

August 11, 2015

Consolidated First Quarter Results

April 1, 2015 through June 30, 2015 of Fiscal Year Ending on March 31, 2016

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2015, through June 30, 2015

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
Current Year First Quarter	8,396	104	97	25	0.5Yen
Converted into Millions of U.S. dollars	68.6	0.9	0.8	0.2	US\$0.004
Last Year First Quarter	8,055	80	84	148	2.91Yen
Percent Change From Last Year First Quarter	4.2%	30.0%	14.8%	△82.8%	-

Note:

U.S. dollar amounts are converted from Yen, for convenience only,
at the rate of ¥122.48=U.S.\$1.00

2. Financial Status

as of June 30, 2015

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of Current Year First Quarter June 30, 2015	40,331	14,015	31.5%	248.88Yen
Converted into Millions of U.S. dollars	329.3	114.4	-	US\$2.032
End of FY 2014 March 31, 2015	40,508	14,278	31.8%	252.87Yen

Note:

U.S. dollar amounts are converted from Yen, for convenience only,

at the rate of ¥122.48=U.S.\$1.00

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

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	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 First Quarter of the current Fiscal Year (April to June 2015), the Japanese economy achieved steady recovery, thanks to the improvement in employment situation and the increase of exports supported by devaluated Yen. As for the worldwide economy, even though US economy has continued its recovery, it was not enough to overcome the effects from the slowdown of China's economic growth and the Greek debt crisis and not enough to lead the world economy to a strong growth.

Under such circumstances, TOMOEGAWA recorded the First Quarter revenues of ¥8,396 million, which was ¥341 million or 1.4% higher than those of the previous year's First Quarter. The sales of existing products, like those in the paper business, have continued to shrink. In the electronic materials business, the sales of our products, such as ones used for the display commodities, have decreased due to the trend changes in the consumer market. Still, stable foreign demand for our toner products, increase of overseas subsidiaries' Yen-denominated profits brought about by weak Yen, and a few new additions to our consolidation, enabled us to record this revenue increase.

Our consolidated operating income was ¥104 million (+ ¥24 million, +30.0%). There were several positive and negative factors that had influence on operating income. For positive ones, the effect of one-time events which we had during the previous fourth quarter (January to March 2015) has diminished. Also, sales increase contributed to profit increase. One of the negative factors was the unfavorable shift of product sales mix caused by the decline of sales of high profitability products. Another one is the price increases of raw materials and energies, which is the effect of weak Yen exchange rate.

Our Ordinary Income was ¥97 million (+ ¥12 million, +14.8%) and Net Income attributable to owners of parent company was ¥25 million (\triangle ¥122 million, \triangle 82.8%). The cause of the large decrease of Net Income from the last year was the diminishing of one-time extraordinary income, which was the “Gain on change in equity” of ¥190 million. Most part of that extraordinary income was recorded when TOMOEGAWA contributed a fully devalued asset as the new subsidiary’s capital at the market price.

TOMOEGAWA has announced the Sixth Mid-Term Management plan which started in current Fiscal Year 2015. In this plan, we have chosen the area of control materials for heat, electricity, electromagnetic wave as the key factors for our success. These materials should be the critical elements of “IoT” (= Internet of Things), and we recognize that our key competence will sit well in this area. Therefore, we will actively invest resources in this field to accelerate the development of new products which can bring us back to the growth path. Our new products in this field will be launched under the brand name of “iCas” (pronounced as ‘ai –cas’). We expect the “iCas” products to start contributing to our sales and profit gradually from the second half of the current fiscal year.

In addition to the launch of ‘iCas’ brand products, we will also make efforts to increase sales and profits. Those efforts include launching new products, aggressive marketing and sales promotions in domestic and overseas market, and cost reduction capital investment to achieve energy efficiency. Through those efforts, we, TOMOEGAWA, try to reach or exceed the forecast figures which we announced in May.