

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 14, 2018

Company name: TOREX SEMICONDUCTOR LTD.
 Stock exchange listing: Tokyo
 Stock code: 6616 URL <https://www.torex.co.jp/>
 Representative: President Koji Shibamiya
 Director
 Inquiries: Motoi Hikasa TEL 03-6222-2852
 General Manager, Administration Division
 Scheduled date of ordinary general meeting of shareholders: June 26, 2018
 Scheduled date to file Securities Report: June 27, 2018
 Scheduled date to commence dividend payments: June 27, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	23,996	11.3	2,212	76.8	1,998	120.6	902	(69.2)
Year ended March 31, 2017	21,559	103.0	1,251	9.8	905	(6.7)	2,930	404.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	99.44	99.12	7.0	7.5	9.2
Year ended March 31, 2017	308.77	302.79	26.3	4.7	5.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	27,995	19,085	51.8	1,338.74
As of March 31, 2017	25,209	15,597	45.3	1,267.65

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	2,335	(697)	1,151	12,280
Year ended March 31, 2017	1,635	2,714	(994)	9,714

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	–	16.00	–	16.00	32.00	305	10.7	2.7
Year ended March 31, 2018	–	16.00	–	18.00	34.00	341	34.2	2.6
Year ending March 31, 2019 (Forecast)	–	18.00	–	18.00	36.00		36.5	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	12,300	4.2	450	(58.7)	450	(59.4)	244	(51.3)	22.52
Full year	26,000	8.3	1,900	(14.1)	1,900	(4.9)	1,070	18.6	98.76

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2018	11,089,200 shares	As of March 31, 2017	9,539,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	255,568 shares	As of March 31, 2017	520,838 shares
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Average number of shares during the period

Year ended March 31, 2018	9,072,514 shares	Year ended March 31, 2017	9,491,046 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	7,769,351	10,834,842
Notes and accounts receivable - trade	4,195,006	4,362,900
Securities	2,300,000	1,600,000
Merchandise and finished goods	1,680,402	1,554,060
Work in process	1,235,049	1,660,971
Raw materials and supplies	1,162,243	1,298,677
Other	335,883	359,278
Allowance for doubtful accounts	(3,387)	(1,932)
Total current assets	18,674,548	21,668,799
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,527,019	1,450,861
Machinery, equipment and vehicles, net	531,224	526,889
Tools, furniture and fixtures, net	800,396	644,770
Land	1,148,192	1,148,192
Leased assets, net	123,476	75,751
Construction in progress	135,684	448,009
Total property, plant and equipment	4,265,993	4,294,474
Intangible assets		
Software	209,343	224,470
Other	3,540	9,919
Total intangible assets	212,883	234,389
Investments and other assets		
Investment securities	1,125,447	883,241
Net defined benefit asset	–	23,556
Deferred tax assets	542,445	493,748
Other	414,845	421,984
Allowance for doubtful accounts	(26,601)	(25,194)
Total investments and other assets	2,056,137	1,797,337
Total non-current assets	6,535,014	6,326,201
Total assets	25,209,563	27,995,000

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,066,671	984,648
Short-term loans payable	2,423,369	2,483,191
Current portion of long-term loans payable	1,174,212	1,102,863
Lease obligations	49,134	45,393
Accounts payable - other	779,899	1,162,090
Income taxes payable	259,480	257,634
Provision for bonuses	345,685	450,961
Other	207,946	369,804
Total current liabilities	6,306,399	6,856,586
Non-current liabilities		
Long-term loans payable	2,496,432	1,393,569
Lease obligations	79,529	34,136
Long-term accounts payable - other	291,749	245,831
Net defined benefit liability	316,680	263,810
Provision for stock benefits	–	26,728
Asset retirement obligations	78,241	79,373
Deferred tax liabilities	34,958	737
Other	8,000	8,763
Total non-current liabilities	3,305,591	2,052,951
Total liabilities	9,611,991	8,909,537
Net assets		
Shareholders' equity		
Capital stock	1,838,178	2,967,934
Capital surplus	2,825,433	3,927,606
Retained earnings	7,336,898	7,949,646
Treasury shares	(828,661)	(416,335)
Total shareholders' equity	11,171,849	14,428,851
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93,545	(9,868)
Remeasurements of defined benefit plans	73,292	58,536
Foreign currency translation adjustment	93,463	25,936
Total accumulated other comprehensive income	260,301	74,604
Non-controlling interests	4,165,421	4,582,007
Total net assets	15,597,571	19,085,463
Total liabilities and net assets	25,209,563	27,995,000

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	21,559,622	23,996,944
Cost of sales	15,659,490	16,820,392
Gross profit	5,900,132	7,176,552
Selling, general and administrative expenses	4,649,034	4,964,228
Operating profit	1,251,098	2,212,324
Non-operating income		
Interest and dividend income	31,468	24,876
Royalty gain	10,412	11,792
Insurance premiums refunded cancellation	–	26,512
Rent income	7,980	20,681
Other	19,028	17,260
Total non-operating income	68,889	101,123
Non-operating expenses		
Interest expenses	41,955	32,467
Foreign exchange losses	334,136	235,540
Commission fee	8,000	37,855
Other	30,187	9,397
Total non-operating expenses	414,279	315,260
Ordinary profit	905,707	1,998,187
Extraordinary income		
Gain on bargain purchase	1,966,967	–
Insurance income	26,514	3,826
Compensation income	518,872	–
Subsidy income	48,338	30,426
Total extraordinary income	2,560,692	34,252
Extraordinary losses		
Loss on reduction of non-current assets	13,674	13,814
Loss on sales and retirement of non-current assets	–	42,411
Loss on disaster	17,497	5,321
Total extraordinary losses	31,171	61,547
Profit before income taxes	3,435,228	1,970,892
Income taxes - current	544,422	458,563
Income taxes - deferred	(213,735)	102,655
Total income taxes	330,687	561,219
Profit	3,104,541	1,409,673
Profit attributable to non-controlling interests	173,989	507,496
Profit attributable to owners of parent	2,930,551	902,176

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	3,104,541	1,409,673
Other comprehensive income		
Valuation difference on available-for-sale securities	207,356	(170,989)
Remeasurements of defined benefit plans, net of tax	143,704	(28,933)
Foreign currency translation adjustment	(26,105)	(70,659)
Total other comprehensive income	324,955	(270,583)
Comprehensive income	3,429,496	1,139,090
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,101,877	716,478
Comprehensive income attributable to non-controlling interests	327,619	422,611

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,819,585	4,286,559	4,690,819	–	10,796,965
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	18,592	18,592			37,185
Dividends of surplus			(284,473)		(284,473)
Profit attributable to owners of parent			2,930,551		2,930,551
Purchase of treasury shares		433,167		(2,800,228)	(2,367,061)
Retirement of treasury shares		(1,845,560)		1,845,560	–
Disposal of treasury shares		(67,326)		126,007	58,681
Net changes of items other than shareholders' equity					
Total changes of items during period	18,592	(1,461,126)	2,646,078	(828,661)	374,883
Balance at end of current period	1,838,178	2,825,433	7,336,898	(828,661)	11,171,849

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(31,266)	–	120,242	88,975	43,047	10,928,988
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights						37,185
Dividends of surplus						(284,473)
Profit attributable to owners of parent						2,930,551
Purchase of treasury shares						(2,367,061)
Retirement of treasury shares						–
Disposal of treasury shares						58,681
Net changes of items other than shareholders' equity	124,812	73,292	(26,779)	171,325	4,122,373	4,293,698
Total changes of items during period	124,812	73,292	(26,779)	171,325	4,122,373	4,668,582
Balance at end of current period	93,545	73,292	93,463	260,301	4,165,421	15,597,571

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,838,178	2,825,433	7,336,898	(828,661)	11,171,849
Changes of items during period					
Issuance of new shares	1,129,756	1,129,756			2,259,512
Dividends of surplus			(289,427)		(289,427)
Profit attributable to owners of parent			902,176		902,176
Purchase of treasury shares				(54)	(54)
Disposal of treasury shares		(37,296)		422,092	384,795
Receipt of treasury stock by the trust company				(93,240)	(93,240)
Transfer of treasury stock by the trust company		9,712		83,527	93,240
Net changes of items other than shareholders' equity					
Total changes of items during period	1,129,756	1,102,172	612,748	412,325	3,257,002
Balance at end of current period	2,967,934	3,927,606	7,949,646	(416,335)	14,428,851

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	93,545	73,292	93,463	260,301	4,165,421	15,597,571
Changes of items during period						
Issuance of new shares						2,259,512
Dividends of surplus						(289,427)
Profit attributable to owners of parent						902,176
Purchase of treasury shares						(54)
Disposal of treasury shares						384,795
Receipt of treasury stock by the trust company						(93,240)
Transfer of treasury stock by the trust company						93,240
Net changes of items other than shareholders' equity	(103,413)	(14,756)	(67,526)	(185,697)	416,586	230,888
Total changes of items during period	(103,413)	(14,756)	(67,526)	(185,697)	416,586	3,487,891
Balance at end of current period	(9,868)	58,536	25,936	74,604	4,582,007	19,085,463

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	3,435,228	1,970,892
Depreciation	1,219,385	934,277
Gain on bargain purchase	(1,966,967)	–
Loss on reduction of non-current assets	13,674	13,814
Loss on disaster	17,497	5,321
Loss (gain) on sales and retirement of non-current assets	–	42,411
Compensation income	(518,872)	–
Insurance income	(26,514)	(3,826)
Subsidy income	(48,338)	(30,426)
Increase (decrease) in allowance for doubtful accounts	2,262	(1,970)
Increase (decrease) in provision for bonuses	17,833	105,982
Increase (decrease) in provision for directors' retirement benefits	(9,095)	–
Increase (decrease) in provision for stock benefits	–	26,728
Decrease (increase) in net defined benefit asset	–	(23,556)
Increase (decrease) in net defined benefit liability	(177,046)	(52,870)
Interest and dividend income	(31,468)	(24,876)
Interest expenses	41,955	32,467
Foreign exchange losses (gains)	470,289	204,012
Decrease (increase) in notes and accounts receivable - trade	(713,474)	(145,018)
Decrease (increase) in inventories	(363,317)	(442,565)
Increase (decrease) in notes and accounts payable - trade	290,132	(87,895)
Increase (decrease) in long-term accounts payable - other	(6,399)	(19,974)
Other, net	135,971	227,668
Subtotal	1,782,735	2,730,596
Interest and dividend income received	31,468	24,793
Interest expenses paid	(44,904)	(34,486)
Income taxes paid	(687,484)	(414,481)
Income taxes refund	8,174	–
Proceeds from insurance income	26,514	3,826
Proceeds from compensation	518,872	–
Proceeds from subsidy income	48,338	30,426
Payments for loss on disaster	(16,704)	(5,321)
Payment of condolence money	(31,700)	–
Net cash provided by (used in) operating activities	1,635,310	2,335,353

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Net decrease (increase) in time deposits	48,451	(102)
Purchase of securities	(408,700)	(100,000)
Proceeds from redemption of securities	320,700	300,000
Purchase of property, plant and equipment	(982,332)	(757,134)
Payments for retirement of property, plant and equipment	(14,567)	–
Proceeds from sales of property, plant and equipment	32	8,816
Purchase of intangible assets	(79,406)	(159,906)
Purchase of investment securities	(3,721)	(3,788)
Proceeds from redemption of investment securities	100,000	–
Payments for lease and guarantee deposits	(3,768)	(2,897)
Proceeds from collection of lease and guarantee deposits	22,032	3,746
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	3,690,998	–
Proceeds from cancellation of insurance funds	55,734	55,626
Other, net	(30,776)	(41,767)
Net cash provided by (used in) investing activities	2,714,677	(697,406)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,000,000)	60,000
Proceeds from long-term loans payable	2,000,000	–
Repayments of long-term loans payable	(1,199,821)	(1,174,212)
Redemption of bonds	(500,000)	–
Proceeds from issuance of common shares	–	2,259,512
Proceeds from disposal of treasury shares	–	382,659
Proceeds from issuance of shares resulting from exercise of share acquisition rights	37,185	–
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	58,681	2,136
Repayments of lease obligations	(51,271)	(49,134)
Cash dividends paid	(284,397)	(289,198)
Dividends paid to non-controlling interests	(22,327)	(6,024)
Other, net	(32,315)	(33,985)
Net cash provided by (used in) financing activities	(994,266)	1,151,752
Effect of exchange rate change on cash and cash equivalents	(496,385)	(224,161)
Net increase (decrease) in cash and cash equivalents	2,859,336	2,565,538
Cash and cash equivalents at beginning of period	6,855,452	9,714,789
Cash and cash equivalents at end of period	9,714,789	12,280,327