

November 10, 2017

Consolidated 1st Half Results

From April 1, 2017 to September 30, 2017 of Fiscal Year Ending on March 31, 2018

Figures in Million Yen, unless otherwise noted

1. Revenue and Income

from April 1, 2017, to September 30, 2017

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
Current Year First Half	17,644	720	654	448	8.80Yen
Converted into Millions of U.S. Dollars	156.5	6.4	5.8	4.0	US\$0.078
Last Year First Half	15,188	△65	△144	△371	△7.28Yen
Percent Change from Last Year First Half	+16.2%	—	—	—	—

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥112.74.

2. Financial Status

September 30, 2017

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of Current Year First Half September 30, 2017	38,539	13,821	31.7%	239.77Yen
Converted into Millions of U.S. dollars	341.8	122.6	-	US\$2.127
End of FY 2016 March 31, 2017	38,275	13,260	30.6%	230.06Yen

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥112.74.

3. Revised 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
Whole Fiscal Year	35,000	1,100	1,000	600	11.77Yen
Whole Fiscal Year before revision	35,000	800	800	400	7.85Yen

During the First Half of the Fiscal Year 2017 (April to September, 2017), the global economy including the Japanese economy continued to show modest recovery as seen in corporate earning increase and consumer spending increase backed by the improvements in the labor market.

At TOMOEGAWA, our worldwide toner business has shown sales volume increase and contribution from new product launches. The sales of materials and products used in the production process of semiconductors, whose market is booming, were also strong. The sales of optical films used in Flat Panel Display components have seen a significant increase compared to sales during the First Half (FH) of previous Fiscal Year (FY). As for the Functional paper business, despite the shrinking sales of existing products, we achieved a similar level of FH sales as that of previous FY, thanks to marketing efforts and contribution from new product launches.

Also, there was an additional ¥814 million in revenue, which was the effect of the change in our consolidation policy for subsidiaries in China and Hong Kong. As a result, TOMOEGAWA recorded revenues of ¥17,644 million for the FH, which was +¥2,456 million or +16.2% higher than those of the previous year.

As for the profit, we recorded Consolidated Operating Income of ¥720 million, a turnaround from ~~△~~¥65 million FH loss of previous FY. This turnaround was achieved through revenue increases, favorable sales mix, cost reduction efforts such as electricity consumption reduction and others, and productivity improvements derived from the necessity to meet increased demand. Consolidated Ordinary Income and Net Income attributed to owners of parent company have improved drastically, thanks to the Operating Income increase and the reduction of exchange losses that reached ~~△~~¥87 million in last FH due to the temporal and rapid Yen appreciation. Our First Half consolidated Ordinary Income was ¥654 million, a turnaround from previous FY ~~△~~144 million loss, and First Half Net Income attributed to the owners of parent company was recorded at ¥448 million, also a turnaround from previous FY ~~△~~371 million loss.

Upward revision of FY 2017 forecasts

Because of the continuation of strong demands we receive during 2nd Quarter, we are convinced that numbers of this FY will exceed our first upward revision which was released on August 10th.

We anticipate some negative factors in Second Half, such as the adjustment phase of demand on display related products with short lifecycle, rise in the cost of raw materials and increase of production cost from facilities maintenance etc. On the other hand, our sales forecast of electronic parts business and toner business remain strong.

Taking the above factors into consideration, on October 25th, TOMOEGAWA has announced that Operating Income, Ordinary Income and Net Income attributed to the owners of parent company for whole year are now ¥1,100 million (¥800 million, before revision), ¥1,000 million (¥800 million) and ¥600 million (¥400 million), respectively.

Forecast of sales figures remain unchanged.

Our plan to pay dividends of ¥5 per share is kept as initially announced.