



August 3, 2018

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending March 31, 2019
<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 3, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary 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, 2019 (from April 1, 2018 to June 30, 2018)

(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, 2018	14,852	19.5	2,696	(0.7)	2,675	(0.3)	1,869	1.3
June 30, 2017	12,425	9.9	2,714	26.9	2,683	24.6	1,844	(1.7)

Note: Comprehensive income
 For the three months ended June 30, 2018: 1,692 millions of yen [(12.1%)]
 For the three months ended June 30, 2017: 1,925 millions of yen [–%]

(Yen)

	Basic earnings per share	Diluted earnings per share
Three months ended:		
June 30, 2018	64.85	–
June 30, 2017	64.10	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2018	109,656	71,946	65.3	2,485.31
March 31, 2018	111,490	73,023	65.2	2,520.68

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

As of June 30, 2018: 71,640 millions of yen

As of March 31, 2018: 72,659 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, 2018	–	65.10	–	95.10	160.20
Fiscal year ending March 31, 2019	–				
Fiscal year ending March 31, 2019 (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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2018	30,500	18.3	5,100	(11.2)	5,000	(12.1)	3,500	(12.5)	121.42
Fiscal year ending March 31, 2019	60,200	15.2	9,800	(13.6)	9,600	(14.3)	6,700	38.0	232.43

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

*** 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, 2018	28,865,194shares
As of March 31, 2018	28,865,194 shares

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

As of June 30, 2018	39,515 shares
As of March 31, 2018	39,815 shares

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

As of June 30, 2018	28,825,522 shares
As of June 30, 2017	28,782,668 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 by a certified public accountant or audit firm.**

*** 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	First quarter-end	First quarter-end	First quarter-end	First quarter-end
Fiscal year ended March 31, 2018	–	65.10	–	95.10	160.20
Fiscal year ending March 31, 2019	–				
Fiscal year ending March 31, 2019 (Forecast)		–	–	–	–

Note: Series I Class A shares were exchanged for common shares in June 2018, per the Articles of Incorporation. Therefore, no dividend is planned for the fiscal year ending March 31, 2019.

(Yen)

Series II Class A shares	Annual cash dividends				
	First quarter-end	First quarter-end	First quarter-end	First quarter-end	First quarter-end
Fiscal year ended March 31, 2018	–	65.10	–	95.10	160.20
Fiscal year ending March 31, 2019	–				
Fiscal year ending March 31, 2019 (Forecast)		65.10	–	65.10	130.20

Note: Year-end dividend breakdown for the fiscal year ended March 31, 2018:
Dividend per common share: 65.10 yen; commemorative dividend: 30.00 yen

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1. Consolidated Financial Statements and Explanatory Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	44,588	41,316
Notes and accounts receivable - trade	15,509	16,789
Merchandise and finished goods	3,499	2,940
Work in process	405	431
Raw materials and supplies	2,042	2,372
Other	2,456	780
Allowance for doubtful accounts	(127)	(70)
Total current assets	68,373	64,561
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,990	9,864
Other, net	7,933	8,490
Total property, plant and equipment	17,923	18,355
Intangible assets		
Goodwill	674	1,906
Sales rights	20,555	20,200
Other	589	995
Total intangible assets	21,818	23,102
Investments and other assets		
Other	3,518	3,902
Allowance for doubtful accounts	(144)	(265)
Total investments and other assets	3,374	3,637
Total non-current assets	43,116	45,095
Total assets	111,490	109,656
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,769	6,865
Short-term loans payable	2,145	5,394
Current portion of long-term loans payable	6,116	6,280
Income taxes payable	1,448	1,214
Provision for bonuses	510	681
Other	2,501	3,504
Total current liabilities	20,491	23,942
Non-current liabilities		
Long-term loans payable	15,923	11,850
Net defined benefit liability	116	114
Other	1,935	1,803
Total non-current liabilities	17,975	13,767
Total liabilities	38,467	37,709
Net assets		
Shareholders' equity		
Capital stock	9,232	9,232
Capital surplus	14,717	14,717
Retained earnings	47,415	46,583
Treasury shares	(121)	(120)
Total shareholders' equity	71,244	70,412
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321	336
Foreign currency translation adjustment	1,084	880
Remeasurements of defined benefit plans	9	10
Total accumulated other comprehensive income	1,415	1,227
Non-controlling interests	363	306
Total net assets	73,023	71,946
Total liabilities and net assets	111,490	109,656

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

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	12,425	14,852
Cost of sales	6,544	7,833
Gross profit	5,880	7,019
Selling, general and administrative expenses	3,166	4,322
Operating income	2,714	2,696
Non-operating income		
Interest income	18	24
Dividend income	4	9
Other	31	40
Total non-operating income	53	74
Non-operating expenses		
Interest expenses	26	49
Foreign exchange losses	54	39
Other	3	6
Total non-operating expenses	84	96
Ordinary profit	2,683	2,675
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	19	—
Total extraordinary losses	19	—
Profit before income taxes	2,664	2,675
Income taxes - current	1,025	1,050
Income taxes - deferred	(225)	(257)
Total income taxes	799	793
Profit	1,865	1,881
Profit attributable to non-controlling interests	20	12
Profit attributable to owners of parent	1,844	1,869

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	1,865	1,881
Other comprehensive income		
Valuation difference on available-for-sale securities	46	14
Foreign currency translation adjustment	13	(204)
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	60	(189)
Comprehensive income	1,925	1,692
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,902	1,681
Comprehensive income attributable to non-controlling interests	22	11

(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.