

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2017
<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/en/>
Representative: Eiji Sato, President and CEO
Inquiries: Shuichi Omi, Executive Officer, General Manager, Administration Division
Tel: +81-3-5999-1511

Scheduled date of ordinary general meeting of shareholders: June 21, 2017
Scheduled date to commence dividend payments: June 22, 2017
Scheduled date to file annual securities report: June 22, 2017
Preparation of supplementary results briefing material on financial results: Yes
Holding of 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 fiscal year ended March 31, 2017
(from April 1, 2016 to March 31, 2017)

(1) Operating results

(Millions of yen; % year on year)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
March 31, 2017	47,866	(4.0)	9,221	(15.9)	9,202	(17.3)	6,398	(17.9)
March 31, 2016	49,843	3.3	10,964	18.5	11,129	16.8	7,796	16.9

Note: Comprehensive income
For the fiscal year ended March 31, 2017: 6,151 million yen [4.4%]
For the fiscal year ended March 31, 2016: 5,891 million yen [(42.2%)]

(Yen)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income/total assets	Operating income/net sales
March 31, 2017	266.46	—	11.2	11.7	19.3
March 31, 2016	337.99	—	19.0	17.6	22.0

Reference: Share of (profit) loss of entities accounted for using equity method
For the fiscal year ended March 31, 2017: — million yen
For the fiscal year ended March 31, 2016: — million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2017	92,386	71,846	76.9	2,468.99
March 31, 2016	65,464	45,250	65.9	1,865.94

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

March 31, 2017: 71,067 million yen

March 31, 2016: 43,115 million yen

(3) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2017	9,042	(1,063)	20,342	46,661
March 31, 2016	10,546	(6,750)	(2,740)	18,385

2. Cash dividends

	Annual cash dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2016	–	55.00	–	55.00	110.00	2,547	32.5	6.2
March 31, 2017	–	55.00	–	65.10	120.10	2,776	45.1	5.5
March 31, 2018 (Forecasts)	–	65.10	–	65.10	130.20		66.9	

Note: 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, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen; % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Six months ending September 30, 2017	23,200	(1.0)	4,100	(10.0)	4,000	(13.1)	2,800	(22.7)	97.28
Fiscal year ending March 31, 2018	46,400	(3.1)	8,100	(12.2)	8,000	(13.1)	5,600	(12.5)	194.56

Note: The reference values for consolidated earnings forecasts for fiscal year ending March 31, 2018 are stated in “1. Overview of Operating Results (4) Future Forecasts” on Page 5 of the attached materials.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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 "3. Consolidated Financial Statements and Notes to Consolidated Financial Statements (5) Notes to consolidated financial statements (Changes in accounting policies) on Page 15.

(3) Number of issued shares (common shares)

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

As of March 31, 2017	28,841,100 shares
As of March 31, 2016	27,485,600 shares

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

As of March 31, 2017	58,515 shares
As of March 31, 2016	4,379,037 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2017	24,014,559 shares
Fiscal year ended March 31, 2016	23,066,770 shares

Notes: 1. Series I Class A Shares and Series II Class A Shares possess the same rights as common shares in regard to the right to receive dividends of surplus and the right to receive distribution of residual assets. They are therefore included in the number of outstanding shares at period-end and the average number of outstanding shares during the period.

2. The number of treasury shares includes the Company's shares held by The Master Trust Bank of Japan, Ltd. (trust account for shares granted under the Employee Stock Ownership Plan (ESOP)).

*** Summary financial statements are not subject to audit.**

*** 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. See "1. Overview of Operating Results (4) Future Forecasts" on P. 5 of the attached materials for precautions on the use of earnings forecasts and the assumptions underlying earnings forecasts.

Cash dividends for class shares

The following is a breakdown of cash dividends per share for class shares granted different rights than common shares.

(Yen)

Series I Class A shares	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2016	–	55.00	–	55.00	110.00
Fiscal year ended March 31, 2017	–	55.00	–	65.10	120.10
Fiscal year ending March 31, 2018 (Forecast)	–	65.10	–	65.10	130.20

(Yen)

Series II Class A shares	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2016	–	–	–	–	–
Fiscal year ended March 31, 2017	–	55.00	–	65.10	120.10
Fiscal year ending March 31, 2018 (Forecast)	–	65.10	–	65.10	130.20

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1. Overview of Operating Results

The following abbreviations of product group categories are used in this section.

Abbreviation	Meaning
PWB	Printed Wiring Board
PKG	Semiconductor Package

(1) Overview of operating results for fiscal year ended March 31, 2017

During fiscal year ended March 31, 2017, the U.S. continued to experience a gradual economic recovery underpinned by continued strong consumer spending and a recovery in corporate investment activities. The European economy also continued to recover as consumer spending gradually improved. Steady growth in income sustained firm growth of the Chinese economy, despite the need to pay careful attention to future conditions due to the decline in rate of growth in housing investments and strong pressure to reduce excess production capacity. The Japanese economy also experienced a continual gradual rebound in its economy despite delayed improvement in some areas.

In the electronics component industry, a market related to the Taiyo Group, demand for smartphones and vehicle installation parts remained strong.

Such conditions led to net sales of 47,866 million yen (down 4.0% year on year) for the current consolidated fiscal year. This was mainly due to the trend of appreciation in the Japanese yen.

Sales of rigid board materials were flat in terms of unit volume, however, sales declined to 33,216 million yen (down 5.7% year on year), due in part to appreciation of the yen.

PKG board and flexible board materials saw unit volume growth over the previous fiscal year, however, sales barely grew to 10,348 million yen (up 3.4% year on year), due in part to continued appreciation of the yen.

Operating income consequently fell to 9,221 million yen (down 15.9% year on year), ordinary income fell to 9,202 million yen (down 17.3% year on year), and profit attributable to owners of parent fell to 6,398 million yen (down 17.9% year on year).

Sales results by product group category

The following are sales results by product group category for the fiscal year ended March 31, 2017.

(Millions of yen)

Name of product group category		Previous fiscal year results	Current fiscal year results	Compared to the previous fiscal year	
				Change	Change (%)
PWB materials	Rigid board materials	35,242	33,216	(2,026)	(5.7)
	PKG board and flexible printed circuit board materials	10,007	10,348	340	3.4
	Build-up board materials	1,069	1,136	67	6.3
Other related products	—	3,523	3,165	(358)	(10.2)
Total		49,843	47,866	(1,977)	(4.0)

(Note) Sales of FPD (Flat Panel Display) materials are reported as Other related products from the current consolidated fiscal year because they comprise a small percentage of all products.

The geographical segmentation of Taiyo Holdings' business is based its manufacturing and sales structure. There are four reportable segments: Japan, China, Taiwan, and Korea.

Results by segment are as follows (Segment sales include inter-segment sales and transactions).

1) Japan

Rigid board materials saw strong growth in sales, primarily for vehicle installation parts, and sales of PKG board materials were strong mainly due to demand for high function smartphone-related materials. However, the impact from appreciation of the yen resulted in sales of 17,917 million yen (up 5.4% year on year), with segment profit of 2,026 million yen (down 10.1% year on year).

2) China

Rigid board materials saw strong growth in sales, primarily for vehicle installation parts, but the impact from appreciation of the yen resulted in sales of 20,618 million yen (down 5.5% year on year), with segment profit of 4,582 million yen (down 4.0% year on year).

3) Taiwan

Rigid board materials saw strong growth in sales, primarily for vehicle installation parts, but the impact from appreciation of the yen resulted in sales of 10,042 million yen (up 1.9% year on year), with segment profit of 1,492 million yen (down 33.0% year on year).

4) Korea

Rigid board materials saw strong growth in sales, primarily for vehicle installation parts, and sales of PKG board materials were strong due to demand for high function smartphone-related materials. However, the impact from appreciation of the yen resulted in sales of 8,825 million yen (up 14.0% year on year), with segment profit of 1,275 million yen (down 9.8% year on year).

5) Other

Rigid board materials saw strong growth in sales as the market for vehicle installation parts expanded, but the impact from appreciation of the yen resulted in sales of 4,076 million yen (down 8.4% year on year), with segment profit of 534 million yen (down 10.6% year on year).

(2) Overview of financial position as of March 31, 2017

The following shows the status of assets, liabilities and net assets as of March 31, 2017.

	As of March 31, 2016 (Millions of yen)	As of March 31, 2017 (Millions of yen)	Change (Millions of yen)	Main factors (Comparison with the end of the previous fiscal year)
Current assets	39,340	67,483	28,143	Increases of 27,391 million yen in cash and deposits and 510 million yen in notes and accounts receivable – trade.
Non-current assets	26,124	24,903	(1,221)	Impairment losses of 1,019 million yen on property, plant and equipment.
Total assets	65,464	92,386	26,921	
Total liabilities	20,214	20,540	326	An increase of 405 million yen in notes and accounts payable – trade
Total net assets	45,250	71,846	26,595	Positive factors: 6,398 million yen in net income, 13,963 million yen in treasury shares, 2,982 million yen in capital stock, 7,519 million yen in capital surplus Negative factors: 2,544 million yen in payment of dividends
Total liabilities and net assets	65,464	92,386	26,921	

(3) Consolidated statements of cash flows

The following is the status of cash flows for the fiscal year ended March 31, 2017.

	Fiscal year ended March 31, 2017 (Millions of yen)	Main factors
Net cash provided by (used in) operating activities	9,042	Cash inflows included 8,756 million yen in profit before income taxes and 2,485 million yen in depreciation. Payment of income taxes resulted in a cash outflow of 2,779 million yen.
Net cash provided by (used in) investing activities	(1,063)	Cash outflows included 1,584 million yen for acquisition of property, plant and equipment and 2,247 million yen from the deposit of cash in time deposits. Redemption of time deposits resulted in a cash inflow of 3,082 million yen.
Net cash provided by (used in) financing activities	20,342	Cash outflows included 2,544 million yen in payment of dividends and 1,667 million yen in acquisition of subsidiary shares. Cash inflows included 18,932 million yen from the sale of treasury shares and 5,965 million yen from the issuance of shares.
Net increase (decrease) in cash and cash equivalents	28,233	
Cash and cash equivalents at end of period	46,661	

(4) Future forecasts

In regard to the business environment for the Taiyo Group during fiscal year ending March 31, 2018, we anticipate demand to remain strong for vehicle installation parts and high function smartphone-related materials in the electronic components industry, which is a market related to the group, but expect low demand for general home electric appliances. In China, we also anticipate a steep rise in raw material costs due to stricter environmental regulations and an increase in personnel expenses.

The Taiyo Group also has a high ratio of overseas sales to net sales. We therefore expect appreciation of the yen to have an impact on earnings results for the next period.

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
For the fiscal year ending March 31, 2018 (Forecast)	46,400	8,100	8,000	5,600	194.56
For the fiscal year ended March 31, 2017 (Actual results)	47,866	9,221	9,202	6,398	266.46
Rate of change (%)	(3.1)	(12.2)	(13.1)	(12.5)	(27.0)

The forecasts for fiscal year ending March 31, 2018 were calculated based on the assumption that the average exchange rate for the period will be JPY100/USD.

For purposes of reference, the earnings forecasts for fiscal year ending March 31, 2018 would be as follows if calculated based on JPY109/USD, the average exchange rate during fiscal year ended March 31, 2017.

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share Yen
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Six months ending September 30, 2017	24,900	6.2	4,900	7.5	4,800	4.3	3,400	(6.2)	118.13
Fiscal year ending March 31, 2018	49,700	3.8	9,700	5.2	9,600	4.3	6,700	4.7	232.78

2. Basic Policy Concerning the Selection of Accounting Standards

The Group adopts the Japanese GAAP as the accounting standards in order to ensure comparability among other domestic companies in the same industry.

3. Consolidated Financial Statements and Notes to Consolidated Financial Statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	21,408	48,800
Notes and accounts receivable - trade	12,836	13,346
Merchandise and finished goods	2,013	2,182
Work in process	410	437
Raw materials and supplies	1,593	1,797
Deferred tax assets	72	81
Other	1,345	936
Allowance for doubtful accounts	(339)	(99)
Total current assets	39,340	67,483
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,523	10,359
Machinery, equipment and vehicles, net	2,764	2,850
Tools, furniture and fixtures, net	1,154	1,155
Land	4,616	3,920
Construction in progress	579	100
Other	4	3
Total property, plant and equipment	19,644	18,389
Intangible assets		
Goodwill	4,432	4,104
Other	486	433
Total intangible assets	4,919	4,537
Investments and other assets		
Investment securities	656	1,058
Associated company shares	39	19
Deferred tax assets	97	149
Net defined benefit assets	356	332
Other	413	570
Allowance for doubtful accounts	(1)	(154)
Total investments and other assets	1,561	1,975
Total non-current assets	26,124	24,903
Total assets	65,464	92,386

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,765	6,170
Short-term loans payable	932	1,274
Current portion of long-term loans payable	440	500
Accounts payable - other	1,697	1,210
Income taxes payable	776	884
Deferred tax liabilities	412	252
Provision for bonuses	398	436
Other	476	877
Total current liabilities	10,898	11,608
Non-current liabilities		
Deferred tax liabilities	1,258	1,135
Long-term loans payable	7,413	7,169
Net defined benefit liability	116	127
Asset retirement obligations	331	352
Other	194	147
Total non-current liabilities	9,315	8,931
Total liabilities	20,214	20,540
Net assets		
Shareholders' equity		
Capital stock	6,188	9,171
Capital surplus	7,304	14,824
Retained earnings	42,490	46,308
Treasury shares	(14,141)	(178)
Shareholders' equity	41,841	70,125
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	96	195
Foreign currency translation adjustment	1,190	741
Remeasurements of defined benefit plans	(12)	0
Valuation and translation adjustments	1,274	938
Non-controlling interests	2,135	782
Total net assets	45,250	71,846
Total liabilities and net assets	65,464	92,386

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	49,843	47,866
Cost of sales	27,355	26,220
Gross profit	22,487	21,645
Selling, general and administrative expenses	11,522	12,424
Operating income	10,964	9,221
Non-operating income		
Interest income	103	57
Dividend income	8	39
Foreign exchange gains	24	14
Subsidy income	22	20
Other	106	102
Total non-operating income	265	234
Non-operating expenses		
Interest expenses	69	86
Commissions paid	-	101
Stock issuance costs	-	27
Loss on investments in partnership	12	5
Other	19	32
Total non-operating expenses	100	253
Ordinary income	11,129	9,202
Extraordinary income		
Gain on transfer of benefit obligation relating to employees' pension fund	34	-
Subsidy income	-	546
Other	6	29
Total extraordinary income	40	575
Extraordinary losses		
Impairment loss	31	1,019
Other	0	2
Total extraordinary losses	32	1,021
Profit before income taxes	11,137	8,756
Income taxes - current	2,855	2,588
Income taxes - deferred	153	(388)
Total income taxes	3,009	2,199
Profit	8,128	6,557
Profit attributable to non-controlling interests	331	158
Profit attributable to owners of parent	7,796	6,398

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	8,128	6,557
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	99
Foreign currency translation adjustment	(2,256)	(519)
Remeasurements of defined benefit plans, net of tax	33	13
Total other comprehensive income	(2,236)	(406)
Comprehensive income	5,891	6,151
(Of which)		
Comprehensive income attributable to owners of parent	5,673	6,063
Comprehensive income attributable to non-controlling interests	217	88

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Net assets	6,134	7,143	36,997	(14,598)	35,676
Changes of items during period					
Dividends of surplus			(2,303)		(2,303)
Profit (loss) attributable to owners of parent			7,796		7,796
Issuance of new shares	53	53			106
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		107		457	565
Net changes of items other than shareholders' equity					
Total changes of items during period	53	160	5,493	456	6,164
Net assets	6,188	7,304	42,490	(14,141)	41,841

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments		
Net assets	110	3,332	(46)	3,396	2,238	41,312
Changes of items during period						
Dividends of surplus						(2,303)
Profit (loss) attributable to owners of parent						7,796
Issuance of new shares						106
Purchase of treasury shares						(0)
Disposal of treasury shares						565
Net changes of items other than shareholders' equity	(14)	(2,141)	33	(2,122)	(103)	(2,225)
Total changes of items during period	(14)	(2,141)	33	(2,122)	(103)	3,938
Net assets	96	1,190	(12)	1,274	2,135	45,250

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Net assets	6,188	7,304	42,490	(14,141)	41,841
Changes of items during period					
Dividends of surplus			(2,544)		(2,544)
Profit (loss) attributable to owners of parent			6,398		6,398
Changes in scope of consolidation			(35)		(35)
Increase (decrease) in equity interest from acquisition (sale) of consolidated subsidiary shares		(609)			(609)
Issuance of new shares	2,982	2,982			5,965
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		5,145		13,963	19,109
Net changes of items other than shareholders' equity					
Total changes of items during period	2,982	7,519	3,818	13,963	28,283
Net assets	9,171	14,824	46,308	(178)	70,125

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments		
Net assets	96	1,190	(12)	1,274	2,135	45,250
Changes of items during period						
Dividends of surplus						(2,544)
Profit (loss) attributable to owners of parent						6,398
Changes in scope of consolidation						(35)
Increase (decrease) in equity interest from acquisition (sale) of consolidated subsidiary shares						(609)
Issuance of new shares						5,965
Purchase of treasury shares						(0)
Disposal of treasury shares						19,109
Net changes of items other than shareholders' equity	99	(448)	13	(335)	(1,352)	(1,688)
Total changes of items during period	99	(448)	13	(335)	(1,352)	26,595
Net assets	195	741	0	938	782	71,846

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	11,137	8,756
Depreciation	1,891	2,485
Impairment loss	31	1,019
Amortization of goodwill	280	241
Commissions paid	–	101
Share issuance expenses	–	27
Loss (gain) on investments in partnership	12	5
Loss (gain) on transfer of benefit obligation relating to employees' pension fund	(34)	–
Subsidy income	–	(546)
Decrease (increase) in net defined benefit asset	31	50
Increase (decrease) in net defined benefit liability	11	9
Increase (decrease) in allowance for doubtful accounts	13	(80)
Increase (decrease) in provision for bonuses	(11)	36
Interest and dividend income	(112)	(97)
Interest expenses	69	86
Decrease (increase) in notes and accounts receivable - trade	(592)	(925)
Decrease (increase) in inventories	464	(420)
Increase (decrease) in notes and accounts payable - trade	349	567
Other	253	(56)
Subtotal	13,797	11,259
Interest and dividend income received	105	97
Interest expenses paid	(62)	(80)
Subsidy income received	–	546
Income taxes paid	(3,293)	(2,779)
Net cash provided by (used in) operating activities	10,546	9,042
Cash flows from investing activities		
Payments into time deposits	(4,372)	(2,247)
Proceeds from withdrawal of time deposits	2,708	3,082
Purchase of property, plant and equipment	(4,217)	(1,584)
Proceeds from sale of property, plant and equipment	10	35
Purchase of intangible assets	(160)	(76)
Purchase of investment securities	(114)	(271)
Other	(604)	0
Net cash provided by (used in) investing activities	(6,750)	(1,063)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	261	308
Proceeds from long-term loans payable	500	300
Repayments of long-term loans payable	(984)	(466)
Proceeds from redemption of corporate bonds	–	(100)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	1	18,932
Cash dividends paid	(2,303)	(2,544)
Dividends paid to non-controlling interests	(321)	(383)
Proceeds from issuance of common shares	106	5,965
Acquisition of subsidiary shares not accompanied by a change in the scope of consolidation	–	(1,667)
Other	–	(1)
Net cash provided by (used in) financing activities	(2,740)	20,342
Effect of exchange rate on cash and cash equivalents	(1,017)	(88)
Net increase (decrease) in cash and cash equivalents	38	28,233
Cash and cash equivalents at beginning of period	18,183	18,385
Increase in cash and cash equivalents due to new consolidation	–	42
Increase in cash and cash equivalents due to stock exchange	163	–
Cash and cash equivalents at end of period	18,385	46,661

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

(Application of practical solution concerning a change in the method of depreciation under the 2016 tax reform)

The Practical Solution on a Change in Depreciation Method due to Tax Reform 2016 (ASBJ PITF No. 32, June 17, 2016) was applied from the current consolidated fiscal year in conjunction with the reform of the Corporation Tax Act. The method of depreciation of buildings and associated equipment and structures acquired on or after April 1, 2016 was changed from the declining balance method to the straight-line method. The impact of this change on operating income, ordinary income, and profit before income taxes for the current consolidated fiscal year is not material in nature.

(Segment information, etc.)

[Segment information]

I. Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The business of the Group consists mainly of one activity, the manufacture and sale of solder resist and other materials for PWB. Each Group company formulates a comprehensive strategy and engages in business activities, operating under a holding company structure with Taiyo Holdings Co., Ltd. as the holding company. The Company is composed of four reportable segments divided by geographic area, namely "Japan," "China," "Taiwan," and "Korea," based on our manufacturing and marketing system.

2. Information on the calculation of net sales, profit or loss, assets and liabilities, and other items by reportable segment

Profit by reportable segment represents operating income.

Inter-segment revenue and transactions are based on the market prices.

3. Information regarding net sales, profit or loss, assets and liabilities, and other items by reportable segment

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan (Note 1)	Korea	Total		
Net sales							
External sales	10,565	20,687	6,864	7,385	45,502	4,340	49,843
Inter-segment sales or transfers	6,437	1,132	2,990	353	10,914	110	11,024
Total sales	17,002	21,820	9,854	7,739	56,417	4,451	60,868
Segment profit	2,254	4,775	2,227	1,414	10,671	597	11,269
Segment assets	16,214	14,847	14,221	7,724	53,007	2,393	55,400
Other items							
Depreciation (Note 3)	832	288	189	134	1,444	16	1,461
Increase in property, plant and equipment and intangible assets	2,586	348	94	74	3,105	8	3,114

- Notes: 1. The “China” and “Taiwan” segments include net sales and operating income of Onstatic Technology Co., Ltd. (and four other subsidiaries). One of the four subsidiaries of Onstatic Technology Co., Ltd. was dissolved on February 20, 2015. One of the subsidiaries of Onstatic Technology Co., Ltd. is not operational so it is not included among reportable segments.
2. The “Other” segment represents operating segments not included in reportable segments and mainly consists of local subsidiaries in the U.S. and other Asian countries.
3. Depreciation does not include amortization of goodwill.

4. Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Net Sales	Fiscal year ended March 31, 2016
Reportable segments total	56,417
“Other” segment sales	4,451
Inter-segment eliminations	(11,024)
Total net sales in the consolidated statement of income	49,843

(Millions of yen)

Profit/Loss	Fiscal year ended March 31, 2016
Reportable segments total	10,671
“Other” segment profit	597
Inter-segment eliminations	222
Amortization of goodwill	(280)
Profit/loss not allocated to business segments (Note)	(246)
Other adjusted amounts	0
Operating income in the consolidated statement of income	10,964

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

(Millions of yen)

Assets	Fiscal year ended March 31, 2016
Reportable segments total	53,007
“Other” segment assets	2,393
Inter-segment eliminations	(9,515)
Assets not allocated to business segments (Note)	19,655
Reclassification by tax effect accounting	(75)
Total assets in the consolidated balance sheet	65,464

Note: Assets primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Other items	Reportable segments total	Other	Adjustments (Note)	Amount on the consolidated financial statements
	FY ended March 31, 2016	FY ended March 31, 2016	FY ended March 31, 2016	FY ended March 31, 2016
Depreciation	1,444	16	429	1,891
Increase in property, plant and equipment and intangible assets	3,105	8	941	4,055

Note: Primarily related to the holding company (company filing the consolidated financial statements).

II. Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The business of the Group consists mainly of one activity, the manufacture and sale of solder resist and other materials for PWB. Each Group company formulates a comprehensive strategy and engages in business activities, operating under a holding company structure with Taiyo Holdings Co., Ltd. as the holding company. The Company is composed of four reportable segments divided by geographic area, namely “Japan,” “China,” “Taiwan,” and “Korea,” based on our manufacturing and marketing system.

2. Information on the calculation of net sales, profit or loss, assets and liabilities, and other items by reportable segment

Profit by reportable segment represents operating income.

Inter-segment revenue and transactions are based on the market prices.

3. Information regarding net sales, profit or loss, assets and liabilities, and other items by reportable segment

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1)	Taiwan (Note 1)	Korea	Total		
Net sales							
External sales	9,446	19,923	6,062	8,459	43,891	3,974	47,866
Inter-segment sales or transfers	8,471	694	3,979	366	13,512	101	13,614
Total sales	17,917	20,618	10,042	8,825	57,403	4,076	61,480
Segment profit	2,026	4,582	1,492	1,275	9,376	534	9,911
Segment assets	17,976	14,972	14,868	6,711	54,528	2,988	57,517
Other items							
Depreciation (Note 3)	1,068	252	474	118	1,912	93	2,006
Increase in property, plant and equipment and intangible assets	526	272	48	98	946	20	966

Notes: 1. The “China” and “Taiwan” segments include net sales and operating income of Onstatic Technology Co., Ltd. (and three other subsidiaries).

2. The “Other” segment represents operating segments not included in reportable segments and mainly consists of local subsidiaries in the U.S. and other Asian countries.

3. Depreciation does not include amortization of goodwill.

4. Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Net Sales	Fiscal year ended March 31, 2017
Reportable segments total	57,403
“Other” segment sales	4,076
Inter-segment eliminations	(13,614)
Net sales in the consolidated statement of income	47,866

(Millions of yen)

Profit/loss	Fiscal year ended March 31, 2017
Reportable segments total	9,376
“Other” segment profit	534
Inter-segment eliminations	(103)
Amortization of goodwill	(241)
Profit/loss not allocated to business segments (Note)	(348)
Other adjusted amounts	3
Operating income in the consolidated statement of income	9,221

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

(Millions of yen)

Assets	Fiscal year ended March 31, 2017
Reportable segments total	54,528
“Other” segment assets	2,988
Inter-segment eliminations	(9,983)
Assets not allocated to business segments (Note)	44,870
Reclassification by tax effect accounting	(17)
Total assets in the consolidated balance sheet	92,386

Note: Assets primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Other items	Reportable segments total	Other	Adjustments (Note)	Amount on the consolidated financial statements
	FY ended March 31, 2017	FY ended March 31, 2017	FY ended March 31, 2017	FY ended March 31, 2017
Depreciation	1,912	93	479	2,485
Increase in property, plant and equipment and intangible assets	946	20	756	1,722

Note: Primarily related to the holding company (company filing the consolidated financial statements).

(Per share information)

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)		Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)	
Net assets per share	1,865.94 yen	Net assets per share	2,468.99 yen
Basic earnings per share	337.99 yen	Basic earnings per share	266.46 yen

- Notes: 1. Diluted earnings per share is not presented because there are no dilutive shares.
2. In calculating net assets per share, treasury shares are deducted, and shares held in the trust account for shares granted under the Employee Stock Ownership Plan (ESOP) are included in the treasury shares. (previous consolidated fiscal year: 74,390 shares; current consolidated fiscal year: 58,480 shares).
3. Basis for calculating basic earnings per share is shown below.

	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Profit attributable to owners of parent (Millions of yen)	7,796	6,398
Amount not attributable to common shareholders and shareholders equivalent to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent concerning common shares and common share-equivalents (Millions of yen)	7,796	6,398
Average number of outstanding common shares and common share-equivalents during the period (Shares)	23,066,770	24,014,559
(of which common shares)	(23,050,155)	(23,959,959)
(of which Series I Class A shares)	(16,615)	(21,600)
(of which Series II Class A shares)	(–)	(33,000)

- Notes: 1. In calculating the average number of outstanding common shares during the period, treasury shares are deducted and shares held in the trust account for shares granted under the Employee Stock Ownership Plan are included in the treasury shares (previous consolidated fiscal year: 81,912 shares; current consolidated fiscal year: 63,565 shares)
2. Series I Class A shares and Series II Class A shares possess the same rights as common shares in regard to the right to claim dividends of surplus and the right to claim residual property distribution and are therefore included in calculating the number of common shares and per share information.

(Significant subsequent events)

No items to report.