

August 8, 2013

Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2014 <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 9, 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 three months of the fiscal year ending March 31, 2014 (from April 1, 2013 to June 30, 2013)

(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, 2013	9,599	4.2	1,659	48.7	1,723	43.1	1,158	29.0
June 30, 2012	9,215	(12.4)	1,116	(14.8)	1,204	(8.6)	898	10.4

Note: Comprehensive income
 For the three months ended June 30, 2013: 1,997 million yen [–%]
 For the three months ended June 30, 2012: 147 million yen [(75.6)%]

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2013	45.55	–
June 30, 2012	35.30	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2013	53,968	39,491	68.6	1,455.05
March 31, 2013	44,023	36,809	82.2	1,423.26

Reference: Equity (Net assets excluding minority interests)
 As of June 30, 2013: 37,013 million yen As of March 31, 2013: 36,205 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, 2013	–	45.00	–	45.00	90.00
Fiscal year ending March 31, 2014	–				
Fiscal year ending March 31, 2014 (Forecasts)		75.00	–	45.00	120.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

The dividend at end of the second quarter of the fiscal year ending March 31, 2014 includes payments of an ordinary dividend of 45 yen per share and a commemorative dividend of 30 yen per share.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(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, 2013	22,000	18.3	3,500	48.7	3,500	42.1	2,350	34.6	92.38
Fiscal year ending March 31, 2014	44,000	21.6	7,000	59.6	7,000	47.6	4,700	39.6	184.76

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): Yes
Newly consolidated: 7 companies (Name: Onstatic Technology Co., Ltd., and another 6 subsidiaries)

Note: For details see “2. Matters Regarding Summary Information (Notes) (1) Changes in significant subsidiaries during the current three months” on page 4 of the Attached Materials.

- (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
- Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None
 - 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, 2013	27,464,000 shares
As of March 31, 2013	27,464,000 shares

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

As of June 30, 2013	2,025,890 shares
As of March 31, 2013	2,025,826 shares

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

Three months ended June 30, 2013	25,438,158 shares
Three months ended June 30, 2012	25,438,334 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 Three Months

(1) Qualitative information regarding consolidated operating results

In the global economy during the three months ended June 30, 2013, the U.S. economy started to show a recovery trend, and signs of recovery also emerged in the Japanese economy, especially in personal consumption and corporate earnings, thanks to the correction of the strong yen and a rise in stock prices amid optimism toward new government's economic policies. On the other hand, as financial unrest in Europe and economic slowdown in China and other downside risk factors became clear, uncertainty remained toward the economic outlook.

In the electronics components industry, in which the Group operates, demand was firm for smartphone and vehicle related products.

Operating under these conditions, net sales for the current three months amounted to 9,599 million yen (up 4.2% year on year).

In the PWB (printed wiring board) materials market, sales volume rose from the same period of the previous fiscal year and the average sales unit price also rose. As a result, net sales of PWB materials were 8,128 million yen (up 16.8% year on year).

Sales of FPD (flat panel display) materials, mainly consisting of PDP (plasma display panel) materials, dropped to 1,222 million yen (down 40.7% year on year), owing to a lower sales volume and a fall in the unit price driven by a drop in the market price of silver, which constitutes one of the products' raw materials.

As a result, operating income amounted to 1,659 million yen (up 48.7% year on year) with ordinary income at 1,723 million yen (up 43.1% year on year) and net income at 1,158 million yen (up 29.0% 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, 2013.
(Millions of yen)

Name of product group category	Three months ended June 30, 2012	Three months ended June 30, 2013	Compared to the same period of the previous fiscal year	
			Change	Rate of change (%)
Rigid board materials	5,112	5,922	810	15.9
PKG board and flexible board materials	1,582	1,954	371	23.5
Build-up board materials	265	251	(13)	(5.1)
FPD materials	2,060	1,222	(838)	(40.7)
Others	194	247	53	27.3
Total	9,215	9,599	383	4.2

Results by segment are as follows. (Net sales of segments includes inter-segment sales or transactions.)

1) Japan

The consolidated company comprising the Japan segment is TAIYO INK MFG. CO., LTD., a manufacturing and marketing subsidiary.

In the three months ended June 30, 2013, despite firm performance of high function products of PKG (semiconductor packages) materials, mainly for vehicle installation parts and smartphones, both the sales volume and the sales amount dropped year on year due to weaker demand in PWB material products for personal computers.

As a result, net sales amounted to 3,423 million yen (down 5.1% year on year) with segment profit at 557 million yen (up 25.5% year on year).

2) China (including Hong Kong)

The consolidated companies comprising the China segment are TAIYO INK (SUZHOU) CO., LTD. and GOO-AMC Corporation, manufacturing and marketing subsidiaries, and TAIYO INK INTERNATIONAL (HK) LIMITED and TAIYO INK TRADING (SHENZHEN) CO., LTD., marketing subsidiaries operating mainly in the southern China region. GOO-AMC Corporation is a subsidiary of Onstatic Technology Co., Ltd., which was acquired during the first quarter ended June 30, 2013.

As performance was strong for the low-priced products of PWB materials for low-end smartphones and tablet devices, the sales volume increased compared with the same period of the previous fiscal year.

As a result, net sales amounted to 3,221 million yen (up 20.3% year on year) with segment profit at 544 million yen (up 37.6% year on year).

3) Taiwan

The consolidated companies comprising the Taiwan segment are manufacturing and marketing subsidiaries TAIWAN TAIYO INK CO., LTD., and Onstatic Technology Co., Ltd. (and another three subsidiaries).

As a result of firm demand for server and LCD TV related products of PWB materials, the sales volume increased compared with the same period of the previous fiscal year.

As a result, net sales amounted to 1,186 million yen (up 17.7% year on year) with segment profit at 163 million yen (up 41.3% year on year).

4) Korea

The consolidated company comprising the Korea segment is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.

Due to a significant drop in the sales volume of FPD materials, which have a low-profit margin, the sales amount dropped steeply year on year. On the other hand, high function products of PWB materials, which have a high-profit margin, enjoyed firm demand for smartphones.

As a result, net sales amounted to 2,744 million yen (down 10.4% year on year) with segment profit at 290 million yen (up 63.4% year on year).

5) Other

The consolidated companies comprising the operations in areas other than the above are TAIYO AMERICA, INC. and TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD. The effect that TAIYO INK INTERNATIONAL (SINGAPORE) had benefited from because of recovery and reconstruction demand following the flood damage in Thailand is now weakening and its market remained weak.

At TAIYO AMERICA, sales were roughly level with the same period of the previous fiscal year.

As a result, net sales amounted to 787 million yen (up 14.5% year on year) with segment profit at 89 million yen (up 25.7% 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, 2013.

	As of March 31, 2013 (Millions of yen)	As of June 30, 2013 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	26,979	36,088	9,109	Cash and deposits increased approx. 5,000 million yen, notes and accounts receivable-trade increased approx. 2,700 million yen and inventories increased approx. 1,200 million yen
Noncurrent assets	17,043	17,879	835	Goodwill increased approx. 3,300 million yen and stocks of subsidiaries and affiliates decreased approx. 2,600 million yen
Total assets	44,023	53,968	9,945	
Total liabilities	7,213	14,477	7,264	Long-term loans payable increased approx. 5,400 million yen, notes and accounts payable-trade increased approx. 900 million yen and short-term loans payable increased approx. 500 million yen
Total net assets	36,809	39,491	2,681	Minority interests increased approx. 1,800 million yen and foreign currency translation adjustment increased approx. 700 million yen
Total liabilities and net assets	44,023	53,968	9,945	

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

No changes have been made to the consolidated earnings forecasts for the six months ending September 30, 2013 and the fiscal year ending March 31, 2014 from the earnings forecasts that were announced in "Notice of Revision to Consolidated Earnings Forecasts" released on May 13, 2013 (only in Japanese).

2. Matters Regarding Summary Information (Notes)

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

On November 22, 2012, the Company acquired 25.5% of the issued shares of Onstatic Technology Co., Ltd. On May 16, 2013, the Company made an additional acquisition of shares, bringing the Company's shareholding ratio to 51.0% and making Onstatic Technology Co., Ltd. a consolidated subsidiary.

(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. 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, 2013	As of June 30, 2013
Assets		
Current assets		
Cash and deposits	14,652	19,692
Notes and accounts receivable-trade	8,199	10,900
Securities	0	0
Merchandise and finished goods	1,816	2,265
Work in process	195	246
Raw materials and supplies	1,674	2,349
Other	547	743
Allowance for doubtful accounts	(105)	(111)
Total current assets	26,979	36,088
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,872	6,933
Land	4,179	4,272
Other, net	1,612	1,980
Total property, plant and equipment	12,664	13,186
Intangible assets		
Goodwill	29	3,357
Other	317	340
Total intangible assets	347	3,697
Investments and other assets		
Stocks of subsidiaries and affiliates	2,702	19
Other	1,329	975
Total investments and other assets	4,032	995
Total noncurrent assets	17,043	17,879
Total assets	44,023	53,968
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,486	5,458
Short-term loans payable	-	479
Accounts payable-other	683	854
Income taxes payable	508	504
Provision for bonuses	304	473
Provision for directors' bonuses	49	19
Other	691	568
Total current liabilities	6,724	8,358
Noncurrent liabilities		
Provision for retirement benefits	216	236
Provision for directors' retirement benefits	10	10
Long-term loans payable	-	5,421
Asset retirement obligations	54	54
Other	207	395
Total noncurrent liabilities	488	6,118
Total liabilities	7,213	14,477

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	30,379	30,393
Treasury stock	(5,372)	(5,373)
Total shareholders' equity	38,243	38,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135	166
Foreign currency translation adjustment	(2,173)	(1,410)
Total accumulated other comprehensive income	(2,038)	(1,243)
Minority interests	604	2,477
Total net assets	36,809	39,491
Total liabilities and net assets	44,023	53,968

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

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net sales	9,215	9,599
Cost of sales	6,473	6,124
Gross profit	2,742	3,474
Selling, general and administrative expenses	1,625	1,814
Operating income	1,116	1,659
Non-operating income		
Interest income	22	22
Dividends income	54	38
Equity in earnings of affiliates	–	13
Other	29	19
Total non-operating income	106	94
Non-operating expenses		
Interest expenses	0	4
Foreign exchange losses	17	24
Other	0	1
Total non-operating expenses	18	30
Ordinary income	1,204	1,723
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on liquidation of subsidiaries and affiliates	–	58
Total extraordinary income	0	59
Extraordinary loss		
Loss on valuation of investment securities	6	0
Loss on step acquisitions	–	73
Loss on sales of noncurrent assets	2	–
Total extraordinary losses	9	73
Income before income taxes and minority interests	1,195	1,709
Income taxes-current	439	657
Income taxes-deferred	(158)	(133)
Total income taxes	280	523
Income before minority interests	914	1,186
Minority interests in income	16	27
Net income	898	1,158

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Income before minority interests	914	1,186
Other comprehensive income		
Valuation difference on available-for-sale securities	(34)	31
Foreign currency translation adjustment	(733)	779
Total other comprehensive income	(767)	810
Comprehensive income	147	1,997
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	154	1,953
Comprehensive income attributable to minority interests	(7)	43

(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

(Segment information, etc.)

[Segment information]

1. Information regarding net sales and profit/loss by reportable segment

Three months ended June 30, 2012

(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 transfers	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 represents operating segments not included in reportable segments and covers the business activities of local subsidiaries in the U.S. and other Asian countries.

Three months ended June 30, 2013

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan	Korea	Total		
Net sales							
External sales	2,128	3,159	877	2,665	8,831	767	9,599
Inter-segment sales or transfers	1,295	61	308	79	1,745	20	1,765
Total sales	3,423	3,221	1,186	2,744	10,576	787	11,364
Segment profit	557	544	163	290	1,556	89	1,645

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.

3. The fiscal-year closing date for Onstatic Technology Co., Ltd. (and another six subsidiaries) is December 31.

Although this is different from the consolidated fiscal-year closing date, the difference of closing dates does not exceed three months. The Company therefore plans to prepare the consolidated financial statements using the financial statements of Onstatic Technology Co., Ltd. (and another six subsidiaries) as a basis.

As the deemed acquisition date of the business combination is April 1, 2013, the operating results for the three months ended June 30, 2013, do not include those of Onstatic Technology Co., Ltd. (and another six subsidiaries).

As a result, the net sales and operating income of Onstatic Technology Co., Ltd. (and another four subsidiaries) are not presented in the Taiwan and China segments for the three month ended June 30, 2013.

As two of the six subsidiaries of Onstatic Technology Co., Ltd. do not operate any business, they do not constitute a reportable segment.

2. Matters related to assets for each reportable segment

In the first quarter ended June 30, 2013, Onstatic Technology Co., Ltd. (and another six subsidiaries) was acquired and included in the scope of consolidation. As a result, compared with the end of the previous fiscal year, the balance of assets as of June 30, 2013 rose by 7,515 million yen in the Taiwan segment and by 2,298 million yen in the China segment.

3. 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	Three months ended June 30, 2012	Three months ended June 30, 2013
Reportable segments total	1,133	1,556
“Other” segment profit	71	89
Inter-segment eliminations	27	13
Amortization of goodwill	(4)	(2)
Profit/loss not allocated to operating segments (Note)	(110)	3
Operating income on the consolidated statement of income	1,116	1,659

Note: Profit/loss primarily related to the holding company (company filing the consolidated financial statements).

4. Information regarding impairment loss on noncurrent assets, goodwill and negative goodwill by reportable segment

No items to report