

November 11, 2015

Consolidated Results for 1st Half
April 1, 2015 through September 30, 2015 of FY Ended March 31, 2016

Figures in Million Yen, unless otherwise noted

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

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
Current Year First Half	16,965	241	133	△4	△0.08Yen
Converted into Millions of U.S. dollars	141.4	2.0	1.1	△0.04	△US\$0.001
Last Year First Half	16,546	318	382	398	7.82Yen
Percent Change From Last Year First Half	2.5%	△24.1%	△65.1%	—	—

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of
 ¥119.97=U.S.\$1.00

2. Financial Status

September 30, 2015

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of Current Year First Half September 30, 2015	40,039	13,953	31.4%	246.52Yen
Converted into Millions of U.S. dollars	333.7	116.3	-	US\$2.055
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
¥119.97=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
Whole fiscal year	35,000	700	700	300	5.88Yen

During the First Half of the current Fiscal Year (April to September 2015), the Japanese economy showed slow but steady recovery thanks in part to the improvement in employment market and consumer spending. Meanwhile, the global economy's future projection is still unclear, due to the slowing down of Chinese and Southeast Asian economy.

Under such circumstances, TOMOEGAWA recorded the First Half revenues of ¥16,965 million, which was ¥419 million or 2.5% higher than the revenue figure of the same period of the previous year. The orders for our display-related products have decreased, and the market of existing product in paper business has continued to shrink. However, the functional paper business and toner business, which added 2 China business-related subsidiaries to the scope of consolidation, recorded solid sales result, and we also could receive the benefit of weak Yen exchange rate. Those positive factors contributed to the sales increase.

Our consolidated First Half Operating Income was ¥241 million (Δ ¥76 million, Δ 24.1%), decreased from last FH figure due to the price reduction we had to take to maintain our market share against new competitors. Even though this figure is lower than the Operating Income of previous year FH, it is a little bit higher than our forecasted FH Operating Income of ¥200 million announced in May. Our performance has been improving throughout the FH.

Our Ordinary Income was ¥133 million (Δ ¥248 million, Δ 65.1%). The main cause of this large drop-off was the downturn of the "equity method investment in affiliates", which was positive last year but has been negative during current year because our Display related Joint-Venture went into a correction phase.

Net Income attributable to owners of parent company was Δ ¥4 million, which was ¥403 million lower than that of previous year FH. The cause of this Net Income decrease from the last FH figure was the diminishing of one-time extraordinary income, ¥190 million of the "Gain on change in equity." In addition,

TOMOEGAWA recorded ¥38 million in the extraordinary loss from cancelation of a contract during this fiscal year. Consequently, our Ordinary Income and Net Income attributable to owners of parent company were lower than the forecast announced in May.

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 and electromagnetic wave as the key factor 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 branded as “iCas”, with the aim that they can bring us back to the growth path.

It will take some time for the above efforts to produce expected results and to start contributing to our operating profit. Still we expect favorable things in upcoming Second Half, such as the increased sales in Toner business, steep reduction of energy cost and improved result of “equity method investment in affiliates”. With that forecast in mind, we keep our effort to reach our announced result, Sales of ¥35,000 million, Operating Income of ¥700 million, Ordinary Income of ¥700 million and Net Income of ¥300 million.