

February 6, 2014

Consolidated Financial Results
for the Nine 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
 URL: <http://www.taiyo-hd.co.jp>
 Representative: Eiji Sato, President and CEO
 Inquiries: Shuichi Omi, Deputy General Manager, Administration Division
 TEL: +81-3-5999-1511

Scheduled date to file quarterly report: February 7, 2014
 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, 2014 (from April 1, 2013 to December 31, 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	%
Nine months ended								
December 31, 2013	33,090	19.6	5,830	67.3	6,036	61.5	3,859	53.3
December 31, 2012	27,669	(10.3)	3,485	3.3	3,737	11.7	2,517	31.7

Note: Comprehensive income
 For the nine months ended December 31, 2013: 7,140 million yen [92.8%]
 For the nine months ended December 31, 2012: 3,702 million yen [327.2%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2013	151.73	–
December 31, 2012	98.95	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2013	58,102	41,802	68.6	1,566.73
March 31, 2013	44,023	36,809	82.2	1,423.26

Reference: Equity (Net assets excluding minority interests)
 As of December 31, 2013: 39,854 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	–	75.00	–		
Fiscal year ending March 31, 2014 (Forecasts)				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	%	Yen						
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 nine months (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly consolidated: 6 companies (Name: Onstatic Technology Co., Ltd., and another 5 subsidiaries)

Note: For details see “2. Matters Regarding Summary Information (Notes) (1) Changes in significant subsidiaries during the current nine 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
- | | |
|---|------|
| 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 December 31, 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 December 31, 2013	2,026,030 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)

Nine months ended December 31, 2013	25,438,087 shares
Nine months ended December 31, 2012	25,438,304 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 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, 2013, the U.S. economy showed a trend of improvement, as seen by a firm employment situation and an increase in consumer spending, and the European economy began to stage a moderate recovery, as seen by the economic growth rate, which had been weak, rebounding into the positive territory. In the Japanese economy, personal consumption became firmer while exports and capital investment showed signs of recovery. On the other hand, there were concerns about the weakening economic growth rate in China's economy. As a result, the outlook remained uncertain.

In the electronics components industry, in which the Group operates, demand was firm for materials for smartphone and vehicle installation parts.

Operating under these conditions, net sales for the current nine months amounted to 33,090 million yen (up 19.6% 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 28,585 million yen (up 35.6% year on year).

Sales of FPD (flat panel display) materials, mainly consisting of PDP (plasma display panel) materials, dropped to 3,496 million yen (down 41.3% year on year), owing to a lower sales volume due to contraction of the market and a fall in the unit price due to a drop in the market price of silver, which constitutes one of the products' raw materials.

As a result, operating income amounted to 5,830 million yen (up 67.3% year on year) with ordinary income at 6,036 million yen (up 61.5% year on year) and net income at 3,859 million yen (up 53.3% 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, 2013.

(Millions of yen)

Name of product group category	Nine months ended December 31, 2012	Nine months ended December 31, 2013	Compared to the same period of the previous fiscal year	
			Change	Rate of change (%)
Rigid board materials	15,141	21,763	6,622	43.7
PKG board and flexible board materials	5,184	6,093	909	17.6
Build-up board materials	762	728	(33)	(4.4)
FPD materials	5,956	3,496	(2,459)	(41.3)
Others	625	1,008	382	61.2
Total	27,669	33,090	5,421	19.6

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 nine months ended December 31, 2013, due to firm performance of high function products of PKG (semiconductor packages) materials, mainly for smartphones, both the sales volume and the sales amount increased year on year.

As a result, net sales amounted to 10,801 million yen (up 7.3% year on year) with segment profit at 1,565 million yen (up 16.7% year on year).

2) China (including Hong Kong)

The consolidated companies comprising the China segment are TAIYO INK (SUZHOU) CO., LTD. and Onstatic Ink (Shenzhen) Co., Ltd. (the latter changed its name in December 2013 from 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. Onstatic Ink (Shenzhen) Co., Ltd. is a subsidiary of Onstatic Technology Co., Ltd., which was acquired during the first quarter ended June 30, 2013.

Performance was strong for PWB materials, particularly for vehicle installation parts and smartphones, and the sales volume and sales amount increased compared with the same period of the previous fiscal year.

As a result, net sales amounted to 13,468 million yen (up 64.5% year on year) with segment profit at 1,946 million yen (up 62.2% 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 strong demand for PWB materials for servers, vehicle installation parts and smartphones, the sales volume and sales amount increased compared with the same period of the previous fiscal year.

As a result, net sales amounted to 5,943 million yen (up 101.2% year on year) with segment profit at 1,039 million yen (up 174.4% 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 decline in the sales volume of FPD materials, which have a low-profit margin, and a fall in the market price of silver, which constitutes one of the products' raw materials, the sales amount dropped year on year. On the other hand, demand was firm for the high function products of PWB materials used in smartphones, which have a high-profit margin, and profit increased year on year.

As a result, net sales amounted to 8,062 million yen (down 12.1% year on year) with segment profit at 855 million yen (up 64.6% 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. At TAIYO AMERICA, exports performed strongly.

TAIYO INK INTERNATIONAL (SINGAPORE) performed strongly, mainly for vehicle installation parts.

As a result, net sales amounted to 2,584 million yen (up 26.7% year on year) with segment profit at 333 million yen (up 42.3% 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, 2013.

	As of March 31, 2013 (Millions of yen)	As of December 31, 2013 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	26,979	37,634	10,655	Cash and deposits increased approx. 4,800 million yen, notes and accounts receivable–trade increased approx. 4,500 million yen and inventories increased approx. 1,200 million yen
Noncurrent assets	17,043	20,467	3,423	Goodwill increased approx. 4,500 million yen, buildings and structures increased approx. 500 million yen and stocks of subsidiaries and affiliates decreased approx. 2,600 million yen
Total assets	44,023	58,102	14,079	
Total liabilities	7,213	16,299	9,086	Long-term loans payable increased approx. 5,700 million yen, notes and accounts payable–trade increased approx. 2,000 million yen and short-term loans payable increased approx. 500 million yen
Total net assets	36,809	41,802	4,992	Minority interests increased approx. 1,300 million yen and foreign currency translation adjustment increased approx. 2,700 million yen
Total liabilities and net assets	44,023	58,102	14,079	

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

At present, no changes have been made to the consolidated earnings forecasts from the earnings forecasts that were released on May 13, 2013 (only in Japanese).

2. Matters Regarding Summary Information (Notes)**(1) Changes in significant subsidiaries during the current nine months**

On May 16, 2013, the Company made an additional acquisition of the issued shares of Onstatic Technology Co., Ltd., which had been an affiliate under the equity method, to make it 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 December 31, 2013
Assets		
Current assets		
Cash and deposits	14,652	19,495
Notes and accounts receivable-trade	8,199	12,771
Merchandise and finished goods	1,816	2,534
Work in process	195	288
Raw materials and supplies	1,674	2,125
Other	547	673
Allowance for doubtful accounts	(105)	(254)
Total current assets	26,979	37,634
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,872	7,461
Land	4,179	4,265
Other, net	1,612	2,750
Total property, plant and equipment	12,664	14,476
Intangible assets		
Goodwill	29	4,536
Other	317	404
Total intangible assets	347	4,940
Investments and other assets	4,032	1,050
Total noncurrent assets	17,043	20,467
Total assets	44,023	58,102
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,486	6,543
Short-term loans payable	–	500
Income taxes payable	508	343
Provision for bonuses	304	177
Provision for directors' bonuses	49	44
Other	1,375	1,888
Total current liabilities	6,724	9,497
Noncurrent liabilities		
Long-term loans payable	–	5,795
Provision for retirement benefits	216	281
Provision for directors' retirement benefits	10	10
Asset retirement obligations	54	54
Other	207	661
Total noncurrent liabilities	488	6,802
Total liabilities	7,213	16,299

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,102
Retained earnings	30,379	31,186
Treasury stock	(5,372)	(5,373)
Total shareholders' equity	38,243	39,050
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135	242
Foreign currency translation adjustment	(2,173)	561
Total accumulated other comprehensive income	(2,038)	804
Minority interests	604	1,948
Total net assets	36,809	41,802
Total liabilities and net assets	44,023	58,102

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

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	27,669	33,090
Cost of sales	19,321	21,153
Gross profit	8,347	11,937
Selling, general and administrative expenses	4,862	6,107
Operating income	3,485	5,830
Non-operating income		
Interest income	64	73
Dividends income	61	46
Foreign exchange gains	69	6
Equity in earnings of affiliates	–	13
Other	76	95
Total non-operating income	272	234
Non-operating expenses		
Interest expenses	1	23
Loss on insurance cancellation	14	–
Other	4	4
Total non-operating expenses	20	28
Ordinary income	3,737	6,036
Extraordinary income		
Gain on sales of noncurrent assets	27	52
Gain on liquidation of subsidiaries and affiliates	–	58
Total extraordinary income	27	111
Extraordinary loss		
Loss on sales of noncurrent assets	9	–
Loss on valuation of investment securities	6	0
Loss on valuation of stocks of subsidiaries and affiliates	66	–
Loss on step acquisitions	–	73
Total extraordinary losses	82	73
Income before income taxes and minority interests	3,682	6,074
Income taxes-current	1,129	1,486
Income taxes-deferred	(18)	498
Total income taxes	1,110	1,984
Income before minority interests	2,571	4,090
Minority interests in income	54	230
Net income	2,517	3,859

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income before minority interests	2,571	4,090
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	107
Foreign currency translation adjustment	1,143	2,943
Total other comprehensive income	1,131	3,050
Comprehensive income	3,702	7,140
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,588	6,706
Comprehensive income attributable to minority interests	114	434

(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.)

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

Nine months ended December 31, 2012

(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.

Nine months ended December 31, 2013

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan	Korea	Total		
Net sales							
External sales	6,634	12,279	3,812	7,845	30,571	2,519	33,090
Inter-segment sales or transfers	4,166	1,189	2,130	216	7,703	65	7,768
Total sales	10,801	13,468	5,943	8,062	38,275	2,584	40,859
Segment profit	1,565	1,946	1,039	855	5,407	333	5,740

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 net sales and operating income of Onstatic Technology Co., Ltd. (and another four subsidiaries) have been presented in the Taiwan and China segments effective from the six months ended September 30, 2013.

As one of the five subsidiaries of Onstatic Technology Co., Ltd. does not operate any business, it does 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. Also, in the third quarter ended December 31, 2013, the Company liquidated one of the subsidiaries of Onstatic Technology Co., Ltd. As a result, compared with the end of the previous fiscal year, the balance of assets as of December 31, 2013 rose by 7,959 million yen in the Taiwan segment and by 2,530 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	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Reportable segments total	3,440	5,407
“Other” segment profit	234	333
Inter-segment eliminations	42	75
Amortization of goodwill	(14)	(106)
Profit/loss not allocated to operating segments (Note)	(217)	116
Other adjusted amounts	–	4
Operating income on the consolidated statement of income	3,485	5,830

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