

October 30, 2015

**Consolidated Financial Results**  
**for the Six Months of the Fiscal Year Ending March 31, 2016**  
**<under Japanese GAAP>**

Company name: **TAIYO HOLDINGS CO., LTD.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 4626  
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Scheduled date to file quarterly report: November 2, 2015  
 Scheduled date to commence dividend payments: December 1, 2015  
 Preparation of supplementary results briefing material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

**1. Consolidated financial results for the six months of the fiscal year ending March 31, 2016 (from April 1, 2015 to September 30, 2015)**

**(1) Operating results (cumulative)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2015	25,400	2.5	5,807	22.1	5,889	20.7	4,088	22.5
September 30, 2014	24,778	16.0	4,755	25.7	4,878	26.3	3,337	35.2

Note: Comprehensive income

For the six months ended September 30, 2015: 3,673 million yen [(14.7)%]

For the six months ended September 30, 2014: 4,306 million yen [4.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2015	177.53	–
September 30, 2014	131.20	–

**(2) Financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2015	66,476	44,360	63.6	1,830.32
March 31, 2015	61,241	41,312	63.8	1,703.14

Reference: Equity (Net assets excluding non-controlling interests)

As of September 30, 2015: 42,292 million yen As of March 31, 2015: 39,073 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, 2015	–	45.00	–	45.00	90.00
Fiscal year ending March 31, 2016	–	55.00			
Fiscal year ending March 31, 2016 (Forecasts)			–	55.00	110.00

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None

2. The cash dividends presented above are cash dividends related to common shares. Please refer to “Cash dividends for class shares,” presented below, for information on cash dividends for class shares (unlisted) that have a different relationship of rights compared with the common shares issued by the Company.

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2016	51,500	6.7	10,200	10.2	10,300	8.1	7,000	5.0	305.12

Note: Revisions to the consolidated earnings forecasts most recently announced: None

### \* Notes

- (1) Changes in significant subsidiaries during the current six months (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
  - a. Changes in accounting policies due to revisions to accounting standards and other regulations: 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 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 September 30, 2015	27,464,000 shares
As of March 31, 2015	27,464,000 shares

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

As of September 30, 2015	4,378,994 shares
As of March 31, 2015	4,521,990 shares

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

Six months ended September 30, 2015	23,032,665 shares
Six months ended September 30, 2014	25,440,309 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. The Company makes no promise regarding achievement of any content in the forward-looking statements. Actual business and other results may differ substantially due to various factors. Please refer to the section of "1. Qualitative Information Regarding Settlement of Accounts for the Six Months (3) Information regarding consolidated earnings forecasts and other forward-looking statements" on page 4 of the Attached Materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of business results forecasts.

Cash dividends for class shares

The following is a breakdown of cash dividends per share related to class shares that have a different relationship of rights compared with common shares.

First Series Class A shares	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, 2015	–	–	–	–	–
Fiscal year ending March 31, 2016	–	55.00			
Fiscal year ending March 31, 2016 (Forecasts)			–	55.00	110.00

## Attached Materials

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## 1. Qualitative Information Regarding Settlement of Accounts for the Six Months

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

In the global economy during the six months ended September 30, 2015, the U.S. economy continued to expand, centered on personal consumption, on the back of income improvements. The European economy experienced a modest recovery, fueled by euro depreciation. However, the Chinese economy decelerated modestly, due to slowing growth. The Japanese economy continued its modest overall recovery, although exports and production activity were subdued.

In the electronics components industry, in which the Group operates, global demand for materials for smartphones, servers and vehicle installation parts was lackluster. On the other hand, there was yen depreciation in foreign exchange.

Operating under these conditions, net sales for the current six months amounted to 25,400 million yen (up 2.5% year on year).

In the PWB (printed wiring board) materials market, the sales volume for rigid board materials and PKG (semiconductor packages) board materials decreased year on year, but firm sales of high function products and yen depreciation in foreign exchange had an impact on results, which led to a year-on-year increase in the sales amount. As a result, net sales of PWB materials were 23,673 million yen (up 7.3% year on year).

In the FPD (flat panel display) materials market, both the sales volume and the sales amount decreased year on year reflecting the end of manufacturing PDP (plasma display panels) materials. As a result, net sales of FPD materials were 191 million yen (down 89.6% year on year).

As a result, operating income amounted to 5,807 million yen (up 22.1% year on year) with ordinary income at 5,889 million yen (up 20.7% year on year) and profit attributable to owners of parent at 4,088 million yen (up 22.5% year on year).

#### *Sales results by product group category*

The following are sales results by product group category for the six months ended September 30, 2015.

(Millions of yen)

Name of product group category		Six months ended September 30, 2014	Six months ended September 30, 2015	Compared to the same period of the previous fiscal year	
				Change	Rate of change (%)
PWB materials	Rigid board materials	16,464	18,061	1,597	9.7
	PKG board and flexible printed circuit board materials	5,042	5,065	22	0.4
	Build-up board materials	547	546	(0)	(0.1)
FPD materials	PDP materials	1,834	191	(1,643)	(89.6)
Other related products	—	888	1,535	646	72.8
Total		24,778	25,400	622	2.5

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

#### 1) Japan

The consolidated companies comprising the Japan segment are Taiyo Ink Mfg. Co., Ltd. and Chugai Kasei Co., Ltd., manufacturing and marketing subsidiaries.

Demand remained flat for the high function products of PKG board materials, notably materials related to smartphones. However, in addition to the inclusion of Chugai Kasei Co., Ltd. in the scope of consolidation as of this first quarter ended June 30, 2015, yen depreciation in foreign exchange also had an impact, with the sales amount increasing year on year.

As a result, net sales amounted to 8,651 million yen (up 5.3% year on year) with segment profit at 1,490 million yen (up 9.6% 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, the sales volume decreased year on year, as concerns about Chinese economic deceleration depressed production across the electronics industry. The sales amount, however, rose year on year, partly owing to the impact of yen depreciation in foreign exchange.

As a result, net sales amounted to 11,320 million yen (up 13.6% year on year) with segment profit at 2,392 million yen (up 43.4% 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, the sales volume decreased year on year, reflecting lackluster demand, notably for materials for servers, vehicle installation parts, and smartphones. The sales amount, however, rose year on year, partly owing to the impact of yen depreciation in foreign exchange.

As a result, net sales amounted to 5,014 million yen (up 4.4% year on year) with segment profit at 1,159 million yen (up 31.9% 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, the sales amount decreased year on year, reflecting the end of manufacturing of PDP materials. On the other hand, demand was firm for the high function PKG board materials used in smartphones, which have a high-profit margin, and profit increased year on year.

As a result, net sales amounted to 3,889 million yen (down 26.6% year on year) with segment profit at 727 million yen (up 18.1% 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.

Taiyo America performed at the same level as the corresponding period of the previous year.

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 2,263 million yen (up 11.7% year on year) with segment profit at 293 million yen (up 2.3% year on year).

**(2) Qualitative information regarding consolidated financial position**

Positions of assets, liabilities and net assets

The following shows the positions of assets, liabilities and net assets as of September 30, 2015.

	As of March 31, 2015 (Millions of yen)	As of September 30, 2015 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	37,942	40,167	2,224	Cash and deposits increased approx. 900 million yen and notes and accounts receivable - trade increased approx. 1,000 million yen.
Non-current assets	23,298	26,308	3,009	Buildings and structures increased approx. 2,900 million yen.
Total assets	61,241	66,476	5,234	
Total liabilities	19,929	22,116	2,186	Notes and accounts payable - trade increased approx. 600 million yen, accounts payable - other increased approx. 400 million yen, short-term loans payable increased approx. 400 million yen, and asset retirement obligations increased approx. 300 million yen.
Total net assets	41,312	44,360	3,047	Profit was approx. 4,100 million yen and cash dividends paid was approx. 1,000 million yen.
Total liabilities and net assets	61,241	66,476	5,234	

**(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, 2016 from the earnings forecasts that were announced in "Consolidated Financial Results for the Fiscal Year Ended March 31, 2015" released on May 1, 2015.

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

### **(1) Changes in significant subsidiaries during the current six months**

In the first quarter ended June 30, 2015, as a result of the Company acquiring all shares of Chugai Kasei Co., Ltd., that company was included in the scope of consolidation.

### **(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)**

##### **(Application of Accounting Standard for Business Combinations, etc.)**

Effective from the first quarter ended June 30, 2015, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred.

Furthermore, for business combinations carried out on or after the beginning of the first quarter ended June 30, 2015, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for “net income” and other related items was changed, and the presentation of “minority interests” was changed to “non-controlling interests.” To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the first six months of the previous fiscal year and the previous fiscal year.

In the consolidated statements of cash flows for the six months ended September 30, 2015, cash flows related to the purchase or sales of investments in subsidiaries that do not result in changes in the scope of consolidation are stated in “net cash provided by (used in) financing activities.” Cash flows for expenses associated with the purchase of investments in subsidiaries that do result in changes in the scope of subsidiaries and cash flows for expenses associated with the purchase or sales of investments in subsidiaries that do not result in changes in the scope of consolidation are stated in “net cash provided by (used in) operating activities.”

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the first quarter ended June 30, 2015.

As a result, the changes in operating income, ordinary income and income before income taxes and minority interests amount to a decrease of 68 million yen for each of the aforementioned. There is no impact on the capital surplus as of September 30, 2015.

#### **(4) Additional information**

##### **(Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)**

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, March 26, 2015) effective from the fiscal year ended March 31, 2015.

##### 1) Overview of transactions

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.

##### 2) Own stock of the Company remaining in trusts

Own stock of the Company remaining in trusts are recorded as treasury shares in the portion of net assets according to the carrying amount at the trust (excluding amounts of ancillary cost). The carrying amount and the number of shares of the aforesaid own stock of the Company as of September 30, 2015 are 227 million yen and 74,500 shares, respectively.

### **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, 2015	As of September 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	19,766	20,694
Notes and accounts receivable - trade	13,111	14,091
Securities	0	0
Merchandise and finished goods	2,348	2,293
Work in process	291	435
Raw materials and supplies	1,886	1,790
Other	878	1,217
Allowance for doubtful accounts	(341)	(355)
<b>Total current assets</b>	<b>37,942</b>	<b>40,167</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,014	10,865
Land	4,342	4,647
Other, net	4,508	4,049
<b>Total property, plant and equipment</b>	<b>16,865</b>	<b>19,562</b>
Intangible assets		
Goodwill	4,849	4,925
Other	478	487
<b>Total intangible assets</b>	<b>5,327</b>	<b>5,413</b>
Investments and other assets		
Net defined benefit asset	339	338
Other	766	994
<b>Total investments and other assets</b>	<b>1,106</b>	<b>1,333</b>
<b>Total non-current assets</b>	<b>23,298</b>	<b>26,308</b>
<b>Total assets</b>	<b>61,241</b>	<b>66,476</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,661	6,245
Short-term loans payable	729	1,097
Current portion of long-term loans payable	340	508
Accounts payable - other	2,032	2,455
Income taxes payable	1,139	937
Provision for bonuses	384	427
Provision for directors' bonuses	3	180
Other	765	836
<b>Total current liabilities</b>	<b>11,056</b>	<b>12,688</b>
Non-current liabilities		
Provision for directors' retirement benefits	10	154
Long-term loans payable	7,685	7,800
Net defined benefit liability	-	101
Asset retirement obligations	55	329
Stock benefit allowance	42	27
Other	1,078	1,014
<b>Total non-current liabilities</b>	<b>8,872</b>	<b>9,427</b>
<b>Total liabilities</b>	<b>19,929</b>	<b>22,116</b>

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Net assets		
Shareholders' equity		
Capital stock	6,134	6,188
Capital surplus	7,143	7,304
Retained earnings	36,997	40,048
Treasury shares	(14,598)	(14,141)
Total shareholders' equity	35,676	39,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110	76
Foreign currency translation adjustment	3,332	2,853
Remeasurements of defined benefit plans	(46)	(37)
Total accumulated other comprehensive income	3,396	2,892
Non-controlling interests	2,238	2,067
Total net assets	41,312	44,360
Total liabilities and net assets	61,241	66,476

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	24,778	25,400
Cost of sales	15,106	13,981
Gross profit	9,671	11,419
Selling, general and administrative expenses	4,916	5,612
Operating income	4,755	5,807
Non-operating income		
Interest income	50	52
Dividend income	7	4
Subsidy income	–	11
Foreign exchange gains	22	18
Refunded consumption taxes	27	–
Other	42	43
Total non-operating income	149	131
Non-operating expenses		
Interest expenses	13	34
Other	13	15
Total non-operating expenses	27	49
Ordinary income	4,878	5,889
Extraordinary income		
Gain on sales of non-current assets	12	4
Gain on sales of investment securities	144	–
Gain on transfer of benefit obligation relating to employees' pension fund	–	34
Total extraordinary income	157	38
Extraordinary losses		
Loss on sales of non-current assets	–	0
Impairment loss	–	32
Total extraordinary losses	–	33
Income before income taxes and minority interests	5,035	5,894
Income taxes - current	1,637	1,824
Income taxes - deferred	(76)	(168)
Total income taxes	1,560	1,656
Profit	3,475	4,238
Profit attributable to non-controlling interests	137	149
Profit attributable to owners of parent	3,337	4,088

## Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	3,475	4,238
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(33)
Foreign currency translation adjustment	807	(539)
Remeasurements of defined benefit plans, net of tax	9	8
Total other comprehensive income	831	(565)
Comprehensive income	4,306	3,673
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,135	3,494
Comprehensive income attributable to non-controlling interests	171	178

### (3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	5,035	5,894
Depreciation	677	785
Loss (gain) on sales of investment securities	(144)	–
Amortization of goodwill	123	139
Increase (decrease) in allowance for doubtful accounts	68	5
Increase (decrease) in allowance for stocks benefit	42	(15)
Increase (decrease) in provision for directors' retirement benefits	–	2
Increase (decrease) in provision for bonuses	30	13
Increase (decrease) in provision for directors' bonuses	30	176
Decrease (increase) in net defined benefit asset	89	17
Increase (decrease) in net defined benefit liability	–	(4)
Interest and dividend income	(57)	(57)
Interest expenses	13	34
Loss (gain) on sales of property, plant and equipment	(12)	(4)
Decrease (increase) in notes and accounts receivable - trade	(1,242)	(921)
Decrease (increase) in inventories	(142)	160
Decrease (increase) in other current assets	(198)	77
Impairment loss	–	32
Increase (decrease) in notes and accounts payable - trade	1,103	413
Increase (decrease) in other current liabilities	54	(102)
Increase (decrease) in accrued consumption taxes	(9)	(178)
Other, net	76	87
Subtotal	5,538	6,558
Interest and dividend income received	59	63
Interest expenses paid	(13)	(30)
Income taxes paid	(1,131)	(2,026)
Net cash provided by (used in) operating activities	4,452	4,564

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from investing activities		
Payments into time deposits	(815)	(2,399)
Proceeds from withdrawal of time deposits	766	1,327
Purchase of property, plant and equipment	(1,309)	(1,922)
Proceeds from sales of property, plant and equipment	58	6
Purchase of intangible assets	(28)	(57)
Purchase of investment securities	–	(6)
Proceeds from sales of investment securities	211	–
Purchase of shares of subsidiaries	(33)	–
Payments of loans receivable	(13)	(383)
Collection of loans receivable	9	39
Other, net	(48)	26
Net cash provided by (used in) investing activities	(1,203)	(3,369)
Cash flows from financing activities		
Increase in short-term loans payable	–	3,649
Decrease in short-term loans payable	(101)	(3,268)
Proceeds from long-term loans payable	3,232	50
Repayments of long-term loans payable	(4,925)	(359)
Purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury shares	17	1
Cash dividends paid	(1,144)	(1,037)
Dividends paid to non-controlling interests	(290)	(321)
Proceeds from issuance of common shares	–	106
Net cash provided by (used in) financing activities	(3,212)	(1,178)
Effect of exchange rate change on cash and cash equivalents	432	(212)
Net increase (decrease) in cash and cash equivalents	468	(196)
Cash and cash equivalents at beginning of period	20,338	18,183
Increase in cash and cash equivalents due to stock exchange	–	163
Cash and cash equivalents at end of period	20,806	18,151

#### (4) 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)

On June 1, 2015, the Company conducted a share exchange with Chugai Kasei Co., Ltd., making the Company a wholly-owning parent company in the share exchange and Chugai Kasei Co., Ltd. a wholly-owned subsidiary.

Also, on June 26, 2015, the Company conducted an allocation of new shares to a third party (issuance of First Series Class A shares).

Owing the items mentioned above, capital stock increased by 53 million yen, capital surplus rose by 160 million yen, and treasury shares decreased by 383 million yen.

As a result, as of September 30, 2015, capital stock stood at 6,188 million yen, capital surplus at 7,304 million yen and treasury shares at 14,141 million yen.

##### (Segment information, etc.)

##### [Segment information]

##### I Six months ended September 30, 2014

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

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1) (Note 3)	Taiwan (Note 3)	Korea	Total		
Net sales							
External sales	4,868	9,206	3,604	5,122	22,803	1,974	24,778
Inter-segment sales or transfers	3,343	758	1,197	179	5,478	51	5,529
Total sales	8,212	9,965	4,802	5,302	28,282	2,025	30,308
Segment profit	1,359	1,668	878	616	4,522	286	4,809

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 "China" and "Taiwan" segments.

As one of the 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	Six months ended September 30, 2014
Reportable segments total	4,522
“Other” segment profit	286
Inter-segment eliminations	75
Amortization of goodwill	(123)
Profit/loss not allocated to operating segments (Note)	27
Other adjusted amounts	(33)
Operating income on the consolidated statement of income	4,755

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

II Six months ended September 30, 2015

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

(Millions of yen)

	Reportable segments					Other (Note 4)	Total
	Japan (Note 1)	China (Note 2) (Note 3)	Taiwan (Note 3)	Korea	Total		
Net sales							
External sales	5,249	10,697	3,528	3,718	23,193	2,207	25,400
Inter-segment sales or transfers	3,402	622	1,486	171	5,682	56	5,739
Total sales	8,651	11,320	5,014	3,889	28,876	2,263	31,139
Segment profit	1,490	2,392	1,159	727	5,770	293	6,063

Notes: 1. The net sales and operating income of Chugai Kasei Co., Ltd. have been presented in the “Japan” segment effective the first three months ended June 30, 2015.

2. The “China” segment covers local subsidiaries in China and Hong Kong.

3. The net sales and operating income of Onstatic Technology Co., Ltd. (and another four subsidiaries) have been presented in the “China” and “Taiwan” segments. The Group liquidated one company of Onstatic Technology Co., Ltd. (and another four subsidiaries) as of February 20, 2015.

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

4. 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.

2. Matters related to assets for each reportable segment

In the first quarter ended June 30, 2015, Chugai Kasei Co., Ltd. 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 September 30, 2015 rose by 1,869 million yen in the “Japan” 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	Six months ended September 30, 2015
Reportable segments total	5,770
“Other” segment profit	293
Inter-segment eliminations	(4)
Amortization of goodwill	(139)
Profit/loss not allocated to operating segments (Note)	(112)
Other adjusted amounts	–
Operating income on the consolidated statement of income	5,807

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

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

(Impairment loss on non-current assets)

(Millions of yen)

	Japan	China	Taiwan	Korea	Other	Corporate and elimination	Total
Impairment loss	–	–	32	–	–	–	32

**(Significant subsequent events)**

No items to report