

July 31, 2017

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending March 31, 2018
<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>
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Scheduled date to file quarterly report: August 1, 2017
 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 first three months of the fiscal year ending March 31, 2018 (from April 1, 2017 to June 30, 2017)

(1) Operating results (cumulative)

(Millions of yen; % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Three months ended								
June 30, 2017	12,425	9.9	2,714	26.9	2,683	24.6	1,844	(1.7)
June 30, 2016	11,306	(9.2)	2,139	(17.8)	2,153	(17.7)	1,876	6.4

Note: Comprehensive income

For the three months ended June 30, 2017: 1,925 million yen [–%]

For the three months ended June 30, 2016: (399 million yen) [–%]

(Yen)

	Basic earnings per share	Diluted earnings per share
Three months ended		
June 30, 2017	64.10	–
June 30, 2016	81.17	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2017	92,431	71,773	76.9	2,470.00
March 31, 2017	92,386	71,846	76.9	2,468.99

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

As of June 30, 2017: 71,093 million yen

As of March 31, 2017: 71,063 million yen

2. Cash dividends

(Yen)

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

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, 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	25,000	6.6	5,200	14.1	5,100	10.8	3,600	(0.6)	125.08
Fiscal year ending March 31, 2018	48,200	0.7	9,200	(0.2)	9,100	(1.1)	6,400	0.0	222.36

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

***Notes**

- (1) Changes in significant subsidiaries during the current three 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: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement of prior period financial statements after error corrections: None
- (4) Number of issued shares

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

As of June 30, 2017	28,841,100 shares
As of March 31, 2017	28,841,100 shares

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

As of June 30, 2017	58,405 shares
As of March 31, 2017	58,515 shares

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

Three months ended June 30, 2017	28,782,668 shares
Three months ended June 30, 2016	23,117,288 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)).

*** Quarterly financial statements are not subject to quarterly review.**

*** 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.

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, 2017	–	55.00	–	65.10	120.10
Fiscal year ending March 31, 2018	–				
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, 2017	–	55.00	–	65.10	120.10
Fiscal year ending March 31, 2018	–				
Fiscal year ending March 31, 2018 (Forecast)		65.10	–	65.10	130.20

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1. Consolidated Financial Statements and Explanatory Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	48,800	49,279
Notes and accounts receivable - trade	13,346	13,395
Merchandise and finished goods	2,182	2,142
Work in process	437	436
Raw materials and supplies	1,797	1,709
Other	1,017	852
Allowance for doubtful accounts	(99)	(95)
Total current assets	67,483	67,719
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,359	10,185
Other, net	8,030	7,947
Total property, plant and equipment	18,389	18,132
Intangible assets		
Goodwill	4,104	4,141
Other	433	440
Total intangible assets	4,537	4,582
Investments and other assets		
Other	2,130	2,148
Allowance for doubtful accounts	(154)	(151)
Total investments and other assets	1,975	1,996
Total non-current assets	24,903	24,712
Total assets	92,386	92,431
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,170	6,071
Short-term loans payable	1,274	1,672
Current portion of long-term loans payable	500	4,810
Income taxes payable	884	1,187
Other	2,778	2,304
Total current liabilities	11,608	16,046
Non-current liabilities		
Long-term loans payable	7,169	2,810
Other	1,762	1,800
Total non-current liabilities	8,931	4,611
Total liabilities	20,540	20,657
Net assets		
Shareholders' equity		
Capital stock	9,171	9,171
Capital surplus	14,824	14,824
Retained earnings	46,308	46,279
Treasury shares	(178)	(178)
Total shareholders' equity	70,125	70,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	195	242
Foreign currency translation adjustment	741	752
Remeasurements of defined benefit plans	0	1
Total accumulated other comprehensive income	938	996
Non-controlling interests	782	680
Total net assets	71,846	71,773
Total liabilities and net assets	92,386	92,431

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

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	11,306	12,425
Cost of sales	6,311	6,544
Gross profit	4,994	5,880
Selling, general and administrative expenses	2,855	3,166
Operating profit	2,139	2,714
Non-operating income		
Interest income	18	18
Dividend income	34	4
Other	21	31
Total non-operating income	74	53
Non-operating expenses		
Interest expenses	17	26
Foreign exchange losses	38	54
Other	3	3
Total non-operating expenses	60	84
Ordinary profit	2,153	2,683
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	–	19
Total extraordinary losses	–	19
Profit before income taxes	2,153	2,664
Income taxes - current	938	1,025
Income taxes - deferred	(698)	(225)
Total income taxes	239	799
Profit	1,913	1,865
Profit attributable to non-controlling interests	37	20
Profit attributable to owners of parent	1,876	1,844

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	1,913	1,865
Other comprehensive income		
Valuation difference on available-for-sale securities	(29)	46
Foreign currency translation adjustment	(2,289)	13
Remeasurements of defined benefit plans, net of tax	4	0
Total other comprehensive income	(2,313)	60
Comprehensive income	(399)	1,925
Comprehensive income attributable to owners of parent	(309)	1,902
Comprehensive income attributable to non-controlling interests	(90)	22

(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.