

August 9, 2012

Consolidated Financial Results
for the First Three 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>
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Scheduled date to file quarterly report: August 10, 2012
 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, 2013 (from April 1, 2012 to June 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	%
Three months ended								
June 30, 2012	9,215	(12.4)	1,116	(14.8)	1,204	(8.6)	898	10.4
June 30, 2011	10,521	0.6	1,310	(29.3)	1,318	(28.8)	813	(30.4)

Note: Comprehensive income
 For the three months ended June 30, 2012: 147 million yen [(75.6) %]
 For the three months ended June 30, 2011: 603 million yen [– %]

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2012	35.30	–
June 30, 2011	31.98	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2012	39,906	32,453	80.2	1,258.26
March 31, 2012	40,703	33,476	81.1	1,297.18

Reference: Equity (Net assets excluding minority interests)
 As of June 30, 2012: 32,008 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	–				
Fiscal year ending March 31, 2013 (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, 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
Six months ending September 30, 2012	19,500	(7.7)	2,100	(13.1)	2,100	(7.7)	1,500	(5.0)	58.97
Fiscal year ending March 31, 2013	40,500	1.8	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 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: 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 June 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 June 30, 2012	2,025,666 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)

Three months ended June 30, 2012	25,438,334 shares
Three months ended June 30, 2011	25,438,444 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 First Three Months

(1) Qualitative information regarding consolidated operating results

- In the global economy during the three months ended June 30, 2012, the outlook was unclear and the situation was unpredictable because the economic downturn caused by the recurrence of the European debt crisis spread to a wider area, including emerging countries. In China, which is the primary market for the Group, there was an increasing sense of economic slowdown due to weaker domestic and overseas demand. On the other hand, the Japanese economy was on a moderate recovery track, typified by signs of upturns in personal consumption and the employment situation. Even so, Japan faces numerous factors for uncertainty, including the global economic slowdown, the firm establishment of the yen at historically strong levels, and concerns about power supply problems in the run up to the time of the year when there is full-scale demand for electric power.
- In the electronics components industry, in which the Group operates, although there was an impact from stagnation caused by the economic situation in Europe, the industry was on a recovery track, driven mainly by full-fledged recovery from the floods in Thailand and special demand associated with the earthquake disaster in Japan, while demand for products such as smartphones and tablet PCs remained firm. On the other hand, difficult conditions continued with respect to PCs and flat-screen TVs as the slowdown in demand became more pronounced.
- Operating under these conditions, net sales for the current three months amounted to 9,215 million yen (down 12.4% year on year).
- In the PWB (printed wiring board) materials market, sales volume decreased from the same period of the previous fiscal year while average sales unit prices fell due to such factors as lingering appreciation of the Japanese yen. As a result, net sales of PWB materials were 6,959 million yen (down 4.1% 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, while there was a fall in sales unit prices caused by the lower price of silver. As a result, net sales of FPD materials amounted to 2,060 million yen (down 33.4% year on year).
- As a result, operating income amounted to 1,116 million yen (down 14.8% year on year) with ordinary income at 1,204 million yen (down 8.6% year on year) and net income at 898 million yen (up 10.4% 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, 2012.
(Millions of yen)

Name of product group category	Three months ended June 30, 2011	Three months ended June 30, 2012	Compared to the same period of the previous fiscal year	
			Change	Rate of change (%)
Rigid board materials	5,427	5,112	(314)	(5.8)
PKG board and flexible board materials	1,564	1,582	17	1.2
Build-up board materials	266	265	(1)	(0.4)
FPD materials	3,094	2,060	(1,033)	(33.4)
Others	168	194	25	15.3
Total	10,521	9,215	(1,306)	(12.4)

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 three months ended June 30, 2012, although sales to exports were weak mainly due to the lingering appreciation of the Japanese yen and a slowdown in overseas economies, sales in the domestic market remained favorable. This was a result of growth in demand for smartphones and sales of products related to vehicles on the back of a recovery in domestic vehicle production.
- As a result, net sales amounted to 3,606 million yen (up 11.4% year on year) with segment profit at 443 million yen (up 9.2% 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.
- In the Chinese economy, the sense of economic slowdown became clearer due to continued decline in exports to Europe caused by the European debt crisis and weak domestic consumption. However, sales volume increased compared with the same period of the previous fiscal year, partly due to relatively strong sales of low-priced products.
- As a result, net sales amounted to 2,677 million yen (down 3.6% year on year) with segment profit at 395 million yen (down 29.2% year on year).

3) Taiwan

- The consolidated company located in Taiwan is TAIWAN TAIYO INK CO., LTD., a manufacturing and marketing subsidiary.
- Despite slowing economic growth in China and drop in exports to Europe due to the European debt crisis, sales volume increased compared with the same period of the previous fiscal year partly due to steady sales of high function products of “rigid board materials” for smartphones and tablet PCs.
- As a result, net sales amounted to 1,008 million yen (up 1.4% year on year) with segment profit at 115 million yen (down 7.9% year on year).

4) Korea

- The consolidated company located in Korea is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.
- Sales volume of “FPD materials” decreased substantially. Owing to the fall in sales unit prices caused by the lower price of silver, sales were considerably lower than those of the same period of the previous fiscal year both in terms of value and volume, resulting in a sluggish performance.
- As a result, net sales amounted to 3,064 million yen (down 29.4% year on year) with segment profit at 177 million yen (up 40.4% 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 were firm mainly in products related to vehicles on the back of a full-fledged recovery from the floods in Thailand.
- In the European and American markets, sales were roughly level with the same period of the previous fiscal year.
- As a result, net sales amounted to 688 million yen (up 0.4% year on year) with segment profit at 71 million yen (up 22.7% 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, 2012.

	As of March 31, 2012 (Millions of yen)	As of June 30, 2012 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	26,380	25,984	(396)	Inventories decreased approx. 400 million yen
Noncurrent assets	14,322	13,922	(399)	Decrease of approx. 200 million yen due to depreciation and amortization and investment securities decreased by approx. 60 million yen
Total assets	40,703	39,906	(796)	
Total liabilities	7,227	7,453	226	Income taxes payable increased approx. 100 million yen and provision for bonuses increased approx. 100 million yen.
Total net assets	33,476	32,453	(1,022)	Net income was approx. 900 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	39,906	(796)	

(3) Qualitative information regarding consolidated earnings forecasts

No changes have been made to the consolidated earnings forecasts for the six months ending September 30, 2012 and the fiscal year ending March 31, 2013 from the respective earnings forecasts that were announced in the Consolidated Financial Results released on May 8, 2012.

2. Matters Regarding Summary Information (Notes)**(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*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 June 30, 2012
Assets		
Current assets		
Cash and deposits	12,964	13,229
Notes and accounts receivable-trade	8,452	8,415
Short-term investment securities	0	0
Merchandise and finished goods	2,154	1,823
Work in process	199	244
Raw materials and supplies	1,894	1,737
Other	814	627
Allowance for doubtful accounts	(98)	(93)
Total current assets	26,380	25,984
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,859	6,657
Land	4,083	4,051
Other, net	1,603	1,518
Total property, plant and equipment	12,546	12,228
Intangible assets	358	338
Investments and other assets	1,417	1,355
Total noncurrent assets	14,322	13,922
Total assets	40,703	39,906
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,851	4,959
Income taxes payable	190	330
Provision for bonuses	258	392
Provision for directors' bonuses	10	24
Other	1,082	1,214
Total current liabilities	6,393	6,922
Noncurrent liabilities		
Provision for retirement benefits	204	213
Provision for directors' retirement benefits	103	14
Asset retirement obligations	53	53
Other	472	248
Total noncurrent liabilities	833	530
Total liabilities	7,227	7,453

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	29,301	29,054
Treasury stock	(5,372)	(5,372)
Total shareholders' equity	37,166	36,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77	43
Foreign currency translation adjustment	(4,245)	(4,954)
Total accumulated other comprehensive income	(4,168)	(4,911)
Minority interests	478	445
Total net assets	33,476	32,453
Total liabilities and net assets	40,703	39,906

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

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Net sales	10,521	9,215
Cost of sales	7,726	6,473
Gross profit	2,794	2,742
Selling, general and administrative expenses	1,484	1,625
Operating income	1,310	1,116
Non-operating income		
Interest income	11	22
Dividends income	9	54
Other	22	29
Total non-operating income	43	106
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	32	17
Other	2	0
Total non-operating expenses	35	18
Ordinary income	1,318	1,204
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	33	2
Loss on valuation of investment securities	–	6
Total extraordinary losses	33	9
Income before income taxes and minority interests	1,285	1,195
Income taxes-current	465	439
Income taxes-deferred	(7)	(158)
Total income taxes	457	280
Income before minority interests	827	914
Minority interests in income	14	16
Net income	813	898

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Income before minority interests	827	914
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	(34)
Foreign currency translation adjustment	(211)	(733)
Total other comprehensive income	(224)	(767)
Comprehensive income	603	147
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	593	154
Comprehensive income attributable to minority interests	9	(7)

(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. 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 the amount recorded on consolidated statements of income, and details of thereof (reconciliation)

(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

II. Three months ended June 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	2,292	2,652	748	2,847	8,540	675	9,215
Inter-segment sales or transactions	1,314	25	259	217	1,817	13	1,830
Total sales	3,606	2,677	1,008	3,064	10,357	688	11,045
Segment profit	443	395	115	177	1,133	71	1,204

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 the amount recorded on consolidated statements of income, and details of thereof (reconciliation)

(Millions of yen)

Profits/losses	Amount
Reportable segments total	1,133
"Other" segment profit	71
Inter-segment eliminations	27
Amortization of goodwill	(4)
Profit/loss not allocated to business segments (Note)	(110)
Operating income in the consolidated statements of income	1,116

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) Other notes

Significant subsequent events

First quarter ended June 30, 2012

Acquisition of company, etc. by purchase of shares

The Company, by resolution at a meeting of the Board of Directors held on August 9, 2012, decided to enter into a basic agreement to acquire the shares of Onstatic Technology Co., Ltd. and make it a subsidiary, and entered into said agreement on the same date.

1. Reason for acquisition of shares

The Group is engaged in the manufacture and sale of specialty ink for precision instruments mainly in Japan, China, Taiwan, Korea and ASEAN countries, while Onstatic Technology Co., Ltd., the subject of the acquisition, is engaged in the manufacture and sale of specialty ink for precision instruments mainly in China and Taiwan.

Acquiring the shares of Onstatic Technology Co., Ltd., which is located in Taiwan, and making it a subsidiary, is expected to enable the Company and Onstatic Technology Co., Ltd. to share their

respective group management resources and use them effectively, thus enabling a thorough and detailed response to customer requirements.

2. Outline of company becoming subsidiary (Onstatic Technology Co., Ltd.)

Name	Onstatic Technology Co., Ltd.
Location	7F, No.1, Ren-ai Rd, Ying-Ko Chen, Taipei Hsien
Name and title of representative	Chiang te sheng, Chairman
Business	Manufacture and sale of specialty ink for precision instruments
Capital stock	309 million Taiwan dollars
Incorporated	September 1998
Major shareholders and shareholding ratios	Currently under examination
Relationships with the Company	No items to report
Consolidated operating results and consolidated financial position in last three years	Currently under examination

3. Outline of counterparties in acquisition of shares

The outline of the major counterparties in the acquisition of shares is as follows.

Name	Advance Materials Corporation	GOO CHEMICAL CO.,LTD.
Location	The No.2 of 498 Lane, Nanshan Road, Luzhu Village, Taoyuan, Taiwan	58 Ijiri, Iseda-cho, Uji City, Kyoto
Name and title of representative	Li cha ming, Chairman	Kouichi Ikegami, President and Representative Director
Business	Contracted manufacture of printed boards	Manufacture and sale of specialty industrial chemical products
Capital stock	1,370 million Taiwan dollars	842 million yen
Incorporated	September 1998	November 1953
Net assets	1,673 million Taiwan dollars	10,935 million yen
Total assets	2,726 million Taiwan dollars	12,988 million yen
Major shareholders and shareholding ratios	Unimicron Technology Corporation 15.51%	Goo Industry Co., Ltd. 15.79%
	Fortune Venture Capital Corporation 8.67%	Haruki Fujimura 5.73%
	Subtron Corporation 6.01%	Goo Chemical Employee Shareholding Association 5.11%
	Hsin Yang Investment Corp 5.19%	Kiyoshi Yanai 4.49%
	Unitruth Investment Corp 4.39%	The Bank of Kyoto, Ltd. 4.29%
	Liu hsiu li 3.58%	The Bank of Tokyo-Mitsubishi UFJ, Ltd. 4.29%
	Chen shu jen 2.75%	Japan Trustee Services Bank, Ltd. (Trust Account) 3.98%
	Cathay Venture Capital Co.,Ltd 2.71%	Osaka Small and Medium Business Investment & Consultation Co.,Ltd 3.40%
	MERCURIES AND ASSOCIATES, LTD. 2.30%	Shoei Yakuhin Co.,Ltd. 3.25%
Globaltec Capital 2.25%	Masakatsu Mikami 2.87%	
Relationships with the Company	No items to report	No items to report

The Company will acquire a total of 51.0% of the shares of Onstatic Technology Co., Ltd. from a total of 33 corporations and individuals, including the above two companies.

4. Number of shares in acquisition, purchase price, and shares held before and after acquisition

	Taiyo Holdings Co., Ltd.	Advance Materials Corporation	GOO CHEMICAL CO., LTD
Before transfer of shares	0 shares (-%)	7,056,500 shares (22.2%)	6,306,437 shares (19.9%)
Number of shares transferred	16,185,000 shares (51.0%) (Acquisition price: to be determined)	4,486,000 shares (14.1%)	4,009,000 shares (12.6%)
After transfer of shares	16,185,000 shares (51.0%) (Acquisition price: to be determined)	2,570,500 shares (8.1 %)	2,297,437 shares (7.2%)

Negotiations may be entered into regarding an additional acquisition of shares following this share transfer.

5. Procurement of funds for payment and payment method

To be determined

6. Schedule

Date of basic agreement August 9, 2012

Date of share acquisition Late February, 2013 (scheduled completion date)