

November 7, 2014

Consolidated Results for 1st Half
From April 1 through September 30, 2014 of FY ending March 31, 2015

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2014, through September 30, 2014

	Revenue	Operating Income	Ordinary Income	Net Income	Net Income Per Share
Current Year First Half	16,546	318	382	398	7.82Yen
Converted into Millions of U.S. dollars	151.2	2.9	3.5	3.6	0.071US\$
Last Year First Half	17,422	491	525	366	7.19Yen
Percent Change From Last Year First Half	△5.0%	△35.2%	△27.4%	8.8%	-

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of
¥109.45=U.S.\$1.00

2. Financial Status

September 30, 2014

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of Current Year First Half September 30, 2014	40,865	13,452	30.1%	241.23Yen
Converted into Millions of U.S. dollars	373.4	122.9	-	2.204US\$
End of Last Year March 31, 2014	39,378	12,891	30.5%	235.33Yen

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of
¥109.45=U.S.\$1.00

3. Forecast of Current Fiscal Year, which will end on March 31, 2015

	Revenue	Operating Income	Ordinary Income	Net Income	Net Income Per Share
Whole fiscal year	35,000	1,000	800	500	9.81Yen

During the First half of the current Fiscal Year (April to September, 2014), as the status of devalued Yen continues, profitability of Japanese corporations, especially of those in exporting industries, improved. Still, negative impacts of increases of raw material prices and energy cost have been keeping the real economy from achieving a full recovery.

Under such circumstances, Tomoegawa recorded First Half revenues of ¥16,546 million, which was Δ ¥876 million or Δ 5.0% lower than First Half revenue of the previous year. Last year's numbers include ¥398 million for revenues of TFC, which is no longer included in Tomoegawa's consolidated financial reports. This excluded amount brings a real revenue decrease from the previous year First Half down to Δ ¥477 million.

As for the segment revenue of Plastic Material Processing business, the result was ¥10,235 million, which is Δ ¥616 million or Δ 5.7% (Δ ¥218 million after eliminating TFC numbers) lower than that of the previous year First Half. Strong demand for smart phone display related products enabled our Flat Panel Display (FPD) business to increase sales, even in the middle of fierce competition. On the other hand, the sales amount of electronic materials business, mainly semiconductor-related business, exceeded the planned numbers, but did not reach the sales amount of the previous year First Half. The sales amount of toner business was steady in Europe and Asian region including China. But those are not large enough to cover the sales decline in our North American business, which was caused mainly by the revision of the transaction with one large customer.

The revenue of functional paper business segment was ¥6,271 million (Δ ¥261 million, Δ 4.0%). Our effort to increase sales through new product launches and more intense sales promotions could not match the demand decrease for existing products in this field.

Our Operating Income was ¥318 million (Δ ¥173 million, Δ 35.2%), which is even

lower than the projected numbers we announced this May. Plastic Material Processing business earned ¥341 million (+¥8 million, +2.4%) Operating Income, even with the decline of Toner related sales in US. The effect of toner business inventory level adjustment, which had a large negative effect on our First Quarter, has been smoothed out. Improvement in FPD-related business and the positive effect of currency exchange rate move contributed to that result. On the other hand, Functional Paper business experienced a loss of △¥45 million (△¥169 million), which is caused by declining sales and the rise in raw material and fuel prices.

Our Ordinary Income was ¥382 million (△¥143 million, △27.4%) which was higher than Operating Income, thanks to the foreign exchange gains and equity in earnings of affiliates. Net Income was ¥398 million (+¥32 million, +8.8%) which was higher than Ordinary Income because an extra ordinary gain was recorded when our already written-off equipment was re-evaluated at the time it was put in the contribution in kind to an affiliated company on April 1.

As for the 3rd quarter of the current fiscal year, we assume that the sales amount of FPD and Electronic Materials business will decrease due to the customers' effort to adjust inventory levels and seasonal influences. Still, we are in the middle of worldwide sales promotion of Toner products, and we realize the competitiveness of our products has been increasing thanks to the favorable exchange rate move. Also, we expect that the results of the past R&D activities will contribute to our profit through the launches of new products.

Taking those factors into consideration, we are keeping the forecast figures which we have announced in May, and will continue to work on accomplishing those targets.