

August 6, 2010

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending March 31, 2011
<under Japanese GAAP>

Company name: **TAIYO INK MFG. CO., LTD.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 4626
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Scheduled date to file quarterly report: August 9, 2010
 Scheduled date to commence dividend payments: –
 Preparation of supplementary results briefing material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: None

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

1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2011 (from April 1, 2010 to June 30, 2010)

(1) Operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2010	10,457	34.9	1,852	102.2	1,852	114.7	1,169	487.7
June 30, 2009	7,749	(23.3)	916	(42.3)	862	(55.7)	199	(83.2)

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2010	45.09	–
June 30, 2009	7.67	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2010	43,689	34,359	77.3	1,301.61
March 31, 2010	43,704	35,685	80.1	1,349.61

Reference: Equity (Net assets excluding minority interests)

As of June 30, 2010: 33,761 million yen As of March 31, 2010: 35,006 million yen

2. Cash dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2010	–	45.00	–	45.00	90.00
Fiscal year ending March 31, 2011	–				
Fiscal year ending March 31, 2011 (Forecasts)		45.00	–	45.00	90.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2011 (from April 1, 2010 to March 31, 2011)

(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
Six months ending September 30, 2010	19,500	15.6	3,000	28.5	3,000	41.2	2,000	98.5	77.11
Fiscal year ending March 31, 2011	38,500	9.8	5,500	13.6	5,500	14.9	3,700	22.9	142.65

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

4. Others (For details, please refer to “Other Information” on page 6 of the attached materials.)

(1) Changes in significant subsidiaries during the current quarter: None

Note: Changes in specified subsidiaries resulting in the change in scope of consolidation during the current quarter

(2) Application of simplified accounting and specific accounting: Yes

Note: Application of simplified accounting and specific accounting for preparing the quarterly consolidated financial statements

(3) Changes in accounting policies and procedures and methods of presentation

- a. Changes due to revisions to accounting standards and other regulations: Yes
- b. Changes due to other reasons: None

Note: Changes in accounting policies and procedures and methods of presentation for preparing the quarterly consolidated financial statements stated in the section of “Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements”

(4) Number of issued shares (common stock)

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

As of June 30, 2010	27,464,000 shares
As of March 31, 2010	27,464,000 shares

b. Number of treasury shares at the end of the period

As of June 30, 2010	1,525,526 shares
As of March 31, 2010	1,525,526 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2010	25,938,474 shares
Three months ended June 30, 2009	25,938,593 shares

*** Indication regarding execution of quarterly review procedures**

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, however, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are completed.

*** Proper use of earnings forecasts, and other special matters**

1. The consolidated earnings forecasts announced on May 12, 2010, for both the six months ending September 30, 2010 and the full year ending March 31, 2011, have been revised in these materials.
2. The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to the section of "Qualitative information regarding consolidated earnings forecasts" on page 5 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

Attached Materials

Index

- 1. Qualitative Information Regarding Consolidated Financial Results for the First Three Months 2
 - (1) Qualitative information regarding consolidated operating results 2
 - (2) Qualitative information regarding consolidated financial position 4
 - (3) Qualitative information regarding consolidated earnings forecasts 5
- 2. Other Information 6
 - (1) Summary of changes in significant subsidiaries 6
 - (2) Summary of simplified accounting and specific accounting..... 6
 - (3) Summary of changes in accounting policies and procedures and methods of presentation 6
 - (4) Summary of significant events regarding premise of going concern 6
- 3. Consolidated Financial Statements 8
 - (1) Consolidated balance sheets 8
 - (2) Consolidated statements of income (cumulative) 10
 - (3) Consolidated statements of cash flows..... 11
 - (4) Notes on premise of going concern..... 12
 - (5) Segment information..... 12
 - (6) Notes on substantial changes in the amount of shareholders' equity..... 14
 - (7) Other notes 14

1. Qualitative Information Regarding Consolidated Financial Results for the First Three Months

(1) Qualitative information regarding consolidated operating results

- 1) PWB (printed wiring board) materials sales
 - The global economy during the three months ended June 30, 2010 saw continued strong growth in China and other emerging countries despite deeply-rooted concerns of a double-dip in the global economy due to the financial crisis in Europe.
 - Sales of the Group were favorable as the fiscal year began, with orders exceeding forecasts from the start of the fiscal year, much higher than those of the same period of the previous fiscal year on a by-volume basis for all markets and, on a quarterly basis, the sales volume was the highest on record. Average sales unit prices declined year on year due to the appreciation of the yen, changes in product composition from a hike in the number of low-priced products and other factors.
 - As a result, net sales of PWB materials for the current three months amounted to 8,085 million yen (up 27.7% year on year).
- 2) FPD (flat panel display) materials sales
 - Sales of FPD materials, mainly consisting of PDP (plasma display panel) materials, remained favorable. Despite the effects of the appreciation of the yen, higher average sales unit prices thanks to a year-on-year increase in the price of silver, a key raw material, and a hike in sales volume resulted in net sales for FPD materials of the current three months of 2,120 million yen (up 76.2% year on year).

Sales results by product group category

The following are sales results by product group category for the first quarter ended June 30, 2010.

(Millions of yen)

	First quarter ended June 30, 2009	First quarter ended June 30, 2010	Change	Rate of change (%)
Rigid board materials	4,709	6,170	1,460	31.0
PKG board and flexible board materials	1,403	1,602	199	14.2
Build-up board materials	216	312	96	44.5
FPD materials	1,203	2,120	917	76.2
Others	216	250	34	15.9
Total	7,749	10,457	2,708	34.9

- 3) Profits
 - Despite the effects of the appreciation of the yen, the profit margin improved from 11.8% in the same period of the previous fiscal year to 17.7% as a result of an increase in sales volume that pushed down the cost to sales ratio and selling, general and administrative expense ratio, among others.
 - As a result, operating income amounted to 1,852 million yen (up 102.2% year on year) with ordinary income at 1,852 million yen (up 114.7% year on year) and net income at 1,169 million yen (up 487.7% year on year).

Results by segment are as follows.

- 1) Japan
 - The consolidated company located in Japan is TAIYO INK MFG. CO., LTD.
 - Regarding sales, sales of all the product items of PWB materials recovered significantly. While exports fared well, sales in Japan have yet to recover to pre-Lehman Shock levels despite a year-on-year increase.
 - As a result, net sales amounted to 6,147 million yen with segment profit at 450 million

yen.

- 2) China (including Hong Kong)
 - The consolidated companies located in China are TAIYO INK (SUZHOU) CO., LTD., a manufacturing and marketing subsidiary and TAIYO INK INTERNATIONAL (HK) LIMITED, a marketing subsidiary operating mainly in the southern China region.
 - The Chinese market got off to a smooth start from the beginning of the fiscal year. Although fears abound of lower exports due to uncertainties in Europe, robust internal demand led to a record sales volume on a quarterly basis.
 - As a result, net sales amounted to 3,259 million yen with segment profit at 802 million yen.
- 3) Taiwan
 - The consolidated company located in Taiwan is TAIWAN TAIYO INK CO., LTD., a manufacturing and marketing subsidiary.
 - Thanks to favorable sales mostly of “rigid board materials,” sales for the current three months exceeded those of the same period of the previous fiscal year.
 - As a result, net sales amounted to 1,263 million yen with segment profit at 194 million yen.
- 4) Korea
 - The consolidated company located in Korea is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.
 - Due to factors such as effects from a depreciation of the won and lively activities by Korean export companies, sales of “rigid board materials” and “PKG board and flexible board materials” were strong.
 - Sales of FPD materials fared well thanks to a recovery in demand for plasma televisions, a final product.
 - As a result, net sales amounted to 3,235 million yen with segment profit at 367 million yen.
- 5) Other
 - The consolidated companies located in the areas other than the above are TAIYO AMERICA, INC. and TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD.
 - The ASEAN region showed continued strength mostly in the Thai market.
 - The European and American market maintained a modest recovery from the fourth quarter of the previous fiscal year.
 - As a result, net sales amounted to 838 million yen with segment profit at 92 million yen.

(2) Qualitative information regarding consolidated financial position

1) Positions of assets, liabilities and net assets

The following shows the positions of assets, liabilities and net assets as of June 30, 2010.

	As of March 31, 2010 (Millions of yen)	As of June 30, 2010 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	27,516	28,038	521	Inventories increased approx. 200 million yen and allowance for doubtful accounts decreased approx. 200 million yen
Noncurrent assets	16,187	15,651	(536)	Decrease of approx. 300 million yen due to depreciation and amortization
Total assets	43,704	43,689	(15)	
Total liabilities	8,018	9,329	1,310	Notes and accounts payable-trade increased approx. 700 million yen, income taxes payable increased approx. 200 million yen and provision for bonuses increased approx. 100 million yen
Total net assets	35,685	34,359	(1,326)	Net income was approx. 1,100 million yen, cash dividends paid was approx. 1,200 million yen and foreign currency translation adjustment decreased approx. 1,200 million yen
Total liabilities and net assets	43,704	43,689	(15)	

2) Cash flow position

The following is the position of cash flows for the first quarter ended June 30, 2010.

	First quarter ended June 30, 2010 (Millions of yen)	Main factors (for the first quarter ended June 30, 2010)
Net cash provided by (used in) operating activities	2,023	Income before income taxes and minority interests provided approx. 1,800 million yen, an increase in notes and accounts receivable-trade and an increase in inventories used approx. 1,200 million yen and an increase in notes and accounts payable-trade and an increase in other current liabilities provided approx. 1,300 million yen
Net cash provided by (used in) investing activities	(715)	The net of withdrawals of and payments into time deposits used approx. 300 million yen and purchase of short-term investment securities used approx. 200 million yen
Net cash provided by (used in) financing activities	(1,215)	Cash dividend payments used approx. 1,200 million yen
Net increase (decrease) in cash and cash equivalents	(292)	
Cash and cash equivalents at end of period	11,621	

(3) Qualitative information regarding consolidated earnings forecasts

Consolidated earnings forecasts for the six months ending September 30, 2010 and for the full year ending March 31, 2011

- Results for the current three months exceeded initial estimates. This was reflected in consolidated earnings forecasts for the six months ending September 30, 2010, which were revised as follows. Also, despite the appreciation of the yen, because strong sales are expected to continue, consolidated earnings forecasts for the full year ending March 31, 2011 were revised as follows.

For the six months ending September 30, 2010

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecasts (announced on May 12, 2010)	18,000	2,400	2,400	1,700
Revised forecasts	19,500	3,000	3,000	2,000
Rate of change (%)	8.3	25.0	25.0	17.6

For the fiscal year ending March 31, 2011

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecasts (announced on May 12, 2010)	37,000	5,000	5,000	3,500
Revised forecasts	38,500	5,500	5,500	3,700
Rate of change (%)	4.1	10.0	10.0	5.7

2. Other Information

(1) Summary of changes in significant subsidiaries

No items to report

(2) Summary of simplified accounting and specific accounting

a. Simplified accounting

(Valuation method of inventories)

With respect to the calculation of inventories as of the end of the current first quarter, physical inventories are omitted and a reasonable calculation method based on the physical inventories at the end of previous fiscal year is employed.

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

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

b. Specific accounting for preparing the quarterly consolidated financial statements

No items to report

(3) Summary of changes in accounting policies and procedures and methods of presentation

a. Application of accounting standard for asset retirement obligations

Effective from the current first quarter, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are adopted.

As a result, operating income and ordinary income decreased by 0 million yen respectively, and income before income taxes and minority interests decreased by 31 million yen. The change in asset retirement obligations due to the application of this accounting standard and guidance amounted to 51 million yen.

b. Application of accounting standards for business combinations, etc.

Effective from the current first quarter, the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), the “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) are adopted.

c. Application of accounting standard for consolidated financial statements

Following the adoption of the “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “income before minority interests” is included in the consolidated statements of income for the three months ended June 30, 2010.

(4) Summary of significant events regarding premise of going concern

No items to report

(Additional information)

The Company, at a meeting of the Board of Directors held on April 22, 2010, resolved to abolish the directors' retirement benefits system and the agenda item regarding lump-sum payments resulting from said abolishment was approved at the 64th General Meeting of Shareholders held on June 29, 2010.

These payments will be effected as retirement benefits paid at the time of retirement according to the period of service up to the abolishment of the system.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	14,060	14,174
Notes and accounts receivable-trade	9,120	9,173
Short-term investment securities	261	0
Merchandise and finished goods	2,006	1,944
Work in process	186	255
Raw materials and supplies	1,890	1,646
Other	584	642
Allowance for doubtful accounts	(70)	(321)
Total current assets	28,038	27,516
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,443 *2	7,754 *2
Other, net	6,018 *2	6,199 *2
Total property, plant and equipment	13,461 *1	13,954 *1
Intangible assets		
Goodwill	37	47
Other	325	342
Total intangible assets	362	389
Investments and other assets	1,827 *3	1,843 *3
Total noncurrent assets	15,651	16,187
Total assets	43,689	43,704

Please refer to "Notes to consolidated balance sheets" on page 14 for *1, *2 and *3.

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,268	5,482
Income taxes payable	604	400
Provision for bonuses	380	251
Provision for directors' bonuses	11	60
Other	1,124	978
Total current liabilities	8,389	7,172
Noncurrent liabilities		
Provision for retirement benefits	176	183
Provision for directors' retirement benefits	112	105
Asset retirement obligations	51	-
Other	599	557
Total noncurrent liabilities	939	845
Total liabilities	9,329	8,018
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	28,664	28,661
Treasury stock	(4,060)	(4,060)
Total shareholders' equity	37,841	37,838
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	72	116
Foreign currency translation adjustment	(4,151)	(2,948)
Total valuation and translation adjustments	(4,079)	(2,832)
Minority interests	598	679
Total net assets	34,359	35,685
Total liabilities and net assets	43,689	43,704

(2) Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net sales	7,749	10,457
Cost of sales	5,336	7,055
Gross profit	2,412	3,401
Selling, general and administrative expenses	1,496 *1	1,549 *1
Operating income	916	1,852
Non-operating income		
Interest income	16	16
Dividends income	11	7
Other	13	22
Total non-operating income	41	45
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	91	41
Other	2	3
Total non-operating expenses	94	45
Ordinary income	862	1,852
Extraordinary income		
Gain on sales of noncurrent assets	0	–
Reversal of allowance for doubtful accounts	1	1
Total extraordinary income	1	1
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	0	2
Loss on valuation of investment securities	–	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	31
Total extraordinary losses	0	34
Income before income taxes and minority interests	864	1,819
Income taxes-current	289	529
Income taxes-deferred	354	76
Total income taxes	643	605
Income before minority interests	–	1,213
Minority interests in income	22	44
Net income	199	1,169

Please refer to “Notes to consolidated statements of income” on page 14 for *1.

(3) Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	864	1,819
Depreciation and amortization	312	276
Increase (decrease) in provision for bonuses	117	131
Increase (decrease) in provision for directors' bonuses	(43)	(48)
Interest and dividends income	(28)	(23)
Interest expenses	0	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	31
Decrease (increase) in notes and accounts receivable-trade	(947)	(688)
Decrease (increase) in inventories	(407)	(514)
Increase (decrease) in notes and accounts payable-trade	1,843	1,071
Increase (decrease) in accrued consumption taxes	(69)	33
Other, net	(836)	193
Subtotal	804	2,282
Interest and dividends income received	30	23
Interest expenses paid	(0)	(0)
Income taxes paid	(306)	(282)
Net cash provided by (used in) operating activities	528	2,023
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,417)	(1,869)
Proceeds from withdrawal of time deposits	2,011	1,554
Purchase of short-term investment securities	-	(269)
Purchase of property, plant and equipment	(181)	(99)
Payments of loans receivable	(19)	(12)
Collection of loans receivable	4	8
Other, net	(23)	(27)
Net cash provided by (used in) investing activities	374	(715)
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(0)	-
Cash dividends paid	(1,167)	(1,167)
Cash dividends paid to minority shareholders	(30)	(47)
Net cash provided by (used in) financing activities	(1,197)	(1,215)
Effect of exchange rate change on cash and cash equivalents	(19)	(385)
Net increase (decrease) in cash and cash equivalents	(314)	(292)
Cash and cash equivalents at beginning of period	11,291	11,913
Cash and cash equivalents at end of period	10,976	11,621
	*1	*1

Please refer to "Note to consolidated statements of cash flows" on page 14 for *1.

(4) Notes on premise of going concern

No items to report

(5) Segment information

[Information by business segment]

Three months ended June 30, 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.

[Information by geographic area]

Three months ended June 30, 2009

(Millions of yen)

	Japan	Asia	North America	Total	Elimination or corporate	Consolidated total
Net sales						
(1) External sales	2,081	5,426	240	7,749	–	7,749
(2) Inter-segment sales or transactions	2,458	1	10	2,470	(2,470)	–
Total sales	4,540	5,428	251	10,219	(2,470)	7,749
Operating income	12	902	11	925	(9)	916

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

[Overseas sales information]

Three months ended June 30, 2009

(Millions of yen)

	North America	Asia	Europe/others	Total
I Overseas sales	216	5,975	23	6,216
II Consolidated sales	–	–	–	7,749
III Percentage of overseas sales	2.8%	77.1%	0.3%	80.2%

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.

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance. The business of the Group consists mainly of one activity, the manufacturing and marketing of solder resist for PWBs,

among others. Each Group company formulates comprehensive strategies and deploys business activities.

The Company is composed of four reportable segments divided by geographic area, namely “Japan,” “China,” “Taiwan,” and “Korea,” based on our manufacturing and marketing system.

2. Information regarding net sales and profit/loss by reportable segment

Three months ended June 30, 2010

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan	Korea	Total		
Net sales							
External sales	2,451	3,259	893	3,022	9,626	831	10,457
Inter-segment sales or transactions	3,696	–	370	213	4,280	7	4,288
Total sales	6,147	3,259	1,263	3,235	13,906	838	14,745
Segment profit	450	802	194	367	1,815	92	1,907

Notes: 1. The “China” segment covers local subsidiaries in China and Hong Kong.

2. The “Other” segment is not included in reportable segments and covers the business activities of local subsidiaries in the U.S. and other Asian countries.

3. Differences between total profits or losses for reportable segments and consolidated statements of income amounts, and main details of said differences (matters regarding adjustments for differences)

(Millions of yen)

Profits/losses	Amount
Reportable segment total	1,815
“Other” segment profit	92
Elimination of inter-segment transactions	(37)
Amortization of goodwill	(9)
Other adjustments	(7)
Operating income in consolidated statements of income	1,852

4. Information regarding impairment loss on noncurrent assets, goodwill and negative goodwill, etc. by reportable segment

No items to report

(Additional information)

Effective from the current first quarter, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) are adopted.

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

No items to report

(7) Other notes**(Notes to consolidated balance sheets)**

As of June 30, 2010	As of March 31, 2010
*1. Accumulated depreciation of property, plant and equipment 16,076 million yen	*1. Accumulated depreciation of property, plant and equipment 16,163 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.	*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 7 million yen	Buildings and structures 8 million yen
Other 6	Other 8
*3. Direct write-off amount of allowance for doubtful accounts from investments and other assets was 381 million yen.	*3. Direct write-off amount of allowance for doubtful accounts from investments and other assets was 171 million yen.
4. Export discount bills 33 million yen	4. Export discount bills 26 million yen
5. Agreements on overdrafts The Company has concluded agreements with banks of account on overdrafts for efficient funding of working capital. The outstanding unused balance under this agreement as of June 30, 2010, is as follows.	5. _____
Maximum lines of overdrafts 6,500 million yen	
Loan amount currently executed -	
Outstanding unused overdraft and loan amounts 6,500 million yen	

(Note to consolidated statements of income)

Three months ended June 30, 2009	Three months ended June 30, 2010
*1. Major items of selling, general and administrative expenses were as follows:	*1. Major items of selling, general and administrative expenses were as follows:
Provision for bonuses 57 million yen	Salaries 321 million yen
Provision for directors' bonuses 12	Provision for bonuses 62
Provision for directors' retirement benefits 3	Provision for directors' bonuses 11
	Provision for directors' retirement benefits 17

(Note to consolidated statements of cash flows)

Three months ended June 30, 2009	Three months ended June 30, 2010
*1. Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows: (As of June 30, 2009)	*1. Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows: (As of June 30, 2010)
Cash and deposits 12,922 million yen	Cash and deposits 14,060 million yen
Time deposits whose term exceeds three months (1,946)	Time deposits whose term exceeds three months (2,438)
Cash and cash equivalents 10,976	Cash and cash equivalents 11,621

(Significant subsequent events)

First quarter ended June 30, 2010

The Company, at a meeting of the Board of Directors held on July 22, 2010, resolved to establish a local subsidiary in China.

1. Purpose of establishment

To strengthen our marketing activities in China, a country with significant growth as the largest market in the world for printed wiring boards, and set up a marketing base in Shenzhen to fortify our competitive capabilities.

2. Overview of subsidiary

- (1) Name: TAIYO INK TRADING (SHENZHEN) CO., LTD.
- (2) Location: Luohu District, Shenzhen City, Guangdong Province, China
- (3) Business: Purchasing and sales and sales agency for printed wiring board ink and chemical products
- (4) Establishment: January 2011 (schedule)
- (5) Capital: US\$800,000 (100% contributed by the Company)