

May 13, 2016

**Consolidated Financial Results of the Fiscal Year Ended on March 31, 2016
And
Outlook for Fiscal Year Ending on March 31, 2017**

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2015, through March 31, 2016

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
FY 2015 ended on March 31, 2016	33,502	290	△18	△929	△18.23Yen
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Converted into Millions of U.S. Dollars	297.3	2.6	△0.2	△8.3	△US\$0.162
FY 2014 ended on March 31, 2015	34,114	185	476	48	0.96Yen
Percent Change from FY2014	△1.8%	56.2%	-	-	-
Adjusted Forecast Figures of FY2015, Released on April 22, 2016	34,000	300	△50	△950	△18.63Yen
Previously Forecasted Figures of FY2015, Released on February 10, 2016	34,000	300	100	△200	△3.92Yen

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of ¥112.69=U.S.\$1.00

2. Financial Status

March 31, 2016

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY 2015 March 31, 2016	39,399	12,495	27.9%	215.25Yen
Converted into Millions of U.S. dollars	349.6	110.9	-	US\$1.910
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
¥112.69=U.S.\$1.00

3. Forecast of Current Fiscal Year, which will end on March 31, 2017

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
First Half	17,000	50	0	△100	△1.96Yen
Whole Fiscal Year	35,000	500	400	50	0.98Yen

During the Fiscal Year 2015 (April 1, 2015 through March 31, 2016), Japanese economy showed mild but steady growth in the first half, as seen in the improved condition in the corporate profitability and employment market. But in the second half, outlook become increasingly unclear due to the anxiety from a slowdown of the emerging economies such as China, and the rise in Yen value since January 2016. Notably, after the 3rd Quarter, the weak demand for middle and small sized LCD panel products gave a large negative impact on the display-related industry overall.

Under such circumstances, TOMOEGAWA increased per-year R&D and marketing budget by 300 million Yen from those of the past two Fiscal Years in order to accelerate the launch of our new products and to expand our Toner business by actively acquiring new contracts. As a result, the number of company's annual patent applications has been doubled from those of previous years. Still, the sales of our new products have not been large enough to offset the decline in sales of some mature stage existing products.

TOMOEGAWA recorded the FY2015 revenues of ¥33,502 million, which was Δ ¥611 million or Δ 1.8% lower than those of the previous year. Of this decline, the effect of currency exchange rate fluctuation is Δ ¥346 million. Our consolidated Operating Income was ¥290 million (+¥104 million, +56.2%), almost equal to forecast figure announced on February 10, 2016. At the end of the Third Quarter (October to December, 2015), we recorded Operating Loss because of the shrinkage of contracted coating business for LCD materials. To make matters worse, we were later hit by the adverse effects of rapid appreciation of Yen value. Still, we achieved recovery in the Forth Quarter (January to March 2016) and were able to record positive Operating Income as stated above. The negative effect of structural adjustment of Toner business in China that was recorded during the previous fourth quarter (January to March 2015) has diminished, and subsequently the raw material and energy costs declined. Such factors and our effort of sales promotion contributed to this Q4 recovery.

Our consolidated Ordinary Loss was Δ ¥18 million, which was Δ ¥495 million worse than previous Fiscal Year's Ordinary Income. One of the main reasons of this steep decline was the negative impact from "equity method investment in affiliates", which showed Δ ¥211 million decrease from previous FY's positive result. Another reason was the foreign exchange loss caused by the appreciation of Yen. Compared with previous FY, foreign exchange effect showed a decrease of Δ ¥386 million.

Net income attributable to owners of parent company was Δ ¥929 million, which was Δ ¥978 million lower than that of previous FY. The explanation for main cause of this loss is as follows; TOMOEGAWA recorded ¥255 million extraordinary loss from "Write-off of Goodwill from Balance Sheet", at the timing it acquired the majority ownership of Aura Paper Industries (India) Pvt. Ltd at the end of March 2016, and ¥391 million of extraordinary loss was recorded as TOMOEGAWA wrote-off the impaired property and equipment used in the electronic materials business and functional paper business.

Last year TOMOEGAWA announced the start of The Sixth Mid-Term Management plan, which was originally established as 3-year plan starting in FY2015. In this plan, we have chosen the area of control materials for heat, electricity and electromagnetic wave as the key factors for our success. These materials should become the critical elements of "IoT" (=Internet of Things). We will actively invest resources for development of new products with the aim that they can bring us back to the growth path.

Once we have the result of FY2015, TOMOEGAWA have rolled over the Sixth Mid-Term Management plan and have re-started it in Fiscal Year 2016. In this rolled-over plan, FY2015 results; marketing promotion and development of new products, the reinforcement of the global production and sales system, and the radical measures for the deficit business including the impairment of fixed assets, are all taken into consideration.

In this rolling plan, we will intensively invest more resources for developing new products in the field where we have competence. Also, we aim to accumulate the successful new product release cases through marketing and sales promotion campaign at home and abroad. At the same time, we continue the cost reduction effort, such as the cut down of the energy costs by the rearrangement of factory operation schedule, to improve our profitability. Through those measures, we will make it sure to achieve revenue and profit increase year by year. FY2018 that will end on March 31, 2019, is the last Fiscal Year of this rolling plan. TOMOEGAWA's targets of FY2018 results are sales revenue of more than ¥37,000 million and Operating Income of ¥1,200 million (or Operating Income ratio of more than 3.4%).

In upcoming Fiscal Year 2016, TOMOEGAWA is targeting sales revenue of ¥35,000 million (+4.5%), Operating Income of ¥500 million (+72.2%, Operating Income ratio will be 1.4%), Ordinary Income of ¥400 million and Net Income attributable to owners of parent company of ¥50 million respectively.

Consideration of the appreciation of Japanese Yen, shrinking sales of existing products, waiting time necessary to see the fruits of capital investment and new product launch, and the retirement benefits allowance increase in this Fiscal Year, all combined to keep this year's target numbers conservative. Lastly, stable dividend payment is our basic policy, so we decided that the next Fiscal Year's dividend payment will be 5 Yen per share.

Your continuous support of TOMOEGAWA will be greatly appreciated.