

February 2, 2018

Consolidated Financial Results
for the First Nine 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: February 2, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary results briefing material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes (for individual investors)

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

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2018 (from April 1, 2017 to December 31, 2017)

(1) Operating results (cumulative)

(Millions of yen; % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Nine months ended:								
December 31, 2017	39,022	8.6	8,699	21.0	8,659	18.6	6,160	32.9
December 31, 2016	35,922	(6.2)	7,188	(16.9)	7,302	(17.3)	4,635	(25.6)

Note Comprehensive income

For the nine months ended December 31, 2017: 7,638 millions of yen 126.0%

For the nine months ended December 31, 2016: 3,379 millions of yen (34.5%)

(Yen)

	Basic earnings per share	Diluted earnings per share
Nine months ended:		
December 31, 2017	213.85	–
December 31, 2016	200.27	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2017	97,068	75,251	77.1	2,597.37
March 31, 2017	92,386	71,846	76.9	2,468.99

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

As of December 31, 2017: 74,869 millions of yen As of March 31, 2017: 71,063 millions of 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	—	65.10	—		
Fiscal year ending March 31, 2018 (Forecast)				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
Fiscal year ending March 31, 2018	51,300	7.2	10,800	17.1	10,700	16.3	7,600	18.8	263.81

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

With regard to earnings forecast revisions, see the "Notice Concerning Earnings Forecast Revisions" released today (February 2, 2018).

***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: 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 December 31, 2017	28,865,194 shares
As of March 31, 2017	28,841,100 shares

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

As of December 31, 2017	40,055 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)

As of December 31, 2017	28,808,086 shares
As of December 31, 2016	23,145,902 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	–	65.10	–		
Fiscal year ending March 31, 2018 (Forecast)				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	–	65.10	–		
Fiscal year ending March 31, 2018 (Forecast)				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 December 31, 2017
Assets		
Current assets		
Cash and deposits	48,800	50,443
Notes and accounts receivable - trade	13,346	15,243
Merchandise and finished goods	2,182	2,246
Work in process	437	457
Raw materials and supplies	1,797	2,032
Other	1,017	774
Allowance for doubtful accounts	(99)	(131)
Total current assets	67,483	71,066
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,359	10,036
Other, net	8,030	8,055
Total property, plant and equipment	18,389	18,091
Intangible assets		
Goodwill	4,104	4,023
Other	433	562
Total intangible assets	4,537	4,586
Investments and other assets		
Other	2,130	3,466
Allowance for doubtful accounts	(154)	(143)
Total investments and other assets	1,975	3,322
Total non-current assets	24,903	26,001
Total assets	92,386	97,068
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,170	6,533
Short-term loans payable	1,274	2,034
Current portion of long-term loans payable	500	4,851
Income taxes payable	884	1,099
Provision for bonuses	436	248
Other	2,341	2,604
Total current liabilities	11,608	17,371
Non-current liabilities		
Long-term loans payable	7,169	2,560
Net defined benefit liability	127	117
Other	1,634	1,767
Total non-current liabilities	8,931	4,445
Total liabilities	20,540	21,817
Net assets		
Shareholders' equity		
Capital stock	9,171	9,232
Capital surplus	14,824	14,717
Retained earnings	46,308	48,720
Treasury shares	(178)	(122)
Total shareholders' equity	70,125	72,547
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	195	521
Foreign currency translation adjustment	741	1,798
Remeasurements of defined benefit plans	0	2
Total accumulated other comprehensive income	938	2,321
Non-controlling interests	782	381
Total net assets	71,846	75,251
Total liabilities and net assets	92,386	97,068

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

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	35,922	39,022
Cost of sales	19,739	20,563
Gross profit	16,182	18,459
Selling, general and administrative expenses	8,993	9,759
Operating income	7,188	8,699
Non-operating income		
Interest income	46	58
Dividend income	39	17
Foreign exchange gains	39	–
Other	78	81
Total non-operating income	203	156
Non-operating expenses		
Interest expenses	63	88
Foreign exchange losses	–	92
Loss on investments in partnership	6	6
Other	19	8
Total non-operating expenses	89	196
Ordinary income	7,302	8,659
Extraordinary income		
Subsidy income	150	–
Gain on sales of investment securities	–	16
Total extraordinary income	150	16
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	–	19
Impairment loss	1,019	–
Other	–	–
Total extraordinary losses	1,019	19
Profit before income taxes	6,433	8,657
Income taxes - current	2,053	2,318
Income taxes - deferred	(397)	115
Total income taxes	1,656	2,433
Profit	4,777	6,223
Profit attributable to non-controlling interests	142	62
Profit attributable to owners of parent	4,635	6,160

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	4,777	6,223
Other comprehensive income		
Valuation difference on available-for-sale securities	44	325
Foreign currency translation adjustment	(1,456)	1,088
Remeasurements of defined benefit plans, net of tax	14	1
Total other comprehensive income	(1,397)	1,414
Comprehensive income	3,379	7,638
Comprehensive income attributable to owners of parent	3,473	7,543
Comprehensive income attributable to non-controlling interests	(93)	94

(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.