresponding to the Company's interest), have no significant effects on the Company's consolidated financial statements.
2. Application of the equity method • Reason for exclusion from the scope of consolidation From the viewpoint of accounts, such as net income (amount corresponding to the Company's interest) and retained earnings (amount corresponding to the Company's interest), the non-consolidated subsidiaries have minor effects on the Company's consolidated financial statements and, as a whole, have no materiality.	2. Application of the equity method Same as on the left
3. Year-end dates of consolidated subsidiaries Among the consolidated subsidiaries, the fiscal year-end of TAIYO INK (SUZHOU) CO., LTD. is December 31. TAIYO INK (SUZHOU) performs tentative closings and prepares financial statements as of and for the period ended December 31. Fiscal year-ends of other consolidated subsidiaries coincide with that for consolidated financial statements.	3. Year-end dates of consolidated subsidiaries Same as on the left
4. Bases for accounting treatments (a) Valuation bases and methods for significant assets 1) Securities Subsidiaries' stocks Stated at cost using the moving-average method Other securities (available-for-sale securities) Securities with fair market value Market value method based on fair market value etc. as of the closing date (the Company debits or credits valuation differences entirely to net assets, calculating the cost of shares sold using the moving-average method) Securities with no fair market value Stated at cost using the moving-average method 2) Derivatives Stated at fair market value	4. Bases for accounting treatments (a) Valuation basis and methods for significant assets 1) Securities Subsidiaries' stocks Same as on the left Other securities (available-for-sale securities) Securities with fair market value Same as on the left Securities with no fair market value Same as on the left 2) Derivatives Same as on the left

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
3) Inventories Mainly stated at moving-average cost	3) Inventories Mainly stated at moving-average cost (figures on the balance sheet are calculated based on the method of reducing the book value in accordance with the declining in profitability) (Change in accounting policies) Effective from the fiscal year under review, the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) is adopted. By this change, operating income, ordinary income, and income before income taxes and minority interests respectively decreased by 71 million yen. Effects of this change on segment information are described in the section of “Segment information.”
(b) Method of depreciation for significant depreciable assets 1) Property, plant and equipment Buildings: Depreciated mainly by the straight-line method Property, plant and equipment other than buildings: Depreciated mainly by the declining-balance method Useful lives of principal property, plant and equipment are as follows. Buildings and structures 7 - 60 years Machinery and equipment 9 years Vehicles 4 - 6 years Tools, furniture and fixtures 3 - 8 years	(b) Method of depreciation for significant depreciable assets 1) Property, plant and equipment (excluding leased assets) Buildings: Depreciated mainly by the straight-line method Property, plant and equipment other than buildings: Depreciated mainly by the declining-balance method Useful lives of principal property, plant and equipment are as follows. Buildings and structures 7 - 60 years Machinery, equipment and vehicles 5 - 10 years Tools, furniture and fixtures 3 - 8 years
(Changes in accounting policies) Following the revision of the Corporation Tax Act, the method for depreciating the property, plant and equipment acquired on April 1, 2007 or thereafter has been changed to the method pursuant to the provisions of the revised Act effective from the fiscal year under review. By this change, operating income, ordinary income, and income before income taxes and minority interests respectively decreased by 15 million yen. Effects of this change on segment information are described in the section of “Segment information.”	――――――――
(Additional information) Following the revision of the Corporation Tax Act, we have adopted the following method of depreciation for tangible fixed assets acquired on or before March 31, 2007. For those assets that have been depreciated and reached 5% of their acquisition value using the method of calculating depreciation based on the Corporation Tax Act before the revision, the difference between the remaining 5% of the acquisition value and a memorandum price will be written off in equal amounts over the five-year period beginning with the year following the year when the book value is depreciated to 5% of the acquisition value. This amount is included in depreciation. By this change, operating income, ordinary income, and income before income taxes and minority interests respectively decreased by 12 million yen. Effects of this change on segment information are described in the section of “Segment information.”	(Additional information) At the occasion of the revision of the Corporation Tax Act, the Company has reviewed the useful lives and shortened the useful lives of machinery and equipment effective from the fiscal year under review. By this change, operating income, ordinary income, and income before income taxes and minority interests respectively decreased by 25 million yen. Effects of this change on segment information are described in the section of “Segment information.”

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
2) Intangible assets Leasehold right: Amortized by the straight-line method Software (for internal use): Amortized by the straight-line method over the internally estimated useful life of the software (5 years) Others: Amortized by the straight-line method Useful lives of principal fixed assets are as follows: Leasehold right 50 years Software (for internal use) 5 years	2) Intangible assets (excluding leased assets) Leasehold right: Amortized by the straight-line method Software (for internal use): Amortized by the straight-line method over the internally estimated useful life of the software (5 years) Others: Amortized by the straight-line method Useful lives of principal fixed assets are as follows: Leasehold right 50 years Software (for internal use) 5 years
3) Long-term prepaid expenses Amortized by the straight-line method	3) Long-term prepaid expenses Same as on the left
4) ________________	4) Leased assets Depreciated by the straight-line method assuming the lease periods as useful lives without residual value. Except for finance leases where the ownership of the leased property is transferred to the lessee, all lease transactions of the Company that commenced on or before March 31, 2008, are accounted for by a method similar to that applicable to ordinary operating leases.
(c) Accounting for significant reserves 1) Allowance for doubtful accounts To provide for potential losses from bad debts, the Group recognizes an estimated uncollectible amount calculated on the basis of a historical bad debt ratio for general accounts receivable, and a specific prospect amount for specific accounts for which collection appears doubtful	(c) Accounting for significant reserves 1) Allowance for doubtful accounts Same as on the left
2) Provision for bonuses Provision for bonuses are provided by the Company and certain consolidated subsidiaries with the amount calculated based on the projected payment amount as employees' bonuses	2) Provision for bonuses Same as on the left
3) Provision for directors' bonuses To prepare for the payment of bonuses to directors and corporate auditors, the projected payment amount attributable to the current fiscal year is provided.	3) Provision for directors' bonuses Same as on the left
4) Provision for retirement benefits To prepare for employees' retirement benefits, the Group provides an amount decided based on retirement benefit liabilities and estimated pension assets as of the end of the current fiscal year. Actuarial differences will be charged to expenses by amortizing the amount by the straight-line method starting in the following fiscal year over a certain period of time (5 years) within the employees' average remaining service period as incurred.	4) Provision for retirement benefits To prepare for employees' retirement benefits, the Group recognizes an amount decided based on retirement benefit liabilities and estimated pension assets as of the end of the current fiscal year. Actuarial differences will be recognized as expenses mainly by amortizing the amount by the straight-line method starting in the following fiscal year over a certain period of time (mainly 5 years) within the employees' average remaining service period as incurred. (Additional information) The Company abolished the tax-qualified retirement pension plan in the current fiscal year and moved to the pension point system under the defined-benefit corporate pension system. By this change, a 50 million yen prior service cost was recognized. The prior service cost will be charged to expenses by amortizing by the straight-line method over a certain period of time (5 years) within the employees' average remaining service period. This change has no effects on operating income, ordinary income, and income before income taxes and minority interests.

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
5) Provision for directors' retirement benefits To prepare for the payment of directors' and corporate auditors' retirement benefits, the Company provides the amount of projected payments, determined according to internal rules for the payment of directors' and corporate auditors' retirement benefits as of the end of the fiscal year.	5) Provision for directors' retirement benefits Same as on the left
(d) Basis of translation from significant foreign currency-denominated assets and liabilities to yen Foreign currency-denominated monetary claims and liabilities are translated to yen with the spot exchange rate of the consolidated balance sheet date. Assets and liabilities of foreign subsidiaries are translated to yen with the spot exchange rate of the consolidated balance sheet date. Revenue and expenses thereof are translated to yen with the average exchange rate during the period. Exchange differences are included in foreign currency translation adjustments and minority interests in the section of net assets.	(d) Basis of translation from significant foreign currency-denominated assets and liabilities to yen Same as on the left
(e) Method of accounting for significant lease transactions Finance lease transactions, which are not deemed to transfer ownership of the leased property to the lessee, are accounted for in the same manner as ordinary operating leases. In foreign consolidated subsidiaries, those finance leases are accounted for in the same manner as ordinary sales and purchase transactions.	(e) Method of accounting for significant lease transactions ―――――
(f) Other significant matters for preparation of consolidated financial statements Treatment of consumption taxes Treatment of consumption taxes is based on the tax excluded method.	(f) Other significant matters for preparation of consolidated financial statements Treatment of consumption taxes Same as on the left
5. Scope of cash and cash equivalents on the consolidated statements of cash flows The assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value at the time when the Company acquired control of the respective subsidiaries.	5. Scope of cash and cash equivalents on the consolidated statements of cash flows Same as on the left
6. Amortization of goodwill and negative goodwill Goodwill is amortized by the straight-line method over 5 years.	6. Amortization of goodwill and negative goodwill Same as on the left
7. Scope of cash and cash equivalents on the consolidated statements of cash flows Consists of cash on hand, deposits that can be quickly accessed, and easily convertible short-term investments that are only mildly affected by market price fluctuations, that mature within three months of acquisition, or the redemption date is not more than three months away.	7. Scope of cash and cash equivalents on the consolidated statements of cash flows Same as on the left

Changes in basis of preparation for consolidated financial statements

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
――――――――	(Accounting Standard for Lease Transactions) Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed the same method as for operating lease transactions. However, effective from the current fiscal year, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) are applied and the accounting treatment for such transactions follows the method for ordinary purchase and sales transactions. Also, the accounting treatment for finance lease transactions not involving the transfer of ownership commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied continuously follows the same method as for operating lease transactions. This change has no effects on operating income, ordinary income and income before income taxes and minority interests.
――――――――	(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) Effective from the fiscal year under review, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18) is applied, and necessary amendments were made. Accordingly, operating income, ordinary income, and income before income taxes and minority interests increased by 44 million yen, 35 million yen and 36 million yen, respectively. Effects of this change on segment information are described in the section of "Segment information."

Changes in presentation

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
―――――――――	(Consolidated balance sheets) In line with the application of the Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements, etc. (Cabinet Office Ordinance No. 50 of August 7 of 2008), items collectively presented as "Inventories" for the previous fiscal year are now separately presented as "Merchandise and finished goods," "Work in process" and "Raw materials and supplies" effective from the current fiscal year. "Merchandise and finished goods," "Work in process" and "Raw materials and supplies" included in "Inventories" for the previous fiscal year were 2,247 million yen, 207 million yen and 1,808 million yen, respectively. "Machinery and equipment" and "Vehicles," which had been separately presented until the previous fiscal year, are now collectively presented as "Machinery, equipment and vehicles." This change was made in line with the introduction of XBRL (eXtensible Business Reporting Language), a new computer language for financial reporting, and for the purpose of increasing comparability in consolidated financial statements. "Machinery and equipment" and "Vehicles" included in "Machinery, equipment and vehicles" for the current fiscal year are 1,843 million yen and 57 million yen, respectively. "Software in progress," which had been separately presented until the previous fiscal year, is now included in "Software." This change was made in line with the introduction of XBRL, and for the purpose of increasing comparability in consolidated financial statements. "Software in progress" included in "Software" for the current fiscal year is 83 million yen.
―――――――――	(Consolidated statements of cash flows) "Purchase of software in progress," which had been separately presented until the previous fiscal year, is now included in "Purchase of software." This change was made in line with the introduction of XBRL, and for the purpose of increasing comparability in consolidated financial statements. "Purchase of software in progress" included in "Purchase of software" for the current fiscal year is negative 406 million yen.

Notes to consolidated financial statements
(Notes to consolidated balance sheets)

<table>
<tr><th>As of March 31, 2008</th><th>As of March 31, 2009</th></tr>
<tr><td>*1 Accumulated depreciation of property, plant and equipment
14,372 million yen

*2 Reduction entry
Due to acceptance of national subsidies, the following reduction entry amount was deducted from the acquisition cost of relevant assets.

Buildings and structures 8 million yen

3 ______________________

4 ______________________</td><td>*1 Accumulated depreciation of property, plant and equipment
14,967 million yen

*2 Reduction entry
Due to acceptance of national subsidies, the following reduction entry amount was deducted from the acquisition cost of relevant assets.

Buildings and structures 5 million yen

3 Export discount bills
31 million yen

4 Agreements on overdrafts and loan commitments
The Company has concluded agreements with four banks of account on overdrafts and loan commitments for efficient funding of working capital. The outstanding unused balance under these agreements as of March 31, 2009, is as follows.
Aggregate amount of maximum lines of overdrafts and loan commitment lines 5,000 million yen
Loan amount currently executed –
Outstanding unused overdraft and loan amounts 5,000 million yen

Note: The aforementioned agreements are subject to the restriction that total net assets on the Company’s balance sheet as of each business year end and each mid-business-year end should be maintained not less than 29,355 million yen up until the time when these agreements terminate and the debtor completes the fulfillment of obligations.</td></tr>
</table>

(Notes to consolidated statements of income)

<table>
<tr><th>Fiscal year ended March 31, 2008</th><th>Fiscal year ended March 31, 2009</th></tr>
<tr><td>
*1 Major items of selling, general and administrative expenses were as follows:

Distribution expenses 653 million yen
Packing expenses 294
Sales commission 384
Directors’ compensations 239
Salaries 1,277
Bonuses 204
Provision for bonuses 142
Provision for directors’ bonuses 80
Commission fee 693
Depreciation 382
Experiment and research expenses 235
Consulting expenses 250
Traveling and transportation expenses 287
Retirement benefit expenses 159
Amortization of goodwill 28

*2 Research and development expenses included in general and administrative expenses and cost of products manufactured:
877 million yen

*3 Breakdown of gain on sales of noncurrent assets
Vehicles 0 million yen
Tools, furniture and fixtures 0

*4 Breakdown of loss on sales and retirement of noncurrent assets
Buildings and structures 10 million yen
Machinery and equipment 18
Vehicles 0
Tools, furniture and fixtures 4
</td><td>
*1 Major items of selling, general and administrative expenses were as follows:

Distribution expenses 538 million yen
Packing expenses 239
Sales commission 282
Directors’ compensations 220
Salaries 1,279
Bonuses 201
Provision for bonuses 109
Provision for directors’ bonuses 56
Commission fee 732
Depreciation 385
Experiment and research expenses 218
Traveling and transportation expenses 280
Retirement benefit expenses 122
Amortization of goodwill 38
Provision of allowance for doubtful accounts 223

*2 Research and development expenses included in general and administrative expenses and cost of products manufactured:
979 million yen

*3 Breakdown of gain on sales of noncurrent assets
Buildings and structures 0 million yen
Machinery, equipment and vehicles 1
Tools, furniture and fixtures 0

*4 Breakdown of loss on sales and retirement of noncurrent assets
Buildings and structures 4 million yen
Machinery, equipment and vehicles 10
Tools, furniture and fixtures 2
Software 340
</td></tr>
</table>

(Notes to consolidated statements of changes in net assets)

Fiscal year ended March 31, 2008

1. Matters related to class and number of issued shares and treasury shares

	Number of shares as of March 31,2007 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of March 31, 2008 (Shares)
Issued shares				
Common stock (*1)	14,232,000	14,232,000	–	28,464,000
Treasury shares				
Common stock (*2, 3)	997,541	997,764	48	1,995,257

Notes: 1. The increase in number of issued shares is due to the share split.
2. The increase in number of treasury shares is due to the share split (997,541 shares) and the purchase of shares less than one unit (223 shares).
3. The decrease in number of treasure shares is due to the sale of shares less than one unit.

2. Matters related to dividends

(a) Dividends paid to shareholders

Resolution	Class of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 28, 2007 Annual General Meeting of Shareholders	Common stock	1,058	80	March 31, 2007	June 29, 2007
November 13, 2007 Meeting of the Board of Directors	Common stock	794	30	September 30, 2007	December 7, 2007

(b) Dividends whose record date is during the current fiscal year and whose effective date falls in the following fiscal year

Resolution	Class of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
June 27, 2007 Annual General Meeting of Shareholders	Common stock	2,249	Retained earnings	85	March 31, 2008	June 30, 2008

Fiscal year ended March 31, 2009

1. Matters related to class and number of issued shares and treasury shares

	Number of shares as of March 31,2008 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of March 31, 2009 (Shares)
Issued shares				
Common stock (*1)	28,464,000	–	1,000,000	27,464,000
Treasury shares				
Common stock (*2, 3)	1,995,257	530,205	1,000,080	1,525,382

Notes: 1. The decrease in number of issued shares is due to the retirement of treasury shares in accordance with the resolution of the Board of Directors.
2. The increase in number of treasury shares is due to the acquisition in accordance with the resolution of the Board of Directors (529,900 shares) and the purchase of shares less than one unit (305 shares).
3. The decrease in number of treasure shares is due to the retirement in accordance with the resolution of the Board of Directors (1,000,000 shares) and the sale of shares less than one unit.

2. Matters related to dividends
(a) Dividends paid to shareholders

Resolution	Class of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 27, 2008 Annual General Meeting of Shareholders	Common stock	2,249	85	March 31, 2008	June 30, 2008
November 12, 2008 Meeting of Board of Directors	Common stock	1,189	45	September 30, 2008	December 5, 2008

(b) Dividends whose record date is during the current fiscal year and whose effective date falls in the following fiscal year

Resolution	Class of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
June 26, 2009 Annual General Meeting of Shareholders	Common stock	1,167	Retained earnings	45	March 31, 2009	June 29, 2009

(Note to consolidated statements of cash flows)

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
*1 Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows: Cash and deposits 16,440 million yen Time deposits whose term exceeds three months (3,333) Cash and cash equivalents 13,106	*1 Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows: Cash and deposits 13,812 million yen Time deposits whose term exceeds three months (2,521) Cash and cash equivalents 11,291

(Items to omit notes thereon)

Notes on leases, related party transactions, securities and derivatives are omitted because the necessity to disclose those in this financial report is deemed small.

(Retirement benefits)

<table>
<tr><th>Fiscal year ended March 31, 2008</th><th>Fiscal year ended March 31, 2009</th></tr>
<tr><td>

(a) Outline of the retirement benefit plans adopted by the company

The Company established the tax-qualified retirement pension plan (a type of defined benefit pension plan) in April 1969.

The Company is a member of the Pension Fund of Tokyo Bungu Kogyo (Tokyo Stationery Industries), whose plan adopts the exceptional accounting under the Section 33 of the Practical Guideline for Retirement Benefit Accounting.

Matters concerning the plan whose funds are collected from a group of employers and where the required contribution is treated as retirement benefit expenses are as follows.

(i) Assets of the entire plan (as of March 31, 2007)

Pension assets	57,712	million yen
Actuarial projected retirement benefit obligations	66,334	million yen
Difference	(8,622)	million yen

(ii) Contribution share of the Company from April 1, 2007 to March 31, 2008

3.61%

(iii) Supplementary explanation

The major attributable factor of the difference of (i) above is ¥8,278 million yen actuarial prior service cost balance.

The amortization method for prior service cost adopted in this plan is the principal and interest equal amortization method. Accordingly, the Company charged 24 million yen special premium to expense in the financial statements.

The contribution share of (ii) above does not coincide with the actual share contributed.

Certain foreign consolidated subsidiaries have defined contribution pension plans as well as defined benefit pension plans.

</td><td>

(a) Outline of the retirement benefit plans adopted by the company

The Company abolished the tax-qualified retirement pension plan in the current fiscal year and moved to the pension point system under the defined-benefit corporate pension system, and applied the “Guidance on Accounting for Transfers between Retirement Benefit Plans” (ASBJ Guidance No. 1). By this change, a 50 million yen prior service cost was recognized.

This change has no effects on operating income, ordinary income, and income before income taxes and minority interests.

The Company was a member of the Pension Fund of Tokyo Bungu Kogyo (Tokyo Stationery Industries), a pension fund whose funds are collected from a group of employers. However, the Company withdrew from the pension fund as of March 31, 2009. In line with this withdrawal, the Company recognized ¥1,029 million yen extraordinary loss as “Lump-sum payment to withdrawal for employees pension fund.”

Certain foreign consolidated subsidiaries have defined contribution pension plans as well as defined benefit pension plans.

</td></tr>
<tr><td>

(b) Matters concerning retirement benefit obligations (As of March 31, 2008)

Projected retirement benefit obligations	(1,911)	million yen
Pension assets	1,488	
Uncovered retirement benefit obligations	(423)	
Unrecognized actuarial gains or losses	(18)	
Net obligations to be carried on balance sheets	(441)	
Provision for retirement benefits	(441)	

</td><td>

(b) Matters concerning retirement benefit obligations (As of March 31, 2009)

Projected retirement benefit obligations	(1,928)	million yen
Pension assets	1,724	
Uncovered retirement benefit obligations	(203)	
Unrecognized actuarial gains or losses	(28)	
Unrecognized prior service cost	50	
Net obligations to be carried on balance sheets	(181)	
Provision for retirement benefits	(181)	

</td></tr>
<tr><td>

(c) Matters concerning retirement benefit expenses (From April 1, 2007 to March 31, 2008)

Service expense	279	million yen
Interest expense	28	
Expected investment returns	(8)	
Amortization of actuarial gains or losses	5	
Provision for retirement benefits	304	

Note: Certain foreign consolidated subsidiaries recognized 14 million yen defined contribution-type retirement benefit expenses in addition to the above retirement benefit expenses.

</td><td>

(c) Matters concerning retirement benefit expenses (From April 1, 2008 to March 31, 2009)

Service expense	229	million yen
Interest expense	47	
Expected investment returns	(21)	
Amortization of actuarial gains or losses	(54)	
Provision for retirement benefits	201	

Note: Certain foreign consolidated subsidiaries recognized 12 million yen defined contribution-type retirement benefit expenses in addition to the above retirement benefit expenses.

</td></tr>
</table>

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
(d) Calculation basis of projected retirement benefit obligations Periodic allocation Straight-line method over the period Discount rate 2.0% Expected rate of investment returns 1.0% Amortization period of actuarial gains or losses 5 years (Actuarial gains or losses are amortized over the specified period of time, which is not beyond the average remaining service years of employees, commencing from the following fiscal years, by the straight-line method.) (Additional information) Effective from the current fiscal year, the “Partial Amendment to the Accounting Standard for Retirement Benefits (Part 2)” (ASBJ Statement No. 14, May 15, 2007) is applied.	(d) Calculation basis of projected retirement benefit obligations Periodic allocation Straight-line method over the period Discount rate 2.0% Expected rate of investment returns 1.0% Amortization period of actuarial gains or losses Mainly 5 years (Actuarial gains or losses are mainly amortized over the specified period of time, which is not beyond the average remaining service years of employees, commencing from the following fiscal years, by the straight-line method.) Period of amortization of unrecognized prior service cost Mainly 5 years (Unrecognized prior service cost is mainly amortized over the specified period of time, which is not beyond the average remaining service years of employees, by the straight-line method.)

(Tax effect accounting)

Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2009	
1. Major breakdown of deferred tax assets and liabilities	(Millions of yen)	1. Major breakdown of deferred tax assets and liabilities	(Millions of yen)
Deferred tax assets		Deferred tax assets	
Denial of provision for directors' retirement benefits	35	Denial of provision for directors' retirement benefits	36
Denial of provision of retirement benefits	195	Denial of provision of retirement benefits	79
Deferred tax assets for unrealized income	69	Deferred tax assets for unrealized income	54
Foreign tax credit carried forward	29	Foreign tax credit carried forward	891
Denial of provision for provision for bonuses	112	Denial of provision for provision for bonuses	78
Denial of social insurance premiums corresponding to bonuses	15	Denial of social insurance premiums corresponding to bonuses	11
Denial of accrued business tax	91	Denial of accrued business tax	24
Denial of provision for allowance for doubtful accounts	74	Denial of provision for allowance for doubtful accounts	121
Denial of loss on valuation of golf club membership	25	Denial of loss on valuation of golf club membership	22
Accrued royalty expense	6	Accrued royalty expense	5
Others	114	Lump-sum payment to withdrawal for employees pension fund	416
Subtotal	771	Others	74
Valuation allowances	(43)	Subtotal	1,816
Total deferred tax assets	728	Valuation allowances	(957)
		Total deferred tax assets	858
Deferred tax liabilities		Deferred tax liabilities	
Deferred tax liabilities pertaining retaining earnings of subsidiaries	1,655	Deferred tax liabilities pertaining retaining earnings of subsidiaries	885
Reserve for technical development	44	Reserve for technical development	44
Depreciation	27	Depreciation	24
Valuation difference on available-for-sale securities	90	Valuation difference on available-for-sale securities	37
Others	64	Others	11
Total deferred tax liabilities total	1,882	Total deferred tax liabilities total	1,003
Net deferred tax liabilities	1,153	Net deferred tax liabilities	144
Classification of "Net deferred tax liabilities" on the consolidated balance sheets	(Millions of yen)	Classification of "Net deferred tax liabilities" on the consolidated balance sheets	(Millions of yen)
Current assets – deferred tax assets	145	Current assets – deferred tax assets	548
Noncurrent assets – deferred tax assets	7	Noncurrent assets – deferred tax assets	10
Current liabilities – deferred tax liabilities	(3)	Current liabilities – deferred tax liabilities	–
Noncurrent liabilities – deferred tax liabilities	(1,304)	Noncurrent liabilities – deferred tax liabilities	(703)

Fiscal year ended March 31, 2008

2. Reconciliation between statutory tax rates and the effective income taxes rate after applying tax effect accounting

	(%)
Statutory tax rate	40.44
<Reconciliation>	
Tax rate difference from those for foreign subsidiaries	(16.92)
Tax rate difference in line with offsetting of dividends income	17.59
Tax rate difference in line with indirect tax reduction	(16.28)
Tax adjustments pertaining to retained earnings of foreign subsidiaries	1.26
Tax rate difference connected with permanent differences (e.g. entertainment expenses)	0.97
Tax adjustments pertaining to amortization of goodwill	0.13
Others	(1.99)
Effective income taxes rate after applying tax effect accounting	25.20

Fiscal year ended March 31, 2009

2. Reconciliation between statutory tax rates and the effective income taxes rate after applying tax effect accounting

	(%)
Statutory tax rate	40.44
<Reconciliation>	
Tax rate difference from those for foreign subsidiaries	(31.06)
Tax rate difference in line with offsetting of dividends income	65.24
Tax rate difference in line with indirect tax reduction	(65.00)
Tax adjustments pertaining to retained earnings of foreign subsidiaries	(31.30)
Tax rate difference connected with permanent differences (e.g. entertainment expenses)	2.98
Tax adjustments pertaining to amortization of goodwill	0.64
Experiment and research expenses tax credit	(2.72)
Valuation allowances	37.19
Others	0.19
Effective income taxes rate after applying tax effect accounting	16.60

(Segment information)

a. Information by business segment
Fiscal year ended March 31, 2008 and Fiscal year ended March 31, 2009

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

b. Information by geographic area
Fiscal year ended March 31, 2008

(Millions of yen)

	Japan	Asia	North America	Total	Elimination or corporate	Consolidated total
I. Net sales						
(1) External sales						
a. Overseas sales	3,322	30,786	1,401	35,510	–	35,510
b. Sales in Japan	9,828	–	–	9,828	–	9,828
Sub total	13,150	30,786	1,401	45,338	–	45,338
(2) Inter-segment sales or transactions						
a. Overseas sales	13,715	5	18	13,739	(13,739)	–
b. Sales in Japan	–	12	–	12	(12)	–
Sub total	13,715	18	18	13,752	(13,752)	–
Total sales	26,866	30,804	1,419	59,091	(13,752)	45,338
Operating expenses	24,591	24,502	1,152	50,247	(13,804)	36,442
Operating income	2,275	6,301	267	8,844	51	8,896
II. Assets	36,223	23,289	1,390	60,903	(11,965)	48,938

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

(Method of depreciation for significant depreciable assets)

As described in the "Basis of preparation for the consolidated financial statements 4. (b) 1)," the method for depreciating the property, plant and equipment acquired on April 1, 2007 or thereafter has been changed to the method pursuant to the provisions of the revised Act effective from the fiscal year under review, in line with the revision of the Corporation Tax Act. As a result of this change, operating expenses increased by 15 million yen and operating income decreased by the same amount for "Japan," as compared to the case where the previous method was adopted.

4. Additional information

(Depreciation of remaining book value in 5 years)

As described in the "Basis of preparation for the consolidated financial statements 4. (b) 1)," Following the revision of the Corporation Tax Act, we have adopted the following method of depreciation for assets acquired on or before March 31, 2007. For those assets that have been depreciated and reached 5% of their acquisition value using the method of calculating depreciation based on the Corporation Tax Act before the revision, the difference between the remaining 5% of the acquisition value and a memorandum price will be written off in equal amounts over the five-year period beginning with the year following the year when the book value is depreciated to 5% of the acquisition value. This amount is included in depreciation. As a result of this change, operating expenses increased by 12 million yen and operating income decreased by the same amount for "Japan," as compared to the case where the previous method was adopted.

Fiscal year ended March 31, 2009

(Millions of yen)

	Japan	Asia	North America	Total	Elimination or corporate	Consolidated total
I. Net sales and						
Net sales						
(1) External sales	9,843	21,585	1,186	32,614	–	32,614
(2) Inter-segment sales or transactions	9,126	11	19	9,157	(9,157)	–
Total sales	18,970	21,596	1,205	41,772	(9,157)	32,614
Operating expenses	18,954	18,537	1,015	38,507	(9,224)	29,282
Operating income	15	3,059	190	3,265	66	3,332
II. Assets	31,985	17,586	1,344	50,915	(10,045)	40,869

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

(Accounting Standard for Measurement of Inventories)

As described in the “Basis of preparation for the consolidated financial statements 4. (a) 3),” effective from the fiscal year under review, the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) is applied. As a result of this change, operating income for “Japan” and “Asia” decreased by 41 million yen and 30 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 basis of preparation for consolidated financial statements,” the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18, May 17, 2006) is applied effective from the fiscal year under review. As a result of this change, operating income for “Asia” decreased by 44 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 “Basis of preparation for the consolidated financial statements 4. (b) 1),” at the occasion of the revision of the Corporation Tax Act, the Company has reviewed the useful lives and shortened the useful lives of machinery and equipment effective from the fiscal year under review. As a result of this change, operating expenses increased by 25 million yen and operating income decreased by the same amount for “Japan,” as compared to the case where the previous method was adopted.

c. Overseas sales information

Fiscal year ended March 31, 2008

(Millions of yen)

	North America	Asia	Europe/others	Consolidated total
I Overseas sales	1,260	34,072	177	35,510
II Consolidated sales	–	–	–	45,338
III Percentage of overseas sales	2.8%	75.1%	0.4%	78.3%

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.

Fiscal year ended March 31, 2009

(Millions of yen)

	North America	Asia	Europe/others	Consolidated total
I Overseas sales	1,090	23,667	119	24,877
II Consolidated sales	–	–	–	32,614
III Percentage of overseas sales	3.3%	72.6%	0.4%	76.3%

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.

(Per share information)

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net assets per share 1,450.87 yen Net income per share 233.18 yen Diluted net income per share is not presented because there are no dilutive shares.	Net assets per share 1,313.20 yen Net income per share 74.25 yen Diluted net income per share is not presented because there are no dilutive shares.

Notes: 1. Basis for calculating net assets per share is shown below.

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Total net assets as shown on the statement of income (Millions of yen)	39,140	34,584
Deducted amount from total net assets (Millions of yen)	737	522
(Minority interests in the amount above) (Millions of yen)	(737)	(522)
Net assets related to common stock (Millions of yen)	38,402	34,062
Number of shares at the end of period (Shares)	26,468,743	25,938,618

Notes: 2. Basis for calculating net income per share is shown below.

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net income as shown on the statement of income (Millions of yen)	6,171	1,958
Net income not attributable to common shareholders (Millions of yen)	–	–
Net income related to common stock (Millions of yen)	6,171	1,958
Average number of shares during the period (shares)	26,468,852	26,371,834

(Significant subsequent events)

Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
(Establishment of a significant subsidiary) At a meeting of the Board of Directors held on April 30, 2008, the establishment of an overseas subsidiary in China was resolved. 1. Purpose of establishing an overseas subsidiary The Company will establish the second manufacturing base to secure sufficient production capacity to respond to the medium to long-term expansion of demand for PWB materials in China. 1. Outline of subsidiary (1) Trade name: TAIYO INK (ZHONGSHAN) CO., LTD. (2) Location: Zhongshan, Guangdong Province, China (3) Business details: Manufacturing and sales of PWB materials and other chemical materials for electronic parts (4) Time of establishment: June 2008 (5) Capital: US$30 million (100% investment by the Company)	――――――――