S.T.CORPORATION

Annual Report 2012

Year ended March 31, 2012

Creating Shared Value

Enriching society through a new management partnership formed between the Chairman and President

Utilizing our revolutionary development capabilities, we will create new, innovative products that improve living environments.

The 3Gs of sustainable growth

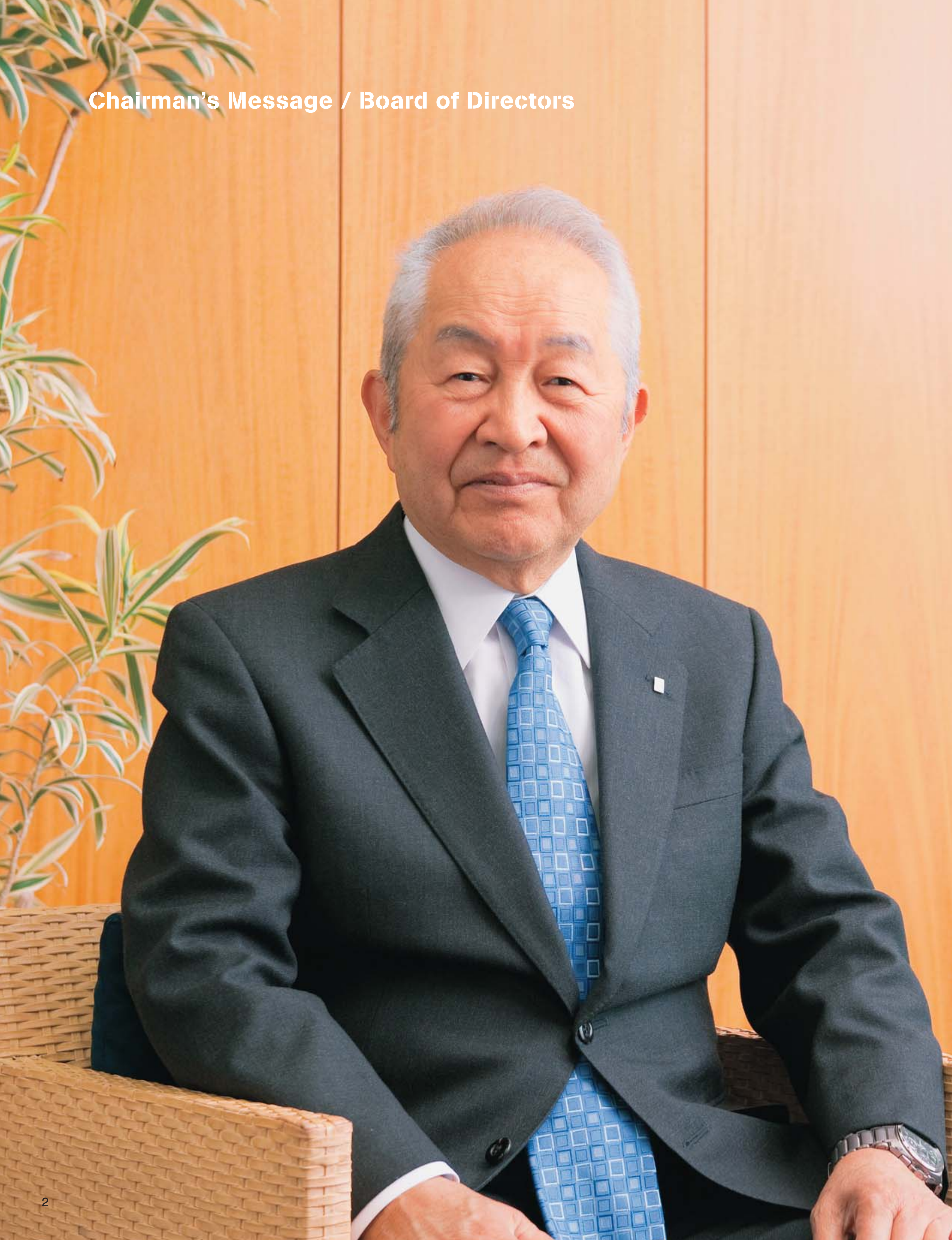
Contents

Forward-Looking Statements

This annual report contains forward-looking statements regarding S.T. CORPORATION's future plans, strategies, and performance. Such forward-looking statements are based on information available as of the issuance of this annual report. Please note that forward-looking statements may differ greatly from the Company's actual performance due to the economic situation, business environment, market demand, and foreign currency exchange rate fluctuations in the future.

Note: Fiscal years in this annual report are based on S.T. CORPORATION's fiscal year ending March 31.

Chairman's Message / Board of Directors



Targeting Further Expansion Based on the 3Gs

In fiscal 2012, the year ended March 31, 2012, we overcame the adversities presented by the damage sustained to our Fukushima Plant during the Great East Japan Earthquake, which occurred on March 11, 2011, and were once again able to devote our full attention to boosting sales. However, while we succeeded in raising sales, income was down due to the reduced performances of affiliates.

In April 2012, the Company began operating in accordance with a new management system. Under this system, I will manage S.T. CORPORATION together with President Yukimasa Yoneda. This partnership will enable us to flexibly and quickly perform the increasing number of tasks that the Company's executive management must undertake as industry reorganization and globalization continue to accelerate.

Further, the new system will enable me to assume the role of Chief Executive Officer, who is responsible for the management of the S.T. CORPORATION Group, corporate communication, and capital policies. Meanwhile, President Yoneda will act as Chief Operating Officer and accept responsibility for managing S.T. CORPORATION itself. Going forward, we will strive to further satisfy consumers and advance management reforms based on the 3Gs of expansion: Growth, Global, and Group.

August 2012

Takashi Suzuki
Chairman of the Board, Chief Executive Officer

Contributing to Sustainable Growth under the Company-with-Committees System

As members of S.T. CORPORATION's Board of Directors, we pledge to utilize our specialized backgrounds to ensure the proper monitoring of management and support the Company in realizing its management philosophy.

Takashi Suzuki
Chairman of the Board of Directors

Naoto Onzo
Outside Director

Yoshiko Shirata
Outside Director

Kanichi Suzuki
Outside Director

Fuminobu Aruga
Outside Director

Chieko Matsuda
Outside Director

Yukimasa Yoneda
Director

Kanzo Kobayashi
Director

Hirohide Shimada
Director

Takako Suzuki
Director

Interview with the President

Instituting a New Management System to Target Expansion Based on the 3Gs

Greetings, my name is Yukimasa Yoneda, and I assumed the position of President and Chief Operating Officer of S.T. CORPORATION on April 1, 2012. Together with the Chairman of the Board, Chief Executive Officer Takashi Suzuki, we will pursue expansion of the Group based on the 3Gs. I hope you will support us throughout this endeavor.

Q **What is your plan for realizing a new start for S.T. CORPORATION?**

A **Targeting the establishment of a more profitable business structure, we will advance Companywide "S.T. Reformation" measures and expand our overseas operations.**

Establishment of a More Profitable Business Structure

We have always believed that household products have the important role of improving the daily lifestyles of consumers and making them healthier and more comfortable for both the mind and body. We have continued to create and provide products that serve this purpose in accordance with our "Refreshing the Air" corporate slogan. As a result of this commitment, our Air Care product Shoshu-Riki has gained immeasurable favor from repeat customers and has thus grown into a mega brand that supports the entire Company. Going forward, we will remain vigilant in our quest to communicate our ideals and value-added factors through our products and services in hopes of winning even greater support for the Company and brand. On the management side of operations, we will thoroughly minimize all unnecessary, irregular, and wasteful activities, as we create our corporate consciousness focused on sustainable cost management.

Companywide "S.T. Reformation" Measures

In 2011, we began to implement sales innovation measures, and in 2012 we will step up our reformation measures and expand these initiatives across the entire Company. As part of this process, the sales division will revise their sales strategies, and nonsales divisions will develop systems to support sales divisions as strategic units of the Company. Further, executive officers will push forward with Companywide organizational reforms and medium- to long-term management reforms.

Expansion of Overseas Operations

To overhaul systems related to our overseas operations and enhance our ability to respond to rapidly changing conditions in the global economy and international markets, we have reorganized overseas operations into three divisions based on key regions—ASEAN countries, East Asia, and North America and Europe. Moving forward, we will systematically and effectively expand overseas operations in accordance with strategies formulated in consideration of these three regions.

Q **I understand you have a very unique background. Could you please explain this background in your own words?**

A **Based on my experience, I will endeavor to address the issues faced by S.T. CORPORATION from an outside perspective.**

Before coming to S.T. CORPORATION, I worked in the retail field, where I was in direct contact with consumers—a change from my previous background in expanding international business at the worldwide trading companies and manufacturers. During my time in the retail field, I had the opportunity to be party to stringent cost-management efforts that felt very much like walking on thin ice. Even during this period, I had dealings with S.T. CORPORATION. The Company's slogan of "Refreshing the Air" and its unique "enveloping deodorizing technologies" left a particularly strong impression on me, and even today I continue to carry the mission statement card I received then.

From an outside perspective, I see S.T. CORPORATION's main challenge is with the management of the financial aspects of its business. While I continue to build on the Company's strengths, I intend to address this challenge by utilizing my knowledge and experience in communications with customers and stringent cost management acquired during my retail days to assist the Company establish a more vital and profitable business structure. I will also draw on my experience in international business to rapidly increase the Company's overseas sales, which still remain at a low level of 3.5% of total net sales.

Mission Statement Card

Q **Would please explain the structural reorganization that was conducted in April 2012?**

A **I am planning management process reforms in three stages: organizational reform, business process reform, and mindset reform. April's structural reorganization was an organizational reform initiative geared toward separating divisions based on functions.**

I am basing my management process reforms on the three-step concept of "three years, three months, and three stages." Positioning the first year of these reforms as a year for laying foundations, the second as a year for implementing reforms, and the third as a year for realizing results, I intend to advance reforms in three stages: organizational reform, business process reform, and mindset reform. In April of this year, the first year of reforms, we reorganized the Company's structure, separating divisions based on functions and paving the way for future management reforms. Going forward, we will implement business process and mindset reforms in conjunction with the Companywide "S.T. Reformation" measures already under way.

Q **In closing, is there anything you would like to say to your stakeholders?**

A **"We want to refresh the air in your rooms and elsewhere in your lives. We want to refresh the air, or in other words breathe new life into our society and Japan." This is part of S.T. CORPORATION's corporate slogan and also embodies the very essence of the Company. Guided by this principle, we will endeavor to meet the expectations of our stakeholders and maintain their trust, and I hope we can continue to be worthy of their favor.**

In 2006, S.T. CORPORATION used the milestone of its 60th anniversary as an opportunity to formulate its new corporate slogan: "Refreshing the Air." This slogan embodies the Company's desire to be more creative and innovative in all its business activities and "refresh the air," or in other words breathe new life into society. As part of these efforts, 2011 marked the launch of our Air Counter household radiation detector, which relieves consumers' concerns regarding radiation, and the start of the Clear Forest business, which represents a new brand of technology created by Japan Aroma Laboratory Co., Ltd., of the S.T. CORPORATION Group. In these ways, we are helping to address social and environmental concerns.

S.T. CORPORATION is committed to meeting the expectations of its stakeholders by raising corporate value and maintaining their trust by ensuring the impartiality and transparency of management. To these ends, we will raise corporate value by addressing economic, social, and environmental concerns while employing the Company-with-Committees system of corporate governance described in the Companies Act of Japan to ensure the impartiality and transparency of management.

In closing, I would like to ask for the continued support of all our stakeholders.

Air Counter household radiation detectors

August 2012

Yukimasa Yoneda
President and Chief Operating Officer

Profile

1950 Born on October 22, in Fukuoka Prefecture (currently 61 years of age)

1976 Joined ITOCHU Corporation

2003 President and Representative Director of HAC Kimisawa Co., Ltd. (currently CFS Corporation)

2008 Director and Managing Executive Officer of PIGEON CORPORATION

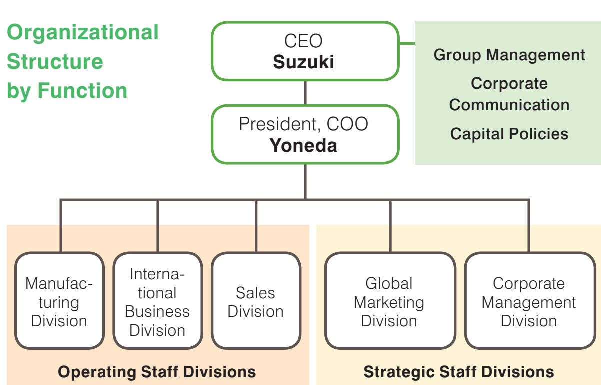
2009 President of SUGI PHARMACY CO., LTD.

2009 Representative Director of SUGI HOLDINGS CO., LTD.

2011 Advisor to the Company

2012 President and Chief Operating Officer of the Company

Organizational Structure by Function



S.T. CORPORATION's History
Developing markets that enrich lives

1950

1960

1970

1946

Mothproofing Agents

S.T. Chemical Plant is founded and starts production of mothproofing agents to protect clothing from moth larvae.

1960

Household Gloves

Production begins of household gloves that protect hands from harsh cleaning agents.

1971

Deodorizers and Air Fresheners

Production commences of deodorizers and air fresheners that contribute to the sense of luxury during Japan's period of rapid economic growth.

Shift from sanitation to aromatic air fresheners

Post-war reconstruction period

Rapid economic growth period

Stable growth period

1980

1990

2000

2010

1981
Dehumidifiers

Production starts of Japan's first dehumidifiers that relieve the humidity in homes as they increasingly suffer from a lack of ventilation.

1988
Popular Mothproofing Agent

Mushuda, S.T. CORPORATION's immensely popular mothproofing agent, is launched.

2000
Refrigerator Deodorizers

Shoshu-Riki, a high-performing deodorizer brand that boasts sales of over ¥10 billion, and Dashu-Tan, a refrigerator air freshener, are launched.

2010
New Fragrant Mothproofing Agent

Demand shifts from deodorizers to high-quality aromatic products; S.T. CORPORATION begins providing the new Fragrant Mushuda mothproofing agent and the My Aroma brand of air fresheners accordingly.

Shift from aromatic air fresheners to deodorizers

Shift to high-quality aromatic products

Maturity period

3Gs

2011

Household Radiation Detector

The Air Counter household radiation detector is launched, and the Clear Forest environmental pollutant cleaning business is commenced.

In 2011, S.T. CORPORATION created a market that addresses social and environmental concerns. Through operations in this market, we will enrich lifestyles and society.

Our Sustainability Is Creating Shared Value through Our Business

Markets are changing. S.T. CORPORATION is a company that achieves growth by creating new markets in response to market changes. To the Company, the risks brought about by market changes represent business opportunities. Following the Great East Japan Earthquake, which occurred on March 11, 2011, markets have developed with greater importance placed on social and environmental issues rather than on economic concerns. Against this backdrop, S.T. CORPORATION has begun conducting strategic CSR initiatives that entail leveraging its strengths in revolutionizing sundry items to create shared value with all its current and future stakeholders in a manner that addresses social and environmental issues. We believe this will enable S.T. CORPORATION to achieve sustainable growth going forward.

Four Main Themes

Theme	Key initiatives	AIR Care	CLOTH Care	HUMIDITY Care	HAND Care	THERMAL Care	HOME Care
Adapting to and responding to social needs	• Brand image creation and enhancement • Environmental impact reduction (Eco-Ship Mark)	●	●	●	●	●	●
Addressing social and environmental issues	• Clear Forest • Air Counter	●					●
Assisting community development	• Campaign to support musicals • Hands-on education programs / Earthquake-response education programs	●		●	●	●	
Increasing responsiveness	• Diversity promotion • Globe-spanning training programs • Promotion of women to officers	●	●	●	●	●	●
Developing systems to support main themes	• Corporate governance (Company-with-Committees system)	●	●	●	●	●	●

Financial and Non-Financial Highlights

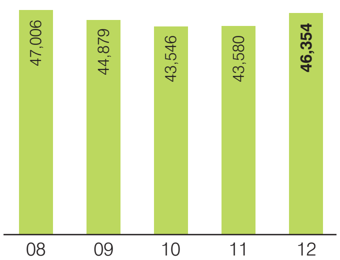
S.T. CORPORATION and consolidated subsidiaries
Years ended March 31, 2012 and 2011

	millions of yen (except per share data)		thousands of U.S. dollars (Note)
	2012	2011	**2012**
For the Year:			
Net sales	**¥46,354**	¥43,580	**$564,335**
Operating income	**1,751**	2,114	**21,319**
Net income	**76**	786	**920**
At Year-End:			
Total assets	**30,287**	30,011	**368,723**
Total net assets	**19,701**	19,972	**239,852**
Per Share (yen and U.S. dollars)**:**			
Net income	**¥ 3.48**	¥ 36.03	**$ 0.04**
Cash dividends	**22.00**	22.00	**0.26**
Net assets	**884.45**	893.74	**10.77**

Note: Figures have been translated into U.S. dollars at ¥82.14=U.S.$1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2012.

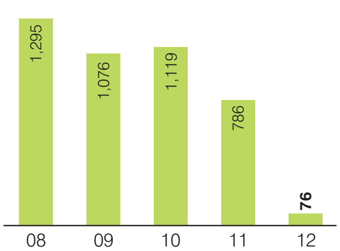
Net Sales

millions of yen



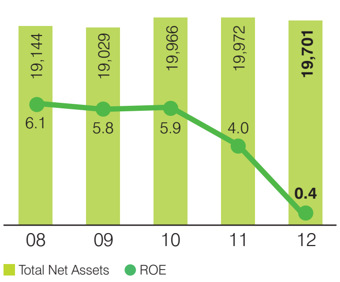
Net Income

millions of yen



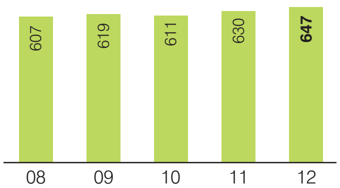
Total Net Assets / ROE

millions of yen / %



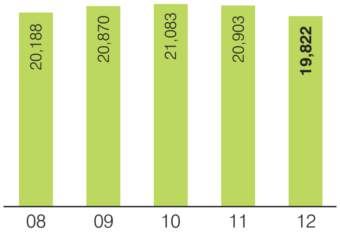
Number of Employees (Consolidated)

people



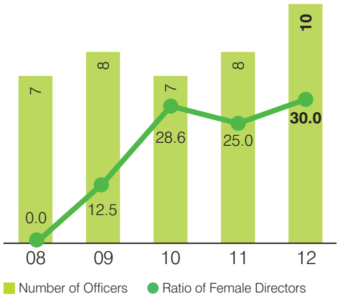
Number of Musical Participants

people



Number of Officers / Ratio of Female Directors

people / %



At a Glance

As a manufacturer of niche sundry items, we are addressing social and environmental issues through our businesses.

S.T. CORPORATION has continued to develop new markets in response to the growth opportunities presented by changes in consumer needs and values. These markets have since become fixtures in society represented by our strong, unique niche brands. Currently, we are working to create much-needed markets that address social and environmental issues by leveraging our revolutionary product development capabilities.

- AIR Care
- CLOTH Care
- HUMIDITY Care
- HAND Care
- THERMAL Care
- HOME Care
- OVERSEAS
- Promoting Capital and Business Alliances
- Developing New Businesses
- Participation in Community Development
- Corporate Governance

Strategic CSR (Shared Value): Four Priority Themes

Market Share and Rank (Japan)		Sales Results for FY 2012 (Year-on Year Change)			Adapting to and responding to social needs	Addressing social and environmental issues	Assisting community development	Increasing responsiveness
Deodorizers and Air Fresheners **27.2%** (Market Share: No. 2)	Refrigerator Deodorizers **65.5%** (Market Share: No. 1)	43%	¥19,920 million	+6.1%	●	●	●	●
	Mothproofing Agents **45.6%** (Market Share: No. 1)	20%	¥9,070 million	–1.3%	●			●
	Dehumidifiers **34.0%** (Market Share: No. 1)	5%	¥2,530 million	–5.8%	●		●	●
	Household Gloves **24.0%** (Market Share: No. 2)	8%	¥3,812 million	+5.2%	●		●	●
	Disposable Warmers **20.6%** (Market Share: No. 2)	16%	¥7,234 million	+9.2%	●		●	●
		8%	¥3,788 million	+41.0%	●	●		●
Ratio of overseas sales to total net sales: 3.5%; bolster global capabilities as an additional driver of growth								●
S.T. CORPORATION, FUMAKILLA LIMITED, and NS FaFa Japan Co., Ltd., are cooperating to allow all parties to mutually supplement their operations and to facilitate the development and improve the profitability of the Group.								●
Clear Forest business: Working with government agencies and local communities to rejuvenate forests and the forestry industry and remove environmental pollutants					●	●	●	●
Hosting and organizing original musicals; providing disaster relief and support							●	●

Overseeing the validity of management's efforts to carry out its responsibilities and tasks while supporting stable corporate growth in the context of the Company's corporate philosophy and basic management policies

Note: Market share data source: S.T. CORPORATION

Operational Review

AIR Care
(Deodorizers and Air Fresheners)

Year-round-use products in the Air Care category include air fresheners and refrigerator deodorizers. This category accounts for 43% of the Company's net sales and serves a market with a scale of approximately ¥55.3 billion. We have high expectations for future growth in this category.

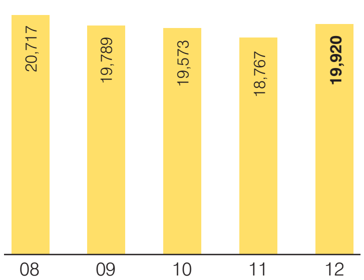

Shoshu-Riki


Shoshu-Plug Autospray


My Aroma Coffret


Dashu-Tan (Refrigerator deodorizer)

Net Sales
millions of yen



Strengths

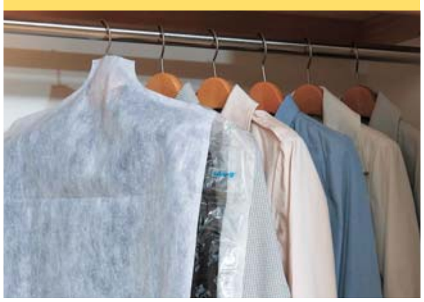
Products in this category include Shoshu-Riki, which has recorded sales totaling over ¥10.0 billion, and several other unique and strong brands.

Overview and Future Strategies

Net sales were up thanks to higher sales of Shoshu-Riki following the attention it garnered through TV commercials as well as sales contributions from Shoshu-Riki Pukupon, a product that was launched in August 2011.

In fiscal 2013, we will continue to propose new applications for our products and provide high-quality fragrances with the goal of creating and expanding new demand.

CLOTH Care
(Mothproofing Agents)



The mothproofing agents marketed in the Cloth Care category protect off-season clothing from moth larvae while clothes are being stored. This category accounts for 20% of the Company's net sales. The scale of the market for the Cloth Care category remains consistent at approximately ¥25.0 billion.

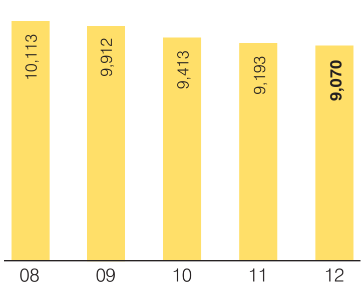

Mushuda


Mushuda (Cover style)


Fragrant Mushuda


Neopara Ace

Net Sales
millions of yen



Strengths

This category is home to Mushuda, S.T. CORPORATION's immensely popular mothproofing agent that has earned an unshakable reputation in the market.

Overview and Future Strategies

Net sales in this category declined due to our inability to undertake sales promotions as usual in spring 2011 following the Great East Japan Earthquake.

In fiscal 2013, we will develop sales of products for new storage styles as well as fragrant mothproofing agents while educating consumers that do not currently use mothproofing agents about the benefits of these products.

HUMIDITY Care

(Dehumidifiers)

Dehumidifiers are a type of product unique to Japan, which experiences high levels of humidity. We have continued to lead the market that the Humidity Care category serves since we created it. The scale of the market for this category holds stable at approximately ¥9.5 billion and is characterized by the difficulty among participants to differentiate their products.

Drypet Skitto

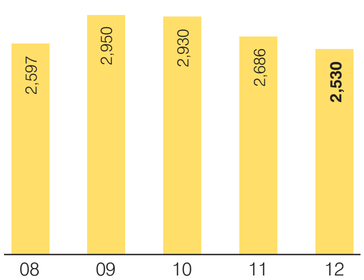
Drypet
Compact

Drypet
(Sheet type)

Bincho-Tan Drypet
(Shoe cupboards)

Net Sales

millions of yen



Strengths

Products in this category include Drypet, one of the Company's top-selling brands, and Bincho-Tan Drypet, which possesses both dehumidifying and deodorizing properties.

Overview and Future Strategies

Despite solid sales of sheet-type Drypet products, net sales were down due to poor sales of other products.

In fiscal 2013, we will work to expand the market by providing new high-value-added products.

HAND Care

(Gloves)

In the Hand Care category, we provide household gloves that protect the hands of users when doing housework, washing cars, or gardening. The scale of the market for this category is currently approximately ¥11.0 billion and is showing a trend toward expansion.

Family
(Fingertip-reinforced)

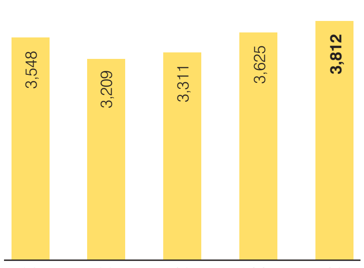
Family
(Containing hyaluronic acid)

Family
Stylinglove

Family
(Long type)

Net Sales

millions of yen



Strengths

This category houses our Family brand line of household gloves as well as a number of products with added value, such as gloves with reinforced fingertips or those made of compounds that do not irritate hands.

Overview and Future Strategies

Net sales in this category were up thanks to a rise in sales associated with post-earthquake reconstruction demand.

In fiscal 2013, we will strengthen and cultivate our brands while aiming to create and expand new demand.

THERMAL Care

(Disposable Warmers)

The Thermal Care category controls sales floors in coordination with moth-proofing agents through the provision of winter-use products and those that warm users' hands and feet. The scale of the market for this category is approximately ¥43.0 billion. This market is heavily impacted by the weather.

Haru-Onpacks
(Adhesive type)

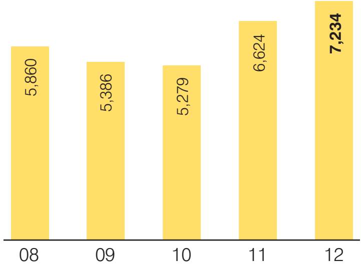
Onpacks
(Non-adhesive type)

Haru-Onpacks
(Adhesive type for socks)

Medical Jeen

Net Sales

millions of yen



Strengths

Mycoal Co., Ltd.'s Onpacks brand products, which we supply through an alliance with this company, were added to this category's lineup in 2003.

Overview and Future Strategies

Net sales in this category increased as a result of higher demand following the exceptionally cold winter and concern for reducing electricity usage during the winter due to the influences of the earthquake.

In fiscal 2013, we will strengthen and cultivate our brands while aiming to create and expand new demand.

HOME Care

(Cleaners and Other Products)

In the Home Care category, we provide niche cleaner products and household radiation detectors as well as new products that we are currently trying to cultivate.

Ultra-Powers
Washing Tub Cleaner

Kome-Touban

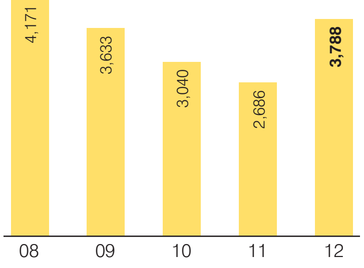
Ohisama no Sentaku
(Sunlight-activated
shoe cleaner)

Automatic electrically
powered insect
repeller

Air Counter_S
(Household radiation
detector)

Net Sales

millions of yen



Strengths

This category includes several unique niche products, such as Ultra-Powers Washing Tub Cleaner and Kome-Touban, which protects stored rice from insect infestation, as well sunlight-activated Ohisama no Sentaku shoe cleaner and Ohisama no Shoshu spray for futons.

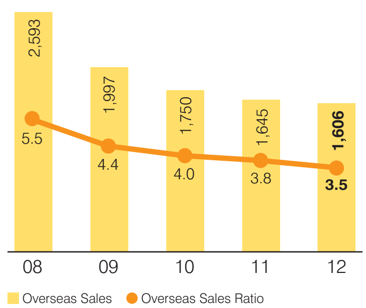
Overview and Future Strategies

Net sales were up as a result of the sales contributions from the Air Counter household radiation detector and strong sales of insect-repelling Kome-Touban for protecting rice.

In fiscal 2013, we will boldly advance operations in new markets.

OVERSEAS

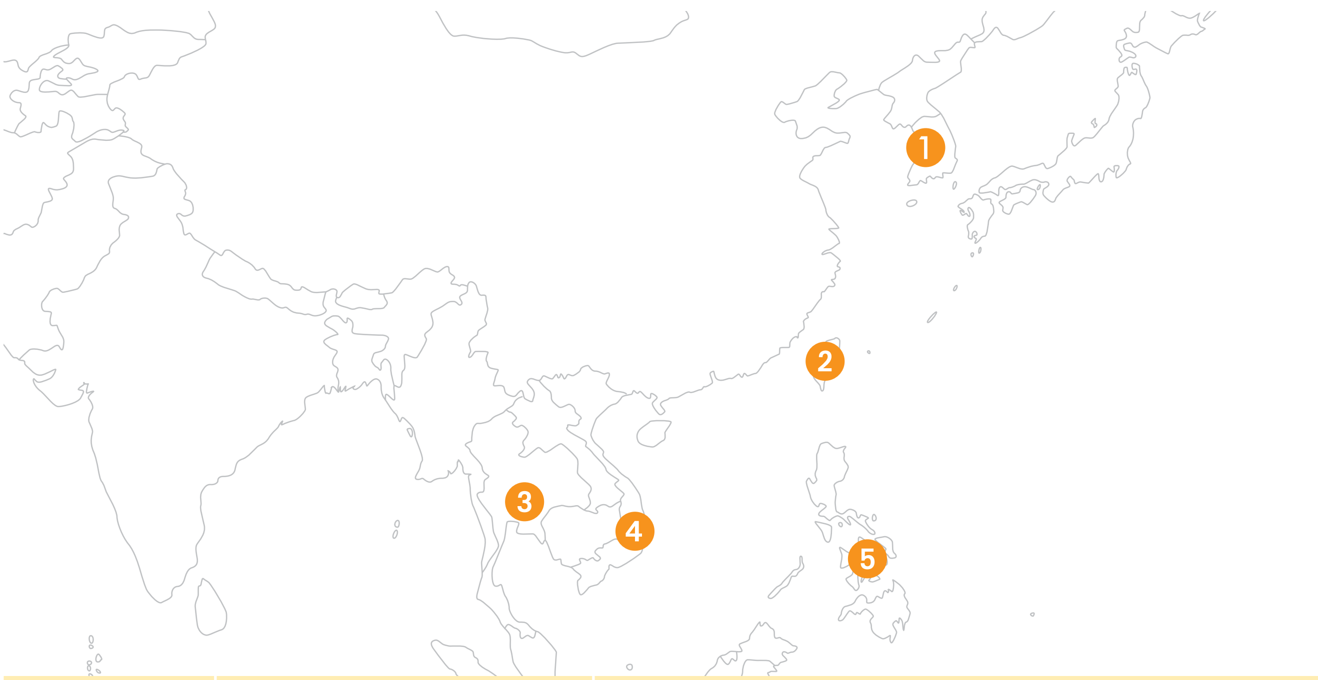
Overseas businesses play a key role in advancing initiatives based on the 3Gs of expansion. At present, the overseas sales ratio is only 3.5%; however, in fiscal 2013, we will reform organizational structures related to overseas business and expand operations based on regional strategies.



Overview and Future Strategies

Despite the sluggish global economy and strong yen, sales of gloves and air fresheners increased in Europe. Meanwhile, sales in Asia and the United States have bottomed out and were in line with the previous fiscal year. Regarding production, we will utilize allied company FUMAKILLA LIMITED's overseas production sites and fully leverage the benefits of this alliance in other ways as well.

Looking ahead, we will break a new start on the global stage by reorganizing operations into three divisions based on key regions—ASEAN countries, East Asia, and North America and Europe—in consideration of trends in the global economy and international markets.



Country	Company Name	Principal Business Activities
1 South Korea	Aekyung S.T. Co., Ltd.	Sale of deodorizers and air fresheners / household goods
	S.T. Korea Corporation	Production of deodorizers and air fresheners / dehumidifiers
2 Taiwan	Family Glove Co., Ltd. (Taiwan)*1	Production and sale of gloves
3 Thailand	Shaldan (Thailand) Co., Ltd.	Production and sale of deodorizers and air fresheners
	Family Glove Co., Ltd. (Thailand)*2	Production and sale of gloves
4 Vietnam	Family Glove Co., Ltd. (Vietnam)	Production of gloves
5 Philippines	Shaldan (Philippines) Inc.	Production and sale of mothproofing agents / deodorizers and air fresheners

*1. ISO14001/9001-certified plants
*2. ISO9001-certified plants

Promoting Capital and Business Alliances

Taking full advantage of the complementary nature of the operating domains of S.T. CORPORATION, FUMAKILLA LIMITED, and NS FaFa Japan Co., Ltd., efforts are being made to ensure mutual growth and development as well as increased profitability.

Details of the Business Alliance

Development: Joint research and development utilizing the research technologies and know-how of all three companies

Sales and marketing: Mutual use of each company's sales and marketing channels

Procurement: Mutual use of each company's manufacturing facilities and sharing and standardization of materials

Logistics: Mutual use of logistics infrastructure

	S.T. CORPORATION	FUMAKILLA LIMITED	NS FaFa Japan Co., Ltd.
Business Details	Production and sale of deodorizers and air fresheners / mothproofing agents / gloves / dehumidifiers and related products	Production and sale of pesticides / household products / gardening supplies and related products	Production and sale of fabric detergents / fabric softeners / personal care products
Strengths	• Boasts numerous leading brands • Outstanding marketing and sales capabilities	• Excellent research and development capabilities • Ratio of overseas sales to total sales: 20%	• Strong expertise in developing environmentally conscious products • Boasts numerous year-round-use products

Developing New Businesses

(Clear Forest)

The Clear Forest business represents a new brand of technology produced together with the government and the community that helps reinvigorate forests and forestry businesses while removing environmental pollutants. This business also contributes to the creation of employment opportunities.

Three elements of the technology

- Forest land waste material removal system
- Extracting equipment
- Cleanser for environmental pollutants

Four effects of environmental pollutant cleanser

- Reduction of air pollution
- Antioxidant function
- Elimination of odors
- Forest bathing effect

Forests cover 66% of Japan, and of this amount 40% are plantations. Periodic thinning is required for plantations, but issues have arisen with the large amounts of tree trimmings, by-products of the thinning process, being abandoned and not undergoing proper disposal processes.

To address this problem, Japan Aroma Laboratory Co., Ltd., of the S.T. CORPORATION Group, has been working in cooperation with the Forestry and Forest Products Research Institute to create an environmental pollutant cleanser using such abandoned tree trimmings. This venture marked the start of the new business. The cleanser we have created reduces air-borne pollutants and can prevent bacterial and viral infections. Also, by clearing tree trimmings at plantations, we help raise healthy forests and contribute to the forest's ability to absorb carbon dioxide.

Participation in Community Development
(Musicals)

Since 1998, S.T. CORPORATION has continued to hold a series of musicals starring children from across Japan to support education and the arts.


Audition


Rehearsal camp event


Employee management

Actors in these musical performances—*Anne of Green Gables* in the "Heartbeat of 20,000 People Tour"—are selected from local children participating in open auditions in eight major cities across Japan, and performances are held periodically. Since tickets are not sold, these performances are held on an invitation-only basis. Embodied within these musicals is S.T. CORPORATION's desire to share a feeling of passion and joy among the more than 20,000 people who have become members of this "tour," including the staff and cast as well as audiences.

In 2011, the cumulative total of guests at these performances surpassed 210,000 people.

Participation in Community Development
(Air Counter and Disaster Relief)

Following the Great East Japan Earthquake, which occurred on March 11, 2011, a serious incident occurred at the Tokyo Electric Power Company, Incorporated's nuclear power station. In response to this incident, we developed household radiation detectors to help relieve consumers' concerns regarding radiation.

Air Counter
(Household radiation detector)

Air Counter_S
(Household radiation detector)

Air Counter EX
(Household radiation detector)


The household radiation detectors come packaged with a booklet that provides users with accurate facts regarding radiation, thus helping dispel the concerns fostered by the media and unfounded sources of information.

Under the guidance of Professor Masahiro Fukushi, of Tokyo Metropolitan University, we were able to successfully develop the Air Counter household radiation detector, which hit the market roughly six months after the earthquake. The response to this product was startling, and we quickly realized its potential for helping to address social and environmental concerns. In the period from October 20, 2011, to June 30, 2012, we sold approximately 260,000 units from this series.

By contracting production to a company in Fukushima Prefecture, we were able to create new employment opportunities in the earthquake-stricken region. At the same time, we are working together with the government and educational institutions to provide instruction on the proper use of these products.

Corporate Governance

Corporate Governance Policy

S.T. CORPORATION aims to live up to the expectations of its shareholders and other investors, its customers and suppliers, members of the community, its employees, and all of its other stakeholders and also prove itself worthy of their trust. To this end, the Company adopted the Company-with-Committees system to ensure the impartiality and transparency of its operational structure and is continually pursuing lasting improvements in the quality of its management systems.

Committee-Based Corporate Governance System

In 2004, S.T. CORPORATION shifted from a company with corporate auditors system to the current committee-based system. In shifting to this system, the three Nomination, Audit, and Compensation committees were established within the Board of Directors. Each Committee is comprised of a majority of outside directors. As the fundamental decision-making body, the Board of Directors appoints executive officers, who are responsible for the executive function. The term of office for both directors and executive officers is one year.

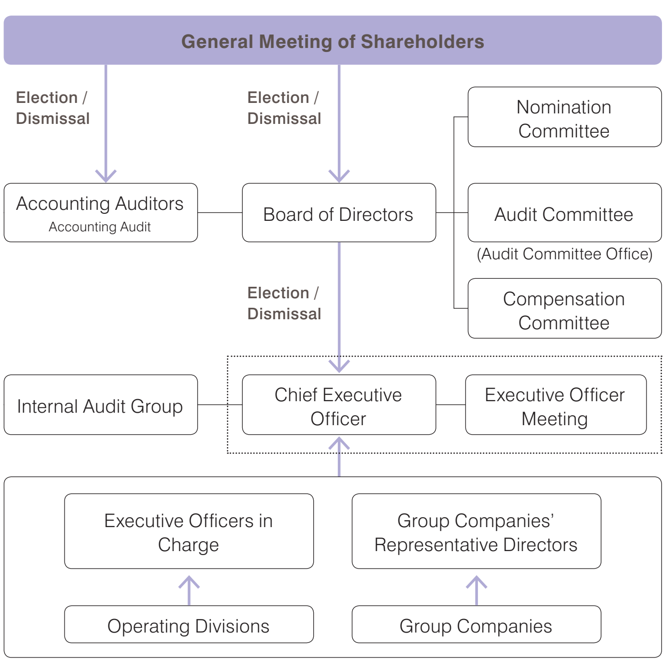
Directors are elected at the General Meeting of Shareholders every year, and executive officers are appointed by the Board of Directors. This system allows the Board of Directors to concentrate on each of the decision-making and supervisory functions by delegating authority over the business execution function to executive officers. This ensures agile decision making and flexible business execution. In addition, and as a part of efforts to maintain a sound management monitoring and oversight function, steps are taken to put in place a mutual checks-and-balance system among executive officers and to monitor the execution of business by executive officers through directors, the Board of Directors, and the Audit Committee. Turning to its three committees, S.T. CORPORATION also benefits from the knowledge and experience of external senior executives as well as professors from universities. In addition to strengthening the monitoring and oversight functions, this initiative enables the Company to enhance the objectivity, transparency, and fairness of its corporate management.

Audit by Audit Committee, Internal Audit Group, and Accounting Auditors

The Audit Committee conducts audits by receiving business execution reports

A Balanced Decision-Making, Business Execution, and Oversight Structure

As of June 15, 2012



Board of Directors	Ten members, five of whom are outside directors, including three female directors. The Board of Directors concentrates on the decision-making, management, and oversight functions. Meetings are held regularly on a quarterly basis with extraordinary meetings convened as and when required to decide on matters of managerial importance.
Executive Officer Meeting	Of the ten executive officers, five hold the concurrent position of director (including two female officers). In principle, meetings are held every alternate week. Meetings provide a forum for the mutual exchange of information while expediting decision making as well as the timely and flexible execution of business.
Nomination Committee	Comprised of five members with outside directors composing the majority; chaired by an outside director. This Committee determines the appointment and dismissal of directors.
Audit Committee	Comprised of four members, all of whom are outside directors; chaired by an outside director. This Committee audits the management by directors and executive officers.
Compensation Committee	Comprised of three members with outside directors composing the majority; chaired by an outside director. This Committee determines compensation details paid to directors and executive officers.

from executive officers, examining finance reports and other documents, and directing investigations on a project-by-project basis. To ensure audit effectiveness, the Audit Committee members also visit operational sites in cooperation with the Internal Audit Group and exchange timely opinions with the chief executive officer and accounting auditors.

Under the direct control of the chief executive officer, the Internal Audit Group is responsible for internal audits and plans and implements annual internal audits. The Internal Audit Group also conducts special audits on demand for the Board of Directors, Audit Committee, or the chief executive officer.

Currently, S.T. CORPORATION's accounting auditors are Ernst & Young ShinNihon LLC, a member firm of Ernst & Young Global Limited, an independent auditor that conducts accounting audits and internal control audits.

Internal Control System

In accordance with requirements stipulated in Japan's Corporation Law and Financial Instruments and Exchange Law, S.T. CORPORATION has worked on building effective internal control systems for the entire Group that focus on compliance and risk management.

Regarding compliance, the Company has been striving to enhance the awareness and structure of all Group units regarding compliance, establishing internal compliance regulations and the Compliance Committee, both covering the entire S.T. CORPORATION Group. In risk management as well, the Company maintains internal risk management regulations and the Risk Management Committee, which covers the entire Group, while addressing specific risks by assigning the Special Committee as necessary.

In the area of internal control over financial reporting, the Company has worked to enhance the reliability of its financial reporting, following the initial ground laying processes centered on the preparation of numerous check sheets and other documents. As a result, in each fiscal year since the introduction of the Internal Control Report system under the Financial Instruments and Exchange Law in fiscal 2009, the Company's system of internal control over financial reporting has been evaluated as "effective." In addition, in fiscal 2011, the Company's general IT control system was verified as "effective," and it has continued to be verified as such in each subsequent fiscal year. S.T. CORPORATION will continue to further improve the reliability of its financial reporting and management transparency.

Directors and Executive Officers

As of June 15, 2012

Directors	Nomination Committee	Audit Committee	Compensation Committee	Name
Chairman of the Board of Directors	■			Takashi Suzuki *
Director (Outside Director)	●	■	●	Naoto Onzo
Director (Outside Director)	■	●		Yoshiko Shirata
Director (Outside Director)	■			Kanichi Suzuki
Director (Outside Director)		■	■	Fuminobu Aruga
Director (Outside Director)		■		Chieko Matsuda
Director	■			Yukimasa Yoneda *
Director				Kanzo Kobayashi *
Director			■	Hirohide Shimada*
Director				Takako Suzuki *
Ten members (of whom five are outside directors)	Five members	Four members	Three members	

● Chairperson ■ Committee member * Holds the concurrent position of executive officer

Position	Name
CEO	Takashi Suzuki *
President, COO	Yukimasa Yoneda *
Senior Executive Vice President, Executive Officer	Kanzo Kobayashi *
Managing Executive Officer, Corporate Management Division	Hirohide Shimada *
Managing Executive Officer, Branch Sales Business Department, Sales Division	Takahiko Kato
Managing Executive Officer, Global Marketing Division	Yo Kouzuki
Executive Officer, Corporate Administration Department, Corporate Management Division	Kumiko Ishikawa
Executive Officer, Global Marketing Division	Takako Suzuki *
Executive Officer, Sales Division	Tsukasa Konda
Executive Officer, Creative Director, Advertising Group	Koji Kage

* Holds the concurrent position of director

Management's Discussion and Analysis

Sales Overview

In the fiscal year under review, the year ended March 31, 2012, the Japanese economy strove to recover from the effects of the Great East Japan Earthquake, which occurred on March 11, 2011. This recovery continued until summer 2011, after which the economy began to feel the impact of the reappearance of debt issues in Europe as well as floods in Thailand and started to slow accordingly. Regardless, the Japanese economy benefited from the slight depreciation of the yen and an upturn in the U.S. economy, and as a result the economy showed signs of rebounding by the end of the fiscal year. As we approached summer 2011, consumer spending picked up once again. One factor contributing to this comeback was the relaxation of the attitude of voluntary restraint that followed the Great East Japan Earthquake. Other contributing factors included strong demand for televisions in response to the complete shift to digital terrestrial broadcasts as well as demand for air conditioners and cooler summer clothing in line with the "Cool Biz" trend in Japan. While spending from fall 2011 onward may have seemed weak in comparison with the high levels evident during the summer, consumption levels were still solid thanks to strong growth in automobiles sales following the reinstatement of a program offering subsidies for the purchase of environment-friendly automobiles and a recovery with regard to spending in the service sector, particularly on travel and eating out.

Our Fukushima Plant suffered damage to certain buildings, production equipment, and stored products during the Great East Japan Earthquake, forcing us to temporarily suspend operations at this site. We subsequently inspected and repaired the facilities as necessary and were able to achieve an almost complete resumption of production on April 11, 2011, one month after the earthquake.

Throughout the fiscal year, the S.T. CORPORATION Group continued to further differentiate its products by advancing the "design × fragrance revolution" strategy, which is based on the three basic concepts of "select and focus," the "development of unparalleled products," and "agile management." At the same time, we implemented management reformation initiatives as part of our "S.T. Reformation" program and worked to raise corporate value, a goal shared among and pursued by all members of the Group.

As a result, net sales rose 6.4% year on year, to ¥46,354 million. Regarding individual segments, in the Mothproofing and Hygiene-Related Products segment, sales in the Cloth Care category edged down 1.3% from the previous fiscal year, sales in the Hand Care category expanded 5.2%, and sales in the Thermal Care category increased 9.2%. In the Household Environment-Related Products segment, sales in the Air Care category were up 6.1% year on year, sales in the Humidity Care category fell 5.8%, and sales in the Home Care category were up 41.0%. Additional information regarding the performances of individual segments can be found in the "At a Glance" section on pages 12 to 21 of this report.

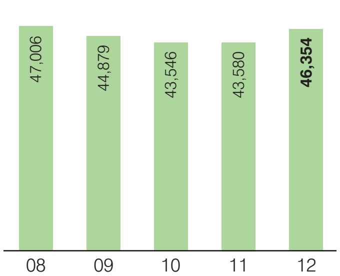
Cost of Sales, SG&A Expenses, and Operating Income

While we continued to pursue lower manufacturing costs, raw materials costs rose, and as a result the cost of sales grew 7.8% year on year, to ¥27,360 million. Selling, general and administrative expenses stepped up 7.2%, to ¥17,256 million, and operating income declined 17.2%, to ¥1,751 million, accordingly. The increase in expenses was primarily due to higher marketing expenses, which outweighed the benefits from our continued efforts to reduce logistics costs and other expenses.

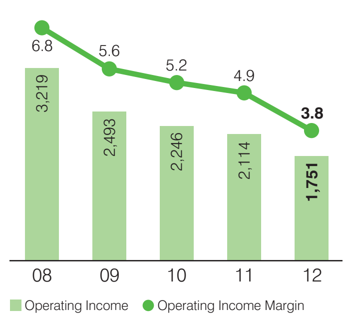
Other Income (Expenses), Pretax, and Net Income

In other income and expenses, expenses and losses were up largely due to the recording of equity in loss of affiliates of ¥325 million, the reduced performances of certain affiliates, and loss on disposition of property, net, of ¥223 million, which included a retirement loss of ¥186 million associated with the reconstruction of the building that houses the Company's headquarters. As a result, income

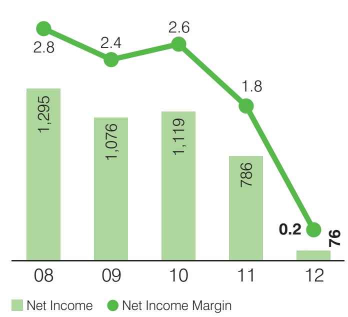
Net Sales
millions of yen



Operating Income / Operating Income Margin
millions of yen / %



Net Income / Net Income Margin
millions of yen / %



before income taxes and minority interests decreased 55.6%, to ¥596 million, and net income dropped 90.4%, to ¥76 million.

Accordingly, net income per share dropped from ¥36.03 per share in the previous fiscal year, to ¥3.48 per share; the net income margin declined from 1.8%, to 0.2%; and return on equity (ROE) decreased from 4.0%, to 0.4%.

Financial Position

Total assets as of March 31, 2012, stood at ¥30,287 million, up ¥276 million, compared with the previous year-end. Total current assets rose ¥418 million, to ¥16,941 million, while non-current assets declined ¥142 million, to ¥13,346 million. The rise in current assets was primarily attributable to an increase in merchandise and finished goods, whereas the decline in non-current assets was the result of a decrease in buildings and structures.

Total liabilities were ¥10,585 million, up ¥547 million, largely due to a rise in trade payables. Accordingly, total net assets were ¥19,701 million, down ¥270 million from the previous year-end, following a decrease in total shareholders' equity.

Total shareholders' equity contracted ¥466 million, to ¥19,901 million, and net assets per share edged down from ¥893.74 to ¥884.45. While the equity ratio was down from the previous fiscal year's 64.9%, it still remained high at 63.4%, and we continued to maintain a sound financial position with zero interest-bearing debt.

Capital Expenditures and Depreciation and Amortization

In the fiscal year under review, capital expenditures rose from the previous year's ¥662 million to ¥1,007 million, 60% of which was strategically invested in the Household Environment-Related Products segment. Depreciation and amortization, including that related to intangible assets, decreased from ¥992 million to ¥931 million.

Cash Flows

Net cash provided by operating activities was ¥1,560 million, down ¥1,144 million year on year. This was primarily due to a decline in income before income taxes and minority interests as well as higher loss on sales of property, plant and equipment and loss on equity of affiliates. Net cash used in investing activities was ¥787 million, down ¥2,815 million, which was largely attributable to lower purchases of investment securities. Net cash used in financing activities was ¥549 million, mainly the result of a rise in payments of dividends to minority shareholders.

As a result, cash and cash equivalents at end of year stood at ¥5,921 million, up ¥190 million from the previous fiscal year-end.

Dividends and Return to Shareholders

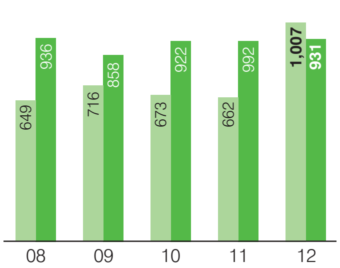
Taking into consideration such factors as net income and the need to realize shareholder returns, the Company has decided to distribute a fiscal year-end dividend of ¥11.0 (¥22.0 for the full year, including the interim dividend), on par with the previous fiscal year's payment, making for a consolidated dividend payout ratio of 632.2%. Going forward, the Company will continue to place importance on returns to shareholders.

Business and Operational Risks

Factors that could possibly impact the Group's operating results, financial position, or stock prices include the following: an escalation in raw materials prices; the impact on manufacturing operations of natural disasters and changes in international political or other conditions; sales fluctuations due to unseasonal weather; and the failure of initiatives to raise new businesses. Forward-looking statements in this annual report are based on certain assumptions made by the Company as of March 31, 2012.

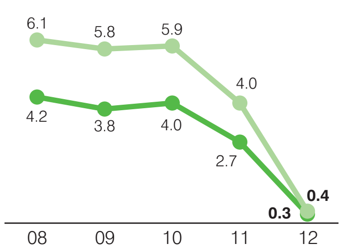
Capital Expenditures / Depreciation and Amortization

millions of yen



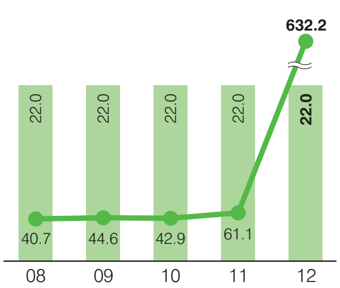
ROE / ROA

%



Dividends per Share / Payout Ratio

yen / %



Consolidated Balance Sheets

S.T. CORPORATION and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	2012	2011	2012
Current assets:			
Cash and time deposits (Notes 6, 10 and 18)	¥ 6,121	¥ 6,399	$ 74,518
Marketable securities (Notes 6 and 8)	23	55	283
Trade notes and accounts receivable (Note 6)	4,545	4,442	55,333
Merchandise and finished goods	4,919	4,242	59,882
Work in process	142	110	1,723
Raw materials and supplies	360	448	4,377
Deferred tax assets (Note 12)	365	402	4,440
Other current assets	481	439	5,855
Less - allowance for doubtful accounts	(14)	(13)	(167)
Total current assets	16,941	16,523	206,245
Property, plant and equipment, at cost (Notes 9 and 10):			
Land	3,279	3,284	39,915
Buildings and structures	5,564	6,185	67,743
Machinery, equipment and vehicles	7,242	7,092	88,169
Tools, furniture and fixtures	3,615	3,646	44,010
Construction in progress	86	27	1,051
Leased assets (Note 19)	122	28	1,480
Less - accumulated depreciation	(13,613)	(13,949)	(165,735)
Property, plant and equipment, net	6,295	6,312	76,633
Intangible assets, net of accumulated amortization (Note 19)	183	283	2,224
Total intangible assets	183	283	2,224
Investments and other assets:			
Investments in non-consolidated subsidiaries and affiliates	3,577	3,707	43,552
Investment securities (Notes 6 and 8)	1,560	1,345	18,988
Long-term loans	59	72	715
Deferred tax assets other than unrealized revaluation loss on land (Note 12)	235	349	2,865
Other assets	1,438	1,419	17,501
Total investments and other assets	6,869	6,893	83,621
Total assets	¥ 30,287	¥ 30,011	$ 368,723

LIABILITIES AND NET ASSETS	millions of yen 2012	millions of yen 2011	thousands of U.S. dollars (Note 2) 2012
Current liabilities:			
Trade payables (Note 6)	**¥ 5,918**	¥ 5,369	**$ 72,044**
Lease obligations	**33**	8	**397**
Other payables (Note 6)	**1,881**	1,835	**22,894**
Accrued expenses	**569**	578	**6,927**
Income taxes payable	**184**	203	**2,245**
Consumption taxes payable	**12**	67	**144**
Allowance for sales returns	**108**	121	**1,318**
Provision for loss on disaster	**—**	39	**—**
Other current liabilities	**74**	66	**902**
Total current liabilities	**8,778**	8,286	**106,871**
Long-term liabilities:			
Lease obligations	**90**	14	**1,091**
Employees' retirement and severance benefits (Note 13)	**1,267**	1,234	**15,426**
Directors' retirement and severance benefits	**117**	124	**1,418**
Deferred tax liabilities - unrealized revaluation profit on land (Note 9)	**333**	381	**4,056**
Other long-term liabilities	**1**	—	**8**
Total long-term liabilities	**1,807**	1,753	**21,999**
Contingent liabilities (Note 11)			
Net assets (Note 14):			
Shareholders' equity:			
Common stock:			
Authorized - 96,817,000 shares in 2012 and 2011			
Issued and outstanding - 23,000,000 shares in 2012 and 2011	**7,066**	7,066	**86,018**
Capital surplus	**7,068**	7,068	**86,046**
Retained earnings	**7,552**	7,956	**91,946**
Treasury stock, at cost	**(1,785)**	(1,722)	**(21,730)**
Total shareholders' equity	**19,901**	20,367	**242,281**
Accumulated other comprehensive loss:			
Unrealized holding gain on other securities, net of taxes	**356**	160	**4,331**
Unrealized revaluation loss on land, net of taxes (Note 9)	**(502)**	(550)	**(6,111)**
Translation adjustments	**(546)**	(506)	**(6,648)**
Total accumulated other comprehensive loss	**(692)**	(896)	**(8,428)**
Subscription rights	**99**	82	**1,202**
Minority interests in consolidated subsidiaries	**394**	419	**4,798**
Total net assets	**19,701**	19,972	**239,852**
Total liabilities and net assets	**¥30,287**	¥30,011	**$368,723**

See notes to consolidated financial statements.

Consolidated Statements of Income

S.T. CORPORATION and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

	millions of yen		thousands of U.S. dollars (Note 2)
	2012	2011	**2012**
Net sales	**¥46,354**	¥43,580	**$564,335**
Cost of sales (Notes 16 and 22)	**27,360**	25,378	**333,085**
Gross profit before reversal of allowance for sales returns	**18,995**	18,202	**231,249**
Reversal of allowance for sales returns	**12**	9	**151**
Gross profit	**19,007**	18,211	**231,400**
Selling, general and administrative expenses (Note 16)	**17,256**	16,097	**210,081**
Operating income	**1,751**	2,114	**21,319**
Non-operating income (expenses):			
Interest and dividends received	**78**	78	**952**
Interest expense	**(1)**	(1)	**(10)**
Purchase discounts	**188**	183	**2,285**
Sales discounts	**(888)**	(818)	**(10,805)**
Loss on equity of affiliates	**(325)**	(94)	**(3,953)**
Other, net	**37**	85	**456**
Total non-operating income (expenses)	**(910)**	(567)	**(11,075)**
Ordinary income	**841**	1,547	**10,244**
Special gains (losses), net:			
Loss on disposition of property, net	**(223)**	(34)	**(2,717)**
Gain on sales of investment securities, net	**—**	0	**—**
Loss on valuation of investment securities	**—**	(14)	**—**
Loss on valuation of subsidiaries' stocks	**—**	(43)	**—**
Reversal of allowance for doubtful accounts	**—**	3	**—**
Loss on disaster (Note 17)	**(22)**	(117)	**(272)**
Total special gains (losses), net	**(246)**	(205)	**(2,989)**
Income before income taxes and minority interests	**596**	1,343	**7,254**
Income taxes (Note 12):			
Current	**381**	499	**4,642**
Deferred	**91**	(18)	**1,111**
Total income taxes	**473**	482	**5,753**
Income before minority interests	**123**	861	**1,502**
Minority interests	**48**	75	**582**
Net income	**¥ 76**	¥ 786	**$ 920**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

S.T. CORPORATION and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

	millions of yen		thousands of U.S. dollars (Note 2)
	2012	2011	**2012**
Income before minority interests	**¥123**	¥ 861	**$1,502**
Other comprehensive income (loss) (Note 5):			
Unrealized holding gain (loss) on other securities, net of taxes	**149**	(119)	**1,809**
Unrealized revaluation loss on land, net of taxes	**48**	—	**579**
Translation adjustments	**(60)**	(30)	**(731)**
Other comprehensive income (loss) on equity method companies	**42**	(42)	**511**
Total other comprehensive income (loss)	**178**	(191)	**2,169**
Comprehensive income	**¥301**	¥ 670	**$3,670**
Total comprehensive income attributable to:			
Shareholders of S.T. CORPORATION	**280**	610	**3,403**
Minority interests in consolidated subsidiaries	**22**	60	**268**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

S.T. CORPORATION and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

	Number of shares of common stock (Thousands)	millions of yen: Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2011	**23,000**	**¥7,066**	**¥7,068**	**¥7,956**	**¥(1,722)**	**¥20,367**
Cash dividends paid by distribution of retained earnings				**(479)**		**(479)**
Net income				**76**		**76**
Purchases of treasury stock					**(0)**	**(0)**
Changes in treasury stock held by equity method companies					**(62)**	**(62)**
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2012	**23,000**	**¥7,066**	**¥7,068**	**¥7,552**	**¥(1,785)**	**¥19,901**

	millions of yen: Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Total accumulated other comprehensive loss	Subscription rights	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2011	**¥160**	**¥(550)**	**¥(506)**	**¥(896)**	**¥82**	**¥419**	**¥19,972**
Cash dividends paid by distribution of retained earnings							**(479)**
Net income							**76**
Purchases of treasury stock							**(0)**
Changes in treasury stock held by equity method companies							**(62)**
Net changes in items other than those in shareholders' equity	**196**	**48**	**(40)**	**204**	**17**	**(25)**	**195**
Balance at March 31, 2012	**¥356**	**¥(502)**	**¥(546)**	**¥(692)**	**¥99**	**¥394**	**¥19,701**

	Number of shares of common stock (Thousands)	millions of yen: Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2010	29,500	¥7,066	¥7,068	¥17,024	¥(11,026)	¥20,132
Cash dividends paid by distribution of retained earnings				(480)		(480)
Net income				786		786
Purchases of treasury stock					(1)	(1)
Disposition of treasury stock				(3)	9	5
Cancellation of treasury stock	(6,500)			(9,371)	9,371	—
Changes in treasury stock held by equity method companies					(75)	(75)
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2011	23,000	¥7,066	¥7,068	¥ 7,956	¥ (1,722)	¥20,367

	millions of yen: Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Total accumulated other comprehensive loss	Subscription rights	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2010	¥ 400	¥(550)	¥(480)	¥(629)	¥67	¥396	¥19,966
Cash dividends paid by distribution of retained earnings							(480)
Net income							786
Purchases of treasury stock							(1)
Disposition of treasury stock							5
Cancellation of treasury stock							—
Changes in treasury stock held by equity method companies							(75)
Net changes in items other than those in shareholders' equity	(241)	—	(27)	(267)	15	23	(229)
Balance at March 31, 2011	¥ 160	¥(550)	¥(506)	¥(896)	¥82	¥419	¥19,972

	Number of shares of common stock (Thousands)	thousands of U.S. dollars (Note 2): Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2011	**23,000**	**$ 86,018**	**$ 86,046**	**$ 96,856**	**$ (20,968)**	**$ 247,952**
Cash dividends paid by distribution of retained earnings				**(5,830)**		**(5,830)**
Net income				**920**		**920**
Purchases of treasury stock					**(4)**	**(4)**
Changes in treasury stock held by equity method companies					**(758)**	**(758)**
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2012	**23,000**	**$86,018**	**$86,046**	**$91,946**	**$(21,730)**	**$242,281**

	thousands of U.S. dollars (Note 2): Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Total accumulated other comprehensive loss	Subscription rights	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2011	**$1,946**	**$(6,691)**	**$(6,166)**	**$(10,911)**	**$ 999**	**$5,106**	**$243,145**
Cash dividends paid by distribution of retained earnings							**(5,830)**
Net income							**920**
Purchases of treasury stock							**(4)**
Changes in treasury stock held by equity method companies							**(758)**
Net changes in items other than those in shareholders' equity	**2,385**	**579**	**(482)**	**2,483**	**203**	**(307)**	**2,379**
Balance at March 31, 2012	**$4,331**	**$(6,111)**	**$(6,648)**	**$ (8,428)**	**$1,202**	**$4,798**	**$239,852**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

S.T. CORPORATION and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

	millions of yen		thousands of U.S. dollars (Note 2)
	2012	2011	**2012**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 596**	¥ 1,343	**$ 7,254**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**931**	992	**11,332**
Loss on sales of property, plant and equipment	**223**	34	**2,717**
Loss on sales and valuation of investment securities	**—**	56	**—**
Increase (decrease) in allowance for doubtful receivables	**0**	(3)	**3**
Increase (decrease) in employees' retirement and severance benefits	**35**	(16)	**426**
(Decrease) increase in directors' retirement and severance benefits	**(8)**	18	**(92)**
Decrease in allowance for sales returns	**(12)**	(9)	**(151)**
Interest and dividends received	**(78)**	(78)	**(952)**
Interest expense	**1**	1	**10**
Foreign exchange loss	**37**	8	**449**
Loss on disaster	**22**	117	**272**
Equity in loss of affiliates	**325**	94	**3,953**
Changes in operating assets and liabilities:			
Receivables	**(112)**	(244)	**(1,361)**
Inventories	**(636)**	1	**(7,743)**
Payables and accrued expenses	**564**	986	**6,862**
Other, net	**(57)**	195	**(698)**
Subtotal	**1,830**	3,497	**22,283**
Interest and dividends received	**165**	78	**2,011**
Interest paid	**(1)**	(1)	**(10)**
Payments for loss on disaster	**(66)**	(65)	**(807)**
Income taxes paid	**(368)**	(805)	**(4,484)**
Net cash provided by operating activities	**1,560**	2,704	**18,994**
Cash flows from investing activities:			
Payments into deposits (more than three months)	**(0)**	(0)	**(0)**
Proceeds from withdrawal of time deposits (more than three months)	**500**	200	**6,087**
Purchases of property, plant and equipment	**(997)**	(773)	**(12,136)**
Proceeds from sales of property, plant and equipment	**0**	1	**4**
Purchases of investment securities	**(386)**	(3,031)	**(4,698)**
Proceeds from sales of investment securities	**—**	1	**—**
Proceeds from liquidation of affiliate	**79**	—	**958**
Other investments, net	**17**	1	**206**
Net cash used in investing activities	**(787)**	(3,601)	**(9,579)**
Cash flows from financing activities:			
Purchases of treasury stock	**(0)**	(1)	**(4)**
Proceeds from sales of treasury stock	**—**	5	**—**
Payments of dividends	**(479)**	(481)	**(5,830)**
Payments of dividends to minority shareholders	**(47)**	(36)	**(575)**
Other finance, net	**(22)**	(8)	**(273)**
Net cash used in financing activities	**(549)**	(521)	**(6,682)**
Effect of exchange rate changes on cash and cash equivalents	**(34)**	(21)	**(420)**
Net increase (decrease) in cash and cash equivalents	**190**	(1,439)	**2,314**
Cash and cash equivalents at beginning of year	**5,731**	7,170	**69,769**
Cash and cash equivalents at end of year (Note 18)	**¥5,921**	¥ 5,731	**$ 72,083**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

S.T. CORPORATION and consolidated subsidiaries
March 31, 2012

1 Summary of Significant Accounting Policies

(a) Basis of presentation

S.T. CORPORATION (the "Company") and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their countries of domicile. Effective April 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, issued by the ASBJ on May 17, 2006). In accordance with PITF No. 18, the accompanying consolidated financial statements for the years ended March 31, 2012 and 2011 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items including those for goodwill, actuarial differences and capitalized development costs.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically for readers outside Japan. The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information. Furthermore, certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method. As of March 31, 2012, the number of consolidated subsidiaries and affiliates accounted for by the equity method were five and four (five and four in 2011), respectively. Suriemu Este Hanbai Co., Ltd. was liquidated and accordingly, accounts of it were not included in consolidation from the current fiscal year. On March 31, 2012, NS FaFa Japan Co., Ltd. became an affiliate accounted for by the equity method as a result of the purchase of stocks.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

Assets and liabilities of the consolidated subsidiaries acquired before April 1, 1999 were initially valued at cost at the time of acquisition. It is the Company's policy to value assets and liabilities of subsidiaries acquired on or after April 1, 1999 at fair value when the Company obtains control over such subsidiaries; however, the Company has not acquired any subsidiaries since April 1, 1999.

(c) Accounting period

The accounting period of the Company begins on April 1 and ends on March 31 of the following year. The two overseas subsidiaries have fiscal years ending on December 31. The necessary adjustments for significant transactions, if any, during the intervening period are made on consolidation.

(d) Translation of foreign currency transactions and financial statements

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and the accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Foreign exchange gains and losses are credited or charged to income and translation adjustments are included in net assets.

(e) Marketable securities and investment securities

Other securities with determinable market value are carried at market value with any changes in unrealized holding gain or loss, net of the related deferred income tax assets or liabilities, included in net assets. Other securities without determinable market value are stated at cost determined by the moving-average method and the cost of other securities sold is computed based on the moving-average method. During the years ended March 31, 2012 and 2011, the Company and its consolidated subsidiaries did not have any trading securities.

(f) Inventories

Inventories are stated at the lower of cost or net selling value, cost being determined by the average method.

(g) Property, plant and equipment, except for leased assets, and depreciation

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries, except for buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998, is computed by the declining-balance method in conformity with the Corporation Tax Law of Japan. Depreciation of property and equipment of overseas subsidiaries and buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998 of the Company and domestic subsidiaries is computed by the straight-line method.

The estimated useful lives of the major depreciable assets are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 20 years

(h) Intangible assets and long-term prepaid expenses

Intangible assets and long-term prepaid expenses, except for leased assets, are amortized by the straight-line method. Cost of software purchased for internal use is amortized by the straight-line method over a period of five years, the useful life applicable to commercially available software.

(i) Leases

Non-cancelable lease transactions that transfer substantially all the risks and rewards associated with the ownership of the leased assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and related payments are charged to income as incurred.

Finance leases entered into before April 1, 2008 of the Company and its domestic subsidiaries are accounted for as operating leases, except for those which transfer ownership of the leased assets to the lessee.

Leased assets accounted for as finance leases are depreciated on the straight-line method over the lease periods with no residual value.

(j) Allowance for doubtful receivables

The allowance for doubtful receivables is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(k) Allowance for sales returns

The allowance for sales returns is provided for losses on sales returns subsequent to the balance sheet date at an amount equivalent to that calculated based on the actual percentage of returns in prior years.

(l) Employees' retirement and severance benefits

Accrued retirement and severance benefits have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period of five years which is shorter than the average remaining years of service of the employees.

Prior service cost is amortized as incurred by the straight-line method over a period of five years which is shorter than the average remaining years of service of the employees.

In addition, one overseas subsidiary provides an allowance for payments of employees' retirement and severance benefits at 100% of the voluntary termination payments.

(m) Directors' retirement and severance benefits

The Company has accrued directors' retirement and severance benefits at the amount which would be required to be paid if all directors resigned from their positions and left the Company as of the balance sheet date in accordance with its internal regulations.

(n) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(o) Cash and cash equivalents

Cash and cash equivalents in the accompanying consolidated statements of cash flows consist of cash on hand, demand deposits and liquid short-term investments with a maturity of three months or less from their respective dates of acquisition.

2 Basis of Translation

The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at ¥82.14 = U.S.$1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2012. This translation should not be construed as a representation that all amounts shown could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

3 Changes in Accounting Policies

Application of the "Accounting Standard for Earnings per Share" and the "Guidance on the Accounting Practical Solution on Unification of Accounting Standard for Earnings per Share"

Effective the fiscal year ended March 31, 2012, the Company has adopted the Accounting Standard for Earnings per Share (ASBJ Statement No. 2, issued on June 30, 2010) and the Guidance on the Accounting Practical Solution on Unification of Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, issued on June 30, 2010).

The Company has changed the method of calculating diluted net income per share. By the new method, the stock options—for which the vesting date comes after a certain period of service—are evaluated by including a portion of the estimated fair value of the stock options that is relative to the future services given to the Company in the amount of money to be paid in if the stock options are exercised.

The impact on diluted net income per share was nil.

4 Supplementary Information

Accounting Standard for Accounting Changes and Corrections of Errors

Effective from April 1, 2011, the Company applied the Accounting Standard for Accounting Changes and Corrections of Errors (ASBJ Statement No. 24, issued on December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Corrections of Errors (ASBJ Guidance No. 24, issued on December 4, 2009).

5 Consolidated Statements of Comprehensive Income

The amount of recycling and amount of income tax effect associated with other comprehensive income for the year ended March 31, 2012 were as follows:

	millions of yen	thousands of U.S. dollars
	2012	2012
Unrealized holding gain on other securities, net of taxes		
Amount recognized in the year	¥208	$2,529
Reclassification adjustments included in the statement of income	—	—
Before income tax effect adjustment	208	2,529
Amount of income tax effect	(59)	(720)
Unrealized holding gain on other securities, net of taxes	149	1,809
Unrealized revaluation loss on land, net of taxes	48	579
Amount of income tax effect		
Translation adjustments	(60)	(731)
Amount recognized in the year		
Other comprehensive income on equity method companies		
Amount recognized in the year	37	448
Reclassification adjustments included in the statement of income	5	63
Other comprehensive income on equity method	42	511
Total other comprehensive income	¥178	$2,169

6 Financial Instruments

(1) Current status of financial instruments

(a) Policy in relation to financial instruments

The Company and its consolidated subsidiaries (collectively, the “Group”) raises necessary funds following capital investment plans for undertaking the manufacturing-and-selling businesses. If surplus funds arise, the Group manages only financial assets with high degrees of safety.

(b) Details of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to customers. In addition, receivables denominated in foreign currencies are exposed to foreign currency exchange risk.

Securities and investment securities, most of which are stocks of other companies with which the Group has business relationships, are exposed to market price fluctuation risk.

Substantially all trade payables—notes and accounts payable–trade and other payables—have payment due dates within one year. In addition, payables denominated in foreign currencies are exposed to foreign currency exchange risk.

(c) Risk management system for financial instruments

Credit risk management—the risk that customers or counterparties may default

The Company holds its management policy and puts it into effect whereby the Company grasps trust conditions of its customers and monitors due dates and outstanding balances regularly to identify and mitigate risks of bad debts from customers who are having financial difficulties.

The consolidated subsidiaries perform equivalent management with the Company.

Market risk management—the risk arising from fluctuations in exchange rates and interest rates

The Company uses forward exchange contract transactions with the aim of avoiding risk related to fluctuation in future foreign exchange.

For marketable and investment securities, the Company periodically confirms the market value of such financial instruments and reports to the director in charge. The Company reviews the status of these investments on a continuing basis.

Liquidity risk management—the risk that the Group may not be able to meet its payment obligations on the schedule dates

The Company manages liquidity risk by means of preparing monthly financial plans.

(d) Supplementary explanation of items relating to the fair value of financial instruments

The fair value of financial instruments is based on their quoted market prices if available. If there are no market prices available, fair value is reasonably estimated. Because estimation of fair values incorporates variable factors, adopting different assumptions can change the value.

(2) Estimated fair value of financial instruments

The carrying value of financial instruments recognized on the consolidated balance sheets as of March 31, 2012 and 2011, the estimated fair value of such items and the differences between them are shown below. Financial instruments for which fair value is extremely difficult to estimate are not included in the following table.

	millions of yen		
Year ended March 31, 2012	Carrying value	Fair value	Difference
a Cash and time deposits	**¥ 6,121**	**¥ 6,121**	**—**
b Trade notes and accounts receivable	**4,545**	**4,545**	**—**
c Marketable securities and investment securities	**1,536**	**1,536**	**—**
Assets	**¥12,202**	**¥12,202**	**—**
a Trade payables	**¥ 5,918**	**¥ 5,918**	**—**
b Other payables	**1,881**	**1,881**	**—**
Liabilities	**¥ 7,798**	**¥ 7,798**	**—**

	millions of yen		
Year ended March 31, 2011	Carrying value	Fair value	Difference
a Cash and time deposits	¥ 6,399	¥ 6,399	—
b Trade notes and accounts receivable	4,442	4,442	—
c Marketable securities and investment securities	1,353	1,353	—
Assets	¥12,194	¥12,194	—
a Trade payables	¥ 5,369	¥ 5,369	—
b Other payables	1,835	1,835	—
Liabilities	¥ 7,204	¥ 7,204	—

	thousands of U.S. dollars		
Year ended March 31, 2012	Carrying value	Fair value	Difference
a Cash and time deposits	**$ 74,518**	**$ 74,518**	**—**
b Trade notes and accounts receivable	**55,333**	**55,333**	**—**
c Marketable securities and investment securities	**18,697**	**18,697**	**—**
Assets	**$148,548**	**$148,548**	**—**
a Trade payables	**$ 72,044**	**$ 72,044**	**—**
b Other payables	**22,894**	**22,894**	**—**
Liabilities	**$ 94,938**	**$ 94,938**	**—**

Notes: 1. Method of estimating the fair value of financial instruments and other matters relating to marketable and investment securities

Assets

a. Cash and time deposits and b. Trade notes and accounts receivable

Because these items are settled over short terms, fair value and carrying values are nearly equivalent. Therefore, relevant carrying value is used.

c. Marketable securities and investment securities

Stocks are valued at the exchange trading price.

Bonds are valued at the exchange trading price or at the price provided by the financial institutions offering these securities.

For information on securities classified by purpose of holding, please refer to the "Marketable Securities and Investment Securities" section of the notes to the financial statements.

Liabilities

a. Trade payables and b. Other payables

Because these items are settled over short terms, fair value and carrying value is nearly equivalent. Therefore, relevant carrying value is used.

2. Financial instruments for which fair value is difficult to determine

	Carrying value		
	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Unlisted equity securities	**¥47**	¥47	**$574**

Because the fair value of these financial instruments is extremely difficult to determine, given that no quoted market price is available, they are not included in the above table.

3. Redemption schedule for receivables and other securities with maturity dates at March 31, 2012 and 2011 are summarized as follows:

	millions of yen			
Year ended March 31, 2012	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	**¥ 6,120**	**¥ —**	**—**	**—**
Trade notes and accounts receivable	**4,545**	**—**	**—**	**—**
Marketable securities and investment securities			**—**	**—**
Bond	**—**	**100**	**—**	**—**
Other	**—**	**100**		
Total	**¥10,665**	**¥200**	**—**	**—**

	millions of yen			
Year ended March 31, 2011	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	¥ 6,398	¥ —	—	—
Trade notes and accounts receivable	4,442	—	—	—
Marketable securities and investment securities			—	—
Bond	—	100	—	—
Other	—	100		
Total	¥10,840	¥200	—	—

	thousands of U.S. dollars			
Year ended March 31, 2012	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	**$ 74,504**	**$ —**	**—**	**—**
Trade notes and accounts receivable	**55,333**	**—**	**—**	**—**
Marketable securities and investment securities			**—**	**—**
Bond	**—**	**1,217**	**—**	**—**
Other	**—**	**1,217**		
Total	**$129,837**	**$2,435**	**—**	**—**

7 Derivatives

The Company and its consolidated subsidiaries had no derivative instruments outstanding at March 31, 2012 and 2011.

8 Marketable Securities and Investment Securities

The acquisition cost and related carrying value of other securities with a determinable market value at March 31, 2012 and 2011 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Acquisition cost	**¥1,029**	¥1,054	**$12,527**
Carrying value	**1,536**	1,353	**18,697**
Total unrealized gain	**560**	339	**6,822**
Total unrealized loss	**54**	40	**653**

At March 31, 2012 and 2011, unlisted stocks (whose carrying value was ¥47 million (U.S.$574 thousand) and ¥47 million, respectively) are not included in the above table, because their fair value is extremely difficult to determine, given that no quoted market price is available.

Sales of other securities for the years ended March 31, 2012 and 2011 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Proceeds received	**—**	¥1,201	**—**
Aggregate gain	**—**	0	**—**
Aggregate loss	**—**	—	**—**

9 Land Revaluation

In accordance with the Land Revaluation Law (Proclamation No. 34 dated March 31, 1998), land used for business activities was revalued at March 31, 2002. The revaluation difference, net of taxes, is stated as "unrealized revaluation loss on land, net of taxes" in net assets. Deferred tax liabilities arising from this revaluation difference are presented separately from deferred tax liabilities for other temporary differences in the accompanying consolidated balance sheets. The market value of the land as of March 31, 2012 and 2011 decreased by ¥574 million (U.S.$6,984 thousand) and ¥543 million, respectively, after the revaluation.

10 Pledged Assets

Pledged assets for the years ended March 31, 2012 and 2011 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Time deposits	**¥26**	¥ 26	**$317**
Buildings and structures	**—**	52	**—**
Land	**—**	94	**—**
Total	**¥26**	¥172	**$317**

Time deposits were pledged as collateral mainly for leased office space at March 31, 2012 and 2011.

11 Commitments and Contingent Liabilities

The Company had the following contingent liabilities as of March 31, 2012 and 2011.

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Loan guarantees for Shaldan (Thailand) Co., Ltd.	**¥9**	¥1	**$112**

At March 31, 2012 and 2011, trade notes discounted with banks in the ordinary course of business amounted to ¥69 million (U.S.$837 thousand) and ¥101 million, respectively.

12 Income Taxes

At March 31, 2012 and 2011, the tax effect of the temporary differences which gave rise to a significant portion of the deferred tax assets (excluding deferred taxes on unrealized revaluation loss on land) was as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Current assets:			
Accrued employees' bonuses	**¥ 163**	¥ 179	**$ 1,980**
Allowance for sales returns	**46**	48	**565**
Accrued business taxes	**16**	16	**201**
Other	**140**	162	**1,705**
Total current deferred tax assets	**366**	406	**4,451**
Current liabilities:			
Deferred gain on sales of property	**(0)**	(0)	**(5)**
Other	**(0)**	(3)	**(6)**
Total current deferred tax liabilities	**(1)**	(3)	**(11)**
Net current deferred tax assets	**¥ 365**	¥ 402	**$ 4,440**
Non-current assets:			
Allowance for employees' retirement and severance benefits	**¥ 449**	¥ 485	**$ 5,467**
Allowance for directors' retirement and severance benefits	**41**	50	**496**
Write-downs of securities	**61**	70	**746**
Impairment loss	**14**	42	**175**
Other	**2**	2	**29**
Gross non-current deferred tax assets	**568**	649	**6,913**
Valuation allowance	**(112)**	(130)	**(1,360)**
Total non-current deferred tax assets	**456**	519	**5,552**
Non-current liabilities:			
Deferred gain on sales of property	**(15)**	(18)	**(184)**
Undistributed earnings of controlled foreign companies	**(39)**	(45)	**(470)**
Unrealized holding gain on other securities, net of taxes	**(167)**	(108)	**(2,033)**
Total non-current deferred tax liabilities	**(221)**	(170)	**(2,687)**
Net non-current deferred tax assets	**¥ 235**	¥ 349	**$ 2,865**

A reconciliation of the statutory tax rate to the Company's effective tax rates for the years ended March 31, 2012 and 2011 is summarized as follows:

	2012	2011
Japanese statutory tax rate	**40.00%**	40.00%
Permanent differences such as entertainment expenses, etc.	**6.52**	2.70
Permanent differences such as dividend income	**1.96**	(0.19)
Tax credit	**0.08**	(1.66)
Undistributed earnings of controlled foreign companies	**(0.32)**	0.65
Equity in loss of affiliates	**21.80**	2.79
Cancellation of temporary difference related to investments in affiliates accounted for by the equity method	**—**	(7.96)
Downward adjustment of deferred tax assets at end of year due to tax rate change	**11.32**	—
Other	**(2.06)**	(0.46)
Effective tax rate	**79.30%**	35.87%

Adjustment of deferred tax assets and liabilities pursuant to the change in the corporate tax rates

Following the promulgation on December 2, 2011 of the "Act for Partial Revision of the Income Tax Act, Etc., for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), effective from the fiscal year beginning on and after April 1, 2012, corporate tax rates will be reduced and a special temporary recovery tax will be imposed. In accordance with this reform, the effective statutory tax rate, used to measure deferred tax assets and deferred tax liabilities, will be reduced from 40% to 38% for temporary differences that are expected to be realized during the period from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014 and to 35% for temporary differences that are expected to be realized during and after the fiscal year beginning on April 1, 2015.

As a result of these changes, deferred tax assets (net of deferred tax liabilities) on March 31, 2012 decreased by ¥44 million (U.S.$531 thousand), and income taxes-deferred and unrealized holding gain on other securities, net of taxes, for the year then ended increased by ¥67 million (U.S.$821 thousand) and ¥24 million (U.S.$290 thousand), respectively. Deferred tax liabilities-unrealized revaluation profit on land on March 31, 2012 decreased by ¥48 million (U.S.$579 thousand) and unrealized revaluation loss on land, net of taxes, for the year then ended increased by the same amounts.

13 Employees' Retirement and Severance Benefits

The Company and its domestic subsidiaries have defined benefit plans covering substantially all of their employees which are partially funded through a qualified funded pension plan. Under these plans, employees are entitled to lump-sum or pension retirement or severance benefits determined by points accumulated monthly based on the employees' contributions, length of service and the conditions under which termination occurs. In addition, the Company and its domestic subsidiaries pay meritorious service awards to employees in excess of the prescribed formula, which are charged to income as paid as it is not practicable to compute the liability for such future payments since the amounts vary depending on the circumstances.

The following table summarizes the funded status and amounts recognized in the accompanying consolidated balance sheets at March 31, 2012 and 2011:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Retirement and severance benefit obligation	**¥(3,238)**	¥(3,114)	**$(39,421)**
Plan assets	**1,909**	1,789	**23,239**
Unfunded benefit obligation	**(1,329)**	(1,325)	**(16,183)**
Unrecognized actuarial loss	**63**	93	**772**
Unrecognized past service cost	**(1)**	(2)	**(15)**
Accrued benefit obligation	**¥(1,267)**	¥(1,234)	**$(15,426)**

The following table summarizes the components of net retirement benefit expenses for the years ended March 31, 2012 and 2011:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Service cost	**¥158**	¥156	**$1,922**
Interest cost on benefit obligation	**61**	60	**748**
Expected return on plan assets	**(36)**	(35)	**(436)**
Amortization of actuarial loss	**35**	3	**428**
Amortization of past service cost	**(1)**	(1)	**(7)**
Extraordinary additional retirement payments	**3**	21	**35**
Net retirement benefit expenses	**¥221**	¥204	**$2,690**

The assumptions used in determining the pension benefit obligation are presented below:

	2012	2011
Method of periodic allocation of estimated retirement benefits	**Straight-line method**	Straight-line method
Discount rate	**2.00%**	2.00%
Expected rate of return on plan assets	**2.00%**	2.00%

14 Net Assets

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Capital surplus and the legal reserve are not available for the distribution of dividends but may be used to reduce or eliminate a deficit or may be transferred to stated capital. At March 31, 2012, the legal reserve of the Company included in retained earnings amounted to ¥550 million (U.S.$6,694 thousand).

The maximum amount which the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company and in accordance with the Corporation Law of Japan.

15 Amounts per Share

Net assets per share as of March 31, 2012 and 2011 were ¥884.45 (U.S.$10.77) and ¥893.74, respectively. Basic net income per share for the years ended March 31, 2012 and 2011 was ¥3.48 (U.S.$0.04) and ¥36.03, respectively.

Diluted net income per share for the year ended March 31, 2012 is not presented because latent shares with dilutive effect do not exist. Diluted net income per share for the year ended March 31, 2011 was ¥36.03.

The basis for the calculation of basic net income per share and diluted net income per share for the years ended March 31, 2012 and 2011 was as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Basic net income per share:			
Net income	**¥76**	¥786	**$920**
Amount not attributable to shareholders of common stock			
Amount attributable to shareholders of common stock	**76**	786	**920**
Weighted-average number of shares outstanding (millions of shares)	**22**	22	**—**
Diluted net income per share:			
Increase in number of shares outstanding	**—**	0	**—**
Shares resulting in an anti-dilutive effect (millions of shares)	**1**	1	**—**

The basis for calculation of total net assets per share as of March 31, 2012 and 2011 was as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Total net assets per share:			
Total net assets	**¥19,701**	¥19,972	**$239,852**
Deductions:	**493**	501	**6,000**
Subscription rights	**99**	82	**1,202**
Minority interests in consolidated subsidiaries	**394**	419	**4,798**
Amounts attributable to shareholders of common stock	**19,209**	19,471	**233,852**
Number of shares outstanding at year-end (millions of shares)	**22**	22	**—**

16 Major Expenses

Major expenses included in selling, general and administrative expenses for the years ended March 31, 2012 and 2011 were as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Sales promotion expenses	**¥5,097**	¥4,614	**$62,058**
Advertising costs	**2,889**	2,531	**35,170**
Salaries	**2,007**	1,859	**24,434**
Shipment and storage expenses	**1,407**	1,403	**17,126**
Provision for employees' retirement and severance benefits	**179**	172	**2,181**
Provision for directors' retirement and severance benefits	**16**	18	**194**

Research and development expenses included in general and administrative expenses and cost of sales for the years ended March 31, 2012 and 2011 amounted to ¥659 million (U.S.$8,018 thousand) and ¥610 million, respectively.

17 Loss on Disaster

The Company recorded a loss related to the Great East Japan Earthquake during the years ended March 31, 2012 and 2011. The components of the loss on disaster are as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Fixed costs incurred during the suspension of operations	**¥ 9**	¥ 60	**$112**
Provision for loss on disaster	**—**	39	**—**
Other	**13**	17	**159**
Total	**¥22**	¥117	**$272**

18 Cash and Time Deposits

A reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows to cash and time deposits in the accompanying consolidated balance sheets at March 31, 2012 and 2011 is as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Cash and time deposits	**¥6,121**	¥6,399	**$74,518**
Time deposits with a maturity in excess of three months	**(223)**	(723)	**(2,718)**
Marketable securities with a maturity of three months or less from their respective dates of acquisition	**23**	55	**283**
Cash and cash equivalents	**¥5,921**	¥5,731	**$72,083**

19 Leases

Finance leases

Leased assets included in property, plant and equipment are tools, furniture and fixtures in the mothproofing and hygiene-related products segment and the household environment-related products segment. Leased assets included in intangible assets are software.

In accordance with the revised accounting standard effective the fiscal year ended March 31, 2009, the Company and its domestic subsidiaries account for finance leases as operating leases for those that were entered into before April 1, 2008 and if ownership of the leased property does not transfer to the lessee. Information in relation to leased assets held under finance leases but accounted for as operating leases is as follows:

(1) A summary of the proforma amounts (inclusive of the related interest) of acquisition cost, accumulated depreciation and net book value at March 31, 2012 and 2011, primarily relating to tools, furniture and fixtures is as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Acquisition cost	**¥43**	¥101	**$529**
Accumulated depreciation	**35**	76	**431**
Net book value	**¥ 8**	¥ 24	**$ 99**

(2) Future minimum lease payments, inclusive of the related interest, subsequent to March 31, 2012 and 2011 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Payable in one year or less	**¥7**	¥16	**$87**
Payable after one year	**1**	8	**12**
Total	**¥8**	¥24	**$99**

(3) Lease payments and proforma depreciation charges for the years ended March 31, 2012 and 2011 were ¥14 million (U.S.$169 thousand) and ¥22 million, respectively.

(4) Depreciation is computed by the straight-line method over the respective lease terms assuming a nil residual value.

Operating leases

The Company and its consolidated subsidiaries had no significant operating leases at March 31, 2012 and 2011.

20 Segment Information

(1) Summary of reporting segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors of the Company to make decisions about resource allocation and to assess their performance.

The Company formulates comprehensive strategies for implementation in Japan and overseas at its head office and conducts business activities. The Company has two reportable segments: Mothproofing and Hygiene-Related Products and Household Environment-Related Products. The business segments are classified according to the nature of the Company's products and their markets.

The Mothproofing and Hygiene-Related Products segment includes the manufacture and sales of Cloth Care products, Hand Care products and Thermal Care products. The Household Environment-Related Products segment includes the manufacture and sales of Air Care products, Humidity Care products and Home Care products.

(2) Calculation method of sales, profits or losses, and other items by reportable segment

The accounting method for the reportable segments is the same as the principles and procedures set forth in Note 1, "Summary of Significant Accounting Policies." The segment income or losses are based on operating income or loss.

(3) Information on the amounts of sales, income (loss), and other items by reportable segments

	millions of yen		
Year ended March 31, 2012	Mothproofing and Hygiene-Related Products	Household Environment-Related Products	Total
Sales			
Sales to third parties	**¥20,116**	**¥26,238**	**¥46,354**
Intra-group sales and transfers	**—**	**—**	**—**
Net sales	**20,116**	**26,238**	**46,354**
Segment income	**¥ 685**	**¥ 1,066**	**¥ 1,751**
Other items			
Depreciation	**¥ 373**	**¥ 538**	**¥ 911**

	millions of yen		
Year ended March 31, 2011	Mothproofing and Hygiene-Related Products	Household Environment-Related Products	Total
Sales			
Sales to third parties	¥19,442	¥24,139	¥43,580
Intra-group sales and transfers	—	—	—
Net sales	19,442	24,139	43,580
Segment income	¥ 1,126	¥ 989	¥ 2,114
Other items			
Depreciation	¥ 405	¥ 570	¥ 975

Year ended March 31, 2012	Mothproofing and Hygiene-Related Products (thousands of U.S. dollars)	Household Environment-Related Products	Total
Sales			
Sales to third parties	$244,901	$319,433	$564,335
Intra-group sales and transfers	—	—	—
Net sales	244,901	319,433	564,335
Segment income	$ 8,342	$ 12,977	$ 21,319
Other items			
Depreciation	$ 4,538	$ 6,551	$ 11,089

Notes: 1. The total for segment income is the same as the operating income in the consolidated statements of income.
2. Assets and liabilities by reportable segment have not been described in the above tables because the Board of Directors of the Company does not regularly review them to make decisions about resource allocation and to assess their performance.

(4) Related information

(a) Information by product and service

Year ended March 31, 2012	Cloth Care (millions of yen)	Thermal Care	Air Care	Others	Total
Sales to third parties	¥9,070	¥7,234	¥19,920	¥10,130	¥46,354

Year ended March 31, 2012	Cloth Care (Millions of yen)	Thermal Care	Air Care	Others	Total
Sales to third parties	¥9,193	¥6,624	¥18,767	¥8,997	¥43,580

Year ended March 31, 2012	Cloth Care (Thousands of U.S. dollars)	Thermal Care	Air Care	Others	Total
Sales to third parties	$110,427	$88,068	$242,511	$123,328	$564,335

(b) Information by geographical segment

Sales

Geographical segment information is not presented as overseas sales, which were less than 10% of consolidated net sales for the years ended March 31, 2012 and 2011.

Property, plant and equipment

Geographical segment information is not presented as the amount of property, plant and equipment in Japan, which exceeded 90% of the total of property, plant and equipment at March 31, 2012 and 2011.

(c) Information by major customer

Customer's name	Sales: millions of yen 2012	2011	thousands of U.S. dollars 2012	Related segment
Paltac Corporation	¥15,026	¥13,906	$182,937	Mothproofing and hygiene-related products Household environment-related products
ARATA CORPORATION	¥ 9,766	¥ 9,231	$118,897	Mothproofing and hygiene-related products Household environment-related products

21 Related Party Transactions

(1) Dealings with related parties

There are no significant transactions with related parties to be reported.

(2) Notes about a parent company and important affiliated companies

Financial information on important affiliated companies

The summary of financial information of FUMAKILLA LIMITED, an important affiliated company, as of March 31, 2012 and 2011, and for the year then ended is as follows:

	millions of yen		thousands of U.S. dollars
	2012	2011	**2012**
Total current assets	**¥14,541**	¥14,743	**$177,022**
Total non-current assets	**6,719**	5,339	**81,801**
Total deferred assets	**5**	9	**57**
Total current liabilities	**13,631**	11,302	**165,945**
Total long-term liabilities	**679**	718	**8,272**
Total net assets	**6,954**	8,070	**84,664**
Sales	**15,678**	17,792	**190,867**
Income (loss) before income taxes	**(1,374)**	159	**(16,733)**
Net income (loss)	**(1,006)**	148	**(12,244)**

22 Inventory Valuation Loss Included in Cost of Sales

Inventory valuation loss write-downs below cost to net selling value are included in cost of sales and amounted to ¥550 million (U.S.$6,701 thousand) and ¥425 million for the years ended March 31, 2012 and 2011.

23 Note to Consolidated Statements of Changes in Net Assets

Shares in issue and outstanding and treasury stock at March 31, 2012 and 2011 were as follows:

Year ended March 31, 2012

Number of shares in issue and outstanding:

Common stock 23,000 thousand

Number of shares held in treasury:

Common stock 1,282 thousand

Note: Details of the increase are as follows:
Increase due to purchase of shares less than standard unit: 0 thousand
Increase due to changes in treasury stock held by equity method companies: 67 thousand

Subscription rights at March 31, 2012 were as follows:

Subscription rights for stock options ¥99 million (U.S.$1,202 thousand)

Year ended March 31, 2011

Number of shares in issue and outstanding:

Common stock 23,000 thousand

Number of shares held in treasury:

Common stock 1,214 thousand

Notes: 1. Details of the increase are as follows:
Increase due to purchase of shares less than standard unit: 0 thousand
Increase due to changes in treasury stock held by equity method companies: 72 thousand
2. Details of the decrease are as follows:
Decrease due to cancellation of treasury stock: 6,500 thousand
Decrease due to exercising share subscription rights: 6 thousand

Subscription rights at March 31, 2011 were as follows:

Subscription rights for stock options ¥82 million

Dividends paid from retained earnings for the year ended March 31, 2012 were as follows:

Resolution	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 23, 2011	240	11	March 31, 2011	June 3, 2011
Board of Directors' meeting held on October 31, 2011	240	11	September 30, 2011	December 2, 2011

Dividends paid from retained earnings for the year ended March 31, 2011 were as follows:

Resolution	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 24, 2010	240	11	March 31, 2010	June 3, 2010
Board of Directors' meeting held on October 28, 2010	240	11	September 30, 2010	December 3, 2010

Dividends for which the record date was in the year ended March 31, 2012 and the effective date is in the year ending March 31, 2013 were as follows:

Resolution	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 21, 2012	240	Retained earnings	11	March 31, 2012	June 1, 2012

Dividends for which the record date was in the year ended March 31, 2011 and the effective date is in the year ending March 31, 2012 were as follows:

Resolution	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 23, 2011	240	Retained earnings	11	March 31, 2011	June 3, 2011

24 Stock Option Plans

At March 31, 2012, the Company had stock option plans, which were approved at the annual general meetings of the shareholders and by the Board of Directors. Details of these stock option plans are summarized as follows:

Date of approval	Number of shares granted	Eligible participants	Exercisable period
June 15, 2004	130,000	4 officers and 9 employees	July 1, 2006 – June 30, 2011
June 14, 2005	160,000	3 officers and 23 employees	July 1, 2007 – June 30, 2012
June 14, 2006	75,000	3 officers and 4 employees	July 1, 2008 – June 30, 2013
June 15, 2007	140,000	4 officers and 14 employees	August 1, 2009 – July 31, 2014
June 18, 2008	95,000	3 officers and 12 employees	August 1, 2010 – July 31, 2015
June 18, 2009	20,000	4 employees	August 4, 2011 – August 3, 2016
June 18, 2010	155,000	4 officers and 17 employees	August 3, 2012 – August 2, 2017
June 17, 2011	35,000	7 employees	August 2, 2013 – August 1, 2018

The option price per share was determined on the date the options were granted based on an established formula for determining option prices. The options are exercisable during the above periods provided that the recipients are still directors, officers or employees of the Company or its subsidiaries.

Cost related to the 2012 stock option plan amounting to ¥17 million (U.S.$203 thousand) were included in selling, general and administrative expenses.

Contents of stock options

	2005	2006	2007	2008	2009	2010	2011	**2012**
Grantees	4 officers and 9 employees	3 officers and 23 employees	3 officers and 4 employees	4 officers and 14 employees	3 officers and 12 employees	4 employees	4 officers and 17 employees	7 employees
Type of stock	Common stock	Common stock	Common stock	Common stock	Common stock	Common stock	Common stock	Common stock
Number of shares granted	130,000	160,000	75,000	140,000	95,000	20,000	155,000	35,000
Grant date	August 4, 2004	August 4, 2005	August 1, 2006	August 1, 2007	August 1, 2008	August 3, 2009	August 2, 2010	August 1, 2011
Condition for exercise	Working from August 4, 2004 to June 30, 2006	Working from August 4, 2005 to June 30, 2007	Working from August 1, 2006 to June 30, 2008	Working from August 1, 2007 to July 31, 2009	Working from August 1, 2008 to July 31, 2010	Working from August 3, 2009 to August 3, 2011	Working from August 2, 2010 to August 2, 2012	Working from August 1, 2011 to August 1, 2013
Working period	August 4, 2004 to June 30, 2006	August 4, 2005 to June 30, 2007	August 1, 2006 to June 30, 2008	August 1, 2007 to July 31, 2009	August 1, 2008 to July 31, 2010	August 3, 2009 to August 3, 2011	August 2, 2010 to August 2, 2012	August 1, 2011 to August 1, 2013
Exercisable period	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)

Stock option activity during the year ended March 31, 2012 was as follows:

Number of shares

	2005	2006	2007	2008	2009	2010	2011	**2012**
Non-vested outstanding at beginning of year	—	—	—	—	—	20,000	155,000	**—**
Granted during the year	—	—	—	—	—	—	—	**35,000**
Forfeited during the year	—	—	—	—	—	—	—	**—**
Vested during the year	—	—	—	—	—	20,000	—	**—**
Outstanding at end of year	—	—	—	—	—	—	155,000	**35,000**
Vested outstanding at beginning of year	98,000	100,000	75,000	140,000	95,000	—	—	**—**
Vested during the year	—	—	—	—	—	20,000	—	**—**
Exercised during the year	—	—	—	—	—	—	—	**—**
Forfeited during the year	98,000	—	—	—	—	—	—	**—**
Outstanding at end of year	—	100,000	75,000	140,000	95,000	20,000	—	**—**

Price of stock options

	yen								U.S. dollars
	2005	2006	2007	2008	2009	2010	2011	**2012**	**2012**
Exercise price	¥1,405	¥1,628	¥1,727	¥1,517	¥1,264	¥1,037	¥1,049	**¥976**	**$12**
Weighted-average market price	—	—	—	—	—	—	—	**—**	**—**
Fair value per option on grant date	—	—	292	191	220	197	178	**194**	**2**

The fair value of each stock option grant was estimated at the grant date using the Black-Scholes option pricing model. The fair value per option for options granted during the year ended March 31, 2012 was estimated based on the following assumptions:

	2012
Volatility	**30.2%**
Option term	**4 years and 6 months**
Expected dividend (per share)	**¥22 (U.S.$0.27)**
Risk-free interest rate	**0.33%**

Volatility was determined based on the actual stock price over the past 4 years and 6 months.

The option term was estimated under the assumption that the options would be exercised in the middle of the exercisable period because of insufficient data.

Expected dividend (per share) was based on the dividend amount applicable to the 2011 fiscal year.

Risk-free interest rate was based on government bonds whose terms corresponded with the terms of the above options.

Method of estimating exercised stock options

The Company estimated the number of exercised stock options based on the actual number of forfeitures because it is difficult to estimate the number of stock options which will be forfeited in the future.

Report of Independent Auditors

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Independent Auditor's Report

The Board of Directors
S.T.CORPORATION

We have audited the accompanying consolidated financial statements of S.T.CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of S.T.CORPORATION and consolidated subsidiaries at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

June 15, 2012

Tokyo, Japan

Ernst & Young ShinNihon LLC

A member firm of Ernst & Young Global Limited

Five-Year Financial Summary

S.T. CORPORATION and consolidated subsidiaries
Years ended March 31

	millions of yen (except per share data and ratios)					thousands of U.S. dollars (except per share data and ratios)
	2012	2011	2010	2009	2008	**2012**
For the Year:						
Net sales	**¥46,354**	¥43,580	¥43,546	¥44,879	¥47,006	**$564,335**
Cost of sales	**27,347**	25,370	25,151	26,280	26,887	**332,934**
Selling, general and administrative expenses	**17,256**	16,097	16,149	16,107	16,900	**210,081**
Operating income	**1,751**	2,114	2,246	2,493	3,219	**21,319**
Income before income taxes and minority interests	**596**	1,343	1,943	1,969	2,458	**7,254**
Net income	**76**	786	1,119	1,076	1,295	**920**
Capital expenditures	**1,007**	662	673	716	649	**12,259**
Depreciation and amortization	**931**	992	922	858	936	**11,332**
R&D expenses	**659**	610	612	499	489	**8,018**
Cash flows from operating activities	**1,560**	2,704	2,263	1,549	2,784	**18,994**
Cash flows from investing activities	**(787)**	(3,601)	(126)	(604)	871	**(9,579)**
Free cash flow	**773**	(897)	2,137	945	3,655	**9,415**
Cash flows from financing activities	**(549)**	(521)	(499)	(530)	(6,589)	**(6,682)**
At Year-End:						
Total current assets	**¥16,941**	¥16,523	¥17,667	¥16,118	¥16,080	**$206,245**
Property, plant and equipment, net	**6,295**	6,312	6,561	6,766	7,070	**76,633**
Total assets	**30,287**	30,011	29,029	27,617	28,393	**368,723**
Total current liabilities	**8,778**	8,286	7,313	6,881	7,581	**106,871**
Total long-term liabilities	**1,807**	1,753	1,751	1,706	1,667	**21,999**
Total net assets	**19,701**	19,972	19,966	19,029	19,144	**239,852**
Cash and cash equivalents	**5,921**	5,731	7,170	5,520	5,185	**72,083**
Number of shares issued (thousand shares)	**23,000**	23,000	29,500	29,500	29,500	
Treasury stock (thousand shares)	**1,282**	1,214	7,648	7,669	7,687	
Number of employees	**647**	630	611	619	607	
Per Share (yen and U.S. dollars)**:**						
Net income	**¥ 3.48**	¥ 36.03	¥ 51.25	¥ 49.32	¥ 54.08	**$ 0.04**
Cash dividends	**22.00**	22.00	22.00	22.00	22.00	**0.26**
Net assets	**884.45**	893.74	892.46	853.81	853.90	**10.77**
Ratios (%)**:**						
Operating income margin	**3.78**	4.85	5.16	5.55	6.85	
Income before income taxes and minority interests/net sales	**1.29**	3.08	4.46	4.39	5.23	
Net income margin	**0.16**	1.80	2.57	2.40	2.76	
ROE	**0.39**	4.03	5.87	5.78	6.06	
ROA	**0.25**	2.66	3.95	3.84	4.16	
Equity ratio	**63.42**	64.88	67.18	67.49	65.60	

Notes: 1. U.S. dollar amounts are translated from yen for convenience only, at the rate of ¥82.14 = U.S.$1.00, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2012.
2. ROE = Net income divided by average total equity (total net assets minus subscription rights less minority interests in consolidated subsidiaries) for the fiscal year.
3. ROA = Net income divided by average total assets for the fiscal year.

Investor Information

As of March 31, 2012

Corporate Data

Company name	S.T. CORPORATION
Headquarters	4-10, Shimo-ochiai 1-chome, Shinjuku-ku, Tokyo 161-8540, Japan
Establishment	August 31, 1948
Common stock	¥7,065,500,000
Fiscal year-end	March 31
Shares issued and outstanding	23,000,000
Listed stock exchange	Tokyo Stock Exchange, First Section
Shareholders	11,181
Registered transfer agent	Mizuho Trust & Banking Co., Ltd.
Accounting auditors	Ernst & Young ShinNihon LLC
Annual shareholders' meeting	Middle of June each year
Employees	647 (consolidated) 399 (non-consolidated)
Contact	Hirohide Shimada, Public Relations Department
E-mail	ir@st-c.co.jp
Telephone	+81-3-5906-0734
Facsimile	+81-3-5906-0742

Consolidated subsidiaries

S.T. TRADING CO., LTD.
Sale of hand gloves and workplace supplies

S.T. AUTO CO., LTD.
Sale of chemical car care products

S.T. BUSINESS SUPPORT CO., LTD.
Contract work for S.T. Group

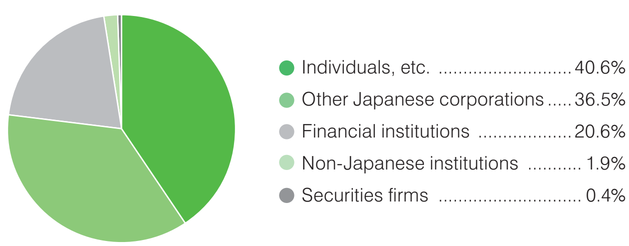
FAMILY GLOVE CO., LTD. (THAILAND)
Production and sale of gloves

FAMILY GLOVE CO., LTD. (TAIWAN)
Production and sale of gloves

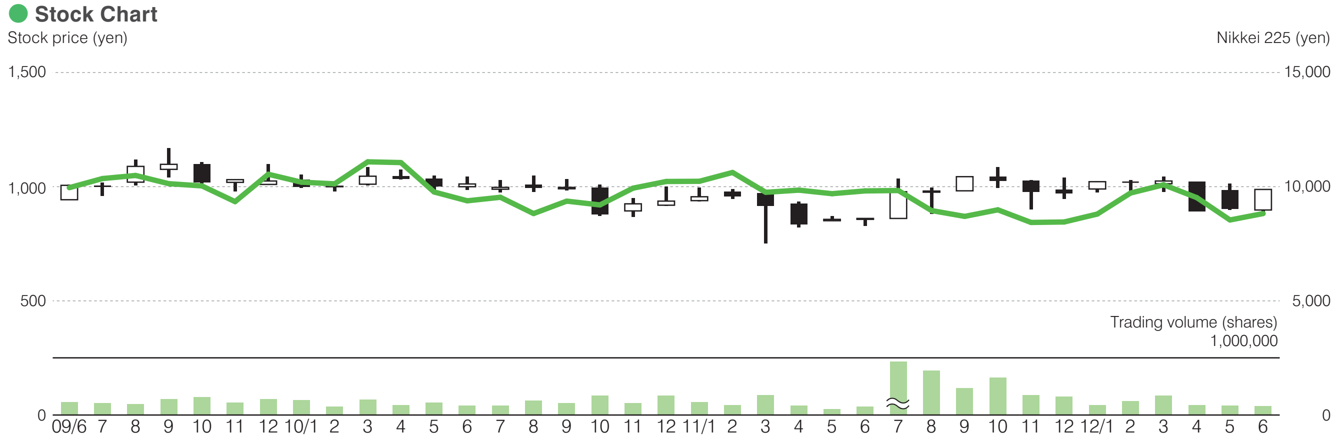
Major Shareholders

	Thousands of shares	% of total
Shaldan Co., Ltd.	5,537	24.1
Nippon Life Insurance Company	1,671	7.3
S.T. CORPORATION	1,142	5.0
TCSB (Mizuho Bank)	884	3.8
Takashi Suzuki	682	3.0
FUMAKILLA LIMITED	541	2.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	524	2.3
Carenne	433	1.9
Hiromu Fujii	401	1.7
Seiichi Suzuki	382	1.7

Share ownership breakdown



Stock Chart



S.T.CORPORATION

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