

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 13, 2017

Company name: TOREX SEMICONDUCTOR LTD.
 Stock exchange listing: Tokyo
 Stock code: 6616 URL <https://www.torex.co.jp>
 Representative: President Koji Shibamiya
 Director Motoi Hikasa TEL 03-6222-2852
 General Manager, Administration Division
 Inquiries: Motoi Hikasa
 Scheduled date to file Quarterly Securities Report: February 13, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	15,786	100.4	867	(15.3)	645	(38.7)	2,821	295.4
Nine months ended December 31, 2015	7,879	6.7	1,024	0.0	1,051	(21.6)	713	(19.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2016	292.19		286.67	
Nine months ended December 31, 2015	67.15		65.89	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2016	26,378	15,254	42.7	1,180.78
As of March 31, 2016	12,972	10,928	83.9	1,022.30

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2016	–	16.00	–	16.00	32.00
Year ending March 31, 2017	–	16.00	–		
Year ending March 31, 2017 (Forecast)				16.00	32.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	21,000	97.7	1,200	5.3	900	(7.3)	2,900	399.7	300.29

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2016	9,539,200 shares	As of March 31, 2016	10,648,400 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	580,838 shares	As of March 31, 2016	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2016	9,657,461 shares	Nine months ended December 31, 2015	10,625,207 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	6,616,828	10,959,594
Notes and accounts receivable - trade	1,921,877	3,789,039
Securities	300,000	420,184
Inventories	1,678,821	3,881,035
Other	301,519	806,369
Allowance for doubtful accounts	(1,424)	(1,941)
Total current assets	10,817,621	19,854,282
Non-current assets		
Property, plant and equipment	1,120,046	4,371,202
Intangible assets	203,813	232,630
Investments and other assets		
Other	858,076	1,947,813
Allowance for doubtful accounts	(26,686)	(27,609)
Total investments and other assets	831,390	1,920,203
Total non-current assets	2,155,250	6,524,036
Total assets	12,972,871	26,378,318
Liabilities		
Current liabilities		
Notes and accounts payable - trade	797,787	932,985
Short-term loans payable	3,366	3,103,487
Current portion of long-term loans payable	–	1,251,485
Current portion of bonds	–	500,000
Income taxes payable	133,315	157,227
Provision for bonuses	96,695	99,704
Other	591,223	1,254,023
Total current liabilities	1,622,388	7,298,914
Non-current liabilities		
Long-term loans payable	–	2,861,308
Net defined benefit liability	236,616	513,691
Provision for directors' retirement benefits	9,095	–
Other	175,781	449,824
Total non-current liabilities	421,494	3,824,824
Total liabilities	2,043,883	11,123,738
Net assets		
Shareholders' equity		
Capital stock	1,819,585	1,838,178
Capital surplus	4,286,559	2,876,527
Retained earnings	4,690,819	7,228,231
Treasury shares	–	(924,121)
Total shareholders' equity	10,796,965	11,018,815
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(31,266)	99,876
Foreign currency translation adjustment	120,242	145,036
Total accumulated other comprehensive income	88,975	244,912
Non-controlling interests	43,047	3,990,852
Total net assets	10,928,988	15,254,580
Total liabilities and net assets	12,972,871	26,378,318

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	7,879,525	15,786,991
Cost of sales	4,017,950	11,505,000
Gross profit	3,861,575	4,281,991
Selling, general and administrative expenses	2,837,163	3,414,053
Operating income	1,024,412	867,937
Non-operating income		
Interest and dividend income	10,589	28,436
Foreign exchange gains	37,211	–
Royalty gain	4,199	6,325
Other	7,681	19,906
Total non-operating income	59,681	54,668
Non-operating expenses		
Interest expenses	827	31,447
Foreign exchange losses	–	211,738
Commission fee	28,000	8,000
Other	3,477	26,395
Total non-operating expenses	32,304	277,581
Ordinary income	1,051,789	645,025
Extraordinary income		
Gain on bargain purchase	–	1,966,967
Compensation income	–	518,872
Insurance income	104,610	20,685
Total extraordinary income	104,610	2,506,525
Extraordinary losses		
Loss on disaster	–	14,961
provision for Guarantee Loss	110,000	–
Total extraordinary losses	110,000	14,961
Profit before income taxes	1,046,399	3,136,589
Income taxes	331,732	247,274
Profit	714,666	2,889,314
Profit attributable to non-controlling interests	1,092	67,430
Profit attributable to owners of parent	713,574	2,821,884

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	714,666	2,889,314
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,988)	214,406
Foreign currency translation adjustment	(30,060)	27,149
Total other comprehensive income	(43,048)	241,556
Comprehensive income	671,617	3,130,871
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	670,393	2,977,821
Comprehensive income attributable to non-controlling interests	1,224	153,050