

November 2, 2018

Consolidated Financial Results
for the First Six 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>
 Representative: Eiji Sato, President and CEO
 Inquiries: Shuichi Omi, Executive Officer, General Manager, Administration Division
 Tel: +81-3-5953-5200

Scheduled date to file quarterly report: November 2, 2018
 Scheduled date to commence dividend payments: December 3, 2018
 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 first six months of the fiscal year ending March 31, 2019 (from April 1, 2018 to September 30, 2018)

(1) Operating results (cumulative)

(Millions of yen, % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Six months ended:								
September 30, 2018	30,257	17.3	5,277	(8.1)	5,230	(8.1)	3,747	(6.3)
September 30, 2017	25,784	10.0	5,744	26.0	5,690	23.7	3,998	10.3

Note : Comprehensive income
 For the six months ended September 30, 2018: 4,016 millions of yen [(13.1%)]
 For the six months ended September 30, 2018: 4,622 millions of yen [740.2%]

(Yen)

	Basic earnings per share	Diluted earnings per share
Six months ended:		
September 30, 2018	129.88	—
September 30, 2017	138.83	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2018	112,098	74,544	66.2	2,568.55
March 31, 2018	111,490	73,023	65.2	2,520.68

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

As of September 30, 2018: 74,215 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	–	65.10			
Fiscal year ending March 31, 2019 (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. Year-end dividend breakdown for the fiscal year ended March 31, 2018:

Dividend per common share: 65.10 yen; commemorative dividend: 30.00 yen

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
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 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: 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 September 30, 2018	28,910,436 shares
As of March 31, 2018	28,865,194 shares

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

As of September 30, 2018	16,686 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 September 30, 2018	28,854,724 shares
As of September 30, 2017	28,800,775 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	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)			–	–	–

Note: 1 Year-end dividend breakdown for the fiscal year ended March 31, 2018:

Dividend per common share: 65.10 yen; commemorative dividend: 30.00 yen

2. 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	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	–	65.10			
Fiscal year ending March 31, 2019 (Forecast)			–	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 September 30, 2018
Assets		
Current assets		
Cash and deposits	44,588	41,938
Notes and accounts receivable - trade	15,509	17,643
Merchandise and finished goods	3,499	3,808
Work in process	405	483
Raw materials and supplies	2,042	2,386
Other	2,456	1,027
Allowance for doubtful accounts	(127)	(74)
Total current assets	68,373	67,214
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,990	9,739
Other, net	7,933	8,474
Total property, plant and equipment	17,923	18,213
Intangible assets		
Goodwill	674	1,942
Sales rights	20,555	19,846
Other	589	1,260
Total intangible assets	21,818	23,049
Investments and other assets		
Other	3,518	3,889
Allowance for doubtful accounts	(144)	(268)
Total investments and other assets	3,374	3,621
Total non-current assets	43,116	44,883
Total assets	111,490	112,098
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,769	8,100
Short-term loans payable	2,145	5,691
Current portion of long-term loans payable	6,116	6,265
Income taxes payable	1,448	1,222
Provision for bonuses	510	525
Other	2,501	2,812
Total current liabilities	20,491	24,618
Non-current liabilities		
Long-term loans payable	15,923	11,103
Net defined benefit liability	116	115
Other	1,935	1,715
Total non-current liabilities	17,975	12,935
Total liabilities	38,467	37,553
Net assets		
Shareholders' equity		
Capital stock	9,232	9,331
Capital surplus	14,717	14,817
Retained earnings	47,415	48,466
Treasury shares	(121)	(51)
Total shareholders' equity	71,244	72,564
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321	366
Foreign currency translation adjustment	1,084	1,272
Remeasurements of defined benefit plans	9	11
Total accumulated other comprehensive income	1,415	1,650
Non-controlling interests	363	329
Total net assets	73,023	74,544
Total liabilities and net assets	111,490	112,098

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

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	25,784	30,257
Cost of sales	13,551	16,187
Gross profit	12,233	14,069
Selling, general and administrative expenses	6,489	8,792
Operating income	5,744	5,277
Non-operating income		
Interest income	34	43
Dividend income	6	12
Subsidy income	9	20
Other	41	32
Total non-operating income	91	108
Non-operating expenses		
Interest expenses	56	97
Foreign exchange losses	77	29
Loss on investments in partnership	6	15
Other	5	12
Total non-operating expenses	144	155
Ordinary income	5,690	5,230
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	19	–
Total extraordinary losses	19	–
Profit before income taxes	5,671	5,230
Income taxes - current	1,583	1,730
Income taxes - deferred	44	(271)
Total income taxes	1,628	1,458
Profit	4,043	3,771
Profit attributable to non-controlling interests	45	23
Profit attributable to owners of parent	3,998	3,747

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	4,043	3,771
Other comprehensive income		
Valuation difference on available-for-sale securities	249	44
Foreign currency translation adjustment	329	198
Remeasurements of defined benefit plans, net of tax	0	1
Total other comprehensive income	579	245
Comprehensive income	4,622	4,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,574	3,982
Comprehensive income attributable to non-controlling interests	48	34

(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.