

February 6, 2013

Consolidated Financial Results for the Nine 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
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Scheduled date to file quarterly report: February 7, 2013
 Scheduled date to commence dividend payments: –
 Preparation of supplementary results briefing material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: None

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

1. Consolidated financial results for the nine months of the fiscal year ending March 31, 2013 (from April 1, 2012 to December 31, 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	%
Nine months ended								
December 31, 2012	27,669	(10.3)	3,485	3.3	3,737	11.7	2,517	31.7
December 31, 2011	30,830	2.2	3,374	(29.6)	3,344	(28.3)	1,911	(37.4)

Note: Comprehensive income

For the nine months ended December 31, 2012: 3,702 million yen [327.2%]

For the nine months ended December 31, 2011: 866 million yen [(35.7)%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2012	98.95	–
December 31, 2011	75.15	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2012	42,416	34,864	80.9	1,348.25
March 31, 2012	40,703	33,476	81.1	1,297.18

Reference: Equity (Net assets excluding minority interests)

As of December 31, 2012: 34,297 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: None

* Notes

- (1) Changes in significant subsidiaries during the current nine 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 December 31, 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 December 31, 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)

Nine months ended December 31, 2012	25,438,304 shares
Nine months ended December 31, 2011	25,438,434 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, the quarterly review procedures for quarterly financial statements have not 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 Nine Months

(1) Qualitative information regarding consolidated operating results

In the global economy during the nine months ended December 31, 2012, the outlook continued to be unclear due to factors such as the European debt crisis continuing to impact economic conditions and the lowering growth rate in China. On the other hand, although it remained impacted by the global economic slowdown, the Japanese economy showed positive signs such as correction of the strong yen in the second half of the fiscal year.

In the electronics components industry, in which the Group operates, demand for products for smartphones and tablet devices was firm, while demand for products for PCs and flat-screen TVs continued to be sluggish.

Operating under these conditions, net sales for the current nine months amounted to 27,669 million yen (down 10.3% year on year).

In the PWB (printed wiring board) materials market, although sales volumes were almost in line with the same period of the previous fiscal year, sales unit prices rose due to the strong sales of high function products. As a result, net sales of PWB materials were 21,087 million yen (up 3.0% year on year).

Sales of FPD (flat panel display) materials, mainly consisting of PDP (plasma display panel) materials, were weak. Sales prices were down owing to a significant fall in the market price of silver, which has a connection with sales prices of FPD materials. As a result, net sales of FPD materials amounted to 5,956 million yen (down 39.1% year on year).

Concerning profits, there was an increase in the portion of net sales from PWB materials, which has a high profit ratio, 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 3,485 million yen (up 3.3% year on year) with ordinary income at 3,737 million yen (up 11.7% year on year) and net income at 2,517 million yen (up 31.7% year on year).

Sales results by product group category

The following are sales results by product group category for the nine months ended December 31, 2012.

(Millions of yen)

Name of product group category	Nine months ended December 31, 2011	Nine months ended December 31, 2012	Compared to the same period of the previous fiscal year	
			Change	Rate of change (%)
Rigid board materials	15,557	15,141	(416)	(2.7)
PKG board and flexible board materials	4,153	5,184	1,030	24.8
Build-up board materials	760	762	1	0.2
FPD materials	9,776	5,956	(3,819)	(39.1)
Others	582	625	43	7.4
Total	30,830	27,669	(3,160)	(10.3)

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.

Although sales of rigid board materials declined due to a sluggish PC market etc., sales of high function products were strong on the back of expansion of the smartphone market.

As a result, net sales amounted to 10,062 million yen (up 12.3% year on year) with segment profit at 1,342 million yen (up 61.6% 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.

Despite strong sales of low-priced products, sales of PDP materials declined and the sales unit prices dropped considerably.

As a result, net sales amounted to 8,185 million yen (down 0.9% year on year) with segment profit at 1,200 million yen (down 17.3% 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, strong sales were achieved for high-priced rigid board materials.

As a result, net sales amounted to 2,954 million yen (up 4.3% year on year) with segment profit at 378 million yen (up 3.2% 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 price of silver, which has a connection with sales unit prices of FPD materials.

As a result, net sales amounted to 9,168 million yen (down 30.6% year on year) with segment profit at 519 million yen (down 7.7% 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) performed steadily 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 2,039 million yen (up 5.2% year on year) with segment profit at 234 million yen (up 11.3% 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 December 31, 2012.

	As of March 31, 2012 (Millions of yen)	As of December 31, 2012 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	26,380	25,663	(717)	Cash and deposits decreased approx. 200 million yen and inventories decreased approx. 200 million yen
Noncurrent assets	14,322	16,753	2,430	Investment securities increased approx. 2,600 million yen and insurance funds decreased approx. 100 million yen
Total assets	40,703	42,416	1,713	
Total liabilities	7,227	7,552	324	Notes and accounts payable–trade increased approx. 200 million yen and income taxes payable increased approx. 200 million yen
Total net assets	33,476	34,864	1,388	Net income was approx. 2,500 million yen, cash dividends paid was approx. 2,200 million yen and foreign currency translation adjustment increased approx. 1,100 million yen
Total liabilities and net assets	40,703	42,416	1,713	

(3) Qualitative information regarding consolidated earnings forecasts

No changes have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2013 from the earnings forecasts that were announced in the Consolidated Financial Results released on November 9, 2012.

2. Matters Regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the current nine 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 December 31, 2012
Assets		
Current assets		
Cash and deposits	12,964	12,721
Notes and accounts receivable-trade	8,452	8,528
Short-term investment securities	0	0
Merchandise and finished goods	2,154	1,885
Work in process	199	181
Raw materials and supplies	1,894	1,965
Other	814	478
Allowance for doubtful accounts	(98)	(97)
Total current assets	26,380	25,663
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,859	6,810
Land	4,083	4,138
Other, net	1,603	1,593
Total property, plant and equipment	12,546	12,542
Intangible assets	358	324
Investments and other assets	1,417	3,886
Total noncurrent assets	14,322	16,753
Total assets	40,703	42,416
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,851	5,059
Income taxes payable	190	418
Provision for bonuses	258	110
Provision for directors' bonuses	10	50
Other	1,082	1,197
Total current liabilities	6,393	6,837
Noncurrent liabilities		
Provision for retirement benefits	204	238
Provision for directors' retirement benefits	103	10
Asset retirement obligations	53	53
Other	472	412
Total noncurrent liabilities	833	714
Total liabilities	7,227	7,552

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	29,301	29,529
Treasury stock	(5,372)	(5,372)
Total shareholders' equity	37,166	37,393
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77	65
Foreign currency translation adjustment	(4,245)	(3,161)
Total accumulated other comprehensive income	(4,168)	(3,096)
Minority interests	478	567
Total net assets	33,476	34,864
Total liabilities and net assets	40,703	42,416

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

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net sales	30,830	27,669
Cost of sales	23,014	19,321
Gross profit	7,816	8,347
Selling, general and administrative expenses	4,441	4,862
Operating income	3,374	3,485
Non-operating income		
Interest income	33	64
Dividends income	22	61
Foreign exchange gains	–	69
Other	90	76
Total non-operating income	146	272
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	164	–
Loss on insurance cancellation	–	14
Other	9	4
Total non-operating expenses	176	20
Ordinary income	3,344	3,737
Extraordinary income		
Gain on sales of noncurrent assets	0	27
Total extraordinary income	0	27
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	40	9
Loss on valuation of investment securities	5	6
Loss on valuation of investments in capital of subsidiaries and affiliates	510	–
Loss on valuation of stocks of subsidiaries and affiliates	–	66
Total extraordinary losses	556	82
Income before income taxes and minority interests	2,789	3,682
Income taxes-current	803	1,129
Income taxes-deferred	32	(18)
Total income taxes	835	1,110
Income before minority interests	1,953	2,571
Minority interests in income	41	54
Net income	1,911	2,517

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Income before minority interests	1,953	2,571
Other comprehensive income		
Valuation difference on available-for-sale securities	(54)	(12)
Foreign currency translation adjustment	(1,031)	1,143
Total other comprehensive income	(1,086)	1,131
Comprehensive income	866	3,702
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	819	3,588
Comprehensive income attributable to minority interests	47	114

(3) Notes on premise of going concern

No items to report

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

No items to report

(5) Segment information, etc.

[Segment information]

I. Nine months ended December 31, 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	6,530	8,194	2,150	12,042	28,918	1,911	30,830
Inter-segment sales or transfers	2,430	63	681	1,168	4,343	26	4,370
Total sales	8,961	8,257	2,831	13,210	33,262	1,937	35,200
Segment profit	830	1,452	367	563	3,212	210	3,423

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	3,212
"Other" segment profit	210
Inter-segment eliminations	115
Amortization of goodwill	(9)
Profit/loss not allocated to operating segments (Note)	(159)
Other adjusted amount	4
Operating income on the consolidated statement of income	3,374

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. Nine months ended December 31, 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	6,911	8,090	2,175	8,491	25,668	2,000	27,669
Inter-segment sales or transfers	3,151	95	779	676	4,703	39	4,742
Total sales	10,062	8,185	2,954	9,168	30,371	2,039	32,411
Segment profit	1,342	1,200	378	519	3,440	234	3,674

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	3,440
“Other” segment profit	234
Inter-segment eliminations	42
Amortization of goodwill	(14)
Profit/loss not allocated to operating segments (Note)	(217)
Operating income on the consolidated statement of income	3,485

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