

November 8, 2011

## Consolidated Financial Results for the Six 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: November 9, 2011  
 Scheduled date to commence dividend payments: December 1, 2011  
 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, 2012 (from April 1, 2011 to September 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	%
Six months ended								
September 30, 2011	21,115	1.9	2,416	(31.4)	2,274	(33.6)	1,578	(29.3)
September 30, 2010	20,716	22.8	3,522	50.9	3,422	61.1	2,232	121.6

Note: Comprehensive income  
 For the six months ended September 30, 2011: 131 million yen [(77.8) %]  
 For the six months ended September 30, 2010: 592 million yen [ - %]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2011	62.07	-
September 30, 2010	86.08	-

#### (2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2011	40,732	32,484	78.3
March 31, 2011	42,851	34,186	78.2

Reference: Equity (Net assets excluding minority interests)  
 As of September 30, 2011: 31,911 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	–	45.00			
Fiscal year ending March 31, 2012 (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, 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
Fiscal year ending March 31, 2012	42,500	5.3	4,800	(10.8)	4,600	(13.5)	3,200	(5.9)	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).

## 4. Others

- (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 (common stock)

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

As of September 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 September 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)

Six months ended September 30, 2011	25,438,440 shares
Six months ended September 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 Six Months

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

- During the six months ended September 30, 2011, the global economy continued to perform weakly as a whole, mainly due to the sovereign debt crisis in Southern Europe, concerns about an economic slowdown in the U.S., while in China, the driver of the global economy, consumption began to decline as a result of higher costs of goods and services and the discontinuation of financial assistance, slowing down the Chinese economy. In Japan, the economic uncertainty resulting from the impact of the Great East Japan Earthquake is yet to be resolved, and the economy continues to face an uncertain future because of the sharp appreciation of the yen and sluggishness in the stock market.
- In the electronics components industry, the market in which the Group is engaged in, although demand remained strong for small-sized information terminals such as smartphones and tablet PCs, the industry overall performed weakly, mainly due to cooling in consumer sentiment resulting from the ending of consumer stimulus measures in the PC and flat-screen TV market, and falls in sales prices.
- Operating under these conditions, net sales for the current six months amounted to 21,115 million yen (up 1.9% year on year).
- In the PWB (printed wiring board) materials market, sales volume was down compared to the same period of the previous fiscal year, and sales unit prices were also down, partly due to the impact of the sharp appreciation of the yen. As a result, net sales for PWB materials amounted to 14,092 million yen (down 11.7% year on year).
- Sales volumes of FPD (flat panel display) materials, mainly consisting of PDPs (plasma display panel), were largely unchanged from those of the same period of the previous fiscal year. Despite this, net sales of FPD materials remained strong at 6,659 million yen (up 56.6% year on year), owing to higher sales unit prices resulting from the consistently high price of silver, a key raw material.
- Concerning profits, the operating profit margin decreased from its level in the same period of the previous fiscal year, owing to the impact of the sharp yen appreciation and our having to restrain production to handle restrictions on electricity usage following the Great East Japan Earthquake. As a result, operating income amounted to 2,416 million yen (down 31.4% year on year) with ordinary income at 2,274 million yen (down 33.6% year on year) and net income at 1,578 million yen (down 29.3% 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, 2011.

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011	Change	Rate of change (%)
Rigid board materials	12,243	10,730	(1,513)	(12.4)
PKG board and flexible board materials	3,087	2,862	(224)	(7.3)
Build-up board materials	633	499	(134)	(21.2)
FPD materials	4,251	6,659	2,407	56.6
Others	500	363	(136)	(27.3)
Total	20,716	21,115	399	1.9

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.
- Circumstances were difficult both for sales to the domestic market and exports as a result of the impact of customers restraining production following the earthquake.
- As a result, net sales amounted to 6,274 million yen (down 47.8% year on year) with segment profit at 630 million yen (down 17.2% 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 signs of recovery going into the second quarter, sales volume to the Chinese market was down compared to the same period of the previous fiscal year because of the strong impact of higher costs of goods and services in China and slowdowns in consumption in Europe and America.
- As a result, net sales amounted to 5,853 million yen (down 9.8% year on year) with segment profit at 1,102 million yen (down 32.5% year on year).

3) Taiwan

- The consolidated company located in Taiwan is TAIWAN TAIYO INK CO., LTD., a manufacturing and marketing subsidiary.
- Owing to slumps in both high function products and regular products of “rigid board materials,” sales volume was low, falling short of that of the same period of the previous fiscal year.
- As a result, net sales amounted to 1,941 million yen (down 19.0% year on year) with segment profit at 248 million yen (down 32.7% year on year).

4) Korea

- The consolidated company located in Korea is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.
- Sales on a monetary basis greatly exceeded those of the same period of the previous fiscal year due to higher prices of silver, a key raw material in “FPD materials.”
- As a result, net sales amounted to 8,976 million yen (up 39.4% year on year) with segment profit at 244 million yen (down 60.1% 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 to the Thai market, which is central to the region, was lower compared to the same period of the previous fiscal year, and performance in the region was weak, in common with other markets. There are also concerns about the possible future impact on the economy from damage due to the floods that occurred in Thailand.
- In the European and American markets, sales continued to be strong, particularly for “build-up board materials.”
- As a result, net sales amounted to 1,327 million yen (down 19.0% year on year) with segment profit at 134 million yen (down 15.3% 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 September 30, 2011.

	As of March 31, 2011 (Millions of yen)	As of September 30, 2011 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	27,675	26,176	(1,498)	Cash and deposits decreased approx. 2,100 million yen and inventories increased approx. 600 million yen
Noncurrent assets	15,175	14,555	(620)	Decrease of approx. 500 million yen due to depreciation and amortization
Total assets	42,851	40,732	(2,118)	
Total liabilities	8,664	8,248	(415)	Notes and accounts payable-trade increased approx. 500 million yen, accounts payable-other decreased approx. 500 million yen and income taxes payable decreased approx. 200 million yen
Total net assets	34,186	32,484	(1,702)	Net income was approx. 1,500 million yen, cash dividends paid was approx. 1,700 million yen and foreign currency translation adjustment decreased approx. 1,300 million yen
Total liabilities and net assets	42,851	40,732	(2,118)	

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

The operating environment for the Group in the second half of the fiscal year is expected to be harsher than initially forecasted. The main reasons for this include a worldwide reduction in demand resulting from factors such as financial crises in Europe and America and economic slumps in developed countries, and the continued appreciation of the yen, in addition to concerns regarding possible interruptions in the supply chain for electronic components due to the floods in Thailand.

Taking such conditions into consideration, the consolidated earnings forecasts announced on May 11, 2011 are revised as shown in the following table.

*For the fiscal year ending March 31, 2012*

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecasts (announced on May 11, 2011)	44,500	5,600	5,600	3,800
Revised forecasts	42,500	4,800	4,600	3,200
Rate of change (%)	(4.5)	(14.3)	(17.9)	(15.8)

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

### **(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**

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 September 30, 2011
Assets		
Current assets		
Cash and deposits	13,972	11,814
Notes and accounts receivable-trade	8,792	8,714
Short-term investment securities	0	0
Merchandise and finished goods	1,860	2,428
Work in process	185	187
Raw materials and supplies	2,075	2,187
Other	905	949
Allowance for doubtful accounts	(117)	(105)
Total current assets	27,675	26,176
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,163	6,800
Other, net	5,886	5,629
Total property, plant and equipment	13,050	12,430
Intangible assets	304	323
Investments and other assets	1,821	1,801
Total noncurrent assets	15,175	14,555
Total assets	42,851	40,732
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,326	5,883
Income taxes payable	608	340
Provision for bonuses	255	275
Provision for directors' bonuses	6	31
Other	1,484	963
Total current liabilities	7,681	7,493
Noncurrent liabilities		
Provision for retirement benefits	206	184
Provision for directors' retirement benefits	112	103
Asset retirement obligations	52	52
Other	612	413
Total noncurrent liabilities	983	754
Total liabilities	8,664	8,248

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	29,724	29,522
Treasury stock	(5,372)	(5,372)
Total shareholders' equity	37,589	37,387
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90	52
Foreign currency translation adjustment	(4,188)	(5,527)
Total accumulated other comprehensive income	(4,098)	(5,475)
Minority interests	696	572
Total net assets	34,186	32,484
Total liabilities and net assets	42,851	40,732

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

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Net sales	20,716	21,115
Cost of sales	14,096	15,743
Gross profit	6,619	5,372
Selling, general and administrative expenses	3,097	2,955
Operating income	3,522	2,416
Non-operating income		
Commission fee	–	30
Interest income	33	22
Dividends income	9	15
Other	42	36
Total non-operating income	85	103
Non-operating expenses		
Interest expenses	2	2
Foreign exchange losses	172	238
Other	9	5
Total non-operating expenses	184	246
Ordinary income	3,422	2,274
Extraordinary income		
Gain on sales of noncurrent assets	–	0
Gain on bad debts recovered	1	–
Total extraordinary income	1	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	35	34
Loss on valuation of investment securities	0	5
Impairment loss	23	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	31	–
Total extraordinary losses	91	40
Income before income taxes and minority interests	3,333	2,233
Income taxes-current	1,161	743
Income taxes-deferred	(126)	(101)
Total income taxes	1,035	642
Income before minority interests	2,297	1,591
Minority interests in income	65	12
Net income	2,232	1,578

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

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Income before minority interests	2,297	1,591
Other comprehensive income		
Valuation difference on available-for-sale securities	(53)	(37)
Foreign currency translation adjustment	(1,651)	(1,422)
Total other comprehensive income	(1,705)	(1,460)
Comprehensive income	592	131
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	589	202
Comprehensive income attributable to minority interests	3	(70)

**(3) Consolidated statements of cash flows**

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,333	2,233
Depreciation and amortization	553	515
Impairment loss	23	–
Loss (gain) on valuation of investment securities	0	5
Increase (decrease) in provision for retirement benefits	27	(5)
Increase (decrease) in provision for bonuses	26	23
Increase (decrease) in provision for directors' bonuses	(35)	24
Interest and dividends income	(43)	(37)
Interest expenses	2	2
Loss (gain) on sales and retirement of property, plant and equipment	35	34
Loss on adjustment for changes of accounting standard for asset retirement obligations	31	–
Decrease (increase) in notes and accounts receivable-trade	(666)	(587)
Decrease (increase) in inventories	(461)	(1,115)
Increase (decrease) in notes and accounts payable-trade	601	972
Increase (decrease) in accrued consumption taxes	39	(50)
Other, net	(108)	(630)
Subtotal	3,360	1,385
Interest and dividends income received	43	38
Interest expenses paid	(2)	(2)
Income taxes paid	(1,022)	(1,005)
Net cash provided by (used in) operating activities	2,379	415
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,297)	(1,245)
Proceeds from withdrawal of time deposits	3,563	1,215
Purchase of short-term investment securities	(261)	–
Proceeds from sales of short-term investment securities	261	0
Purchase of property, plant and equipment	(229)	(260)
Purchase of intangible assets	(34)	(76)
Payments of loans receivable	(17)	(4)
Collection of loans receivable	17	10
Other, net	3	(6)
Net cash provided by (used in) investing activities	1,006	(367)

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,200	1,200
Decrease in short-term loans payable	(1,200)	(1,200)
Purchase of treasury stock	–	(0)
Cash dividends paid	(1,167)	(1,780)
Cash dividends paid to minority shareholders	(50)	(53)
Net cash provided by (used in) financing activities	(1,217)	(1,833)
Effect of exchange rate change on cash and cash equivalents	(430)	(351)
Net increase (decrease) in cash and cash equivalents	1,737	(2,137)
Cash and cash equivalents at beginning of period	11,913	13,152
Cash and cash equivalents at end of period	13,651	11,015

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

No items to report

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

## I. Six months ended September 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	4,871	6,491	1,725	6,003	19,092	1,624	20,716
Inter-segment sales or transactions	7,163	1	672	431	8,269	15	8,285
Total sales	12,034	6,493	2,398	6,435	27,361	1,639	29,001
Segment profit	762	1,635	369	612	3,379	159	3,538

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	3,379
"Other" segment profit	159
Inter-segment eliminations	10
Amortization of goodwill	(19)
Other adjusted amounts	(7)
Operating income in the consolidated statements of income	3,522

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

In the "Japan" segment, a portion of assets (software) has no decided future use and its book value has been written down to the recoverable value. The corresponding amount that is recognized as impairment loss in the current six months is 23 million yen.

## II. 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 transactions	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 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	2,225
“Other” segment profit	134
Inter-segment eliminations	103
Amortization of goodwill	(5)
Profit/loss not allocated to business segments (Note)	(42)
Other adjusted amounts	0
Operating income in the consolidated statements 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, etc. by reportable segment

No items to report

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

No items to report

### (7) Other notes

#### (Additional information)

Six months ended September 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 first quarter.
(Application of consolidated tax payment system) Effective from the first quarter, the consolidated tax payment system is adopted.