



October 31, 2017

Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending March 31, 2018
<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/en>
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Scheduled date to file quarterly report: October 31, 2017
 Scheduled date to commence dividend payments: December 1, 2017
 Preparation of supplementary 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 first six months of the fiscal year ending March 31, 2018 (from April 1, 2017 to September 30, 2017)

(1) Operating results (cumulative)

(Millions of yen; % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Six months ended:								
September 30, 2017	25,784	10.0	5,744	26.0	5,690	23.7	3,998	10.3
September 30, 2016	23,442	(7.7)	4,557	(21.5)	4,602	(21.9)	3,623	(11.4)

Note: Comprehensive income

For the six months ended September 30, 2017: 4,622 million yen 740.2%

For the six months ended September 30, 2016: 550 million yen (85.0%)

(Yen)

	Basic earnings per share	Diluted earnings per share
Six months ended:		
September 30, 2017	138.83	—
September 30, 2016	156.61	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2017	95,619	74,134	77.2	2,559.87
March 31, 2017	92,386	71,846	76.9	2,468.99

Reference: Equity (Net assets excluding non-controlling interests)

As of September 30, 2017: 73,788 million yen As of March 31, 2017: 71,063 million yen

2. Cash dividends

(Yen)

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2017	–	55.00	–	65.10	120.10
Fiscal year ending March 31, 2018	–	65.10			
Fiscal year ending March 31, 2018 (Forecast)			–	65.10	130.20

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None

2. The cash dividends presented above are cash dividends related to common shares. Please refer to “Cash dividends for class shares,” presented below, for information on cash dividends for class shares (unlisted) that have a different relationship of rights compared with the common shares issued by the Company.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen, % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Fiscal year ending March 31, 2018	50,000	4.4	10,200	10.6	10,100	9.8	7,000	9.4	243.05

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

***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: None

 - b. Changes in accounting policies due to other reasons: None

 - c. Changes in accounting estimates: None

 - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares

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

As of September 30, 2017	28,865,194 shares
As of March 31, 2017	28,841,100 shares

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

As of September 30, 2017	40,255 shares
As of March 31, 2017	58,515 shares

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

Six months ended September 30, 2017	28,800,775 shares
Six months ended September 30, 2016	23,137,700 shares

- Notes:
- 1. Series I Class A Shares and Series II Class A Shares possess the same rights as common shares in regard to the right to receive dividends of surplus and the right to receive distribution of residual assets. They are therefore included in the number of outstanding shares at period-end and the average number of outstanding shares during the period.

 - 2. The number of treasury shares includes the Company's shares held by The Master Trust Bank of Japan, Ltd. (trust account for shares granted under the Employee Stock Ownership Plan (ESOP)).

*** Quarterly financial statements are not subject to quarterly review.**

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

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company makes no promise regarding achievement of any content in the forward-looking statements. Actual business and other results may differ substantially due to various factors.

Cash dividends for class shares

The following is a breakdown of cash dividends per share for class shares granted different rights than common shares.

(Yen)

Series I Class A shares	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2017	–	55.00	–	65.10	120.10
Fiscal year ending March 31, 2018	–	65.10			
Fiscal year ending March 31, 2018 (Forecast)			–	65.10	130.20

(Yen)

Series II Class A shares	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2017	–	55.00	–	65.10	120.10
Fiscal year ending March 31, 2018	–	65.10			
Fiscal year ending March 31, 2018 (Forecast)			–	65.10	130.20

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1. Consolidated Financial Statements and Explanatory Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	48,800	50,005
Notes and accounts receivable - trade	13,346	14,919
Merchandise and finished goods	2,182	2,154
Work in process	437	448
Raw materials and supplies	1,797	1,862
Other	1,017	702
Allowance for doubtful accounts	(99)	(132)
Total current assets	67,483	69,961
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,359	10,093
Other, net	8,030	7,975
Total property, plant and equipment	18,389	18,069
Intangible assets		
Goodwill	4,104	4,044
Other	433	443
Total intangible assets	4,537	4,487
Investments and other assets		
Other	2,130	3,242
Allowance for doubtful accounts	(154)	(142)
Total investments and other assets	1,975	3,100
Total non-current assets	24,903	25,657
Total assets	92,386	95,619
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,170	6,401
Short-term loans payable	1,274	2,090
Current portion of long-term loans payable	500	4,841
Income taxes payable	884	1,177
Provision for bonuses	436	508
Other	2,341	2,019
Total current liabilities	11,608	17,041
Non-current liabilities		
Long-term loans payable	7,169	2,600
Net defined benefit liability	127	121
Other	1,634	1,722
Total non-current liabilities	8,931	4,444
Total liabilities	20,540	21,485
Net assets		
Shareholders' equity		
Capital stock	9,171	9,232
Capital surplus	14,824	14,731
Retained earnings	46,308	48,433
Treasury shares	(178)	(122)
Total shareholders' equity	70,125	72,273
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	195	445
Foreign currency translation adjustment	741	1,067
Remeasurements of defined benefit plans	0	1
Total accumulated other comprehensive income	938	1,514
Non-controlling interests	782	346
Total net assets	71,846	74,134
Total liabilities and net assets	92,386	95,619

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

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	23,442	25,784
Cost of sales	13,160	13,551
Gross profit	10,282	12,233
Selling, general and administrative expenses	5,725	6,489
Operating income	4,557	5,744
Non-operating income		
Interest income	29	34
Dividend income	35	6
Other	68	51
Total non-operating income	134	91
Non-operating expenses		
Interest expenses	37	56
Foreign exchange losses	28	77
Loss on investments in partnership	6	6
Other	15	5
Total non-operating expenses	89	144
Ordinary income	4,602	5,690
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	–	19
Total extraordinary losses	–	19
Profit before income taxes	4,602	5,671
Income taxes - current	1,466	1,583
Income taxes - deferred	(569)	44
Total income taxes	897	1,628
Profit	3,705	4,043
Profit attributable to non-controlling interests	81	45
Profit attributable to owners of parent	3,623	3,998

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	3,705	4,043
Other comprehensive income		
Valuation difference on available-for-sale securities	0	249
Foreign currency translation adjustment	(3,165)	329
Remeasurements of defined benefit plans, net of tax	9	0
Total other comprehensive income	(3,154)	579
Comprehensive income	550	4,622
Comprehensive income attributable to owners of parent	721	4,574
Comprehensive income attributable to non-controlling interests	(171)	48

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

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

No items to report.