

May 15, 2015

**Consolidated Financial Results of the Fiscal Year Ended March 31, 2015**  
**And**  
**Outlook for Fiscal Year Ending March 31, 2016**

Figures in Million Yen, unless otherwise noted

1. Revenue and Income

from April 1, 2014, through March 31, 2015

	Revenue	Operating Income	Ordinary Income	Net Income	Net Income Per Share
FY2014 ended on March 31, 2015	34,114	185	476	48	0.96Yen
Converted into Millions of U.S. dollars	283.7	1.6	4.0	0.4	US\$0.008
FY2013 ended on March 31, 2014	34,613	918	980	606	11.88Yen
Percent Change from FY2013	△1.4%	△79.8%	△51.4%	△92.0%	-
Adjusted Forecast Figures of FY2014, released on February 10, 2015	35,000	600	800	300	5.88Yen

Note:

US Dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥120.27.

## 2. Financial Status

March 31, 2015

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY2014 March 31, 2015	40,508	14,278	31.8%	252.87Yen
Converted into Millions of U.S. dollars	336.8	118.7	-	US\$2.103
End of FY2013 March 31, 2014	39,378	12,891	30.5%	235.33Yen

Note:

US Dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥120.27.

## 3. Forecast of Current Fiscal Year, which will end on March 31, 2016

	Revenue	Operating Income	Ordinary Income	Net Income	Net Income Per Share
First Half	17,000	200	200	100	1.96Yen
Whole fiscal year	35,000	700	700	300	5.88Yen

During the Fiscal Year 2014 (April 1, 2014 through March 31, 2015), the weak Yen exchange rate coupled with a strong stock market, assisted the continuous recovery of Japan's economy, especially in exporting sectors, which gave support to TOMOEGAWA's export of Japan made toners. Still, the overall demand of our existing products has continued to shrink, as seen in the transactional discontinuation with one of our largest US customers, and in the substantial price adjustment of certain semi-conductor related products we had to accept. As a result of those, TOMOEGAWA's FY2014 revenues are ¥34,114 million, which was △¥499 million or △1.4% lower than those of the previous year. Since the previous year's number includes ¥398 million of revenues from TFC, which is no longer a part of TOMOEGAWA's consolidated financial report, the real revenue decrease after excluding TFC exclusion effect, should be regarded as △¥100 million or △0.3%.

Our consolidated Operating Income was ¥185 million (△¥732 million, △79.8%), this result was lower than our adjusted estimation of ¥600 million announced on February 10, 2015. The initial downward adjustment of △¥400 million (¥1,000MM to ¥600MM), was made to reflect effects of the struggling US toner business and the price increase of imported pulp. The actual result was even worse, due to the unexpected one-time events we had during the fourth quarter (from January to March). Those events were a cut-back in production to optimize inventory level, the delay of some shipments we expected to make in FY2014, and the sudden elevation of Yen exchange value against the Euro currency.

Our Ordinary Income was ¥476 million (△¥503 million, △51.4%). The gains from favorable foreign exchange rates and equity method investment in affiliates have partially offset the Operating Income decrease.

Net Income was ¥48 million (△¥557 million, △92.0%). The extraordinary loss from demolition cost of the water intake equipment at our closed factory, and the downward adjustment of deferred tax assets matching the corporation tax rate reduction, contributed to this result.

The Fifth Mid-Term Management Plan of three years ended on March 31, 2015, which was made on the assumption that our Company's growth can be achieved by the growth of existing businesses. Most of the targets presented in this plan were not achieved. The success in increasing our activity overseas was one of few exceptions. TOMOEGAWA has announced the Sixth Mid-Term Management Plan that starts in Fiscal Year 2015. In this plan, we chose the area of **control materials** for heat, electricity, electromagnetic wave as the key fields for our success, since those materials should be the critical factors of IoT "Internet of Things", which is gaining more and more importance in our society. We will actively invest resources in this field to accelerate the pace of new products development that can bring us back to a growth path.

In this Sixth Mid-Term Management Plan, we will protect our intellectual rights and property rights, so that we can set up effective entry barriers around the market of our products. As for the money losing businesses, TOMOEGAWA plans to take serious measures such as optimizing production and sales structure on a global scale.

TOMOEGAWA aims to reach or exceed sales revenue of ¥39,000 million and Operating Income of ¥1,500 million (or Operating Income ratio of 4% or higher) in FY2017, which ends on March 31, 2018. In the current Fiscal Year 2015, although the marketing and developing costs will be high due to the advance investment we have to make to reach that goal, we are targeting an increased revenue of ¥35,000 million (+2.6%), Operating Income of ¥700 million (+276.6%), Ordinary Income of ¥700 million (+46.8%), and Net Income of ¥300 million (+515.2%). Lastly, stable and consecutive dividend payment is our basic policy, so we plan to distribute a dividend payment of 5 Yen per share in next fiscal year.

Your continuous support of TOMOEGAWA will be greatly appreciated.