

November 10, 2016

Consolidated Results for 1st Half
April 1, 2016 through September 30, 2016 of FY Ending on March 31, 2017

Figures in Million Yen, unless otherwise noted

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

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
Current Year First Half	15,188	△65	△144	△371	△7.28Yen
Converted into Millions of U.S. Dollars	150.2	△0.7	△1.4	△3.7	△US\$0.072
Last Year First Half	16,965	241	133	△4	△0.08Yen
Percent Change From Last Year First Half	△10.5%	-	-	-	-

Note:

U.S. dollar amounts are converted from Yen, for convenience only,
at the rate of ¥101.12=U.S.\$1.00

2. Financial Status

September 30, 2016

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of Current Year First Half September 30, 2016	38,206	11,363	25.9%	194.38Yen
Converted into Millions of U.S. dollars	377.8	112.4	-	US\$1.922
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 ¥101.12=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
Whole Fiscal Year	33,000	300	200	50	0.98Yen

During the First Half of the current Fiscal Year (April to September 30, 2016), the future projection of Japanese economy has been becoming more unclear, as seen in the struggling corporate profits hit by the continuous appreciation of Yen value, and in the confusion in general economy and financial market caused by the slowdown in growth of emerging economies and UK's decision to exit from the EU.

Under such circumstances, TOMOEGAWA recorded revenues of ¥15,188 million for the First Half, which was \triangle ¥1,777 million or \triangle 10.5% lower than that of the previous year. The markets of existing products in Functional paper business and Electronic material business have continued to shrink. Also, the rise of Yen value negatively affected Toner related business, which has a high overseas sales ratio. To the contrary, in the field of optical adhesion business, our sales promotion has been producing favorable results. Our product with light diffusion function has recently been adopted by a major display manufacture thanks to the technical innovation targeted to improved function for mobile use. Even though those efforts increased our Second Quarter sales amount from that of the First Quarter, that effect was not big enough to cover the backlash of strong shipments at the previous FY's Fourth Quarter end. Also, the sales of this First Half have decreased from that of the previous year.

As for the profit, in addition to the recovery of second quarter sales, the purchase and energy cost reduction effort produced positive results earlier than we anticipated. In addition, since July, the exchange rate between Yen and US Dollar has been steady, and we have removed the potential cause of foreign exchange loss by resolving the unbalance issue between foreign currency asset and liability through the accelerated collection of account receivables from overseas subsidiaries. As a result, our Second Quarter consolidated operating income and ordinary income was positive.

Our consolidated operating income of the First Half was $\triangle ¥65$ million, which was $\triangle ¥307$ million worse than previous Fiscal year's.

Due to the exchange loss by Yen appreciation in this first quarter, our consolidated ordinary income was $\triangle ¥144$ million, which was $\triangle ¥277$ million worse than that of previous fiscal year. However, these numbers are better than our announced forecast which was revised on August 10.

Net income attributed to owners of parent company was $\triangle ¥371$ million, which was $\triangle ¥367$ million worse than that of previous Fiscal year. The main cause of this negative numbers was the extraordinary loss from U.S. subsidiary's restructuring conducted to achieve the optimization of worldwide toner production.

TOMOEGAWA have chosen the area of control materials for heat, electricity and electromagnetic wave as the key factor for our success. Therefore, we will actively invest our resources in those fields to accelerate the development of new products with the aim that they can bring us back to the growth path. As a part of this activity, we have announced the new product "Copper Fiber Sheet" which has been receiving far-more-stronger-than-expected responses at the "CEATEC JAPAN 2016" in this October.

It will take some time for 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 expansion of sales in the field of Display related Business, increased sales in Toner and Functional Paper Business through sales promotion to overseas countries, the reduction of purchase and energy cost, and the fruits of the restructuring in U.S. Business.

We continuously aim to reach our announced forecast numbers, which are Sales of $¥33,000$ million, Operating income of $¥300$ million, Ordinary income of $¥200$ million and Net income attributable to owners of parent company of $¥50$ million.