

August 10, 2016

Consolidated First Quarter Results
April 1, 2016 through June 30, 2016 of Fiscal Year Ended March 31, 2017

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2016, through June 30, 2016

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
Current Year First Quarter	7,397	△89	△175	△285	△5.60Yen
Converted into Millions of U.S. Dollars	71.9	△0.9	△1.7	△2.8	△US\$0.054
Last Year First Quarter	8,396	104	97	25	0.5Yen
Percent Change from Last Year First Quarter	△11.9%	-	-	-	-

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥102.96.

2. Financial Status

June 30, 2016

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of Current Year First Quarter June 30, 2016	38,910	11,678	26.1%	199.38Yen
Converted into Millions of U.S. dollars	377.9	113.4	-	US\$1.936
End of FY 2015 March 31, 2016	39,399	12,495	27.9%	215.25Yen

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥102.96.

3. Revised 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	15,000	△250	△350	△500	△9.80Yen
Whole Fiscal Year	33,000	300	200	50	0.98Yen
Whole Fiscal Year before revision	35,000	500	400	50	0.98Yen

During the First Quarter of the Fiscal Year 2016 (April to June 30, 2016), the lack of strength in Japanese economic growth has continued, due to the downward shift of corporate profitability caused by the rise in Yen value and delayed recovery of consumer spending. The future economic projection has become even more unclear toward the quarter end, because of the UK's decision to exit from the EU and the increase in worldwide geopolitical risks.

Under such circumstances, TOMOEGAWA recorded the First Quarter revenues of ¥7,397 million, which was △¥999 million or △11.9% lower than those of previous Fiscal Year. The rise of Yen value negatively affected our Toner related business, whose exports ratio and offshore production ratio are both high. In addition, sales of existing products in Functional paper business and Electronic material business have continued to shrink. The backlash of the shipment increase in the previous FY's last quarter also contributed to this first quarter sales decrease.

As for the profit, the Yen value of overseas consolidated subsidiary's results were pushed down by the sudden rise in Yen exchange rate, and we recorded Consolidated Operating Loss of △¥89 million, which was △¥193 million worse than previous Fiscal year's Operating Income. Appreciating Yen also devalued our claims in foreign currency by ¥88 million, which was recorded as "exchange losses", contrary to the previous first quarter when we could record ¥5 million of exchange gains. Our Consolidated First Quarter Ordinary Income was △¥175 million and Q1 Net Income attributed to owners of parent company was △¥285 million. They are △¥272 million and △¥311 million lower than respective numbers of previous FY.

We have revised our assumption of the Yen/US Dollar exchange rate to ¥100 from original ¥115, as a result, the decrease in yen-based income will be anticipated (△¥1,500 million). Also, due to the declining demand in consumer level products, it is predicted that the tough situation continues in the display related business.

To navigate through such tough situations, We TOMOEGAWA will put more effort on increasing overseas sales by accelerating the sales growth in untapped markets, mainly in our Toner related business. Also, we will enhance the sales effort and speed up new product launches in Functional paper business. TOMOEGAWA is examining additional measure for productivity improvement in both the manufacturing department and back-office sections. Result of such efforts and the reduction of purchase and energy costs will contribute to improve our second half results. Furthermore, the unbalance between foreign currency asset and liability, which was one of the major cause of “exchange losses”, was removed during this First Quarter. Combining this action with the timely foreign exchange forward contracts, it will significantly reduce the risk of foreign currency exchange appraisal loss.

Taking above factors into consideration, TOMOEGAWA has decided to revise our yearly forecast numbers downward. The sales amount, Operating income and Ordinary income are now ¥33,000 million, ¥300 million and ¥200 million, which were ¥35,000 million, ¥500 million and ¥400 million respectively. Still, Net Income attributable to owners of parent company has been sustained at ¥50 million, and we plan to pay the dividends of ¥5 Yen per share as we announced initially.