

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 14, 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: August 14, 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 three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2017	5,713	9.3	455	123.1	465	–	234	(89.4)
Three months ended June 30, 2016	5,227	100.1	204	(43.9)	(384)	–	2,209	756.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	25.95		25.87	
Three months ended June 30, 2016	226.60		221.75	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2017	24,972	15,819	46.2	1,279.71
As of March 31, 2017	25,209	15,597	45.3	1,267.65

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	16.00	–	16.00	32.00
Year ending March 31, 2018	–	–	–	–	–
Year ending March 31, 2018 (Forecast)	–	16.00	–	16.00	32.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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, 2017	11,100	7.6	600	54.9	550	–	280	(88.0)	31.04
Full year	22,300	3.4	1,400	11.9	1,300	43.5	750	(74.4)	83.16

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2017
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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: No
- 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 June 30, 2017	9,539,200 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 June 30, 2017	520,838 shares	As of March 31, 2017	520,838 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2017	9,018,362 shares	Three months ended June 30, 2016	10,649,680 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	7,769,351	9,599,283
Notes and accounts receivable - trade	4,195,006	3,888,040
Securities	2,300,000	300,000
Inventories	4,077,696	4,366,323
Other	827,778	804,586
Allowance for doubtful accounts	(3,387)	(964)
Total current assets	19,166,444	18,957,268
Non-current assets		
Property, plant and equipment	4,265,993	4,137,247
Intangible assets	212,883	221,605
Investments and other assets		
Other	1,590,844	1,682,471
Allowance for doubtful accounts	(26,601)	(26,530)
Total investments and other assets	1,564,242	1,655,941
Total non-current assets	6,043,119	6,014,794
Total assets	25,209,563	24,972,063
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,066,671	979,266
Short-term loans payable	2,423,369	2,603,347
Current portion of long-term loans payable	1,174,212	1,153,212
Income taxes payable	259,480	41,663
Provision for bonuses	345,685	112,999
Other	1,036,980	1,216,098
Total current liabilities	6,306,399	6,106,588
Non-current liabilities		
Long-term loans payable	2,496,432	2,259,556
Net defined benefit liability	316,680	297,107
Other	492,479	489,594
Total non-current liabilities	3,305,591	3,046,258
Total liabilities	9,611,991	9,152,846
Net assets		
Shareholders' equity		
Capital stock	1,838,178	1,838,178
Capital surplus	2,825,433	2,825,433
Retained earnings	7,336,898	7,426,667
Treasury shares	(828,661)	(828,661)
Total shareholders' equity	11,171,849	11,261,618
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93,545	111,113
Remeasurements of defined benefit plans	73,292	71,983
Foreign currency translation adjustment	93,463	96,193
Total accumulated other comprehensive income	260,301	279,291
Non-controlling interests	4,165,421	4,278,307
Total net assets	15,597,571	15,819,217
Total liabilities and net assets	25,209,563	24,972,063

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	5,227,355	5,713,555
Cost of sales	3,758,745	4,026,437
Gross profit	1,468,610	1,687,117
Selling, general and administrative expenses	1,264,586	1,231,971
Operating profit	204,023	455,145
Non-operating income		
Interest and dividend income	14,111	7,936
Foreign exchange gains	–	11,222
Royalty Income ²	1,051	1,237
Other	5,430	6,829
Total non-operating income	20,593	27,225
Non-operating expenses		
Interest expenses	8,769	8,815
Foreign exchange losses	580,273	–
Commission fee	8,000	2,000
Other	12,099	5,616
Total non-operating expenses	609,141	16,432
Ordinary profit (loss)	(384,524)	465,938
Extraordinary income		
Subsidy income	–	28,661
Gain on bargain purchase	1,966,967	–
Compensation income	518,872	–
Insurance income	11,523	–
Total extraordinary income	2,497,363	28,661
Extraordinary losses		
Loss on reduction of non-current assets	–	13,814
Loss on disaster	5,740	–
Total extraordinary losses	5,740	13,814
Profit before income taxes	2,107,099	480,785
Income taxes	11,690	136,723
Profit	2,095,408	344,061
Profit (loss) attributable to non-controlling interests	(114,430)	109,998
Profit attributable to owners of parent	2,209,838	234,062

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	2,095,408	344,061
Other comprehensive income		
Valuation difference on available-for-sale securities	(64,313)	28,603
Remeasurements of defined benefit plans, net of tax	–	(2,566)
Foreign currency translation adjustment	(200,169)	1,865
Total other comprehensive income	(264,483)	27,903
Comprehensive income	1,830,925	371,964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,973,026	253,052
Comprehensive income attributable to non-controlling interests	(142,101)	118,911