

Refreshing the Air



Management's Discussion and Analysis

Sales Overview

In the fiscal year under review, the year ended March 31, 2013, the Japanese economy struggled through a harsh period of a persistent financial crisis in Europe, slackening growth in emerging nations, and a significantly strong yen, despite demands for restoration efforts after the Great East Japan earthquake. The regime change at the end of last year, however, triggered a depreciation of the yen, and consumer activity is showing signs of recovery due to the people's expectations towards the new economic and financial policies.

Within these circumstances, the S.T. CORPORATION Group announced the theme "3G (Growth, Global, Group)," and worked to establish a high-yielding system, roll out the "S.T. Reformation" program for management reform, and strengthen global capacity. The STR Center was also completed in March 15 of this year as the new headquarters and a symbol for STR.

As a result, net sales increased 1.3% year on year, to ¥46,944 million, due to a favorable growth in the core brands "Shoshu-Riki" and "Mushuda." Regarding individual segments, in the Mothproofing and Hygiene-Related Products segment, sales in the Cloth Care category increased 8.9%, sales in the Hand Care category increased 11.0%, and sales in the Thermal Care category fell 5.1%. In the Household Environment-Related Products segment, sales in the Air Care category increased 2.8%, sales in the Humidity Care category fell 8.0%, and sales in the Home Care category fell 16.5%.

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

While raw materials costs rose, we made efforts to lower manufacturing costs, make efficient marketing investments in the selling, general and administrative expenses, and cut logistics costs. As a result, the cost of sales increased 1.4% year on year, to ¥27,738 million. Selling, general and administrative expenses increased 0.9%, to ¥17,406 million. Operating income increased 2.8% to ¥1,800 million.

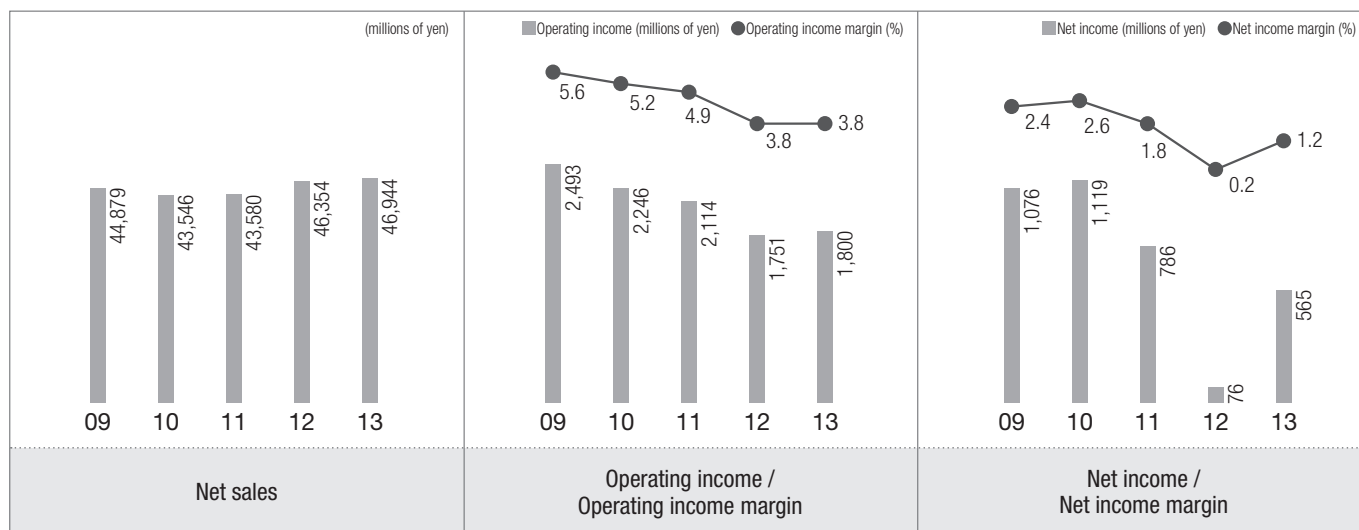
Other Income (Expenses), Pretax, and Net Income

In other income and expenses, we made slight progress from the previous year due to an improvement in loss on equity of affiliates and decrease of loss on disposition of property, plant and equipment. As a result, income before income taxes and minority interests increased 85.5%, to ¥1,105 million, and net income increased 647.4%, to ¥565 million.

Accordingly, net income per share rose to ¥26.01, a significant improvement from the previous fiscal year's ¥3.48. The net income margin increased from 0.2% to 1.2%, and return on equity (ROE) increased from 0.4% to 2.9%.

Financial Position

Total assets as of March 31, 2013, stood at ¥30,076 million, down ¥210 million compared with the previous year-end. Total current assets decreased by ¥1,408 million, to ¥15,533 million, due to a decrease in cash and time deposits. On the other hand, non-current



assets increased by ¥1,198 million, to ¥14,544 million, due to an increase in buildings and structures.

Total liabilities decreased by ¥722 million, to ¥9,863 million compared to the previous year-end, largely due to a decrease in notes payables and trade payables. On the other hand, Total shareholder's equity increased by ¥107 million, to ¥20,008 million compared to the previous year-end.

Total net assets increased by ¥512 million, to ¥20,213 million compared to the previous year-end, primarily due to a rise in unrealized holding gain on other securities.

As a result of the above, total net assets per share increased from ¥884.45 to ¥905.84. Equity ratio is a high 65.4%, from the 63.4% of the previous fiscal year, and we continued to maintain a sound financial position with zero interest-bearing debt.

Capital Expenditures and Depreciation and Amortization

Capital expenditures of this fiscal year increased from the previous fiscal year's ¥1,007 million to ¥2,061 million. Depreciation and amortization decreased from ¥931 million to ¥830 million.

Cash Flows

Net cash provided by operating activities was ¥980 million, a year on year decrease of ¥580 million. This was primarily due to a decrease in accounts payable and increase in accounts receivable. Net cash used in investing activities was ¥1,924 million, a year on year increase of

¥1,137 million, primarily attributable to an increase in purchases of property plant and equipment. Net cash used in financing activities was ¥557 million, mainly the result of a decrease in payments of dividends.

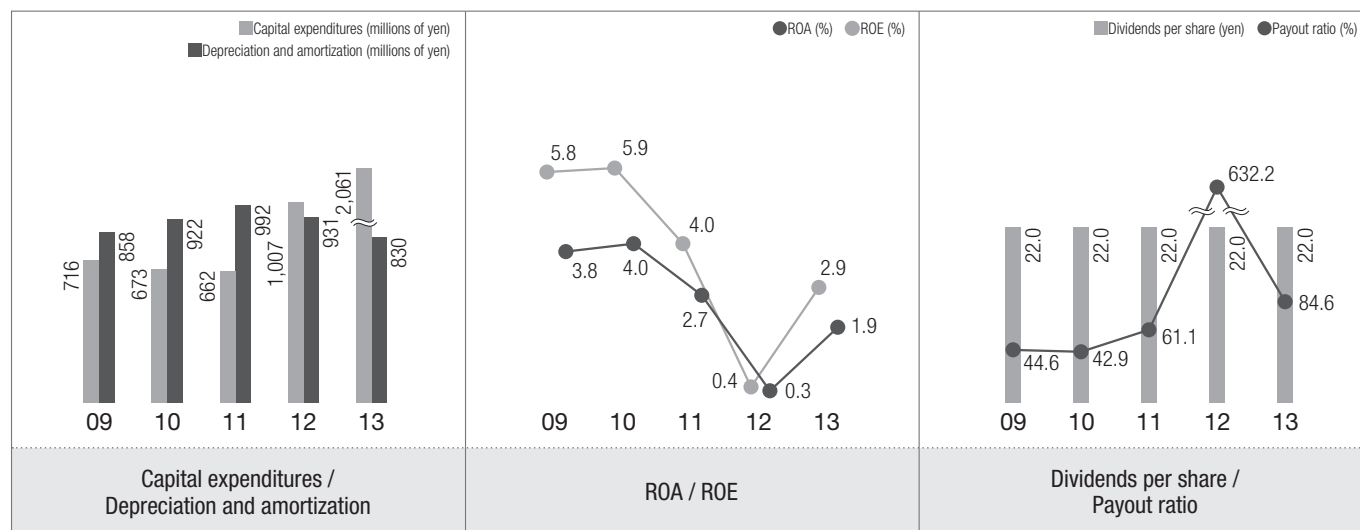
As a result, cash and cash equivalents at end of year stood at ¥4,469 million, a year on year decrease of ¥1,452 million.

Dividends and Return to Shareholders

Taking into consideration such factors as net income and the need to realize shareholder returns, we have 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, making for a consolidated dividend payout ratio of 84.6%. 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: (1) an escalation in raw materials prices; (2) the impact on manufacturing operations from natural disasters and changes in international political or other conditions; (3) sales fluctuations due to unseasonal weather; (4) 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 the end of this fiscal year.



Consolidated Balance Sheets

S.T. CORPORATION and consolidated subsidiaries
March 31, 2013 and 2012

| | millions of yen | | thousands of U.S. dollars (Note 2) |
|--|-----------------|----------|---------------------------------------|
| Assets | 2013 | 2012 | 2013 |
| Current assets: | | | |
| Cash and time deposits (Notes 6, 10 and 17) | ¥ 4,693 | ¥ 6,121 | \$ 49,926 |
| Marketable securities (Notes 6 and 8) | 85 | 23 | 908 |
| Trade notes and accounts receivable (Note 6) | 4,792 | 4,545 | 50,981 |
| Merchandise and finished goods | 4,632 | 4,919 | 49,277 |
| Work in process | 165 | 142 | 1,752 |
| Raw materials and supplies | 396 | 360 | 4,210 |
| Deferred tax assets (Note 12) | 363 | 365 | 3,858 |
| Other current assets | 423 | 481 | 4,500 |
| Less - allowance for doubtful accounts | (15) | (14) | (154) |
| Total current assets | 15,533 | 16,941 | 165,257 |
| Property, plant and equipment, at cost (Note 3) | | | |
| Land (Note 9) | 3,254 | 3,279 | 34,617 |
| Buildings and structures | 6,737 | 5,564 | 71,677 |
| Machinery, equipment and vehicles | 7,630 | 7,242 | 81,180 |
| Tools, furniture and fixtures | 3,648 | 3,615 | 38,815 |
| Construction in progress | 90 | 86 | 961 |
| Leased assets (Note 18) | 138 | 122 | 1,470 |
| Less - accumulated depreciation | (13,973) | (13,613) | (148,668) |
| Property, plant and equipment, net | 7,524 | 6,295 | 80,052 |
| Intangible assets, net of accumulated amortization (Note 18) | | | |
| Total intangible assets | 167 | 183 | 1,773 |
| Investments and other assets: | | | |
| Investments in non-consolidated subsidiaries and affiliates | 3,402 | 3,577 | 36,196 |
| Investment securities (Notes 6 and 8) | 1,802 | 1,560 | 19,169 |
| Long-term loans | 49 | 59 | 526 |
| Deferred tax assets other than unrealized revaluation loss on land (Note 12) | 132 | 235 | 1,409 |
| Other assets | 1,468 | 1,438 | 15,614 |
| Total investments and other assets | 6,853 | 6,869 | 72,913 |
| Total assets | ¥ 30,076 | ¥ 30,287 | \$ 319,996 |

| | millions of yen | | thousands of U.S. dollars (Note 2) |
|---|-----------------|----------|---------------------------------------|
| Liabilities and net assets | 2013 | 2012 | 2013 |
| Current liabilities: | | | |
| Trade payables (Note 6) | ¥ 4,626 | ¥ 5,918 | \$ 49,218 |
| Lease obligations | 32 | 33 | 344 |
| Other payables (Note 6) | 2,383 | 1,881 | 25,358 |
| Accrued expenses | 506 | 569 | 5,387 |
| Income taxes payable | 283 | 184 | 3,012 |
| Consumption taxes payable | 49 | 12 | 520 |
| Allowance for sales returns | 106 | 108 | 1,130 |
| Other current liabilities | 72 | 74 | 762 |
| Total current liabilities | 8,058 | 8,778 | 85,730 |
| Long-term liabilities: | | | |
| Lease obligations | 80 | 90 | 855 |
| Employees' retirement and severance benefits (Note 13) | 1,266 | 1,267 | 13,467 |
| Directors' retirement and severance benefits | 138 | 117 | 1,466 |
| Deferred tax liabilities - unrealized revaluation profit on land (Note 9) | 321 | 333 | 3,418 |
| Other long-term liabilities | — | 1 | — |
| Total long-term liabilities | 1,805 | 1,807 | 19,206 |
| Contingent liabilities (Note 11) | | | |
| Net assets (Note 14): | | | |
| Shareholders' equity: | | | |
| Common stock: | | | |
| Authorized - 96,817,000 shares in 2013 and 2012 | | | |
| Issued and outstanding - 23,000,000 shares in 2013 and 2012 | 7,066 | 7,066 | 75,173 |
| Capital surplus | 7,068 | 7,068 | 75,198 |
| Retained earnings | 7,662 | 7,552 | 81,516 |
| Treasury stock, at cost | (1,787) | (1,785) | (19,012) |
| Total shareholders' equity | 20,008 | 19,901 | 212,875 |
| Accumulated other comprehensive loss | | | |
| Unrealized holding gain on other securities, net of taxes | 648 | 356 | 6,892 |
| Unrealized revaluation loss on land, net of taxes (Note 9) | (524) | (502) | (5,577) |
| Translation adjustments | (461) | (546) | (4,901) |
| Total accumulated other comprehensive loss | (337) | (692) | (3,586) |
| Subscription rights | 109 | 99 | 1,155 |
| Minority interests in consolidated subsidiaries | 434 | 394 | 4,615 |
| Total net assets | 20,213 | 19,701 | 215,059 |
| Total liabilities and net assets | ¥ 30,076 | ¥ 30,287 | \$ 319,996 |

See notes to consolidated financial statements.

Consolidated Statements of Income

S.T. CORPORATION and consolidated subsidiaries
For the years ended March 31, 2013 and 2012

| | millions of yen | | thousands of U.S. dollars (Note 2) |
|---|-----------------|----------|---------------------------------------|
| | 2013 | 2012 | 2013 |
| Net sales | ¥ 46,944 | ¥ 46,354 | \$ 499,457 |
| Cost of sales (Notes 16 and 21) | 27,740 | 27,360 | 295,141 |
| Gross profit before reversal of allowance for sales returns | 19,204 | 18,995 | 204,316 |
| Reversal of allowance for sales returns | 2 | 12 | 22 |
| Gross profit | 19,206 | 19,007 | 204,338 |
| Selling, general and administrative expenses (Note 16) | 17,406 | 17,256 | 185,192 |
| Operating income | 1,800 | 1,751 | 19,147 |
| Non-operating income (expenses): | | | |
| Interest and dividends received | 44 | 78 | 465 |
| Interest expense | (0) | (1) | (3) |
| Purchase discounts | 186 | 188 | 1,984 |
| Sales discounts | (872) | (888) | (9,281) |
| Loss on equity of affiliates | (191) | (325) | (2,036) |
| Other, net | 176 | 37 | 1,870 |
| Total non-operating income (expenses) | (658) | (910) | (7,002) |
| Ordinary income | 1,141 | 841 | 12,145 |
| Special gains (losses), net: | | | |
| Loss on disposition of property, plant and equipment, net | (31) | (223) | (335) |
| State subsidy | 2 | — | 24 |
| Loss on sales of investment securities, net | (7) | — | (75) |
| Loss on disaster | — | (22) | — |
| Total special gains (losses), net | (36) | (246) | (386) |
| Income before income taxes and minority interests | 1,105 | 596 | 11,759 |
| Income taxes (Note 12): | | | |
| Current | 514 | 381 | 5,474 |
| Deferred | (4) | 91 | (45) |
| Total income taxes | 510 | 473 | 5,428 |
| Income before minority interests | 595 | 123 | 6,331 |
| Minority interests | 30 | 48 | 320 |
| Net income | ¥ 565 | ¥ 76 | \$ 6,011 |

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

S.T. CORPORATION and consolidated subsidiaries
For the years ended March 31, 2013 and 2012

| | millions of yen | | thousands of U.S. dollars (Note 2) |
|--|-----------------|-------|---------------------------------------|
| | 2013 | 2012 | 2013 |
| Income before minority interests | ¥ 595 | ¥ 123 | \$ 6,331 |
| Other comprehensive income (loss) (Note 5) | | | |
| Unrealized holding gain (loss) on other securities, net of taxes | 203 | 149 | 2,157 |
| Unrealized revaluation loss on land, net of taxes | — | 48 | — |
| Translation adjustments | 118 | (60) | 1,260 |
| Other comprehensive income (loss) on equity method companies | 110 | 42 | 1,168 |
| Total other comprehensive income (loss) | 431 | 178 | 4,585 |
| Comprehensive income | ¥ 1,026 | ¥ 301 | \$ 10,916 |
| Total comprehensive income attributable to: | | | |
| Shareholders of S.T. CORPORATION | 942 | 280 | 10,026 |
| Minority interests in consolidated subsidiaries | 84 | 22 | 889 |

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, 2013 and 2012

| | millions of yen | | | | | |
|---|--|--------------|-----------------|-------------------|-------------------------|----------------------------|
| | Number of shares of common stock (Thousands) | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at April 1, 2012 | 23,000 | ¥ 7,066 | ¥ 7,068 | ¥ 7,552 | ¥ (1,785) | ¥ 19,901 |
| Cash dividends paid by distribution of retained earnings | | | | (478) | | (478) |
| Net income | | | | 565 | | 565 |
| Purchases of treasury stock | | | | | (2) | (2) |
| Reversal of unrealized revaluation loss on land, net of taxes | | | | 22 | | 22 |
| Net changes in items other than those in shareholders' equity | | | | | | |
| Balance at March 31, 2013 | 23,000 | ¥ 7,066 | ¥ 7,068 | ¥ 7,662 | ¥ (1,787) | ¥ 20,008 |

| | 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, 2012 | ¥ 356 | ¥ (502) | ¥ (546) | ¥ (692) | ¥ 99 | ¥ 394 | ¥ 19,701 |
| Cash dividends paid by distribution of retained earnings | | | | | | | (478) |
| Net income | | | | | | | 565 |
| Purchases of treasury stock | | | | | | | (2) |
| Reversal of unrealized revaluation loss on land, net of taxes | | | | | | | 22 |
| Net changes in items other than those in shareholders' equity | 292 | (22) | 85 | 355 | 10 | 40 | 405 |
| Balance at March 31, 2013 | ¥ 648 | ¥ (524) | ¥ (461) | ¥ (337) | ¥ 109 | ¥ 434 | ¥ 20,213 |

| | millions of yen | | | | | |
|---|--|--------------|-----------------|-------------------|-------------------------|----------------------------|
| | Number of shares of common stock (Thousands) | 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 |

| | thousands of U.S. dollars (Note 2) | | | | | |
|---|--|--------------|-----------------|-------------------|-------------------------|----------------------------|
| | Number of shares of common stock (Thousands) | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at April 1, 2012 | 23,000 | \$ 75,173 | \$ 75,198 | \$ 80,354 | \$ (18,990) | \$ 211,734 |
| Cash dividends paid by distribution of retained earnings | | | | (5,084) | | (5,084) |
| Net income | | | | 6,011 | | 6,011 |
| Purchases of treasury stock | | | | | (22) | (22) |
| Reversal of unrealized revaluation loss on land, net of taxes | | | | 236 | | 236 |
| Net changes in items other than those in shareholders' equity | | | | | | |
| Balance at March 31, 2013 | 23,000 | \$ 75,173 | \$ 75,198 | \$ 81,516 | \$ (19,012) | \$ 212,875 |

| | 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, 2012 | \$ 3,785 | \$ (5,341) | \$ (5,810) | \$ (7,366) | \$ 1,050 | \$ 4,193 | \$ 209,612 |
| Cash dividends paid by distribution of retained earnings | | | | | | | (5,084) |
| Net income | | | | | | | 6,011 |
| Purchases of treasury stock | | | | | | | (22) |
| Reversal of unrealized revaluation loss on land, net of taxes | | | | | | | 236 |
| Net changes in items other than those in shareholders' equity | 3,107 | (236) | 909 | 3,780 | 104 | 422 | 4,306 |
| Balance at March 31, 2013 | \$ 6,892 | \$ (5,577) | \$ (4,901) | \$ (3,586) | \$ 1,155 | \$ 4,615 | \$ 215,059 |

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

S.T. CORPORATION and consolidated subsidiaries
For the years ended March 31, 2013 and 2012

| | millions of yen | | thousands of U.S. dollars (Note 2) |
|--|-----------------|---------|---------------------------------------|
| | 2013 | 2012 | 2013 |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | ¥ 1,105 | ¥ 596 | \$ 11,759 |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities: | | | |
| Depreciation and amortization | 830 | 931 | 8,834 |
| Loss on sales of property, plant and equipment | 31 | 223 | 335 |
| Loss on sales and valuation of investment securities | 7 | — | 75 |
| Increase (decrease) in allowance for doubtful receivables | 1 | 0 | 8 |
| Increase (decrease) in employees' retirement and severance benefits | (7) | 35 | (71) |
| Increase (decrease) in directors' retirement and severance benefits | 21 | (8) | 227 |
| Decrease in allowance for sales returns | (2) | (12) | (22) |
| Interest and dividends received | (44) | (78) | (465) |
| Interest expense | 0 | 1 | 3 |
| Foreign exchange loss (gain) | (98) | 37 | (1,043) |
| Loss on disaster | — | 22 | — |
| Equity in loss of affiliates | 191 | 325 | 2,036 |
| State subsidy | (2) | — | (24) |
| Changes in operating assets and liabilities: | | | |
| Receivables | (225) | (112) | (2,392) |
| Inventories | 265 | (636) | 2,814 |
| Payables and accrued expenses | (1,305) | 564 | (13,890) |
| Other, net | 413 | (57) | 4,389 |
| Subtotal | 1,182 | 1,830 | 12,573 |
| Interest and dividends received | 80 | 165 | 852 |
| Interest paid | (0) | (1) | (3) |
| Payments for loss on disaster | — | (66) | — |
| Income taxes paid | (282) | (368) | (2,998) |
| Net cash provided by operating activities | 980 | 1,560 | 10,424 |
| 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 | — |
| Purchases of property, plant and equipment | (1,945) | (997) | (20,692) |
| Proceeds from sales of property, plant and equipment | 25 | 0 | 262 |
| Proceeds from state subsidy | 2 | — | 24 |
| Purchases of investment securities | (29) | (386) | (309) |
| Proceeds from sales of investment securities | 48 | — | 515 |
| Proceeds from liquidation of affiliate | — | 79 | — |
| Other investments, net | (26) | 17 | (272) |
| Net cash used in investing activities | (1,924) | (787) | (20,473) |
| Cash flows from financing activities: | | | |
| Purchases of treasury stock | (2) | (0) | (22) |
| Payments of dividends | (478) | (479) | (5,084) |
| Payments of dividends to minority shareholders | (44) | (47) | (467) |
| Other finance, net | (33) | (22) | (352) |
| Net cash used in financing activities | (557) | (549) | (5,925) |
| Effect of exchange rate changes on cash and cash equivalents | 50 | (34) | 528 |
| Net increase (decrease) in cash and cash equivalents | (1,452) | 190 | (15,446) |
| Cash and cash equivalents at beginning of year | 5,921 | 5,731 | 62,995 |
| Cash and cash equivalents at end of year (Note 17) | ¥ 4,469 | ¥ 5,921 | \$ 47,549 |

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

S.T. CORPORATION and Consolidated Subsidiaries
March 31, 2013

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, 2013 and 2012 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, 2013, the number of consolidated subsidiaries and affiliates accounted for by the equity method were five and four (five and four in 2012), respectively.

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, 2013 and 2012, 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

Notes to Consolidated Financial Statements

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 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 ¥93.99 = U.S.\$1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2013.

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 Change in Accounting Policies

In accordance with the revision of the Corporation Tax Act, effective from the year ended March 31, 2013, the Company and its domestic consolidated subsidiaries have changed the method of depreciation based on the revised act and applied the new method to property, plant and

equipment obtained on or after April 1, 2012.

As a result of this change, operating income, ordinary income and income before income taxes and minority interests increased by ¥17 million (U.S.\$180 thousand) for the year ended March 31, 2013.

4 Unapplied Accounting Standards, etc.

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accountings Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

1. Overview

(1) Treatment in the consolidated balance sheet

Under the new accounting standard, actuarial gains and losses and prior service costs that have yet to be recognized in profit or loss would be recognized within the net assets section (accumulated other

comprehensive income), after adjusting for tax effects, and the deficit or surplus would be recognized as a liability (or asset).

(2) Treatment in the consolidated statements of income and comprehensive income

Actuarial gains and losses and past service costs that arose in the current year and have yet to be charged to expenses would be included in other comprehensive income, and unrecognized actuarial gains and losses and unrecognized past service costs that were recognized as accumulated

other comprehensive income in prior periods and then charged to expenses in the current year would be treated as reclassification adjustments.

2. Scheduled date for adoption

The Company expects to adopt the accounting standard and guidance as

of the end of the fiscal year commencing on April 1, 2013.

3. Effects of the adoption of the accounting standard and guidance

The effects of the adoption of the accounting standard and guidance on the financial statements are currently being assessed.

5 Consolidated Statements of Comprehensive Income

The amount of recycling and amount of income tax effect associated with other comprehensive income for the years ended March 31, 2013 and 2012 were as follows:

| | millions of yen | | thousands of U.S. dollars |
|--|-----------------|-------|---------------------------|
| | 2013 | 2012 | 2013 |
| Unrealized holding gain on other securities, net of taxes | | | |
| Amount recognized in the year | ¥ 301 | ¥ 208 | \$ 3,205 |
| Before income tax effect adjustment | 301 | 208 | 3,205 |
| Amount of income tax effect | (98) | (59) | (1,047) |
| Unrealized holding gain on other securities, net of taxes | 203 | 149 | 2,157 |
| Unrealized revaluation loss on land, net of taxes | | | |
| Amount of income tax effect | — | 48 | — |
| Translation adjustments | | | |
| Amount recognized in the year | 118 | (60) | 1,260 |
| Other comprehensive income on equity method companies | | | |
| Amount recognized in the year | 107 | 37 | 1,136 |
| Reclassification adjustments included in the statement of income | 3 | 5 | 33 |
| Other comprehensive income on equity method | 110 | 42 | 1,168 |
| Total other comprehensive income | 431 | 178 | 4,585 |

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 put 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.

Notes to Consolidated Financial Statements

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, 2013 and 2012, 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.

| Year ended March 31, 2013 | millions of yen | | |
|---|-----------------|------------|------------|
| | Carrying value | Fair value | Difference |
| a Cash and time deposits | ¥ 4,693 | ¥ 4,693 | — |
| b Trade notes and accounts receivable | 4,792 | 4,792 | — |
| c Marketable securities and investment securities | 1,822 | 1,822 | — |
| Assets | ¥ 11,306 | ¥ 11,306 | — |
| a Trade payables | ¥ 4,626 | ¥ 4,626 | — |
| b Other payables | 2,383 | 2,383 | — |
| Liabilities | ¥ 7,009 | ¥ 7,009 | — |

| Year ended March 31, 2012 | millions of yen | | |
|---|-----------------|------------|------------|
| | 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 | — |

| Year ended March 31, 2013 | thousands of U.S dollars | | |
|---|--------------------------|------------|------------|
| | Carrying value | Fair value | Difference |
| a Cash and time deposits | \$ 49,926 | \$ 49,926 | — |
| b Trade notes and accounts receivable | 50,981 | 50,981 | — |
| c Marketable securities and investment securities | 19,383 | 19,383 | — |
| Assets | \$ 120,290 | \$ 120,290 | — |
| a Trade payables | \$ 49,218 | \$ 49,218 | — |
| b Other payables | 25,358 | 25,358 | — |
| Liabilities | \$ 74,575 | \$ 74,575 | — |

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 extremely difficult to determine

| | Carrying value | | thousands of U.S. dollars |
|----------------------------|-----------------|------|------------------------------|
| | millions of yen | | |
| | 2013 | 2012 | 2013 |
| Unlisted equity securities | ¥ 65 | ¥ 47 | \$ 693 |

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, 2013 and 2012 are summarized as follows:

| Year ended March 31, 2013 | millions of yen | | | |
|---|------------------|--|--|--------------------|
| | 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 | ¥ 4,691 | ¥ — | — | — |
| Trade notes and accounts receivable | 4,792 | — | — | — |
| Marketable securities and investment securities | | | | |
| Bond | — | 100 | — | — |
| Other | 100 | — | — | — |
| Total | ¥ 9,583 | ¥ 100 | — | — |

| Year ended March 31, 2012 | millions of yen | | | |
|---|------------------|--|--|--------------------|
| | 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 | — | — |

| Year ended March 31, 2013 | thousands of U.S. dollar | | | |
|---|--------------------------|--|--|--------------------|
| | 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 | \$ 49,913 | \$ — | — | — |
| Trade notes and accounts receivable | 50,981 | — | — | — |
| Marketable securities and investment securities | | | | |
| Bond | — | 1,064 | — | — |
| Other | 1,064 | — | — | — |
| Total | \$ 101,958 | \$ 1,064 | — | — |

7 Derivatives

The Company and its consolidated subsidiaries had no derivative instruments outstanding at March 31, 2013 and 2012.

8 Marketable Securities and Investment Securities

The acquisition cost and related carrying value of other securities with a determinable market value at March 31, 2013 and 2012 are summarized as follows:

| | millions of yen | | thousands of U.S. dollars |
|-----------------------|-----------------|---------|------------------------------|
| | 2013 | 2012 | 2013 |
| Acquisition cost | ¥ 1,014 | ¥ 1,029 | \$ 10,787 |
| Carrying value | 1,822 | 1,536 | 19,383 |
| Total unrealized gain | 856 | 560 | 9,112 |
| Total unrealized loss | 48 | 54 | 516 |

At March 31, 2013 and 2012, unlisted stocks (whose carrying value was ¥65 million (U.S.\$693 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.

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, 2013 and 2012 decreased by ¥610 million (U.S.\$6,494 thousand) and ¥574 million, respectively, after the revaluation.

10 Pledged Assets

Pledged assets for the years ended March 31, 2013 and 2012 are summarized as follows:

| | millions of yen | | thousands of U.S. dollars |
|---------------|-----------------|------|------------------------------|
| | 2013 | 2012 | 2013 |
| Time deposits | ¥ 27 | ¥ 26 | \$ 284 |

Time deposits were pledged as collateral mainly for leased office space at March 31, 2013 and 2012.

11 Commitments and Contingent Liabilities

The Company had the following contingent liabilities as of March 31, 2013 and 2012.

| | millions of yen | | thousands of U.S. dollars |
|--|-----------------|------|------------------------------|
| | 2013 | 2012 | 2013 |
| Loan guarantees for: Shaldan (Thailand) Co., Ltd. | ¥ 0 | ¥ 9 | \$ 1 |

At March 31, 2013 and 2012, trade notes discounted with banks in the ordinary course of business amounted to ¥104 million (U.S.\$1,105 thousand) and ¥69 million, respectively.

12 Income Taxes

At March 31, 2013 and 2012, 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 |
|--|-----------------|-------|------------------------------|
| | 2013 | 2012 | 2013 |
| Current assets: | | | |
| Accrued employees' bonuses | ¥ 147 | ¥ 163 | \$ 1,563 |
| Allowance for sales returns | 40 | 46 | 430 |
| Accrued business taxes | 33 | 16 | 347 |
| Other | 143 | 140 | 1,524 |
| Total current deferred tax assets | 363 | 366 | 3,864 |
| Current liabilities: | | | |
| Deferred gain on sales of property | (1) | (0) | (7) |
| Other | — | (0) | — |
| Total current deferred tax liabilities | (1) | (1) | (7) |
| Net current deferred tax assets | ¥ 363 | ¥ 365 | \$ 3,858 |
| Non-current assets: | | | |
| Allowance for employees' retirement and severance benefits | ¥ 451 | ¥ 449 | \$ 4,795 |
| Allowance for directors' retirement and severance benefits | 48 | 41 | 513 |
| Write-downs of securities | 61 | 61 | 652 |
| Impairment loss | 8 | 14 | 87 |
| Other | 5 | 2 | 54 |
| Gross non-current deferred tax assets | 573 | 568 | 6,101 |
| Valuation allowance | (122) | (112) | (1,293) |
| Total non-current deferred tax assets | 452 | 456 | 4,808 |
| Non-current liabilities: | | | |
| Deferred gain on sales of property | (15) | (15) | (162) |
| Undistributed earnings of controlled foreign companies | (39) | (39) | (412) |
| Unrealized holding gain on other securities, net of taxes | (265) | (167) | (2,824) |
| Total non-current deferred tax liabilities | (319) | (221) | (3,398) |
| Net non-current deferred tax assets | ¥ 132 | ¥ 235 | \$ 1,409 |

A reconciliation of the statutory tax rate to the Company's effective tax rates for the years ended March 31, 2013 and 2012 is summarized as follows:

| | 2013 | 2012 |
|--|--------|--------|
| Japanese statutory tax rate | 38.00% | 40.00% |
| Permanent differences such as entertainment expenses, etc. | 2.94 | 6.52 |
| Permanent differences such as dividend income | (0.50) | 1.96 |
| Tax credit | (2.57) | 0.08 |
| Undistributed earnings of controlled foreign companies | 0.01 | (0.32) |
| Equity in loss of affiliates | 6.58 | 21.80 |
| Downward adjustment of deferred tax assets at end of year due to tax rate change | — | 11.32 |
| Other | 1.70 | (2.06) |
| Effective tax rate | 46.16% | 79.30% |

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, 2013 and 2012:

| | millions of Yen | | thousands of U.S. dollars |
|---|-----------------|-----------|---------------------------|
| | 2013 | 2012 | 2013 |
| Retirement and severance benefit obligation | ¥ (3,736) | ¥ (3,238) | \$ (39,745) |
| Plan assets | 2,120 | 1,909 | 22,551 |
| Unfunded benefit obligation | (1,616) | (1,329) | (17,194) |
| Unrecognized actuarial loss | 351 | 63 | 3,733 |
| Unrecognized past service cost | (1) | (1) | (6) |
| Accrued benefit obligation | ¥ (1,266) | ¥ (1,267) | \$ (13,467) |

The following table summarizes the components of net retirement benefit expenses for the years ended March 31, 2013 and 2012:

| | millions of yen | | thousands of U.S. dollars |
|--|-----------------|-------|---------------------------|
| | 2013 | 2012 | 2013 |
| Service cost | ¥ 159 | ¥ 158 | \$ 1,696 |
| Interest cost on benefit obligation | 64 | 61 | 681 |
| Expected return on plan assets | (38) | (36) | (406) |
| Amortization of actuarial loss | 42 | 35 | 452 |
| Amortization of past service cost | (1) | (1) | (6) |
| Extraordinary additional retirement payments | 51 | 3 | 541 |
| Net retirement benefit expenses | ¥ 278 | ¥ 221 | \$ 2,957 |

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

| | 2013 | 2012 |
|--|----------------------|----------------------|
| Method of periodic allocation of estimated retirement benefits | Straight-line method | Straight-line method |
| Discount rate | 0.8% | 2.0% |
| Expected rate of return on plan assets | 2.0% | 2.0% |

Note: As a result of reviewing the appropriateness of the discount rate, it turned out that the movement of the discount rate has a significant impact on the projected benefit obligation. Therefore, the discount rate as at March 31, 2013 has been changed to 0.8% while the discount rate as at April 1, 2012 was 2.0%.

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, 2013, the legal reserve of the Company included in retained earnings amounted to ¥550 million (U.S.\$5,850 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, 2013 and 2012 were ¥905.84 (U.S.\$9.64) and ¥884.45, respectively. Basic net income per share for the years ended March 31, 2013 and 2012 was ¥26.01 (U.S.\$0.28) and ¥3.48, respectively.

Diluted net income per share for the year ended March 31, 2013 and

2012 is not presented because latent shares with dilutive effect do not exist.

The basis for calculation of basic net income per share and diluted net income per share for the years ended March 31, 2013 and 2012 was as follows:

| | millions of yen | | thousands of U.S. dollars |
|--|-----------------|------|---------------------------|
| | 2013 | 2012 | 2013 |
| Basic net income per share: | | | |
| Net income | ¥ 565 | ¥ 76 | \$ 6,011 |
| Amount not attributable to shareholders of common stock: | | | |
| — | — | — | — |
| Amount attributable to shareholders of common stock | 565 | 76 | 6,011 |
| Weighted-average number of shares outstanding (millions of shares) | 22 | 22 | — |
| Diluted net income per share: | | | |
| 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, 2013 and 2012 was as follows:

| | millions of yen | | thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
| | 2013 | 2012 | 2013 |
| Total net assets per share: | | | |
| Total net assets | ¥ 20,213 | ¥ 19,701 | \$ 215,059 |
| Deductions: | | | |
| Subscription rights | 542 | 493 | 5,770 |
| Minority interests in consolidated subsidiaries | 109 | 99 | 1,155 |
| — | 434 | 394 | 4,615 |
| Amounts attributable to shareholders of common stock | 19,671 | 19,209 | 209,289 |
| 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, 2013 and 2012 were as follows:

| | millions of yen | | thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
| | 2013 | 2012 | 2013 |
| Sales promotion expenses | ¥ 5,412 | ¥ 5,097 | \$ 57,583 |
| Advertising costs | 2,917 | 2,889 | 31,037 |
| Salaries | 1,973 | 2,007 | 20,995 |
| Shipment and storage expenses | 1,309 | 1,407 | 13,930 |
| Provision for employees' retirement and severance benefits | 234 | 179 | 2,492 |
| Provision for directors' retirement and severance benefits | 21 | 16 | 227 |

Research and development expenses included in general and administrative expenses and cost of sales for the years ended March 31, 2013 and 2012 amounted to ¥572 million (U.S.\$6,088 thousand) and ¥659 million, respectively.

17 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, 2013 and 2012 is as follows:

| | millions of yen | | thousands of U.S. dollars |
|--|-----------------|---------|------------------------------|
| | 2013 | 2012 | 2013 |
| Cash and time deposits | ¥ 4,693 | ¥ 6,121 | \$ 49,926 |
| Time deposits with a maturity in excess of three months | (223) | (223) | (2,377) |
| Marketable securities with a maturity of three months or less from their respective dates of acquisition | — | 23 | — |
| Cash and cash equivalents | ¥ 4,469 | ¥ 5,921 | \$ 47,549 |

18 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, 2013 and 2012, primarily relating to tools, furniture and fixtures is as follows:

| | millions of yen | | thousands of U.S. dollars |
|--------------------------|-----------------|------|------------------------------|
| | 2013 | 2012 | 2013 |
| Acquisition cost | ¥ 36 | ¥ 43 | \$ 383 |
| Accumulated depreciation | 35 | 35 | 372 |
| Net book value | ¥ 1 | ¥ 8 | \$ 10 |

(2) Future minimum lease payments, inclusive of the related interest, subsequent to March 31, 2013 and 2012 are summarized as follows:

| | millions of yen | | thousands of U.S. dollars |
|-----------------------------|-----------------|------|------------------------------|
| | 2013 | 2012 | 2013 |
| Payable in one year or less | ¥ 1 | ¥ 7 | \$ 10 |
| Payable after one year | — | 1 | — |
| Total | ¥ 1 | ¥ 8 | \$ 10 |

(3) Lease payments and proforma depreciation charges for the years ended March 31, 2013 and 2012 were ¥7 million (U.S.\$76 thousand) and ¥14 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, 2013 and 2012.

19 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 of 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 category, Hand Care category and Thermal Care category. The Household Environment-Related Products segment includes the manufacture and sales of Air Care category, Humidity Care category and Home Care category.

(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.

As explained in the section "Change in Accounting Policies", in accordance with the revision of the Corporation Tax Act, effective from the year ended March 31, 2013, the Company and its domestic consolidated subsidiaries have changed the method of depreciation and applied the new method to property, plant and equipment obtained on or after April 1, 2012. As a result of this change, the segment profit of "Mothproofing and Hygiene-Related Products" for the year ended March 31, 2013 increased by ¥6 million (U.S.\$65 thousand), and the segment profit of "Household Environment-Related Products" increased by ¥11 million (U.S.\$115 thousand).

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

| Year ended March 31, 2013 | millions of yen | | |
|---------------------------------|---|--|----------|
| | Mothproofing and Hygiene-Related Products | Household Environment-Related Products | Total |
| Sales | | | |
| Sales to third parties | ¥ 20,971 | ¥ 25,973 | ¥ 46,944 |
| Intra-group sales and transfers | — | — | — |
| Net sales | 20,971 | 25,973 | 46,944 |
| Segment income | ¥ 932 | ¥ 868 | ¥ 1,800 |
| Other items | | | |
| Depreciation | ¥ 354 | ¥ 457 | ¥ 810 |

| Year ended March 31, 2012 | millions of yen | | |
|---------------------------------|---|--|----------|
| | 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 |

| Year ended March 31, 2013 | thousands of U.S. dollars | | |
|---------------------------------|---|--|------------|
| | Mothproofing and Hygiene-Related Products | Household Environment-Related Products | Total |
| Sales | | | |
| Sales to third parties | \$ 223,123 | \$ 276,333 | \$ 499,457 |
| Intra-group sales and transfers | — | — | — |
| Net sales | 223,123 | 276,333 | 499,457 |
| Segment income | \$ 9,911 | \$ 9,235 | \$ 19,147 |
| Other items | | | |
| Depreciation | \$ 3,762 | \$ 4,858 | \$ 8,620 |

Notes: 1. The total of 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.

Notes to Consolidated Financial Statements

(4) Related Information

(a) Information by category and service

| Year ended March 31, 2013 | millions of yen | | | | |
|---------------------------|-----------------|--------------|----------|---------|----------|
| | Cloth Care | Thermal Care | Air Care | Others | Total |
| Sales to third parties | ¥ 9,874 | ¥ 6,866 | ¥ 20,482 | ¥ 9,721 | ¥ 46,944 |

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

| Year ended March 31, 2013 | thousands of U.S. dollars | | | | |
|---------------------------|---------------------------|--------------|------------|------------|------------|
| | Cloth Care | Thermal Care | Air Care | Others | Total |
| Sales to third parties | \$ 105,055 | \$ 73,053 | \$ 217,920 | \$ 103,428 | \$ 499,457 |

(b) Information by geographical segment

(Sales)

Geographical segment information is not presented as overseas sales were less than 10% of consolidated net sales for the years ended March 31, 2013 and 2012.

(Property, plant and equipment)

Geographical segment information is not presented as the amount of property, plant and equipment in Japan exceeded 90% of the total of property, plant and equipment at March 31, 2013 and 2012.

(c) Information by major customers

| Customer's name | Sales | | | Related segment |
|--------------------|-----------------|----------|---------------------------|---|
| | millions of Yen | | thousands of U.S. dollars | |
| | 2013 | 2012 | 2013 | |
| Paltac Corporation | ¥ 15,998 | ¥ 15,026 | \$ 170,207 | Mothproofing and Hygiene-Related Products Household Environment-Related Products |
| ARATA CORPORATION | ¥ 9,615 | ¥ 9,766 | \$ 102,298 | Mothproofing and Hygiene-Related Products Household Environment-Related Products |

20 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, 2013 and 2012, and for the year then ended is as follows:

| | millions of yen | | thousands of U.S. dollars |
|-----------------------------------|-----------------|----------|------------------------------|
| | 2013 | 2012 | 2013 |
| Total current assets | ¥ 12,125 | ¥ 14,541 | \$ 129,007 |
| Total non-current assets | 9,981 | 6,719 | 106,195 |
| Total deferred assets | 1 | 5 | 7 |
| Total current liabilities | 11,834 | 13,631 | 125,904 |
| Total long-term liabilities | 3,101 | 679 | 32,995 |
| Total net assets | 7,172 | 6,954 | 76,310 |
| Sales | 14,965 | 15,678 | 159,223 |
| Income (loss) before income taxes | 79 | (1,374) | 845 |
| Net income (loss) | 22 | (1,006) | 233 |

21 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 ¥807 million (U.S.\$8,586 thousand) and ¥550 million for the years ended March 31, 2013 and 2012.

22 Note to Consolidated Statements of Changes in Net Assets

Shares in issue and outstanding and treasury stock at March 31, 2013 and 2012 were as follows:

(Year ended March 31, 2013)

Number of shares in issue and outstanding:

Common stock 23,000 thousand

Number of shares held in treasury:

Common stock 1,284 thousand

Note: Detail of the increase is as follows:

Increase due to purchase of shares less than standard unit: 2 thousand

Subscription rights at March 31, 2013 were as follows:

Subscription rights for stock options ¥109 million (U.S.\$1,155 thousand)

Dividends paid from retained earnings for the year ended March 31, 2013 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 21, 2012 | 240 | 11 | March 31, 2012 | June 1, 2012 |
| Board of directors' meeting held on October 30, 2012 | 240 | 11 | September 30, 2012 | December 7, 2012 |

Dividends for which the record date was in the year ended March 31, 2013 and the effective date is in the year ending March 31, 2014 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 20, 2013 | 240 | Retained earnings | 11 | March 31, 2013 | May 31, 2013 |

(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 1,281 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

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 for which the record date was in the year ended March 31, 2012 and the effective date was in the year ended 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 |

23 Stock Option Plans

At March 31, 2013, 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 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 | Aug 1, 2009 – July 31, 2014 |
| June 18, 2008 | 95,000 | 3 officers and 12 employees | Aug 1, 2010 – July 31, 2015 |
| June 18, 2009 | 20,000 | 4 employees | Aug 4, 2011 – Aug 3, 2016 |
| June 18, 2010 | 155,000 | 4 officers and 17 employees | Aug 3, 2012 – Aug 2, 2017 |
| June 17, 2011 | 35,000 | 7 employees | Aug 2, 2013 – Aug 1, 2018 |
| June 15, 2012 | 130,000 | 3 officers and 8 employees | Aug 2, 2014 – Aug 1, 2019 |

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 2013 stock option plan amounting to ¥10 million (U.S.\$104 thousand) were included in selling, general and administrative expenses.

Contents of stock options

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------|---|---|---|---|---|---|---|--|
| Grantees | 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 | 3 officers and 8 employees |
| Type of stock | Common stock | Common stock | Common stock | Common stock | Common stock | Common stock | Common stock | Common stock |
| Number of shares granted | 160,000 | 75,000 | 140,000 | 95,000 | 20,000 | 155,000 | 35,000 | 130,000 |
| Grant date | August 4, 2005 | August 1, 2006 | August 1, 2007 | August 1, 2008 | August 3, 2009 | August 2, 2010 | August 1, 2011 | August 1, 2012 |
| Condition for exercise | 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 from August 1, 2012 to August 1, 2014 |
| Working period | 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 | August 1, 2012 to August 1, 2014 |
| 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) |

Notes to Consolidated Financial Statements

Stock option activity during the year ended March 31, 2013 was as follows:

Number of shares

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------|--------|---------|--------|--------|---------|--------|---------|
| Non-vested Outstanding at beginning of year | — | — | — | — | — | 155,000 | 35,000 | — |
| Granted during the year | — | — | — | — | — | — | — | 130,000 |
| Forfeited during the year | — | — | — | — | — | — | — | 60,000 |
| Vested during the year | — | — | — | — | — | 155,000 | — | — |
| Outstanding at end of year | — | — | — | — | — | — | 35,000 | 70,000 |
| Vested Outstanding at beginning of year | 100,000 | 75,000 | 140,000 | 95,000 | 20,000 | — | — | — |
| Vested during the year | — | — | — | — | — | 155,000 | — | — |
| Exercised during the year | — | — | — | — | — | — | — | — |
| Forfeited during the year | 100,000 | — | — | — | — | 10,000 | — | — |
| Outstanding at end of year | — | 75,000 | 140,000 | 95,000 | 20,000 | 145,000 | — | — |

Price of stock options

| | yen | | | | | | | U.S. dollars | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|-------|--------------|-------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2013 |
| Exercise price | ¥ 1,628 | ¥ 1,727 | ¥ 1,517 | ¥ 1,264 | ¥ 1,037 | ¥ 1,049 | ¥ 976 | ¥ 946 | \$ 10 |
| Weighted-average market price | — | — | — | — | — | — | — | — | — |
| Fair value per option on grant date | — | ¥ 292 | ¥ 191 | ¥ 220 | ¥ 197 | ¥ 178 | ¥ 194 | ¥ 153 | \$ 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, 2013 was estimated based on the following assumptions:

| | 2013 |
|-------------------------------|----------------------|
| Volatility | 29.6% |
| Option term | 4 years and 6 months |
| Expected dividend (per share) | ¥22 (U.S.\$0.23) |
| Risk-free interest rate | 0.16% |

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 2012 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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2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197

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, 2013, 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 its consolidated subsidiaries as at March 31, 2013, 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 14, 2013
Tokyo, Japan

Ernst & Young ShinNihon LLC

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) |
|---|---|----------|----------|----------|----------|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2013 |
| For the Year: | | | | | | |
| Net sales | ¥ 46,944 | ¥ 46,354 | ¥ 43,580 | ¥ 43,546 | ¥ 44,879 | \$ 499,457 |
| Cost of sales | 27,738 | 27,347 | 25,370 | 25,151 | 26,280 | 295,118 |
| Selling, general and administrative expenses | 17,406 | 17,256 | 16,097 | 16,149 | 16,107 | 185,192 |
| Operating income | 1,800 | 1,751 | 2,114 | 2,246 | 2,493 | 19,147 |
| Income before income taxes and minority interests | 1,105 | 596 | 1,343 | 1,943 | 1,969 | 11,759 |
| Net income | 565 | 76 | 786 | 1,119 | 1,076 | 6,011 |
| Capital expenditures | 2,061 | 1,007 | 662 | 673 | 716 | 21,926 |
| Depreciation and amortization | 830 | 931 | 992 | 922 | 858 | 8,834 |
| R&D expenses | 572 | 659 | 610 | 612 | 499 | 6,088 |
| Cash flows from operating activities | 980 | 1,560 | 2,704 | 2,263 | 1,549 | 10,424 |
| Cash flows from investing activities | (1,924) | (787) | (3,601) | (126) | (604) | (20,473) |
| Free cash flow | (944) | 773 | (897) | 2,137 | 945 | (10,049) |
| Cash flows from financing activities | (557) | (549) | (521) | (499) | (530) | (5,925) |
| At Year-End: | | | | | | |
| Total current assets | ¥ 15,533 | ¥ 16,941 | ¥ 16,523 | ¥ 17,667 | ¥ 16,118 | \$ 165,257 |
| Property, plant and equipment, net | 7,524 | 6,295 | 6,312 | 6,561 | 6,766 | 80,052 |
| Total assets | 30,076 | 30,287 | 30,011 | 29,029 | 27,617 | 319,996 |
| Total current liabilities | 8,058 | 8,778 | 8,286 | 7,313 | 6,881 | 85,730 |
| Total long-term liabilities | 1,805 | 1,807 | 1,753 | 1,751 | 1,706 | 19,206 |
| Total net assets | 20,213 | 19,701 | 19,972 | 19,966 | 19,029 | 215,059 |
| Cash and cash equivalents | 4,469 | 5,921 | 5,731 | 7,170 | 5,520 | 47,549 |
| Number of shares issued (thousand shares) | 23,000 | 23,000 | 23,000 | 29,500 | 29,500 | |
| Treasury stock (thousand shares) | 1,284 | 1,282 | 1,214 | 7,648 | 7,669 | |
| Number of employees | 663 | 647 | 630 | 611 | 619 | |
| Per Share (yen and U.S. dollars): | | | | | | |
| Net income | ¥ 26.01 | ¥ 3.48 | ¥ 36.03 | ¥ 51.25 | ¥ 49.32 | \$ 0.28 |
| Dividends | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 0.23 |
| Net assets | 905.84 | 884.45 | 893.74 | 892.46 | 853.81 | 9.64 |
| Ratios (%): | | | | | | |
| Operating income margin | 3.83 | 3.78 | 4.85 | 5.16 | 5.55 | |
| Income before income taxes and minority interests/net sales | 2.35 | 1.29 | 3.08 | 4.46 | 4.39 | |
| Net income margin | 1.20 | 0.16 | 1.80 | 2.57 | 2.40 | |
| ROE | 2.91 | 0.39 | 4.03 | 5.87 | 5.78 | |
| ROA | 1.87 | 0.25 | 2.66 | 3.95 | 3.84 | |
| Equity ratio | 65.40 | 63.42 | 64.88 | 67.18 | 67.49 | |

Notes: 1. U.S. dollar amounts are translated from yen for convenience only, at the rate of ¥93.99 = U.S.\$1.00, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2013.

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, 2013

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 | 12,679 |
| Registered transfer agent | Mizuho Trust & Banking Co., Ltd. |
| Accounting auditors | Ernst & Young ShinNihon LLC |
| Annual shareholders' meeting | Middle of June each year |
| Employees | 663 (consolidated) 400 (non-consolidated) |
| Contact | Hirohide Shimada, Public Relations Department |
| E-mail | ir@st-c.co.jp |
| Telephone | +81-3-3367-6115 |
| Facsimile | +81-3-3367-6320 |

Group Companies

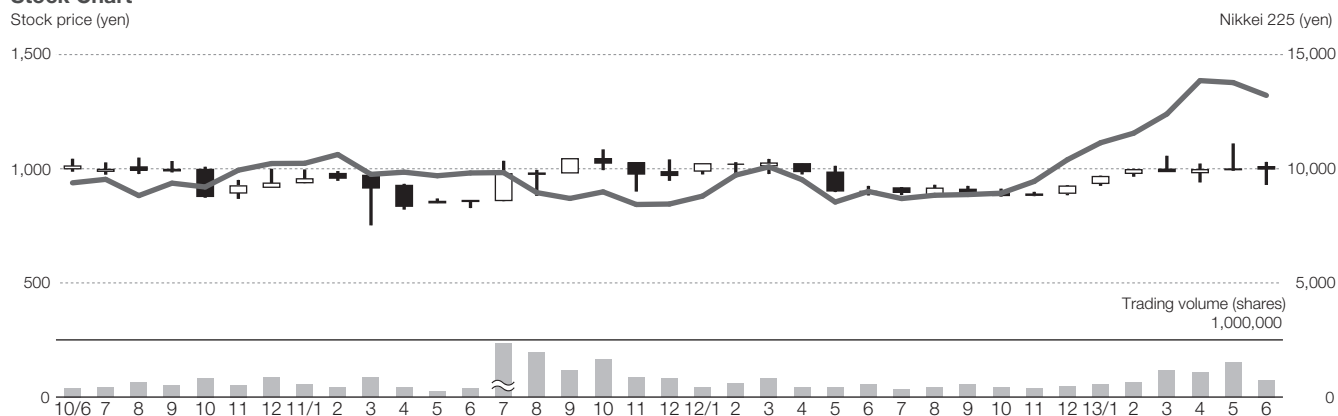
- S.T. TRADING CO., LTD.
- S.T. AUTO CO., LTD.
- S.T. BUSINESS SUPPORT CO., LTD.
- FAMILY GLOVE CO., LTD. (THAILAND)
- FAMILY GLOVE CO., LTD. (TAIWAN)
- S.T. KOREA CORPORATION (SOUTH KOREA)

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 |
| Kanichi Suzuki | 500 | 2.2 |
| Carenne | 433 | 1.9 |
| Hiromu Fujii | 401 | 1.7 |



Stock Chart





4-10, Shimo-ochiai 1-chome, Shinjuku-ku, Tokyo 161-8540, Japan
<http://www.st-c.co.jp/english/company/index.html>