

November 9, 2012

Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2013 <under Japanese GAAP>

Company name: **TAIYO HOLDINGS CO., LTD.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 4626
 URL: <http://www.taiyo-hd.co.jp>
 Representative: Eiji Sato, President and CEO
 Inquiries: Shuichi Omi, Manager of Accounting & Finance Department
 TEL: +81-3-5999-1511

Scheduled date to file quarterly report: November 12, 2012
 Scheduled date to commence dividend payments: December 3, 2012
 Preparation of supplementary results briefing material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months of the fiscal year ending March 31, 2013 (from April 1, 2012 to September 30, 2012)

(1) Operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2012	18,594	(11.9)	2,353	(2.6)	2,463	8.3	1,746	10.6
September 30, 2011	21,115	1.9	2,416	(31.4)	2,274	(33.6)	1,578	(29.3)

Note: Comprehensive income
 For the six months ended September 30, 2012: 988 million yen [651.3%]
 For the six months ended September 30, 2011: 131 million yen [(77.8)%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2012	68.65	—
September 30, 2011	62.07	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2012	40,851	33,295	80.3	1,290.29
March 31, 2012	40,703	33,476	81.1	1,297.18

Reference: Equity (Net assets excluding minority interests)
 As of September 30, 2012: 32,822 million yen As of March 31, 2012: 32,997 million yen

2. Cash dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2012	–	45.00	–	45.00	90.00
Fiscal year ending March 31, 2013	–	45.00			
Fiscal year ending March 31, 2013 (Forecasts)			–	45.00	90.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2013	36,500	(8.3)	4,500	11.4	4,500	11.7	3,200	27.9	125.79

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

The consolidated earnings forecasts have been revised. For details, please refer to “Notice of Revision to Consolidated Earnings Forecasts” released today (only in Japanese).

* Notes

- (1) Changes in significant subsidiaries during the current six months (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: Yes
 - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common stock)

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

As of September 30, 2012	27,464,000 shares
As of March 31, 2012	27,464,000 shares

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

As of September 30, 2012	2,025,726 shares
As of March 31, 2012	2,025,666 shares

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

Six months ended September 30, 2012	25,438,317 shares
Six months ended September 30, 2011	25,438,440 shares

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

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

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

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

Attached Materials

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1. Qualitative Information Regarding Settlement of Accounts for the Six Months

(1) Qualitative information regarding consolidated operating results

- In the global economy during the six months ended September 30, 2012, the outlook was unclear and the situation was unpredictable because the economic downturn caused by the prolonged European debt crisis spread to a wider area, including emerging countries. In particular, there was a deepening sense of economic slowdown in China, which is the primary market for the Group. On the other hand, the Japanese economy showed signs of a moderate upturn, typified by a recovery in domestic consumption on the back of restoration demand from the Great East Japan Earthquake and a fall in unemployment. In the latter half of the period, however, there was a lull in this upturn as the global economic slowdown became more pronounced.
- In the electronics components industry, in which the Group operates, demand for smartphones and tablet PCs remained firm. On the other hand, conditions remained difficult for PCs and flat-screen TVs due to continuing stagnation in demand. While sales of materials related to vehicles remained strong, Japanese automakers were forced to reduce production in response to anti-Japanese actions in China in September, and the effects of this may ripple through to the electronics components industry.
- Operating under these conditions, net sales for the current six months amounted to 18,594 million yen (down 11.9% year on year).
- In the PWB (printed wiring board) materials market, sales volumes and sales unit prices were almost in line with the same period of the previous fiscal year. As a result, net sales of PWB materials were 14,006 million yen (down 0.6% year on year).
- Sales of FPD (flat panel display) materials, mainly consisting of PDP (plasma display panel) materials, were weak. Sales volumes were down substantially from those of the same period of the previous fiscal year. Sales unit prices were also down owing to a fall in the market price of silver, which has a connection with sales unit prices of FPD materials and soared during the same period of the previous fiscal year. As a result, net sales of FPD materials amounted to 4,189 million yen (down 37.1% year on year).
- Concerning profits, although a fall in the market price of the raw material silver caused a decline in net sales of FPD materials, it also resulted in a decline in cost of sales, and this helped to improve the gross profit ratio. In addition, the number of employees engaged in sales and new product development was bolstered, while the foreign exchange risk hedging structure was strengthened. As a result, operating income amounted to 2,353 million yen (down 2.6% year on year) with ordinary income at 2,463 million yen (up 8.3% year on year) and net income at 1,746 million yen (up 10.6% year on year).

Sales results by product group category

The following are sales results by product group category for the six months ended September 30, 2012.

(Millions of yen)

Name of product group category	Six months ended September 30, 2011	Six months ended September 30, 2012	Compared to the same period of the previous fiscal year	
			Change	Rate of change (%)
Rigid board materials	10,730	10,248	(481)	(4.5)
PKG board and flexible board materials	2,862	3,220	357	12.5
Build-up board materials	499	536	37	7.4
FPD materials	6,659	4,189	(2,469)	(37.1)
Others	363	398	34	9.5
Total	21,115	18,594	(2,521)	(11.9)

Results by segment are as follows. (Net sales of segments includes inter-segment sales or transactions.)

1) Japan

- The consolidated company located in Japan is TAIYO INK MFG. CO., LTD., a manufacturing and marketing subsidiary.
- In the six months ended September 30, 2012, sales in the domestic market were strong on the back of expansion of the smartphone market and a recovery in domestic automobile production, while sales to exports increased, particularly for high-function products.
- As a result, net sales amounted to 7,265 million yen (up 15.8% year on year) with segment profit at 885 million yen (up 40.4% year on year).

2) China (including Hong Kong)

- The consolidated companies located in China are TAIYO INK (SUZHOU) CO., LTD., a manufacturing and marketing subsidiary, and TAIYO INK INTERNATIONAL (HK) LIMITED and TAIYO INK TRADING (SHENZHEN) CO., LTD., marketing subsidiaries operating mainly in the southern China region.
- In the Chinese economy, although signs of concern regarding growth were seen due to weak domestic consumption and a decline in exports to Europe, sales volumes increased compared with the same period of the previous fiscal year due to growth in sales of low-priced products.
- As a result, net sales amounted to 5,611 million yen (down 4.1% year on year) with segment profit at 844 million yen (down 23.4% year on year).

3) Taiwan

- The consolidated company located in Taiwan is TAIWAN TAIYO INK CO., LTD., a manufacturing and marketing subsidiary.
- Although sales volumes decreased slightly due to stagnation in Taiwan's economy and a decline in exports to China, high function products continued to sell well amid ongoing expansion of the smartphone and tablet PC markets.
- As a result, net sales amounted to 1,974 million yen (up 1.7% year on year) with segment profit at 246 million yen (down 0.9% year on year).

4) Korea

- The consolidated company located in Korea is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.
- Sales volumes of FPD materials declined substantially, while sales amounts were also down considerably compared with the same period of the previous fiscal year due to a fall in the market price of silver, which has a connection with sales unit prices of FPD materials.
- As a result, net sales amounted to 6,236 million yen (down 30.5% year on year) with segment profit at 351 million yen (up 43.8% year on year).

5) Other

- The consolidated companies located in the areas other than the above are TAIYO AMERICA, INC. and TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD.
- TAIYO INK INTERNATIONAL (SINGAPORE) had strong sales of materials related to vehicles amid continued recovery from damage caused by the floods in Thailand.
- At TAIYO AMERICA, sales were roughly level with the same period of the previous fiscal year.
- As a result, net sales amounted to 1,390 million yen (up 4.8% year on year) with segment profit at 155 million yen (up 15.8% year on year).

(2) Qualitative information regarding consolidated financial position

Positions of assets, liabilities and net assets

- The following shows the positions of assets, liabilities and net assets as of September 30, 2012.

	As of March 31, 2012 (Millions of yen)	As of September 30, 2012 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	26,380	27,136	755	Cash and deposits increased approx. 1,300 million yen and inventories decreased approx. 400 million yen
Noncurrent assets	14,322	13,714	(607)	Decrease of approx. 400 million yen due to depreciation and amortization and insurance funds decreased approx. 100 million yen
Total assets	40,703	40,851	147	
Total liabilities	7,227	7,556	328	Notes and accounts payable-trade increased approx. 400 million yen
Total net assets	33,476	33,295	(181)	Net income was approx. 1,700 million yen, cash dividends paid was approx. 1,100 million yen and foreign currency translation adjustment decreased approx. 700 million yen
Total liabilities and net assets	40,703	40,851	147	

(3) Qualitative information regarding consolidated earnings forecasts

The full-year consolidated earnings forecasts have been revised because net sales for the full year are expected to fall short of the forecasts announced on May 8, 2012 owing to stagnation in sales of FPD materials, which mainly consist of PDP materials, amid a contraction in the PDP television market.

For details, please refer to “Notice of Revision to Consolidated Earnings Forecasts” released today, November 9, 2012 (only in Japanese).

2. Matters Regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the current six months

No items to report

(2) Application of specific accounting for preparing quarterly consolidated financial statements

No items to report

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

Change in depreciation method

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

The impact of this change in depreciation method was immaterial.

3. Significant Events Regarding Premise of Going Concern

No items to report

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
Assets		
Current assets		
Cash and deposits	12,964	14,336
Notes and accounts receivable-trade	8,452	8,549
Short-term investment securities	0	0
Merchandise and finished goods	2,154	1,921
Work in process	199	179
Raw materials and supplies	1,894	1,688
Other	814	548
Allowance for doubtful accounts	(98)	(87)
Total current assets	26,380	27,136
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,859	6,586
Land	4,083	4,053
Other, net	1,603	1,531
Total property, plant and equipment	12,546	12,171
Intangible assets	358	316
Investments and other assets	1,417	1,227
Total noncurrent assets	14,322	13,714
Total assets	40,703	40,851
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,851	5,337
Income taxes payable	190	368
Provision for bonuses	258	268
Provision for directors' bonuses	10	41
Other	1,082	948
Total current liabilities	6,393	6,964
Noncurrent liabilities		
Provision for retirement benefits	204	204
Provision for directors' retirement benefits	103	10
Asset retirement obligations	53	53
Other	472	324
Total noncurrent liabilities	833	591
Total liabilities	7,227	7,556

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	29,301	29,903
Treasury stock	(5,372)	(5,372)
Total shareholders' equity	37,166	37,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77	37
Foreign currency translation adjustment	(4,245)	(4,982)
Total accumulated other comprehensive income	(4,168)	(4,944)
Minority interests	478	472
Total net assets	33,476	33,295
Total liabilities and net assets	40,703	40,851

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

(Millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012
Net sales	21,115	18,594
Cost of sales	15,743	12,994
Gross profit	5,372	5,599
Selling, general and administrative expenses	2,955	3,245
Operating income	2,416	2,353
Non-operating income		
Interest income	22	41
Dividends income	15	55
Other	66	62
Total non-operating income	103	159
Non-operating expenses		
Interest expenses	2	0
Foreign exchange losses	238	30
Other	5	18
Total non-operating expenses	246	49
Ordinary income	2,274	2,463
Extraordinary income		
Gain on sales of noncurrent assets	0	18
Total extraordinary income	0	18
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	34	6
Loss on valuation of investment securities	5	7
Total extraordinary losses	40	14
Income before income taxes and minority interests	2,233	2,467
Income taxes-current	743	786
Income taxes-deferred	(101)	(100)
Total income taxes	642	685
Income before minority interests	1,591	1,781
Minority interests in income	12	35
Net income	1,578	1,746

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012
Income before minority interests	1,591	1,781
Other comprehensive income		
Valuation difference on available-for-sale securities	(37)	(40)
Foreign currency translation adjustment	(1,422)	(753)
Total other comprehensive income	(1,460)	(793)
Comprehensive income	131	988
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	202	969
Comprehensive income attributable to minority interests	(70)	18

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,233	2,467
Depreciation and amortization	515	476
Loss (gain) on valuation of investment securities	5	7
Increase (decrease) in provision for retirement benefits	(5)	4
Increase (decrease) in provision for bonuses	23	12
Increase (decrease) in provision for directors' bonuses	24	30
Interest and dividends income	(37)	(96)
Interest expenses	2	0
Loss (gain) on sales and retirement of property, plant and equipment	34	(11)
Decrease (increase) in notes and accounts receivable-trade	(587)	(448)
Decrease (increase) in inventories	(1,115)	317
Increase (decrease) in notes and accounts payable-trade	972	663
Increase (decrease) in accrued consumption taxes	(50)	85
Other, net	(630)	(172)
Subtotal	1,385	3,336
Interest and dividends income received	38	95
Interest expenses paid	(2)	(0)
Income taxes paid	(1,005)	(470)
Net cash provided by (used in) operating activities	415	2,961
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,245)	(903)
Proceeds from withdrawal of time deposits	1,215	1,296
Proceeds from sales of short-term investment securities	0	0
Purchase of property, plant and equipment	(260)	(318)
Purchase of intangible assets	(76)	(10)
Payments of loans receivable	(4)	(6)
Collection of loans receivable	10	7
Other, net	(6)	202
Net cash provided by (used in) investing activities	(367)	267
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,200	—
Decrease in short-term loans payable	(1,200)	—
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(1,780)	(1,144)
Cash dividends paid to minority shareholders	(53)	(24)
Net cash provided by (used in) financing activities	(1,833)	(1,169)
Effect of exchange rate change on cash and cash equivalents	(351)	(228)
Net increase (decrease) in cash and cash equivalents	(2,137)	1,831
Cash and cash equivalents at beginning of period	13,152	11,563
Cash and cash equivalents at end of period	11,015	13,395

(4) Notes on premise of going concern

No items to report

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

No items to report

(6) Segment information, etc.

I. Six months ended September 30, 2011

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

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan	Korea	Total		
Net sales							
External sales	4,424	5,817	1,471	8,092	19,805	1,310	21,115
Inter-segment sales or transfers	1,850	36	469	884	3,240	17	3,257
Total sales	6,274	5,853	1,941	8,976	23,046	1,327	24,373
Segment profit	630	1,102	248	244	2,225	134	2,360

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

2. The "Other" segment represents operating segments not included in reportable segments and covers the business activities of local subsidiaries in the U.S. and other Asian countries.

2. Difference between total segment profit or loss for reportable segments and operating income on consolidated statement of income, and details thereof (reconciliation)

(Millions of yen)

Profit/loss	Amount
Reportable segments total	2,225
"Other" segment profit	134
Inter-segment eliminations	103
Amortization of goodwill	(5)
Profit/loss not allocated to operating segments (Note)	(42)
Other adjusted amount	0
Operating income on the consolidated statement of income	2,416

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

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

No items to report

II. Six months ended September 30, 2012

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

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan	Korea	Total		
Net sales							
External sales	4,546	5,548	1,438	5,696	17,229	1,364	18,594
Inter-segment sales or transfers	2,718	62	536	539	3,857	26	3,884
Total sales	7,265	5,611	1,974	6,236	21,087	1,390	22,478
Segment profit	885	844	246	351	2,327	155	2,483

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

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

2. Difference between total segment profit or loss for reportable segments and operating income on consolidated statement of income, and details thereof (reconciliation)

(Millions of yen)

Profit/loss	Amount
Reportable segments total	2,327
“Other” segment profit	155
Inter-segment eliminations	53
Amortization of goodwill	(9)
Profit/loss not allocated to operating segments (Note)	(173)
Operating income on the consolidated statement of income	2,353

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

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

No items to report