

May 12, 2017

**Consolidated Financial Results of the Fiscal Year Ended on March 31, 2017**

**And**

**Outlook for Fiscal Year Ending on March 31, 2018**

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2016, through March 31, 2017

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
FY 2016 ended on March 31, 2017	32,379	863	465	252	4.96Yen
Converted into Million U.S. dollars	288.6	7.7	4.2	2.3	US\$0.044
FY 2015 ended on March 31, 2016	33,502	290	△18	△929	△18.23Yen
Percent Change From FY 2015 numbers	△3.4%	197.5%	-	-	-

2. Financial Status

March 31, 2017

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY 2016 March 31, 2017	38,275	13,260	30.6%	230.06Yen
Converted into Million U.S. dollars	341.1	118.2	-	US\$2.050
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 ¥112.20=U.S.\$1.00

### 3. Forecast of Current Fiscal Year, which will end on March 31, 2018

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
First Half	16,000	150	100	0	0.00Yen
Whole fiscal year	33,000	500	500	100	1.96Yen

During the Fiscal Year 2017 (April 1, 2016 through March 31, 2017), the world economy overall showed a U.S.-led mild recovery, even though there were some occasions of temporal economic risk surge.

Under such circumstances, TOMOEGAWA recorded revenues of ¥32,379 million, which was  $\Delta$ 1,123million or  $\Delta$ 3.4% lower than that of the previous year. The markets of existing products, such as products in the Functional paper business and the magnetic related business, continued to shrink. To the contrary, sales of new adhesive Flat Panel Display (FPD) related products and the tape products used in semiconductor manufacturing process have remained strong. Toner related business sales volumes were also increased. Our consolidated revenues of the first half were weak, due in part to the backlash effect of sales increase toward the end of the previous FY. However, since the start of the second half, sales grew to the level where it surpassed the sales number of previous FY. The accumulated Q3 sales number was  $\Delta$ ¥700 million lower than that of previous Q3, partly due to the Yen appreciation during the past year. That difference shrunk to about half the size at the end of FY2016, thanks to the fact that toward the end of FY2016 Yen exchange rate went down to the same level as that of the FY 2015 end.

As for the profit, our consolidated Operating Income was ¥863 million (+¥573 million, +197.5%). Productivity improvement effort and energy cost reduction effect gradually came into effect as the year progressed. In addition, there was some positive consolidation treatment impact derived from Yen depreciation that started in the middle of 3rd Quarter.

Our consolidated Ordinary Income was ¥465 million, which was +¥483 million higher than previous FY's Δ¥18 million. The consolidated treatment impact mentioned above was offset at this stage. The foreign exchange losses caused mainly by the rapid Yen appreciation during the 1st Quarter was negative for profit, but the substantial improvement in equity method investment gain from FPD business affiliates contributed to keep Ordinary Income at this level.

Net Income attributable to owners of parent company was ¥252 million, which was a significant recovery, as it is +¥1,182 million higher than Δ¥929 million Net Loss of previous FY. Even though there were extraordinary losses from the demolition cost of the water intake equipment at our closed factory, and the extraordinary loss from U.S. subsidiary restructuring, they were covered by the extraordinary income from the sale of investment securities, and we were able to return to the positive Net Income status after recording Net Loss in previous FY.

TOMOEGAWA has established Mid-Term Management plan, which will end on March 31, 2019 (FY 2018). Under this plan, we have chosen the area of control materials for heat, electricity and electromagnetic wave as the key factor for our success, and actively invest our resources in those fields. In addition to the structural improvement of existing business and continuation of steady sales promotion effort, we will proceed with the energy cost reduction effort and productivity improvement to bring us back to the growth path.

Our FY2017 target sales revenue is ¥33,000 million (+1.9%). The sales of FPD related adhesive products and the tape products for semiconductor

manufacturing are projected to be steady, and we will actively push the toner related product sales to reach the overall sales number.

Our targets of FY2017 consolidated Operating Income and consolidated Ordinary Income are ¥500 million ( $\Delta$ 42.1%) and ¥500 million (+7.4%), respectively. Those numbers are based on the assumption that the short-term expenses will increase as the result from increased capital investment, and there will be no profit/loss from foreign exchange fluctuation since the planned exchange rate of 1\$=110 yen is supposed to be stable.

Target Net Income attributable to owners of parent company is ¥100 million, the demolition cost accompanied to the capital investment execution is reflected in this number. Currently, our subsidiaries in China use calendar year (January to December) as their Fiscal Year. TOMOEGAWA will integrate them to parent company's Fiscal Year (April to March), starting in FY 2017. Although this effect will raise the consolidated sales amount slightly, there will be little impact on profits of FY2017.

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.