

February 7, 2011

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

Company name: **TAIYO HOLDINGS CO., LTD.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 4626  
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Scheduled date to file quarterly report: February 8, 2011  
 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 nine months of the fiscal year ending March 31, 2011 (from April 1, 2010 to December 31, 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	%
Nine months ended								
December 31, 2010	30,174	16.7	4,794	34.0	4,664	36.0	3,055	65.0
December 31, 2009	25,861	(4.4)	3,578	8.3	3,430	3.5	1,851	14.5

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2010	117.90	–
December 31, 2009	71.37	–

**(2) Financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2010	42,358	33,997	78.8	1,298.91
March 31, 2010	43,704	35,685	80.1	1,349.61

Reference: Equity (Net assets excluding minority interests)

As of December 31, 2010: 33,356 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	–	45.00	–		
Fiscal year ending March 31, 2011 (Forecasts)				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
Fiscal year ending March 31, 2011	39,500	12.7	5,500	13.6	5,500	14.9	3,700	22.9	142.79

Note: Revisions to the consolidated earnings forecasts in the current quarter: None

## 4. Others (For details, please refer to “Other Information” on page 5 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: Yes

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 stock)

As of December 31, 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 December 31, 2010 1,783,466 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)

Nine months ended December 31, 2010 25,912,680 shares

Nine months ended December 31, 2009 25,938,564 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**

The forward-looking statements, including earnings forecasts, contained in these materials are made 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.

## Attached Materials

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## 1. Qualitative Information Regarding Consolidated Financial Results for the Nine Months

### (1) Qualitative information regarding consolidated operating results

- Looking at the economic situation during the nine months ended December 31, 2010, the economies of the emerging countries, particularly China, continued to perform strongly. Although the economies of the developed countries also showed signs of gradual recovery, the pace of recovery in the global economy is polarized between the high-growth emerging countries and the low-growth developed countries. In addition, the appreciation of the yen has not abated, and the effect of this on the Japanese economy is considerable.
- In the electronic components industry, the market in which the Group is engaged in, strong demand has continued for smartphones and tablet PCs, among others. However, in the third quarter, a gradual sense of a lull in demand for some other applications that were up until recently in high demand including PCs and flat-screen televisions was observed.
- Operating under these conditions, net sales for the current nine months amounted to 30,174 million yen (up 16.7% year on year).
- Sales of PWB (printed wiring board) materials were 23,022 million yen (up 10.2% year on year). Because of particularly strong sales through until the end of the second quarter and other factors, sales of PWB materials on a by-volume basis were much higher than those of the same period of the previous fiscal year for all markets, with its sales volume being the highest on record.
- Sales of FPD (flat panel display) materials, mainly consisting of PDP (plasma display panel) materials, were favorable. Despite the effects of the appreciation of the yen, factors such as a hike in sales volume and higher average sales unit prices thanks to an increase in the price of silver, a key raw material, resulted in net sales for FPD materials of the current nine months of 6,401 million yen (up 51.1% year on year).
- Concerning profits, although the adverse effect of the appreciation of the yen was huge, the profit margin improved from 13.8% in the same period of the previous fiscal year to 15.9% as a result of an increase in sales volume and a rise in the share of highly profitable products in the product composition, among others. As a result, operating income amounted to 4,794 million yen (up 34.0% year on year) with ordinary income at 4,664 million yen (up 36.0% year on year) and net income at 3,055 million yen (up 65.0% year on year).

#### *Sales results by product group category*

The following are sales results by product group category for the nine months ended December 31, 2010.

(Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010	Change	Rate of change (%)
Rigid board materials	15,826	17,697	1,871	11.8
PKG board and flexible board materials	4,271	4,375	104	2.4
Build-up board materials	796	950	153	19.3
FPD materials	4,236	6,401	2,164	51.1
Others	731	750	19	2.6
Total	25,861	30,174	4,313	16.7

Results by segment are as follows.

#### 1) Japan

- The consolidated company located in Japan is TAIYO INK MFG. CO., LTD., a manufacturing and marketing subsidiary.

- Regarding sales, the sales volume exceeded the same period of the previous fiscal year thanks to a recovery in demand from electronic components and semiconductors, among others.
  - As a result, net sales amounted to 15,346 million yen with segment profit at 1,041 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 and TAIYO INK TRADING (SHENZHEN) CO., LTD., marketing subsidiaries operating mainly in the southern China region.
  - In the Chinese market, robust internal demand and strong exports led to a record-high sales volume.
  - As a result, net sales amounted to 9,211 million yen with segment profit at 2,267 million yen.
- 3) Taiwan
- The consolidated company located in Taiwan is TAIWAN TAIYO INK CO., LTD., a manufacturing and marketing subsidiary.
  - Boosted by strong sales of high function products of “rigid board materials,” net sales amounted to 3,412 million yen with segment profit at 512 million yen.
- 4) Korea
- The consolidated company located in Korea is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.
  - Because of strong sales to Korean electronics manufacturers, comparatively strong sales were maintained.
  - As a result, net sales amounted to 9,612 million yen with segment profit at 861 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 market, mostly in the Thai market, achieved a higher sales volume compared with the same period of the previous fiscal year. However, like other markets, it experienced a mild slowdown in the third quarter.
  - In the European and American markets, sales were strong, particularly for “build-up board materials.”
  - As a result, net sales amounted to 2,336 million yen with segment profit at 198 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 December 31, 2010.

	As of March 31, 2010 (Millions of yen)	As of December 31, 2010 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	27,516	27,146	(370)	Cash and deposits decreased approx. 400 million yen, notes and accounts receivable-trade decreased approx. 400 million yen and inventories increased approx. 400 million yen
Noncurrent assets	16,187	15,211	(976)	Decrease of approx. 800 million yen due to depreciation and amortization
Total assets	43,704	42,358	(1,346)	
Total liabilities	8,018	8,361	342	Notes and accounts payable-trade increased approx. 100 million yen and income taxes payable increased approx. 200 million yen
Total net assets	35,685	33,997	(1,688)	Net income was approx. 3,000 million yen, cash dividends paid was approx. 2,300 million yen, purchase of treasury stock was approx. 600 million yen and foreign currency translation adjustment decreased approx. 1,700 million yen
Total liabilities and net assets	43,704	42,358	(1,346)	

### 2) Cash flow position

The following is the position of cash flows for the nine months ended December 31, 2010.

	Nine months ended December 31, 2010 (Millions of yen)	Main factors (for the nine months ended December 31, 2010)
Net cash provided by (used in) operating activities	3,658	Income before income taxes and minority interests provided approx. 4,500 million yen, depreciation and amortization provided approx. 800 million yen, an increase in notes and accounts receivable-trade and an increase in inventories used approx. 1,300 million yen, an increase in notes and accounts payable-trade provided approx. 500 million yen and income taxes paid used approx. 1,300 million yen
Net cash provided by (used in) investing activities	694	Proceeds from the net of withdrawal of and payment into time deposits provided approx. 1,000 million yen and purchase of property, plant and equipment used approx. 300 million yen
Net cash provided by (used in) financing activities	(3,030)	Cash dividend payments used approx. 2,300 million yen and purchase of treasury stock used approx. 600 million yen
Net increase (decrease) in cash and cash equivalents	779	
Cash and cash equivalents at end of period	12,696	

## (3) Qualitative information regarding consolidated earnings forecasts

Consolidated earnings forecasts for the fiscal year ending March 31, 2011

No changes have been made to the Consolidated Earnings Forecasts for the fiscal year ending March 31, 2011 from the earnings forecasts that were announced on November 10, 2010.

## 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 third 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. Changes following changes etc. to accounting standards

(Application of accounting standard for asset retirement obligations)

Effective from the 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, during the nine months ended December 31, 2010, operating income and ordinary income decreased by 1 million yen respectively, and income before income taxes and minority interests decreased by 32 million yen. The change in asset retirement obligations due to the application of this accounting standard and guidance amounted to 51 million yen.

(Application of accounting standards for business combinations, etc.)

Effective from the 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.

(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 current nine months.



b. Other changes

(Scope of consolidation)

From the second quarter, TAIYO INK TRADING (SHENZHEN) CO., LTD., which was newly established, is included in the scope of consolidation.

In addition, as a consequence of the Company making the transition to the holding company system, on October 1, 2010, the Company's business of "manufacturing, purchasing and sales of printed wiring board materials and other chemical products for use in the electronic components" was transferred to TAIYO JAPAN COMPANY, LIMITED (whose trade name was changed to TAIYO INK MFG. CO., LTD. on October 1, 2010). Accordingly, because of its increased materiality, that company is newly included in the scope of consolidation effective from the current third quarter.

(Number of consolidated subsidiaries after change)

8 companies

**(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 December 31, 2010	As of March 31, 2010 (Summary)
Assets		
Current assets		
Cash and deposits	13,704	14,174
Notes and accounts receivable-trade	8,724	9,173
	*	
	5	
Short-term investment securities	0	0
Merchandise and finished goods	2,203	1,944
Work in process	163	255
Raw materials and supplies	1,897	1,646
Other	565	642
Allowance for doubtful accounts	(112)	(321)
Total current assets	27,146	27,516
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,182	7,754
	*2	*2
Other, net	5,920	6,199
	*2	*2
Total property, plant and equipment	13,102	13,954
	*1	*1
Intangible assets		
Goodwill	24	47
Other	268	342
Total intangible assets	293	389
Investments and other assets	1,815	1,843
	*3	*3
Total noncurrent assets	15,211	16,187
Total assets	42,358	43,704

Please refer to "Notes to consolidated balance sheets" on page 14 for \*1, \*2, \*3 and \*5.

(Millions of yen)

	As of December 31, 2010	As of March 31, 2010 (Summary)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	5,644	5,482
Income taxes payable	595	400
Provision for bonuses	144	251
Provision for directors' bonuses	39	60
Other	1,013	978
Total current liabilities	7,437	7,172
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	200	183
Provision for directors' retirement benefits	112	105
Asset retirement obligations	51	-
Other	558	557
Total noncurrent liabilities	923	845
Total liabilities	8,361	8,018
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	29,376	28,661
Treasury stock	(4,706)	(4,060)
Total shareholders' equity	37,907	37,838
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	96	116
Foreign currency translation adjustment	(4,647)	(2,948)
Total valuation and translation adjustments	(4,550)	(2,832)
Minority interests	640	679
Total net assets	33,997	35,685
Total liabilities and net assets	42,358	43,704

**(2) Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net sales	25,861	30,174
Cost of sales	17,775	20,733
Gross profit	8,086	9,440
Selling, general and administrative expenses	4,507	4,646
	*1	*1
Operating income	3,578	4,794
Non-operating income		
Interest income	48	43
Dividends income	19	16
Other	39	55
Total non-operating income	106	114
Non-operating expenses		
Interest expenses	0	2
Foreign exchange losses	244	228
Other	9	13
Total non-operating expenses	254	244
Ordinary income	3,430	4,664
Extraordinary income		
Gain on sales of noncurrent assets	0	–
Gain on bad debts recovered	–	1
Total extraordinary income	0	1
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3	40
Loss on valuation of investment securities	–	0
Impairment loss	–	23
		*2
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	31
Total extraordinary losses	3	96
Income before income taxes and minority interests	3,427	4,570
Income taxes-current	927	1,589
Income taxes-deferred	568	(167)
Total income taxes	1,496	1,421
Income before minority interests	–	3,148
Minority interests in income	80	93
Net income	1,851	3,055

Please refer to “Notes to consolidated statements of income” on page 15 for \*1 and \*2.

### (3) Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,427	4,570
Depreciation and amortization	938	835
Impairment loss	–	23
Loss (gain) on valuation of investment securities	–	0
Increase (decrease) in provision for retirement benefits	13	33
Increase (decrease) in provision for bonuses	(78)	(105)
Increase (decrease) in provision for directors' bonuses	(18)	(20)
Interest and dividends income	(67)	(59)
Interest expenses	0	2
Loss (gain) on sales and retirement of property, plant and equipment	–	40
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	31
Decrease (increase) in notes and accounts receivable-trade	(2,909)	(548)
Decrease (increase) in inventories	(405)	(761)
Increase (decrease) in notes and accounts payable-trade	2,710	569
Increase (decrease) in accrued consumption taxes	(88)	(5)
Other, net	(725)	340
Subtotal	2,798	4,948
Interest and dividends income received	70	63
Interest expenses paid	(0)	(2)
Income taxes paid	(872)	(1,351)
Net cash provided by (used in) operating activities	1,995	3,658
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,533)	(3,145)
Proceeds from withdrawal of time deposits	2,480	4,226
Purchase of short-term investment securities	–	(257)
Proceeds from sales of short-term investment securities	–	258
Purchase of property, plant and equipment	(463)	(370)
Purchase of intangible assets	(23)	(45)
Payments of loans receivable	(25)	(12)
Collection of loans receivable	20	18
Other, net	2	22
Net cash provided by (used in) investing activities	(542)	694

(Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	–	1,200
Decrease in short-term loans payable	–	(1,200)
Purchase of treasury stock	(0)	(645)
Cash dividends paid	(2,334)	(2,334)
Cash dividends paid to minority shareholders	(31)	(50)
Net cash provided by (used in) financing activities	(2,366)	(3,030)
Effect of exchange rate change on cash and cash equivalents	(137)	(543)
Net increase (decrease) in cash and cash equivalents	(1,050)	779
Cash and cash equivalents at beginning of period	11,291	11,913
Increase in cash and cash equivalents from newly consolidated subsidiary	–	3
Cash and cash equivalents at end of period	10,240	12,696
	*1	*1

Please refer to “Note to consolidated statements of cash flows” on page 15 for \*1.

#### (4) Notes on premise of going concern

No items to report

#### (5) Segment information

[Information by business segment]

Nine months ended December 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.

[Information by geographic area]

Nine months ended December 31, 2009

(Millions of yen)

	Japan	Asia	North America	Total	Elimination or corporate	Consolidated total
Net sales						
(1) External sales	6,802	18,321	737	25,861	–	25,861
(2) Inter-segment sales or transactions	8,090	9	31	8,131	(8,131)	–
Total sales	14,892	18,331	768	33,992	(8,131)	25,861
Operating income	415	3,114	77	3,607	(29)	3,578

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]

Nine months ended December 31, 2009

(Millions of yen)

	North America	Asia	Europe/others	Total
I Overseas sales	660	20,278	86	21,024
II Consolidated sales	–	–	–	25,861
III Percentage of overseas sales	2.6	78.4	0.3	81.3

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: Germany, 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 Group made the transition to the holding company system on October 1, 2010. 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, operating under a holding company system whereby the Company is the holding company. 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

Nine months ended December 31, 2010

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan	Korea	Total		
Net sales							
External sales	7,166	9,210	2,478	9,004	27,860	2,314	30,174
Inter-segment sales or transactions	8,180	1	933	607	9,722	21	9,744
Total sales	15,346	9,211	3,412	9,612	37,582	2,336	39,919
Segment profit	1,041	2,267	512	861	4,681	198	4,880

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	4,681
“Other” segment profit	198
Elimination of inter-segment transactions	65
Amortization of goodwill	(22)
Profit/loss not allocated to business segments (Note)	(130)
Other adjustments	1
Operating income in consolidated statements of income	4,794

Note: Profit/loss primarily related to the holding company (company filing the consolidated financial statements).

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

In the “Japan” segment, a portion of assets (software) has no decided future use and its book value has been written down to the recoverable value. The corresponding amount that is recognized as impairment loss in the current nine months is 23 million yen.

(Additional information)

Effective from the 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**

**Purchase of treasury stock**

At a Board of Directors meeting held on November 22, 2010, matters concerning the purchase of treasury stock were passed by resolution as presented below, pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act. In the current third quarter, treasury stock purchases amounted to 257,900 shares at a total purchase price of 645 million yen.

- (i) Class of shares to be purchased: common stock of the Company
- (ii) Total number of shares to be purchased: 500,000 shares (maximum)
- (iii) Total cost of purchase: 1,500 million yen (maximum)
- (iv) Time period of purchase: From November 24, 2010 to March 22, 2011

**(7) Other notes**

**(Notes to consolidated balance sheets)**

As of December 31, 2010	As of March 31, 2010
*1. Accumulated depreciation of property, plant and equipment 16,508 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 5	Other 8
*3. Direct write-off amount of allowance for doubtful accounts from investments and other assets was 350 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 28 million yen	4. Export discount bills 26 million yen
*5. Notes maturing at end of quarter The accounting treatment for notes maturing at end of quarter is to be implemented as of the clearance date. Please note that because the end of the current quarter fell on a bank holiday, the following notes maturing at end of quarter are included in the balance at end of quarter.	_____
Notes receivable 121 million yen	
6. 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 December 31, 2010, is as follows.	_____
Maximum lines of overdrafts 6,500 million yen	
Loan amount currently executed -	
Outstanding unused overdraft and loan amounts 6,500 million yen	

**(Notes to consolidated statements of income)**

Nine months ended December 31, 2009	Nine months ended December 31, 2010																										
<p>*1. Major items of selling, general and administrative expenses were as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Salaries</td> <td style="text-align: right;">920 million yen</td> </tr> <tr> <td>Provision of allowance for doubtful accounts</td> <td style="text-align: right;">18</td> </tr> <tr> <td>Provision for bonuses</td> <td style="text-align: right;">64</td> </tr> <tr> <td>Provision for directors' bonuses</td> <td style="text-align: right;">37</td> </tr> <tr> <td>Provision for directors' retirement benefits</td> <td style="text-align: right;">10</td> </tr> </table> <p>2. _____</p>	Salaries	920 million yen	Provision of allowance for doubtful accounts	18	Provision for bonuses	64	Provision for directors' bonuses	37	Provision for directors' retirement benefits	10	<p>*1. Major items of selling, general and administrative expenses were as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Provision of allowance for doubtful accounts</td> <td style="text-align: right;">48 million yen</td> </tr> <tr> <td>Provision for bonuses</td> <td style="text-align: right;">74</td> </tr> <tr> <td>Provision for directors' bonuses</td> <td style="text-align: right;">39</td> </tr> <tr> <td>Provision for directors' retirement benefits</td> <td style="text-align: right;">17</td> </tr> </table> <p>*2. Impairment loss</p> <p>In the current nine months, the Company recognized impairment loss for the following assets.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-left: 40px;"> <thead> <tr> <th style="width: 25%;">Place</th> <th style="width: 25%;">Use</th> <th style="width: 25%;">Type</th> <th style="width: 25%;">Impairment loss (Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Nerima-ku, Tokyo, etc.</td> <td>Idle assets</td> <td>Software</td> <td style="text-align: center;">23</td> </tr> </tbody> </table> <p>The above assets have no decided future use and their book value has been written down to the recoverable value.</p>	Provision of allowance for doubtful accounts	48 million yen	Provision for bonuses	74	Provision for directors' bonuses	39	Provision for directors' retirement benefits	17	Place	Use	Type	Impairment loss (Millions of yen)	Nerima-ku, Tokyo, etc.	Idle assets	Software	23
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Place	Use	Type	Impairment loss (Millions of yen)																								
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**(Note to consolidated statements of cash flows)**

Nine months ended December 31, 2009	Nine months ended December 31, 2010												
<p>*1. Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows:</p> <p style="text-align: right;">(As of December 31, 2009)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and deposits</td> <td style="text-align: right;">12,775 million yen</td> </tr> <tr> <td>Time deposits whose term exceeds three months</td> <td style="text-align: right;">(2,535)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">10,240</td> </tr> </table>	Cash and deposits	12,775 million yen	Time deposits whose term exceeds three months	(2,535)	Cash and cash equivalents	10,240	<p>*1. Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows:</p> <p style="text-align: right;">(As of December 31, 2010)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and deposits</td> <td style="text-align: right;">13,704 million yen</td> </tr> <tr> <td>Time deposits whose term exceeds three months</td> <td style="text-align: right;">(1,007)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">12,696</td> </tr> </table>	Cash and deposits	13,704 million yen	Time deposits whose term exceeds three months	(1,007)	Cash and cash equivalents	12,696
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