

August 9, 2011

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2012 <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: August 10, 2011  
 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 first three months of the fiscal year ending March 31, 2012 (from April 1, 2011 to June 30, 2011)

#### (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	%
Three months ended								
June 30, 2011	10,521	0.6	1,310	(29.3)	1,318	(28.8)	813	(30.4)
June 30, 2010	10,457	34.9	1,852	102.2	1,852	114.7	1,169	487.7

Note: Comprehensive income  
 For the three months ended June 30, 2011: 603 million yen [ – %]  
 For the three months ended June 30, 2010: (110) million yen [ – %]

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2011	31.98	–
June 30, 2010	45.09	–

#### (2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2011	42,095	32,956	76.7
March 31, 2011	42,851	34,186	78.2

Reference: Equity (Net assets excluding minority interests)  
 As of June 30, 2011: 32,302 million yen      As of March 31, 2011: 33,490 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, 2011	–	45.00	–	70.00	115.00
Fiscal year ending March 31, 2012	–				
Fiscal year ending March 31, 2012 (Forecasts)		45.00	–	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, 2012 (from April 1, 2011 to March 31, 2012)

(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
Six months ending September 30, 2011	21,500	3.8	2,500	(29.0)	2,500	(27.0)	1,700	(23.9)	66.83
Fiscal year ending March 31, 2012	44,500	10.2	5,600	4.1	5,600	5.3	3,800	11.7	149.38

Note: Revisions to the consolidated earnings forecasts most recently announced: None

## 4. Others

- (1) Changes in significant subsidiaries during the current three 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 (common stock)

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

As of June 30, 2011	27,464,000 shares
As of March 31, 2011	27,464,000 shares

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

As of June 30, 2011	2,025,566 shares
As of March 31, 2011	2,025,546 shares

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

Three months ended June 30, 2011	25,438,444 shares
Three months ended June 30, 2010	25,938,474 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 are 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 First Three Months

### (1) Qualitative information regarding consolidated operating results

- During the three months ended June 30, 2011, the economy on a global scale continued to follow a moderate recovery trend. However, this economic growth remained at a low level overall because of factors such as soaring crude oil prices due to political instability in the Middle East, fiscal problems in Europe, and a weakening of consumer confidence in China due to the soaring cost of goods and services. In the Japanese economy, there was considerable disruption to economic activities due to not only damage directly received from the Great East Japan Earthquake that occurred in March but also rolling blackouts. Also, the appreciation of the yen has not abated, leaving all in all much confusion about the economic outlook.
- In the electronics components industry, the market in which the Group is engaged in, although there was strong demand for smartphones and tablet PCs, inventory adjustments occurred as a result of a demand lull in the PC and flat-screen TV market, which dampened results overall.
- Operating under these conditions, net sales for the current three months amounted to 10,521 million yen (up 0.6% year on year).
- In the PWB (printed wiring board) materials market, the sales volume was down compared with the same period of the previous fiscal year, and the average sales unit prices were also down from the impact of the sharp appreciation of the yen. As a result, net sales for PWB materials amounted to 7,257 million yen (down 10.2% year on year).
- Sales of FPD (flat panel display) materials, mainly consisting of PDP (plasma display panel) materials, were favorable. Despite the effects of a smaller sales volume compared with the same period of the previous fiscal year, factors such as higher average sales unit prices due to the soaring price of silver, a key raw material, resulted in net sales for FPD materials of 3,094 million yen (up 45.9% year on year).
- Concerning profits, the operating profit margin dropped from 17.7% in the same period of the previous fiscal year to 12.5% as a result of a considerable negative impact from the appreciation of the yen as well as the decrease in the sales volume. As a result, operating income amounted to 1,310 million yen (down 29.3% year on year) with ordinary income at 1,318 million yen (down 28.8% year on year) and net income at 813 million yen (down 30.4% year on year).

#### *Sales results by product group category*

The following are sales results by product group category for the three months ended June 30, 2011.  
(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011	Change	Rate of change (%)
Rigid board materials	6,170	5,427	(743)	(12.0)
PKG board and flexible board materials	1,602	1,564	(38)	(2.3)
Build-up board materials	312	266	(46)	(14.9)
FPD materials	2,120	3,094	973	45.9
Others	250	168	(81)	(32.6)
Total	10,457	10,521	64	0.6

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.
- During the current three months, the impact of our customers' reductions in production due to the earthquake dampened sales to the domestic market as well as exports.
- As a result, net sales amounted to 3,236 million yen (down 47.4% year on year) with segment profit at 406 million yen (down 9.9% 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.
- Sales volume to the Chinese market was down compared with the same period of the previous fiscal year because of the strong impact of inventory adjustments by customers.
- As a result, net sales amounted to 2,776 million yen (down 14.8% year on year) with segment profit at 558 million yen (down 30.3% year on year).

3) Taiwan

- The consolidated company located in Taiwan is TAIWAN TAIYO INK CO., LTD., a manufacturing and marketing subsidiary.
- Sales volume of high function products and regular products of "rigid board materials" was sluggish.
- As a result, net sales amounted to 993 million yen (down 21.4% year on year) with segment profit at 125 million yen (down 35.3% year on year).

4) Korea

- The consolidated company located in Korea is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.
- Sales in the Korea segment continued to fare comparatively strong because of strong sales to Korean export companies.
- As a result, net sales amounted to 4,341 million yen (up 34.2% year on year) with segment profit at 126 million yen (down 65.5% 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.
- In the ASEAN region, sales volume mostly to the Thai market was lower compared with the same period of the previous fiscal year, and the region was weak like the other markets.
- In the European and American markets, sales continued to be strong, particularly for "build-up board materials."
- As a result, net sales amounted to 685 million yen (down 18.3% year on year) with segment profit at 57 million yen (down 37.2% 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 June 30, 2011.

	As of March 31, 2011 (Millions of yen)	As of June 30, 2011 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	27,675	27,070	(604)	Cash and deposits decreased approx. 1,900 million yen and inventories increased approx. 1,200 million yen
Noncurrent assets	15,175	15,025	(150)	Decrease of approx. 200 million yen due to depreciation and amortization
Total assets	42,851	42,095	(755)	
Total liabilities	8,664	9,138	474	Notes and accounts payable-trade increased approx. 600 million yen and income taxes payable decreased approx. 200 million yen
Total net assets	34,186	32,956	(1,229)	Net income was approx. 800 million yen, cash dividends paid was approx. 1,700 million yen and foreign currency translation adjustment decreased approx. 200 million yen
Total liabilities and net assets	42,851	42,095	(755)	

**(3) Qualitative information regarding consolidated earnings forecasts**

No changes have been made to the consolidated earnings forecasts for the six months ending September 30, 2011 and the fiscal year ending March 31, 2012 from the respective earnings forecasts that were announced on May 11, 2011.

**2. Matters Regarding Summary Information (Others)**

**(1) Changes in significant subsidiaries during the current three 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**

No items to report

**3. Summary of 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, 2011	As of June 30, 2011
Assets		
Current assets		
Cash and deposits	13,972	12,029
Notes and accounts receivable-trade	8,792	8,790
Short-term investment securities	0	0
Merchandise and finished goods	1,860	2,843
Work in process	185	248
Raw materials and supplies	2,075	2,287
Other	905	983
Allowance for doubtful accounts	(117)	(111)
Total current assets	27,675	27,070
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,163	7,006
Other, net	5,886	5,867
Total property, plant and equipment	13,050	12,873
Intangible assets	304	348
Investments and other assets	1,821	1,803
Total noncurrent assets	15,175	15,025
Total assets	42,851	42,095
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,326	5,982
Income taxes payable	608	407
Provision for bonuses	255	388
Provision for directors' bonuses	6	22
Other	1,484	1,501
Total current liabilities	7,681	8,302
Noncurrent liabilities		
Provision for retirement benefits	206	132
Provision for directors' retirement benefits	112	112
Asset retirement obligations	52	52
Other	612	539
Total noncurrent liabilities	983	836
Total liabilities	8,664	9,138



(Millions of yen)

	As of March 31, 2011	As of June 30, 2011
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	29,724	28,756
Treasury stock	(5,372)	(5,372)
Total shareholders' equity	37,589	36,621
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90	76
Foreign currency translation adjustment	(4,188)	(4,396)
Total accumulated other comprehensive income	(4,098)	(4,319)
Minority interests	696	654
Total net assets	34,186	32,956
Total liabilities and net assets	42,851	42,095

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

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Net sales	10,457	10,521
Cost of sales	7,055	7,726
Gross profit	3,401	2,794
Selling, general and administrative expenses	1,549	1,484
Operating income	1,852	1,310
Non-operating income		
Interest income	16	11
Dividends income	7	9
Other	22	22
Total non-operating income	45	43
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	41	32
Other	3	2
Total non-operating expenses	45	35
Ordinary income	1,852	1,318
Extraordinary income		
Gain on sales of noncurrent assets	–	0
Reversal of allowance for doubtful accounts	1	–
Total extraordinary income	1	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2	33
Loss on valuation of investment securities	0	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	31	–
Total extraordinary losses	34	33
Income before income taxes and minority interests	1,819	1,285
Income taxes-current	529	465
Income taxes-deferred	76	(7)
Total income taxes	605	457
Income before minority interests	1,213	827
Minority interests in income	44	14
Net income	1,169	813

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Income before minority interests	1,213	827
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	(13)
Foreign currency translation adjustment	(1,280)	(211)
Total other comprehensive income	(1,324)	(224)
Comprehensive income	(110)	603
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(77)	593
Comprehensive income attributable to minority interests	(33)	9

**(3) Notes on premise of going concern**

No items to report

**(4) Segment information, etc.**

[Segment information]

**I. Three months ended June 30, 2010****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	2,451	3,259	893	3,022	9,626	831	10,457
Inter-segment sales or transactions	3,696	–	370	213	4,280	7	4,288
Total sales	6,147	3,259	1,263	3,235	13,906	838	14,745
Segment profit	450	802	194	367	1,815	92	1,907

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

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

**2. Differences between total profits or losses for reportable segments and consolidated statements of income amounts, and main details of said differences (matters regarding adjustments for differences)**

(Millions of yen)

Profits/losses	Amount
Reportable segments total	1,815
“Other” segment profit	92
Inter-segment eliminations	(37)
Amortization of goodwill	(9)
Other adjusted amounts	(7)
Operating income in the consolidated statements of income	1,852

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

No items to report

## II. Three months ended June 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	2,310	2,758	754	4,020	9,844	677	10,521
Inter-segment sales or transactions	925	18	239	320	1,504	8	1,512
Total sales	3,236	2,776	993	4,341	11,348	685	12,034
Segment profit	406	558	125	126	1,217	57	1,275

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

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

### 2. Differences between total profits or losses for reportable segments and consolidated statements of income amounts, and main details of said differences (matters regarding adjustments for differences)

(Millions of yen)

Profits/losses	Amount
Reportable segments total	1,217
"Other" segment profit	57
Inter-segment eliminations	61
Amortization of goodwill	(2)
Profit/loss not allocated to business segments (Note)	(26)
Other adjusted amounts	1
Operating income in the consolidated statements of income	1,310

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, etc. by reportable segment

No items to report

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

No items to report

### (6) Other notes

#### (Additional information)

Three months ended June 30, 2011
(Application of accounting standard for accounting changes and error corrections, etc) The "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) are adopted for accounting changes and corrections of prior period errors that were made on or after the beginning of the current first quarter.
(Application of consolidated tax payment system) Effective from the current first quarter, the consolidated tax payment system is adopted.