

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 <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 of ordinary general meeting of shareholders: June 26, 2013
 Scheduled date to commence dividend payments: June 27, 2013
 Scheduled date to file annual securities report: June 27, 2013
 Preparation of supplementary results briefing material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(1) Operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2013	36,184	(9.1)	4,385	8.5	4,743	17.8	3,367	34.6
March 31, 2012	39,797	(1.4)	4,040	(24.9)	4,027	(24.3)	2,502	(26.5)

Note: Comprehensive income

For the fiscal year ended March 31, 2013: 5,648 million yen [124.0 %]

For the fiscal year ended March 31, 2012: 2,521 million yen [14.4 %]

Fiscal year ended	Net income per share	Diluted net income per share	Net income/ shareholders' equity	Ordinary income/ total assets	Operating income/ net sales
	Yen	Yen	%	%	%
March 31, 2013	132.38	–	9.7	11.2	12.1
March 31, 2012	98.38	–	7.5	9.6	10.2

Reference: Equity in earnings (losses) of affiliates

For the fiscal year ended March 31, 2013: – million yen

For the fiscal year ended March 31, 2012: – 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, 2013	44,023	36,809	82.2	1,423.26
March 31, 2012	40,703	33,476	81.1	1,297.18

Reference: Equity (Net assets excluding minority interests)

As of March 31, 2013: 36,205 million yen

As of March 31, 2012: 32,997 million yen

(3) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2013	6,109	(2,477)	(2,314)	13,766
March 31, 2012	2,793	(1,343)	(2,978)	11,563

2. Cash dividends

	Annual cash dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2012	–	45.00	–	45.00	90.00	2,289	91.5	6.9
Fiscal year ended March 31, 2013	–	45.00	–	45.00	90.00	2,289	68.0	6.6
Fiscal year ending March 31, 2014 (Forecasts)	–	75.00	–	45.00	120.00		64.9	

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014
(from April 1, 2013 to March 31, 2014)**

(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, 2013	20,000	7.6	3,400	44.4	3,400	38.0	2,350	34.6	92.38
Fiscal year ending March 31, 2014	40,000	10.5	6,800	55.0	6,800	43.3	4,700	39.6	184.76

*** Notes**

- (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, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: Yes
 - d. Restatement of prior period financial statements after error corrections: None

Note: Effective from the first quarter of the current fiscal year, changes in depreciation method have been made that apply to "When changes in accounting policies are difficult to distinguish from changes in accounting estimates." For details see "4. Consolidated Financial Statements (7) Changes in accounting policies" on page 25 of the Attached Materials.

(3) Number of issued shares (common stock)

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

As of March 31, 2013	27,464,000 shares
As of March 31, 2012	27,464,000 shares

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

As of March 31, 2013	2,025,826 shares
As of March 31, 2012	2,025,666 shares

- c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2013	25,438,277 shares
Fiscal year ended March 31, 2012	25,438,417 shares

*** Indication regarding execution of audit procedures**

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

*** 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. The Company makes no promise regarding achievement of any content in the forward-looking statements. Actual business and other results may differ substantially due to various factors. Please refer to the section of "1. Analysis of operating results and financial position" on page 2 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of business results forecasts.

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1. Analysis of operating results and financial position

- 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, 2013 (12 months from April 1, 2012 to March 31, 2013). 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

During the fiscal year ended March 31, 2013, the global economy continued to be uncertain due to such factors as lingering impact of European debt crisis and slowdown of economic growth in China. However, from the latter half of the year, the U.S. economy started to show a recovering trend. The Japanese economy also remained stagnant owing to the sluggish global economy and extremely strong yen. Nonetheless, after the new government was formed, consumer consumption and corporate earnings started to be on a recovery track thanks to correction of the extremely strong yen.

In the electronics components industry, in which the Group operates, demand for products for smartphones and tablet devices was firm, while demand for display products mainly for PCs and TVs were weak.

Operating under these conditions, net sales for the current fiscal year amounted to 36,184 million yen (down 9.1% year on year).

In the PWB (printed wiring board) materials market, although sales volumes were almost in line with the previous fiscal year, sales unit prices rose due to the strong sales of high function products. As a result, net sales of PWB materials were 27,998 million yen (up 4.7% year on year).

Sales of FPD materials, mainly consisting of PDP materials, dropped to 7,316 million yen (down 40.6% year on year), owing to lower sales volume and fall in the unit price driven by a significant drop in the market price of silver, which constitutes one of the products' raw materials.

As a result, operating income amounted to 4,385 million yen (up 8.5% year on year) with ordinary income at 4,743 million yen (up 17.8% year on year) and net income at 3,367 million yen (up 34.6% 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, 2013.

(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	20,289	20,262	(27)	(0.1)
PKG board and flexible board materials	5,416	6,763	1,346	24.9
Build-up board materials	1,022	972	(50)	(4.9)
FPD materials	12,307	7,316	(4,991)	(40.6)
Others	760	869	108	14.3
Total	39,797	36,184	(3,613)	(9.1)

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.

Smartphone market expanded globally, which pushed up the sales of high function products, although sales of rigid board materials decreased due to the slowdown of the domestic electronics market, mainly TV market.

As a result, net sales amounted to 13,065 million yen (up 10.8% year on year) with segment profit at 1,685 million yen (up 70.4% year on year).

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.

Although sales of lower-priced rigid board materials performed favorably, sales of FPD materials were sluggish.

As a result, net sales amounted to 10,834 million yen (up 1.9% year on year) with segment profit at 1,584 million yen (down 9.5% year on year).

3) Taiwan

The consolidated company located in Taiwan is TAIWAN TAIYO INK CO., LTD., a manufacturing and marketing subsidiary.

Despite of a fall in sales volume, sales mix of rigid board materials improved.

As a result, net sales amounted to 3,936 million yen (up 6.2% year on year) with segment profit at 497 million yen (up 5.9% year on year).

4) Korea

The consolidated company located in Korea is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.

Sales volumes of FPD materials declined substantially, while sales amounts were also down considerably compared with the same period of the previous fiscal year due to a fall in the silver price, which has a connection with sales unit prices of FPD materials.

As a result, net sales amounted to 11,722 million yen (down 29.7% year on year) with segment profit at 591 million yen (down 9.0% year on year).

5) Other

The other consolidated companies are TAIYO AMERICA, INC. and TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD.

TAIYO INK INTERNATIONAL (SINGAPORE) performed steadily amid continued recovery from damage caused by the floods in Thailand.

At TAIYO AMERICA, sales were roughly in the same level with the same period of the previous fiscal year.

As a result, net sales amounted to 2,854 million yen (up 9.0% year on year) with segment profit at 323 million yen (up 18.7% year on year).

(Consolidated forecasts for the next fiscal year)

Although the operating environment in the next fiscal year ending March 31, 2014 is expected to remain uncertain, demand for small-sized information terminals such as smartphones and tablet devices and car electronics related products continues to be strong in the electronics components industry in which the Group operates. We also expect that the correction of extremely strong yen will make a positive contribution to the Group's earnings throughout the year.

Under these circumstances, the Group will continue to strengthen its marketing capability, expand the proportion of raw materials that it procures from overseas markets and improve productivity. At the same time, it will actively promote the development and marketing of new products with the ultimate goal of increasing its market share and expanding earnings.

	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, 2014 (Forecast)	40,000	6,800	6,800	4,700	184.76
For the fiscal year ended March 31, 2013 (Actual results)	36,184	4,385	4,743	3,367	132.38
Rate of change (%)	10.5	55.0	43.3	39.6	39.6

(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, 2013.

	As of March 31, 2012 (Millions of yen)	As of March 31, 2013 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	26,380	26,979	598	Cash and deposits increased approx. 1,600 million yen, notes and accounts receivable-trade decreased approx. 200 million yen and inventories decreased approx. 500 million yen.
Noncurrent assets	14,322	17,043	2,721	Stocks of subsidiaries and affiliates increased approx. 2,700 million yen.
Total assets	40,703	44,023	3,319	
Total liabilities	7,227	7,213	(13)	Notes and accounts payable-trade decreased approx. 300 million yen and income taxes payable increased approx. 300 million yen.
Total net assets	33,476	36,809	3,333	Net income increased approx. 3,300 million yen, foreign currency translation adjustment increased approx. 2,000 million yen and cash dividends paid was approx. 2,200 million yen.
Total liabilities and net assets	40,703	44,023	3,319	

b. Cash flow position

The following is the position of cash flows for the fiscal year ended March 31, 2013.

	Fiscal year ended March 31, 2013 (Millions of yen)	Main factors
Net cash provided by (used in) operating activities	6,109	Income before income taxes and minority interests provided approx. 4,700 million yen, depreciation and amortization provided approx. 1,000 million yen, a decrease in notes and accounts receivable-trade provided approx. 1,200 million yen and income taxes paid used approx. 1,100 million yen
Net cash provided by (used in) investing activities	(2,477)	Purchase of stocks of subsidiaries and affiliates used approx. 2,600 million yen
Net cash provided by (used in) financing activities	(2,314)	Cash dividend payments used approx. 2,200 million yen
Net increase (decrease) in cash and cash equivalents	2,202	
Cash and cash equivalents at end of period	13,766	

c. Trend of indicators

The following is the transition of cash flow indicators.

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Equity ratio (%)	83.3	80.1	78.2	81.1	82.2
Equity ratio on mark-to-market basis (%)	97.2	148.7	152.0	138.7	156.0
Interest-bearing debt to cash flow ratio (year)	—	—	—	—	—
Interest coverage ratio (times)	546.7	2,734.6	1,350.2	992.5	3,850.3

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/Cash flow

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

(3) Net cash provided by (used in) operating activities stated in the consolidated statement of cash flows is used for “Cash flows.” “Interest paid” are the amounts stated under interest expenses paid in the consolidated statement of cash flows.

(4) Interest-bearing debt to cash flow ratio (Interest-bearing debt/Operating cash flow) is not reported due to the lack of interest-bearing debt.

(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. We 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.

As already announced, we also plan to pay a year-end dividend of 45 yen and this will be placed on the agenda of the next General Meeting of Shareholders. This will result in an annual dividend of 90 yen per share for the current fiscal year.

Concerning dividends of the next fiscal year, in commemoration of the Company’s 60th year anniversary in September 2013, we would like to express our sincere gratitude to our shareholders by adding commemorative dividend of 30 yen to make the interim dividend 75 yen per share. We also plan to pay a year-end dividend of 45 yen, and this will result in an annual dividend of 120 yen per share.

(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

Our Group is 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 decrease in demand for our products.

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. However, the Company considers it as important issue in the field of research and development to find possible new methods for PWBs.

2) Risks related to PDP materials

Our PDP material customers are restricted to a few 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 and other technologies in FPD market, the future demand of PDP involves uncertainty.

b. Risks associated with patents

In order for our Group to maintain a superior competitive position, efforts are being made to protect the products and technology we develop through patents and intellectual property. However, in the event a patent application, etc. does not result in the granting of rights or a third party requests invalidation, insufficient protection of our rights as a Group may result. Moreover, infringing the intellectual property rights owned by a third party could impact the performance of our Group as a result of the payment of royalties or large amounts of damages.

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

Our Group has manufacturing bases in Japan, Taiwan, Korea, China and the United States. In the event that any of our manufacturing bases is damaged by a natural disaster and manufacturing functions are obstructed, manufacturing and supply functions would be switched to another manufacturing base as an emergency measure. However, this would require some preparation and adjustment and our business would be affected in the interim.

d. Risk related to procurement of raw materials

The Group procures many of its raw materials from external raw material manufacturers. Problems at these raw material manufacturers or a lack of supplies that hinder the Group's production activities may affect the performance of the Group.

e. 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 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 earthquakes and 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.

f. 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 highly appreciated yen normally leading to reduced income and profits.

g. 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 rival companies including local companies as well as other Japanese firms regarding SR. 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.

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.

j. 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.

k. Risk of recoverability of deferred tax assets

With respect to deductible temporary differences and tax-loss carry forward, the Group determines recoverability after reasonably estimating future taxable income when recording deferred tax assets. However, in the event deferred tax assets are deemed unrecoverable in whole or in part as actual taxable income may differ from estimates due to changes in the business environment and other factors, or should changes in tax rates or revisions in tax systems occur in various countries, a recalculation of deferred tax assets would become necessary. If, as a result of the above, a reversal of deferred tax assets is necessary, it could impact on our operating results and financial position.

2. Overview of the corporate group

The corporate group (hereinafter the Group) consists of TAIYO HOLDINGS CO., LTD. (filing company), eleven subsidiaries, one affiliate 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 HOLDINGS CO., LTD.	Development of management strategy for the Taiyo Holdings Group, management guidance for subsidiaries, and research and development of chemical products for use in electronics components
Consolidated subsidiary	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.	Manufacturing and sales of PWB materials and other chemical products for use in the electronic components and electronics industries
Consolidated subsidiary	TAIYO AMERICA, INC.	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 (SINGAPORE) PTE LTD	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	
Consolidated subsidiary	TAIYO INK TRADING (SHENZHEN) CO., LTD.	

[Affiliates]

Relation to the filing company	Company name	Main business
Equity method affiliate	Onstatic Technology Co., Ltd.	Manufacturing and sales of PWB materials and other chemical products for use in the electronic components and electronics industries

[Non-consolidated subsidiaries]

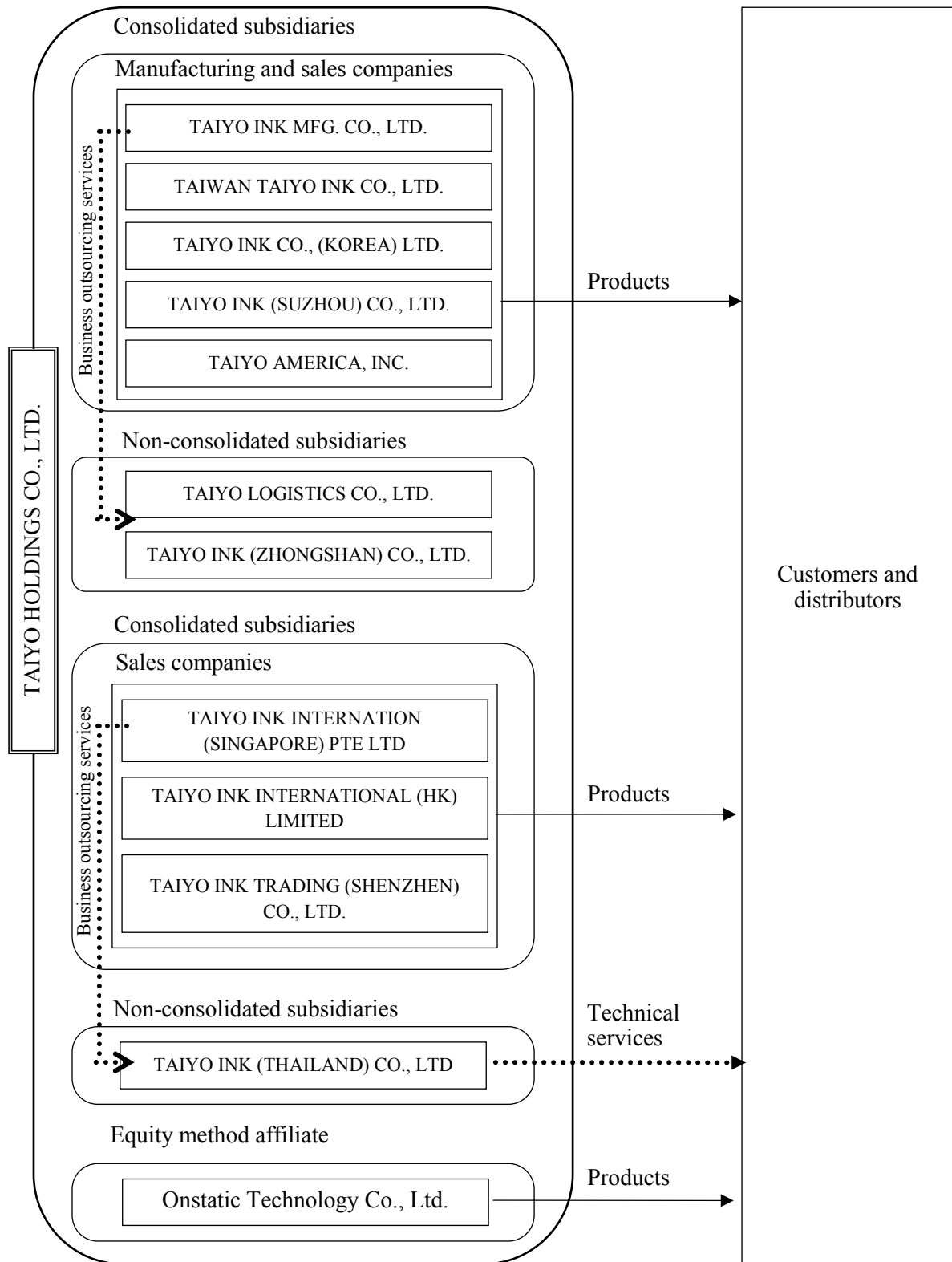
Relation to the filing company	Company name	Main business
Non-consolidated subsidiary	TAIYO INK (THAILAND) CO., LTD.	Technical services relating to PWB materials
Non-consolidated subsidiary	TAIYO LOGISTICS CO., LTD.	Provision of subcontracted services to the parent company such as the transportation and warehousing of products, etc.
Non-consolidated subsidiary	TAIYO INK (ZHONGSHAN) CO., LTD.	As announced in the “Notification of dissolution and liquidation of the local subsidiary in China” issued on March 22, 2013, the Group already decided to dissolve and liquidate this company.

[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

- Notes: 1. The Company included Onstatic Technology Co., Ltd. (“Onstatic Technology”) as an equity method affiliate in the current fiscal year following the acquisition of Onstatic Technology’s shares in November 2012.
2. Although Onstatic Technology has five affiliates, the Company only includes Onstatic Technology as our equity method affiliate, because Onstatic Technology’s affiliates can be deemed to be a part of their parent company since they virtually form one distribution channel.

The organization chart is as follows.



3. Business policies

(1) Basic management policies

The Group has identified its objectives as a corporate group in the Management Philosophy and Basic Management Policy below. The Group 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

We will realize “a pleasant society” by further advancing “every technology” the Group has and creating a wide range of products to help fulfill the dreams for the whole world with our innovative products.

Basic Management Policy

1. We will generate revenue and increase corporate value, thereby contributing to the well-being and prosperity of customers, communities, shareholders, and employees.
2. 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.
3. We will leverage our global system to always provide superior products and services.
4. We will constantly create opportunities for employees to challenge and develop themselves, aiming to have a corporate group composed of people who are highly motivated to be successful and to achieve goals set by themselves.
5. We will increase our comprehensive corporate strengths by maximizing cooperation between the Group companies and strengthen the teamwork of all employees with emphasis on “speed and communication.”
6. We aim to have a group of global companies able to contribute to the realization of a pleasant society by constantly working for technological innovation and creating new products and businesses.

(2) Mid- to long-term management strategies and current and future challenges

The Group has a global top share in its mainstay SR market, and more than 80% of its sales are generated at overseas. For such reasons, the Group’s sales and profit are greatly affected by such external factors as the trends of overall SR market, especially that of final products that use semiconductors, and fluctuation of foreign currency rates.

Under such circumstances, the Group’s top priority is to further expand its market share in the SR related products, to constantly launch new products that can be another source of profit following SR and to establish a corporate structure that can quickly turn such products into new businesses. By implementing various measures in line with the said policy, we believe that our Group will be able to grow perpetually.

1) Strengthening R&D structure

We believe that development of the R&D system is essential to create new products on an ongoing basis. We will implement role-sharing arrangement between basic research and product development by following a certain time axis. We will strengthen our basic research capability by forming an R&D team that specializes in mid-to-long-term research that is not directly linked to product commercialization. At the same time, we will set up a development team that will be engaged in the development of new technology to be turned into practical use and increase application of existing technology. By so doing, we aim to strengthen our ability to translate our basic research results into new product development. In addition, we will invest aggressively in new equipments for R&D and focus on hiring and fostering highly skilled researchers and technical personnel both in Japan and overseas.

2) Rapid commercialization of new products

The Group considers that new product development is equivalent to new business development since the Group is able to earn profit by marketing such products. For such reason, with a view to removing commercialization barrier, the Group will set up a task force consisting of selected personnel from marketing, manufacturing and development divisions and give certain responsibility and authority to commercialize new products when they have come close to commercialization.

3) Encouraging initiative in talent

For the Group to expand its share in the SR market while developing new businesses constantly and put them on track to achieve perpetual growth, we believe it is indispensable to nurture many self-sufficient employees who can set their own goals and enjoy attaining them. We will actively exchange our personnel between group companies to give them opportunities to experience difficulties and successes in a variety of jobs in various countries. We will also promote competent personnel to managers flexibly both in Japan and overseas so that they can gain actual management experience, thereby nurturing self-sufficient personnel and ultimately managers who can lead the next generation.

4) Development of measures to reduce foreign currency risk

Because sales prices of many of the Group's products are denominated in foreign currency, foreign currency rates fluctuation can easily affect the Group's earnings. The Group recognizes that taking appropriate measures to mitigate foreign currency risk is important. Therefore, the Group pursues "local production for local sales" strategy (our policy of making products close to markets where they are sold) and heightens the local procurement rate of raw materials to match the currency of revenue and expenditure. These measures will also contribute to enhance our ability to respond to our customers because they will lead to rapid development of products that meet customers' needs, shorter order lead time, lower raw material cost and lower business maintenance risk thanks to diversification of raw materials suppliers.

(3) Other significant matters concerning management

No material items to report.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	12,964	14,652
Notes and accounts receivable-trade	8,452	8,199
	*5	*5
Securities	0	0
Merchandise and finished goods	2,154	1,816
Work in process	199	195
Raw materials and supplies	1,894	1,674
Consumption taxes receivable	246	123
Deferred tax assets	63	93
Other	504	330
Allowance for doubtful accounts	(98)	(105)
Total current assets	26,380	26,979
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,859	6,872
	*2	*2
Machinery, equipment and vehicles, net	1,203	1,217
Tools, furniture and fixtures, net	374	393
	*2	*2
Land	4,083	4,179
Construction in progress	25	1
Total property, plant and equipment	12,546	12,664
	*1	*1
Intangible assets		
Goodwill	48	29
Leasehold right	94	106
Software	153	156
Other	62	54
Total intangible assets	358	347
Investments and other assets		
Investment securities	497	587
Stocks of subsidiaries and affiliates	130	2,702
Investments in capital of subsidiaries and affiliates	498	498
Long-term loans receivable	2	1
Deferred tax assets	56	72
Other	605	577
Allowance for doubtful accounts	(373)	(408)
Total investments and other assets	1,417	4,032
Total noncurrent assets	14,322	17,043
Total assets	40,703	44,023

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,851	4,486
Accounts payable-other	628	683
Income taxes payable	190	508
Accrued expenses	268	238
Deferred tax liabilities	87	253
Provision for bonuses	258	304
Provision for directors' bonuses	10	49
Other	97	198
Total current liabilities	6,393	6,724
Noncurrent liabilities		
Deferred tax liabilities	429	173
Provision for retirement benefits	204	216
Provision for directors' retirement benefits	103	10
Asset retirement obligations	53	54
Other	42	33
Total noncurrent liabilities	833	488
Total liabilities	7,227	7,213
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	29,301	30,379
Treasury stock	(5,372)	(5,372)
Total shareholders' equity	37,166	38,243
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77	135
Foreign currency translation adjustment	(4,245)	(2,173)
Total accumulated other comprehensive income	(4,168)	(2,038)
Minority interests	478	604
Total net assets	33,476	36,809
Total liabilities and net assets	40,703	44,023

Please refer to "Notes to consolidated balance sheets" on page 25 for *1 *2 and *5.

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net sales	39,797	36,184
Cost of sales	29,822	25,319
Gross profit	9,974	10,864
Selling, general and administrative expenses	5,933 *1, *2	6,479 *1, *2
Operating income	4,040	4,385
Non-operating income		
Interest income	50	88
Dividends income	22	61
Foreign exchange gains	–	149
Other	60	83
Total non-operating income	132	382
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	125	–
Other	17	22
Total non-operating expenses	145	24
Ordinary income	4,027	4,743
Extraordinary income		
Gain on sales of noncurrent assets	1	28
Total extraordinary income	1	28
Extraordinary loss		
Loss on sales of noncurrent assets	39 *3	6 *3
Loss on valuation of investments in capital of subsidiaries and affiliates	421 *4	– *4
Loss on valuation of stocks of subsidiaries and affiliates	– *6	66 *6
Other	6 *5	0 *5
Total extraordinary losses	467	73
Income before income taxes and minority interests	3,561	4,698
Income taxes-current	1,002	1,430
Income taxes-deferred	3	(166)
Total income taxes	1,005	1,264
Income before minority interests	2,555	3,434
Minority interests in income	52	67
Net income	2,502	3,367

Please refer to “Notes to consolidated statements of income” on page 26 for *1, *2, *3, *4, *5 and *6.

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Income before minority interests	2,555	3,434
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	57
Foreign currency translation adjustment	(21)	2,156
Total other comprehensive income	(33)	2,213
Comprehensive income	2,521	5,648
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,433	5,496
Comprehensive income attributable to minority interests	88	151

(3) Consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	6,134	6,134
Balance at the end of current period	6,134	6,134
Capital surplus		
Balance at the beginning of current period	7,102	7,102
Balance at the end of current period	7,102	7,102
Retained earnings		
Balance at the beginning of current period	29,724	29,301
Changes of items during the period		
Dividends from surplus	(2,925)	(2,289)
Net income	2,502	3,367
Total changes of items during the period	(422)	1,078
Balance at the end of current period	29,301	30,379
Treasury stock		
Balance at the beginning of current period	(5,372)	(5,372)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(5,372)	(5,372)
Total shareholders' equity		
Balance at the beginning of current period	37,589	37,166
Changes of items during the period		
Dividends from surplus	(2,925)	(2,289)
Net income	2,502	3,367
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(422)	1,077
Balance at the end of current period	37,166	38,243
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	90	77
Changes of items during the period		
Net changes of items other than shareholders' equity	(12)	57
Total changes of items during the period	(12)	57
Balance at the end of current period	77	135

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Foreign currency translation adjustment		
Balance at the beginning of current period	(4,188)	(4,245)
Changes of items during the period		
Net changes of items other than shareholders' equity	(57)	2,072
Total changes of items during the period	(57)	2,072
Balance at the end of current period	(4,245)	(2,173)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(4,098)	(4,168)
Changes of items during the period		
Net changes of items other than shareholders' equity	(69)	2,129
Total changes of items during the period	(69)	2,129
Balance at the end of current period	(4,168)	(2,038)
Minority interests		
Balance at the beginning of current period	696	478
Changes of items during the period		
Net changes of items other than shareholders' equity	(218)	126
Total changes of items during the period	(218)	126
Balance at the end of current period	478	604
Total net assets		
Balance at the beginning of current period	34,186	33,476
Changes of items during the period		
Dividends from surplus	(2,925)	(2,289)
Net income	2,502	3,367
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	(287)	2,256
Total changes of items during the period	(710)	3,333
Balance at the end of current period	33,476	36,809

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,561	4,698
Depreciation and amortization	1,046	1,003
Amortization of goodwill	14	18
Increase (decrease) in provision for retirement benefits	3	(4)
Increase (decrease) in provision for directors' retirement benefits	(8)	(93)
Increase (decrease) in provision for bonuses	2	42
Increase (decrease) in provision for directors' bonuses	4	39
Increase (decrease) in allowance for doubtful accounts	(12)	(27)
Interest and dividends income	(72)	(149)
Interest expenses	2	1
Loss (gain) on sales and retirement of property, plant and equipment	38	(22)
Loss (gain) on valuation of investment securities	6	0
Loss on valuation of investments in capital of subsidiaries and affiliates	421	–
Loss on valuation of stocks of subsidiaries and affiliates	–	66
Decrease (increase) in notes and accounts receivable-trade	285	1,198
Decrease (increase) in inventories	(192)	962
Decrease (increase) in other current assets	(44)	84
Increase (decrease) in notes and accounts payable-trade	(443)	(961)
Increase (decrease) in other current liabilities	(363)	43
Increase (decrease) in accrued consumption taxes	73	132
Other, net	(7)	–
Subtotal	4,315	7,034
Interest and dividends income received	72	148
Interest expenses paid	(2)	(1)
Income taxes paid	(1,591)	(1,072)
Net cash provided by (used in) operating activities	2,793	6,109
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,136)	(2,164)
Proceeds from withdrawal of time deposits	2,600	2,808
Proceeds from sales of securities	0	0
Purchase of property, plant and equipment	(494)	(552)
Proceeds from sales of property, plant and equipment	19	51
Purchase of investment securities	(21)	–
Purchase of stocks of subsidiaries and affiliates	(201)	(2,668)
Payments of long-term loans receivable	(13)	(13)
Collection of long-term loans receivable	18	16
Purchase of software	(102)	(54)
Other, net	(12)	98
Net cash provided by (used in) investing activities	(1,343)	(2,477)

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,200	700
Decrease in short-term loans payable	(1,200)	(700)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(2,925)	(2,289)
Cash dividends paid to minority shareholders	(53)	(24)
Net cash provided by (used in) financing activities	(2,978)	(2,314)
Effect of exchange rate change on cash and cash equivalents	(60)	885
Net increase (decrease) in cash and cash equivalents	(1,588)	2,202
Cash and cash equivalents at beginning of period	13,152	11,563
Cash and cash equivalents at end of period	11,563	13,766
	*1	*1

Please refer to “Notes to consolidated statements of cash flows” on page 28 for *1.

(5) Notes on premise of going concern

No items to report.

(6) Significant matters forming the basis of preparing the consolidated financial statements

1) Scope of consolidation

Number of consolidated subsidiaries: 8

Number of non-consolidated subsidiaries: 3

Names of consolidated subsidiaries:

TAIYO INK MFG. CO., LTD., TAIWAN TAIYO INK CO., LTD., TAIYO INK CO., (KOREA) LTD., TAIYO INK (SUZHOU) CO., LTD., TAIYO AMERICA, INC., TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD, TAIYO INK INTERNATIONAL (HK) LIMITED and TAIYO INK TRADING (SHENZHEN) CO., LTD.

Names of non-consolidated subsidiaries:

TAIYO INK (THAILAND) CO., LTD., TAIYO LOGISTICS CO., LTD., and TAIYO INK (ZHONGSHAN) CO., LTD.

Reason for exclusion from the scope of consolidation

These non-consolidated subsidiaries are small in size, and their accounts, such as total assets, net sales, net income or loss (for the Company's equity interest) and retained earnings (for the Company's equity interest), have no significant effects on the Company's consolidated financial statements.

2) Application of the equity method

I. Number of companies accounted for equity method affiliate and company name

Equity method affiliate: 1

The Company included Onstatic Technology Co., Ltd. ("Onstatic Technology") as an equity method affiliate in the current fiscal year following the acquisition of 25.5% of its issued shares. Although Onstatic Technology has five affiliates, the Company only includes Onstatic Technology as an equity method affiliate, because Onstatic Technology's affiliates can be deemed to be a part of their parent company since they virtually form one distribution channel.

II. Non-consolidated subsidiaries are excluded from the scope of equity method application, since they have no significant impact on the Company's consolidated net income and retained earnings and have no materiality as a whole.

III. Matters that need to be stated in relation to the application procedure of equity method

Goodwill is amortized over a period of 20 years.

3) Fiscal year-end of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of TAIYO INK (SUZHOU) CO., LTD. and TAIYO INK TRADING (SHENZHEN) CO., LTD. is December 31.

TAIYO INK (SUZHOU) CO., LTD. and TAIYO INK TRADING (SHENZHEN) CO., LTD. perform tentative closings and prepare financial statements as of and for the period ended March 31.

Fiscal year-ends of other consolidated subsidiaries coincide with that for consolidated financial statements.

4) Bases for accounting treatments

I. Valuation bases and methods for significant assets

i Securities

Subsidiaries' stocks and affiliates' stocks

Stated at cost using the moving-average method. (excluding companies accounted for using the equity method)

Other securities (available-for-sale securities)

Securities with fair market value

Stated at market value based on fair market value etc. as of the closing date (Net unrealized holding gains or losses, net of the applicable income taxes, are directly included in a component of stockholders' equity. The cost of securities sold is measured using the moving-average method)

Securities with no fair market value

Stated at cost using the moving-average method

ii Derivatives

Stated at fair market value

iii Inventories

Mainly stated at moving-average cost (figures on the balance sheet are adjusted by writing down the book value where the profitability declines.)

II Method of depreciation for significant depreciable assets

i 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 major property, plant and equipment are as follows.

Buildings and structures 7 - 60 years

Machinery, equipment and vehicles 4 - 10 years

Tools, furniture and fixtures 3 - 8 years

ii 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 major intangible assets are as follows:

Leasehold right 50 years

Software (for internal use) 5 years

III Accounting for significant reserves

i Allowance for doubtful accounts

To provide reserve for potential losses from bad debts, the Company recognizes and records allowance for doubtful accounts based on historical uncollectible rate for general accounts receivables, and on an estimate of collectability of specific accounts for which collection appears doubtful.

ii Provision for bonuses

Provision for bonuses are recorded by the Company and certain consolidated subsidiaries to accrue the bonus to employees for the fiscal year.

iii 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.

iv Provision for retirement benefits

To prepare for employees' retirement benefits, the Company recognizes an amount decided based on retirement benefit obligation and the fair value of the pension assets as of the end of the current fiscal year.

Prior service cost will be recognized as expenses mainly by amortizing the amount by the straight-line method over a certain period of time (mainly 5 years) which is shorter than the employees' average remaining service period.

Actuarial differences gain or loss 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) which is shorter than the employees' average remaining service period.

v 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.

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.

IV 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 with translation differences charged to profit and loss in the corresponding fiscal year.

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 adjustment and minority interests in the section of net assets.

V Goodwill amortization method and period

Goodwill is amortized by the straight-line method over 5 years.

VI 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.

VII Other significant matters for preparation of consolidated financial statements

i Treatment of consumption taxes

Treatment of consumption taxes is based on the tax excluded method.

ii Application of consolidated tax system

The consolidated tax system is adopted.

(7) Changes in accounting policies

(Change in depreciation method)

Following the revision of the Corporation Tax Act, the Company and its domestic consolidated subsidiaries applied the depreciation method in compliance with the revised Corporation Tax Act to property, plant and equipment acquired on or after April 1, 2012, from the first quarter ended June 30, 2012.

The impact of this change in depreciation method was immaterial.

(8) Notes to consolidated financial statements

(Notes to consolidated balance sheets)

*1 Accumulated depreciation of property, plant and equipment is as follows.

	As of March 31, 2012	As of March 31, 2013
Accumulated depreciation of property, plant and equipment	17,459 million yen	18,894 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.

	As of March 31, 2012	As of March 31, 2013
Buildings and structures	6 million yen	7 million yen
Tools, furniture and fixtures	4	2

3 Export discount bills

	As of March 31, 2012	As of March 31, 2013
Export discount bills	20 million yen	26 million yen

4 Agreement on overdrafts

The Company has concluded an agreement with banks of account on overdrafts for efficient funding of working capital. The outstanding unused balance under this agreement as of March 31, 2013, is as follows.

	As of March 31, 2012	As of March 31, 2013
Maximum lines of overdrafts	6,500 million yen	6,500 million yen
Loan amount currently executed	—	—
Outstanding unused overdraft amount	6,500 million yen	6,500 million yen

*5 Amount of notes receivable with maturity date on the fiscal year-end is as follows.

Notes receivable with maturity date on the fiscal year-end are cashed on clearing dates. As the fiscal year-end fell on a holiday for financial institutions, the following amount of notes receivable with maturity date on the fiscal year-end was included in the balance of notes receivable at fiscal year-end.

	As of March 31, 2012	As of March 31, 2013
Notes receivable	108 million yen	125 million yen

(Notes to consolidated statements of income)

*1 Major items of selling, general and administrative expenses were as follows:

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Distribution expenses	662 million yen	666 million yen
Packing expenses	220	217
Sales commission	65	94
Directors' compensations	308	290
Salaries	1,194	1,270
Bonuses	168	177
Provision for bonuses	126	145
Provision for directors' bonuses	5	49
Commission fee	382	476
Depreciation and amortization	203	198
Experiment and research expenses	560	814
Traveling and transportation expenses	250	253
Retirement benefit expenses	110	105
Amortization of goodwill	14	18

*2 Research and development expenses included in general and administrative expenses and cost of products manufactured

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
	963 million yen	1,199 million yen

*3 Breakdown of loss on sales of noncurrent assets

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Buildings and structures	33 million yen	– million yen
Machinery, equipment and vehicles	4	5
Tools, furniture and fixtures	1	0

*4 Loss on valuation of investments in capital of subsidiaries and affiliates

In the previous fiscal year, the Company recognized loss on valuation of investments in capital of subsidiaries and affiliates related to a non-consolidated subsidiary TAIYO INK (ZHONGSHAN) CO., LTD.

There were no items to report in the current fiscal year.

*5 Details of other extraordinary loss are as follows.

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Loss on valuation of investment securities	6 million yen	0 million yen

*6 Loss on valuation of stocks of subsidiaries and affiliates

In the current fiscal year, the Company recognized loss on valuation of stocks of subsidiaries and affiliates related to a non-consolidated subsidiary TAIYO LOGISTICS CO., LTD. There were no items to report in the previous fiscal year.

(Notes to consolidated statements of changes in net assets)

Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

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

	Number of shares as of April 1, 2011 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of March 31, 2012 (Shares)
Issued shares				
Common stock	27,464,000	—	—	27,464,000
Treasury shares				
Common stock ^(Note)	2,025,546	120	—	2,025,666

Note: The increase in number of treasury shares is due to the purchase 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, 2011 Annual General Meeting of Shareholders	Common stock	1,780	70	March 31, 2011	June 29, 2011
November 8, 2011 Board of Directors	Common stock	1,144	45	September 30, 2011	December 1, 2011

(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, 2012 Annual General Meeting of Shareholders	Common stock	1,144	Retained earnings	45	March 31, 2012	June 28, 2012

Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

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

	Number of shares as of April 1, 2012 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of March 31, 2013 (Shares)
Issued shares				
Common stock	27,464,000	–	–	27,464,000
Treasury shares				
Common stock ^(Note)	2,025,666	160	–	2,025,826

Note: The increase in number of treasury shares is due to the purchase 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, 2012 Annual General Meeting of Shareholders	Common stock	1,144	45	March 31, 2012	June 28, 2012
November 9, 2012 Board of Directors	Common stock	1,144	45	September 30, 2012	December 3, 2012

(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, 2013 Annual General Meeting of Shareholders	Common stock	1,144	Retained earnings	45	March 31, 2013	June 27, 2013

(Note to consolidated statements of cash flows)

*1 Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows:

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Cash and deposits	12,964 million yen	14,652 million yen
Time deposits whose term exceeds three months	(1,400)	(885)
Cash and cash equivalents	11,563	13,766

(Segment information, etc)

a. 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, 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 on the calculation of net sales, profit or loss, assets and liabilities, and other items by reportable segment

Accounting method applied to data in the reportable segment is mostly the same as the method stated in the “Significant matters forming the basis of preparing the consolidated financial statements.”

Profit by reportable segment represents operating income.

3. Information regarding net sales, profit or loss, assets and liabilities, and other items by reportable segment

Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan	Korea	Total		
Net sales							
External sales	8,605	10,543	2,828	15,233	37,211	2,585	39,797
Inter-segment sales or transactions	3,181	93	877	1,434	5,587	33	5,620
Total sales	11,787	10,636	3,706	16,668	42,799	2,618	45,417
Segment profit	989	1,751	470	649	3,861	272	4,133
Segment assets	8,839	8,331	4,120	6,299	27,591	1,695	29,286
Other items							
Depreciation and amortization (Note 3)	284	164	132	82	663	13	677
Increase in property, plant and equipment and intangible assets	140	99	80	178	499	1	500

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. Depreciation and amortization does not include goodwill amortization.

Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan	Korea	Total		
Net sales							
External sales	8,822	10,682	2,897	10,985	33,387	2,796	36,184
Inter-segment sales or transactions	4,243	152	1,038	737	6,171	57	6,229
Total sales	13,065	10,834	3,936	11,722	39,559	2,854	42,413
Segment profit	1,685	1,584	497	591	4,359	323	4,683
Segment assets	7,429	8,079	4,646	7,045	27,201	1,727	28,928
Other items							
Depreciation and amortization (Note 3)	193	186	149	103	633	12	645
Increase in property, plant and equipment and intangible assets	164	97	91	154	508	10	519

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. Depreciation and amortization does not include goodwill amortization.

4. Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Profit/Loss	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Reportable segments total	3,861	4,359
“Other” segment profit	272	323
Inter-segment eliminations	(1)	(13)
Amortization of goodwill	(14)	(18)
Profit/loss not allocated to business segments (Note)	(79)	(265)
Other adjusted amounts	2	—
Operating income in the consolidated statements of income	4,040	4,385

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

(Millions of yen)

Assets	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Reportable segments total	27,591	27,201
“Other” segment assets	1,695	1,727
Inter-segment eliminations	(2,091)	(1,484)
Assets not allocated to business segments (Note)	13,943	16,764
Reclassification by tax effect accounting	(434)	(186)
Total assets in the consolidated balance sheet	40,703	44,023

Note: Assets primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Other items	Reportable segment total		Other		Adjustments (Note)		Amount on the consolidated financial statements	
	FY ended March 31, 2012	FY ended March 31, 2013	FY ended March 31, 2012	FY ended March 31, 2013	FY ended March 31, 2012	FY ended March 31, 2013	FY ended March 31, 2012	FY ended March 31, 2013
Depreciation and amortization	663	633	13	12	368	357	1,046	1,003
Increase in property, plant and equipment and intangible assets	499	508	1	10	182	86	682	605

Note: Primarily related to the holding company (company filing the consolidated financial statements).

b. Related information**Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)**

1. Information by product and service

This information has been omitted, as sales to external customers in a single product and service category account for more than 90% of net sales recorded on the consolidated statements of income.

2. Information by geographical area

(a) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
6,318	11,741	4,011	15,019	2,706	39,797

Note: The sales amounts are broken down into countries/regions based on the location of customers.

(b) Property, plant and equipment

(Millions of yen)

Japan	Taiwan	Korea	Asia	Other	Total
8,520	1,537	1,197	1,162	128	12,546

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related business segment
LG Electronics Inc.	10,815	Korea

Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

1. Information by product and service

This information has been omitted, as sales to external customers in a single product and service category account for more than 90% of net sales recorded on the consolidated statements of income.

2. Information by geographical area

(a) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
6,141	11,575	4,239	11,284	2,942	36,184

Note: The sales amounts are broken down into countries/regions based on the location of customers.

(b) Property, plant and equipment

(Millions of yen)

Japan	Taiwan	Korea	Asia	Other	Total
8,218	1,670	1,409	1,223	142	12,664

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related business segment
LG Electronics Inc.	6,434	Korea

c. Impairment losses on noncurrent assets for each reportable segment

No items to report.

d. Goodwill amortization amount and remaining goodwill balance for each reportable segment

Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

Information omitted owing to lack of materiality.

Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

Information omitted owing to lack of materiality.

e. Gains on negative goodwill for each reportable segment

No items to report.

(Tax effect accounting)

1. Major breakdown of deferred tax assets and liabilities

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Deferred tax assets		
Denial of provision for directors' retirement benefits	39 million yen	3 million yen
Denial of provision of retirement benefits	84	110
Deferred tax assets for unrealized income	72	106
Foreign tax credit carried forward	466	66
Denial of provision of bonuses	86	105
Denial of social insurance premiums corresponding to bonuses	13	15
Denial of accrued business tax	16	41
Denial of provision of allowance for doubtful accounts	65	61
Denial of loss on valuation of investments in capital of subsidiaries and affiliates	159	159
Denial of loss on valuation of stocks of subsidiaries and affiliates	—	23
Denial of loss on valuation of golf club membership	14	10
Others	116	191
Subtotal deferred tax assets	1,135	897
Valuation allowances	(527)	(185)
Total deferred tax assets	607	712
Deferred tax liabilities		
Deferred tax liabilities pertaining retaining earnings of subsidiaries	797	719
Reserve for technical development	81	81
Depreciation and amortization	13	15
Valuation difference on available-for-sale securities	42	74
Others	70	83
Total deferred tax liabilities	1,004	973
Net deferred tax liabilities	397	261

Note: Classification of "Net deferred tax assets/liabilities" on the consolidated balance sheets.

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Current assets – deferred tax assets	63 million yen	93 million yen
Noncurrent assets – deferred tax assets	56	72
Current liabilities – deferred tax liabilities	87	253
Noncurrent liabilities – deferred tax liabilities	429	173

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

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Statutory tax rate	40.54%	37.87%
<Reconciliation>		
Tax rate difference from those for foreign subsidiaries	(19.53)	(13.46)
Tax rate difference in line with offsetting of dividends income	1.96	1.50
Tax rate difference in line with crediting foreign taxes	(2.06)	(1.02)
Tax adjustments pertaining to retained earnings of foreign subsidiaries	(0.49)	(1.79)
Tax rate difference connected with permanent differences (e.g. entertainment expenses)	0.95	0.18
Permanent difference of non-deductible expenses of withholding tax on dividends	6.28	6.44
Tax adjustments pertaining to amortization of goodwill	0.17	0.15
Experiment and research expenses tax credit	(1.81)	(2.33)
Valuation allowances	1.97	(1.36)
Others	0.26	0.72
Effective income taxes rate after applying tax effect accounting	28.24	26.90

(Derivatives)

1. Derivatives transactions for which hedge accounting is not applied

(a) Currency related

Fiscal year ended March 31, 2012

Classification	Type	Contract amount, etc. (millions of yen)	Market value (millions of yen)	Gain or loss on valuation (millions of yen)
Non-market transactions	Forward exchange contracts			
	U.S. dollar short positions	2,836	(62)	(62)
	Japanese yen long positions	929	9	9

Note: Market value calculation method
Based on prices indicated by partner financial institutions

Fiscal year ended March 31, 2013

Classification	Type	Contract amount, etc. (millions of yen)	Market value (millions of yen)	Gain or loss on valuation (millions of yen)
Non-market transactions	Forward exchange contracts			
	U.S. dollar short positions	3,112	(86)	(86)
	Japanese yen long positions	281	2	2

Note: Market value calculation method
Based on prices indicated by partner financial institutions

(b) Interest rate related

No items to report.

2. Derivatives transactions for which hedge accounting is applied

No items to report.

(Retirement benefits)

1. Outline of the retirement benefit plans adopted by the Company

The Company has in place a retirement benefit system based on a point system and the defined-contribution corporate pension system under the defined-benefit corporate pension system.

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

2. Matters concerning retirement benefit obligations

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
(1) Retirement benefit obligations	(2,396) million yen	(2,540) million yen
(2) Plan assets	2,094	2,270
(3) Unfunded retirement benefit obligations	(301)	(269)
(4) Unrecognized actuarial gains or losses	77	42
(5) Unrecognized prior service cost	20	10
(6) Net obligations recognized in the consolidated balance sheets	(204)	(216)
(7) Provision for retirement benefits	(204)	(216)

3. Matters concerning retirement benefit expenses

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
(1) Service cost	142 million yen	157 million yen
(2) Interest cost	53	42
(3) Expected return on plan assets	(27)	(28)
(4) Amortization of actuarial gains or losses	(21)	16
(5) Amortization for prior service cost	10	10
(6) Retirement benefit expenses	157	198

Note: The Company and its certain foreign consolidated subsidiaries recognized defined contribution-type retirement benefit expenses of 23 million yen in the previous fiscal year and 26 million yen in the current fiscal year in addition to the above retirement benefit expenses.

4. Calculation basis of retirement benefit obligations

(1) Periodic allocation

Straight-line method over the period

(2) Discount rate

Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
1.2%	1.2%

(3) Expected rate of return on plan assets

Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
1.0%	1.0%

(4) Amortization period of prior service cost

Mainly 5 years (Prior service cost is mainly amortized over the periods which are shorter than the average remaining service years of employees, by the straight-line method.)

(5) Amortization period of actuarial gains or losses

Mainly 5 years (Actuarial gains or losses are mainly amortized as incurred over the periods, which are shorter than the average remaining service years of employees by the straight-line method, starting from the following fiscal years.)

(Items to omit notes thereon)

Consolidated statements of comprehensive income, notes on leases, related party transactions, financial instruments, securities, stock options, business combinations, asset retirement obligations and leases and other real estate transactions are omitted because the necessity to disclose those in this financial report is deemed small.

(Per share information)

Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)		Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	
Net assets per share	1,297.18 yen	Net assets per share	1,423.26 yen
Net income per share	98.38 yen	Net income per share	132.38 yen
Diluted net income per share is not presented because there are no dilutive shares.		Diluted net income per share is not presented because there are no dilutive shares.	

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

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Total net assets as shown on the balance sheet (Millions of yen)	33,476	36,809
Deducted amount from total net assets (Millions of yen)	478	604
(Minority interests in the amount above) (Millions of yen)	(478)	(604)
Net assets related to common stock (Millions of yen)	32,997	36,205
Number of shares at the end of period (Shares)	25,438,334	25,438,174

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

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Net income as shown on the statement of income (Millions of yen)	2,502	3,367
Net income not attributable to common shareholders (Millions of yen)	–	–
Net income related to common stock (Millions of yen)	2,502	3,367
Average number of shares during the period (Shares)	25,438,417	25,438,277

(Significant subsequent events)

No items to report.

5. Other

(1) Changes in Directors and Corporate Auditors

1) Change in Representative Director

No items to report.

2) Changes in Other Directors and Corporate Auditors

The Candidate for the new Corporate Auditor

Corporate Auditor Haruomi Yoshimoto

The Corporate Auditor scheduled to retire from post

Corporate Auditor Masuhiro Omori

3) Scheduled effective date of assumption

June 26, 2013