

Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2015 <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 2, 2015
 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, 2015 (from April 1, 2014 to December 31, 2014)

(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, 2014	36,881	11.5	7,257	24.5	7,465	23.7	5,281	36.8
December 31, 2013	33,090	19.6	5,830	67.3	6,036	61.5	3,859	53.3

Note: Comprehensive income
 For the nine months ended December 31, 2014: 8,003 million yen [12.1%]
 For the nine months ended December 31, 2013: 7,140 million yen [92.8%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2014	207.58	–
December 31, 2013	151.73	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2014	65,455	48,465	70.9	1,823.69
March 31, 2014	58,369	42,655	69.6	1,596.45

Reference: Equity (Net assets excluding minority interests)
 As of December 31, 2014: 46,401 million yen As of March 31, 2014: 40,610 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, 2014	–	75.00	–	45.00	120.00
Fiscal year ending March 31, 2015	–	45.00	–		
Fiscal year ending March 31, 2015 (Forecasts)				45.00	90.00

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

The dividend at the end of the second quarter of the fiscal year ended 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, 2015 (from April 1, 2014 to March 31, 2015)

(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, 2015	46,600	5.4	8,700	14.9	8,800	12.4	5,900	19.7	231.92

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): 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: None
 - d. Restatement of prior period financial statements after error corrections: None

Note: For details see “2. Matters Regarding Summary Information (Notes) (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections” on page 5 of the Quarterly Financial Results Report (Attached Materials).

(4) Number of issued shares (common shares)

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

As of December 31, 2014	27,464,000 shares
As of March 31, 2014	27,464,000 shares

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

As of December 31, 2014	2,020,470 shares
As of March 31, 2014	2,026,110 shares

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

Nine months ended December 31, 2014	25,441,286 shares
Nine months ended December 31, 2013	25,438,087 shares

Note: Treasury shares include stock of the Company owned by The Master Trust Bank of Japan, Ltd. (trust account for Employee Stock Ownership Plan grant stock).

*** 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

Index

1. Qualitative Information Regarding Settlement of Accounts for the Nine Months.....	2
(1) Qualitative information regarding consolidated operating results	2
(2) Qualitative information regarding consolidated financial position.....	4
(3) Information regarding consolidated earnings forecasts and other forward-looking statements.....	4
2. Matters Regarding Summary Information (Notes).....	5
(1) Changes in significant subsidiaries during the current nine months	5
(2) Application of specific accounting for preparing quarterly consolidated financial statements	5
(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections	5
(4) Additional information.....	5
3. Significant Events Regarding Premise of Going Concern	6
4. Consolidated Financial Statements	7
(1) Consolidated balance sheet	7
(2) Consolidated statement of income and consolidated statement of comprehensive income	9
Consolidated statement of income (cumulative).....	9
Consolidated statement of comprehensive income (cumulative).....	10
(3) Notes to consolidated financial statements	11
(Notes on premise of going concern)	11
(Notes on substantial changes in the amount of shareholders' equity)	11
(Segment information, etc.).....	11
(Significant subsequent events).....	12

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, 2014, in the U.S. economy there was a moderate economic recovery due to robust corporate sentiment and an increase in consumer spending, while in the Japanese economy, the temporary slump following a hike in the consumption tax rate is gradually fading. On the other hand, in the European economy the economic stagnation continued, and in the Chinese economy growth slowed due to weak investment and exports.

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 36,881 million yen (up 11.5% year on year).

In the PWB (printed wiring board) materials market, the sales volume increased, reflecting firm sales of rigid board materials and PKG (semiconductor packages) board materials. The sales amount also increased year on year due to the favorable effect of foreign currency exchange rate. As a result, net sales of PWB materials were 33,593 million yen (up 17.5% year on year).

In the FPD (flat panel display) materials market, mainly consisting of PDP (plasma display panel) materials, sales volume decreased due to the effect of important clients withdrawing from the PDP business. As a result, net sales of FPD materials were 1,911 million yen (down 45.3% year on year).

As a result, operating income amounted to 7,257 million yen (up 24.5% year on year) with ordinary income at 7,465 million yen (up 23.7% year on year) and net income at 5,281 million yen (up 36.8% 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, 2014.

(Millions of yen)

Name of product group category		Nine months ended December 31, 2013	Nine months ended December 31, 2014	Compared to the same period of the previous fiscal year	
				Change	Rate of change (%)
PWB materials	Rigid board materials	21,763	25,175	3,411	15.7
	PKG board and flexible printed circuit board materials	6,093	7,599	1,505	24.7
	Build-up board materials	728	819	90	12.5
FPD materials	PDP materials	3,496	1,911	(1,585)	(45.3)
Other related products	—	1,008	1,376	368	36.5
Total		33,090	36,881	3,790	11.5

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, 2014, due to firm performance of high function products such as PKG board materials, mainly for smartphones, both the sales volume and the sales amount increased year on year.

As a result, net sales amounted to 12,301 million yen (up 13.9% year on year) with segment profit at 2,050 million yen (up 30.9% 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., 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.

In the PWB materials market, both the sales volume and the sales amount increased year on year. This reflected not only the consolidation, effective from the first quarter ended June 30, 2014, of the statement of income of Onstatic Ink (Shenzhen) Co., Ltd., for which profit and loss was accounted for under the equity method in the first quarter ended June 30, 2013, but also strong sales mainly of materials related to vehicle installation parts and smartphones.

As a result, net sales amounted to 15,336 million yen (up 13.9% year on year) with segment profit at 2,638 million yen (up 35.5% 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).

In the PWB materials market, both the sales volume and the sales amount increased year on year. This reflected not only the consolidation, effective from the first quarter ended June 30, 2014, of the statement of income of Onstatic Technology Co., Ltd. (and another three subsidiaries), for which profit and loss was accounted for under the equity method in the first quarter ended June 30, 2013, but also strong demand for materials for vehicle installation parts, servers and smartphones.

As a result, net sales amounted to 7,309 million yen (up 23.0% year on year) with segment profit at 1,353 million yen (up 30.3% year on year).

4) Korea

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

In the FPD materials market, both the sales volume and the sales amount decreased year on year, due to the effect of important clients withdrawing from the PDP business. On the other hand, demand was strong for the high function PWB materials used in smartphones, which have a high-profit margin, and profit increased year on year.

As a result, net sales amounted to 7,330 million yen (down 9.1% year on year) with segment profit at 951 million yen (up 11.3% 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 steadily due to the expansion of the market of material for vehicle installation parts.

As a result, net sales amounted to 3,061 million yen (up 18.5% year on year) with segment profit at 423 million yen (up 27.1% 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, 2014.

	As of March 31, 2014 (Millions of yen)	As of December 31, 2014 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	37,798	43,485	5,687	Cash and deposits increased approx. 3,200 million yen and notes and accounts receivable - trade increased approx. 2,000 million yen.
Non-current assets	20,570	21,970	1,399	Machinery and equipment increased approx. 400 million yen and construction in progress increased approx. 800 million yen.
Total assets	58,369	65,455	7,086	
Total liabilities	15,713	16,990	1,276	Notes and accounts payable - trade increased approx. 1,200 million yen and accounts payable - other increased approx. 300 million yen.
Total net assets	42,655	48,465	5,810	Net income increased approx. 5,300 million yen, cash dividends paid was approx. 2,300 million yen and foreign currency translation adjustment increased approx. 2,500 million yen.
Total liabilities and net assets	58,369	65,455	7,086	

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

No changes have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2015 from the earnings forecasts that were announced in “Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2015” released on October 31, 2014.

2. Matters Regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the current nine 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

(Changes in accounting policies)

Regarding the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012), effective from the first quarter ended June 30, 2014, the Company has applied the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the change in the calculation method for retirement benefit obligations and current service costs has been added to or deducted from retained earnings at the beginning of the first quarter ended June 30, 2014.

As a result, at the beginning of the nine months ended December 31, 2014, net defined benefit liability decreased by 316 million yen, net defined benefit asset increased by 244 million yen and retained earnings increased by 561 million yen. In addition, operating income, ordinary income and income before income taxes and minority interests for the nine months ended December 31, 2014 decreased 18 million yen respectively.

(4) Additional information

(Accounting treatment for Employee Stock Ownership Plan stock granting trust)

The Company has applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, December 25, 2013) effective from the first quarter ended June 30, 2014.

The Company, at a meeting of the Board of Directors held on May 2, 2014, resolved to introduce an employee incentive plan, the Employee Stock Ownership Plan (“ESOP”) trust for granting stock. Through this plan, the Company aims to cultivate a sense of belonging among its employees, increase their sense of participation in the management of the Company, and heighten their motivation to help improve operating results and increase the stock price in the long term as well as their morale. In addition, the Company aims to enhance corporate value on a medium- and long-term basis through the plan.

The Company will establish a trust into which it will contribute funds for the acquisition of the Company’s stock, of which the beneficiaries will be employees of the Company who meet certain criteria. The trust will acquire stock of the Company in one lot from the Company in the number expected to be delivered to employees of the Company based on the regulations for the delivery of stock established in advance. Following this, the trust will deliver stock of the Company to employees, without contribution, in accordance with the regulations for the delivery of stock, based on the eligibility of the Company’s employees during the trust period and other such criteria, during the period in service of such employees. As the full amount of the acquisition funds for the stock of the Company to be acquired through the trust will be contributed by the Company, there will be no contribution to be made by employees of the Company.

The trust is accounted for with a method (the gross method), in which assets and liabilities of the trust are recorded on the balance sheet as assets and liabilities of the Company and profits and losses of the trust are recorded on the statement of income as profits and losses of the Company.

The gross method was applied to the stock of the Company owned by the trust account for the ESOP grant stock as of the end of the third quarter ended December 31, 2014, and the amount is presented under net assets in the quarterly consolidated balance sheet as treasury shares using the carrying amount at the trust (excluding amounts of ancillary costs). The amount recorded as such is 301 million yen and the number of shares recorded is 98,760 shares.

3. Significant Events Regarding Premise of Going Concern

No items to report

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	21,149	24,337
Notes and accounts receivable - trade	11,891	13,927
Securities	1	1
Merchandise and finished goods	2,227	2,556
Work in process	319	302
Raw materials and supplies	1,841	1,960
Other	641	744
Allowance for doubtful accounts	(272)	(344)
Total current assets	37,798	43,485
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,625	7,897
Land	4,237	4,330
Other, net	2,512	3,785
Total property, plant and equipment	14,375	16,013
Intangible assets		
Goodwill	4,745	4,659
Other	398	436
Total intangible assets	5,144	5,095
Investments and other assets		
Net defined benefit asset	–	134
Other	1,050	726
Total investments and other assets	1,050	860
Total non-current assets	20,570	21,970
Total assets	58,369	65,455
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,433	6,630
Short-term loans payable	534	820
Accounts payable - other	1,394	1,711
Income taxes payable	562	898
Provision for bonuses	352	190
Provision for directors' bonuses	61	132
Other	596	973
Total current liabilities	8,936	11,358
Non-current liabilities		
Provision for directors' retirement benefits	10	10
Long-term loans payable	5,658	4,641
Net defined benefit liability	316	–
Asset retirement obligations	54	55
Stock benefit allowance	–	42
Other	736	882
Total non-current liabilities	6,776	5,631
Total liabilities	15,713	16,990

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,143
Retained earnings	32,257	35,671
Treasury shares	(5,373)	(5,398)
Total shareholders' equity	40,120	43,551
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	235	93
Foreign currency translation adjustment	328	2,816
Remeasurements of defined benefit plans	(74)	(61)
Total accumulated other comprehensive income	489	2,849
Minority interests	2,045	2,064
Total net assets	42,655	48,465
Total liabilities and net assets	58,369	65,455

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	33,090	36,881
Cost of sales	21,153	22,211
Gross profit	11,937	14,670
Selling, general and administrative expenses	6,107	7,412
Operating income	5,830	7,257
Non-operating income		
Interest income	73	77
Dividend income	46	13
Foreign exchange gains	6	65
Refunded consumption taxes	-	27
Share of profit of entities accounted for using equity method	13	-
Other	95	56
Total non-operating income	234	239
Non-operating expenses		
Interest expenses	23	20
Other	4	11
Total non-operating expenses	28	31
Ordinary income	6,036	7,465
Extraordinary income		
Gain on sales of non-current assets	52	19
Gain on sales of investment securities	-	384
Gain on liquidation of subsidiaries and associates	58	-
Total extraordinary income	111	404
Extraordinary losses		
Loss on valuation of investment securities	0	-
Loss on step acquisitions	73	-
Loss on valuation of golf club membership	-	14
Total extraordinary losses	73	14
Income before income taxes and minority interests	6,074	7,855
Income taxes - current	1,486	2,193
Income taxes - deferred	498	153
Total income taxes	1,984	2,346
Income before minority interests	4,090	5,508
Minority interests in income	230	227
Net income	3,859	5,281

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	4,090	5,508
Other comprehensive income		
Valuation difference on available-for-sale securities	107	(142)
Foreign currency translation adjustment	2,943	2,623
Remeasurements of defined benefit plans, net of tax	–	13
Total other comprehensive income	3,050	2,495
Comprehensive income	7,140	8,003
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,706	7,627
Comprehensive income attributable to minority interests	434	376

(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

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 six subsidiaries of Onstatic Technology Co., Ltd. does not operate any business, it does not constitute a reportable segment.

Nine months ended December 31, 2014

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1) (Note 3)	Taiwan (Note 3)	Korea	Total		
Net sales							
External sales	7,259	14,136	5,442	7,058	33,897	2,984	36,881
Inter-segment sales or transfers	5,041	1,199	1,867	271	8,381	76	8,457
Total sales	12,301	15,336	7,309	7,330	42,278	3,061	45,339
Segment profit	2,050	2,638	1,353	951	6,994	423	7,418

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 included in the China and Taiwan segments.

As one of the five subsidiaries of Onstatic Technology Co., Ltd. does not operate any business, it does not constitute a reportable segment.

2. 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, 2013	Nine months ended December 31, 2014
Reportable segments total	5,407	6,994
“Other” segment profit	333	423
Inter-segment eliminations	75	16
Amortization of goodwill	(106)	(186)
Profit/loss not allocated to operating segments (Note)	116	43
Other adjusted amounts	4	(34)
Operating income on the consolidated statement of income	5,830	7,257

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

3. Information regarding impairment loss on non-current assets, goodwill and negative goodwill by reportable segment

No items to report

(Significant subsequent events)

(Borrowing of funds)

The Company, at a meeting of the Board of Directors held on December 19, 2014, resolved to borrow long-term funds and executed the loan as follows.

(1) Purpose of funds

Equipment fund

(2) Lender

Mizuho Bank, Ltd.

(3) Borrowing amount

3,400 million yen

(4) Interest rate

0.70% (fixed interest rate)

However, the company plans to receive an interest subsidy from the Japanese government equal to the amount of interest expenses, as per the financing assistance set forth under the Green Asia International Strategic Comprehensive Special Zone Plan.

(5) Repayment conditions

Starting July 15, 2015, the Company will repay 170 million yen every six months, and will repay the remaining 1,870 million yen on the final repayment date.

(6) Borrowing date

January 15, 2015

(7) Repayment date

January 15, 2020

(8) Assets pledged as collateral or guarantees

Unsecured, non-guaranteed

(The acquisition of treasury shares and a tender offer for the treasury shares)

The Company, at a meeting of the Board of Directors held on January 30, 2015, resolved to acquire treasury shares and to carry out a tender offer for the treasury shares as follows, as the specific method of acquisition, as set forth in Article 156 Paragraph 1 of the Companies Act of Japan as applied pursuant to the regulations of Article 165 Paragraph 3 of the same act and the Articles of Incorporation of the Company.

(1) The objective of the acquisition of treasury shares and the tender offer for the treasury shares

The Company has received a request from Kowa Co., Ltd., the largest shareholder of the Company and an affiliated company, stating that it wishes to sell a portion of its holdings of common shares in the Company. Upon receiving this request, the Company considered acquiring as treasury shares the shares that Kowa Co., Ltd. intends to sell, in view of the effect that a one-time release of a large number of shares into the market would have on the liquidity and market price of the Company's common shares, and comprehensive consideration of the financial status of the Company.

As a result, the Company judged that acquiring the shares as treasury shares would contribute to the capital efficiency of the Company, including higher earnings per share (EPS) and return on equity (ROE), and would serve as a means of returning profits to shareholders. The Company also judged that even were it to carry out this share acquisition, it would not have a significant effect on the Company's financial status.

Regarding the method of acquiring the treasury shares, the Company judged that acquiring the shares by tender offer was appropriate, in view of factors including the equality of shareholders, the transparency of the transaction, and the possibility of setting a discounted tender price.

(2) Details of the resolution of the Board of Directors regarding the acquisition of treasury shares

Type of shares to be acquired	Common shares of the Company
Total number of shares to be acquired	2,750,100 shares (maximum)
Total acquisition value	10,114,867,800 yen (maximum)
Period of the acquisition	From February 2, 2015 to March 31, 2015

(3) Details of the tender offer

Type of shares associated with the tender offer for listed share certificates, etc.	Common shares of the Company
Period of the tender offer	From February 2, 2015 to March 2, 2015 (20 business days)
Tender price	3,678 yen per share
Planned number of listed share certificates, etc. to be acquired in the tender offer	2,750,000 shares
Settlement commencement date	March 24, 2015