

Translation

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

November 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
 Scheduled date to file Quarterly Securities Report: November 13, 2017
 Scheduled date to commence dividend payments: December 5, 2017
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 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	%
Six months ended September 30, 2017	11,808	14.5	1,090	181.6	1,107	–	501	(78.5)
Six months ended September 30, 2016	10,313	93.5	387	(48.1)	(257)	–	2,332	348.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	55.60		55.41	
Six months ended September 30, 2016	239.23		234.87	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2017	25,301	16,198	46.6	1,306.64
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				
Year ended March 31, 2017	–	16.00	–	16.00	32.00
Year ending March 31, 2018	–	16.00			
Year ending March 31, 2018 (Forecast)			–	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
Full year	23,800	10.4	2,000	59.9	1,900	109.8	900	(69.3)	99.79

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 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)

Six months ended September 30, 2017	9,018,362 shares	Six months ended September 30, 2016	10,649,600 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	7,769,351	9,382,991
Notes and accounts receivable - trade	4,195,006	4,432,867
Securities	2,300,000	300,000
Inventories	4,077,696	4,499,396
Other	827,778	830,622
Allowance for doubtful accounts	(3,387)	(1,085)
Total current assets	19,166,444	19,444,792
Non-current assets		
Property, plant and equipment	4,265,993	4,023,338
Intangible assets	212,883	268,913
Investments and other assets		
Other	1,590,844	1,590,689
Allowance for doubtful accounts	(26,601)	(26,726)
Total investments and other assets	1,564,242	1,563,963
Total non-current assets	6,043,119	5,856,214
Total assets	25,209,563	25,301,007
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,066,671	973,180
Short-term loans payable	2,423,369	2,483,380
Current portion of long-term loans payable	1,174,212	1,184,004
Income taxes payable	259,480	274,993
Provision for bonuses	345,685	376,590
Other	1,036,980	1,143,707
Total current liabilities	6,306,399	6,435,856
Non-current liabilities		
Long-term loans payable	2,496,432	1,935,180
Net defined benefit liability	316,680	273,707
Other	492,479	458,153
Total non-current liabilities	3,305,591	2,667,040
Total liabilities	9,611,991	9,102,897
Net assets		
Shareholders' equity		
Capital stock	1,838,178	1,838,178
Capital surplus	2,825,433	2,835,146
Retained earnings	7,336,898	7,694,060
Treasury shares	(828,661)	(838,373)
Total shareholders' equity	11,171,849	11,529,011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93,545	71,563
Remeasurements of defined benefit plans	73,292	70,675
Foreign currency translation adjustment	93,463	112,563
Total accumulated other comprehensive income	260,301	254,801
Non-controlling interests	4,165,421	4,414,296
Total net assets	15,597,571	16,198,110
Total liabilities and net assets	25,209,563	25,301,007

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	10,313,932	11,808,968
Cost of sales	7,636,561	8,241,540
Gross profit	2,677,371	3,567,427
Selling, general and administrative expenses	2,290,045	2,476,907
Operating profit	387,325	1,090,519
Non-operating income		
Interest and dividend income	18,248	11,298
Foreign exchange gains	–	14,479
Royalty Income ²	2,065	5,958
Other	13,781	16,442
Total non-operating income	34,095	48,178
Non-operating expenses		
Interest expenses	20,765	17,340
Foreign exchange losses	641,979	–
Commission fee	8,000	4,000
Other	7,807	10,145
Total non-operating expenses	678,553	31,485
Ordinary profit (loss)	(257,132)	1,107,212
Extraordinary income		
Subsidy income	–	28,661
Gain on bargain purchase	1,966,967	–
Compensation income	518,872	–
Insurance income	17,378	–
Total extraordinary income	2,503,218	28,661
Extraordinary losses		
Loss on retirement of non-current assets	9,036	30,821
Loss on reduction of non-current assets	–	13,814
Loss on disaster	15,162	2,771
Total extraordinary losses	24,199	47,407
Profit before income taxes	2,221,886	1,088,466
Income taxes	14,275	314,629
Profit	2,207,610	773,836
Profit (loss) attributable to non-controlling interests	(125,377)	272,380
Profit attributable to owners of parent	2,332,988	501,455

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	2,207,610	773,836
Other comprehensive income		
Valuation difference on available-for-sale securities	21,192	(36,399)
Remeasurements of defined benefit plans, net of tax	–	(5,132)
Foreign currency translation adjustment	(237,741)	18,552
Total other comprehensive income	(216,549)	(22,979)
Comprehensive income	1,991,061	750,857
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,111,018	495,956
Comprehensive income attributable to non-controlling interests	(119,957)	254,900

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	2,221,886	1,088,466
Depreciation	528,666	449,513
Loss on retirement of non-current assets	9,036	30,821
Loss on reduction of non-current assets	–	13,814
Loss on disaster	15,162	2,771
Gain on bargain purchase	(1,966,967)	–
Insurance income	(17,378)	–
Compensation income	(518,872)	–
Subsidy income	–	(28,661)
Increase (decrease) in allowance for doubtful accounts	605	(2,584)
Increase (decrease) in provision for bonuses	(1,445)	30,459
Increase (decrease) in net defined benefit liability	8,684	(42,973)
Increase (decrease) in provision for directors' retirement benefits	(9,095)	–
Interest and dividend income	(18,248)	(11,298)
Interest expenses	20,765	17,340
Foreign exchange losses (gains)	673,652	1,170
Decrease (increase) in notes and accounts receivable - trade	243,949	(227,436)
Decrease (increase) in inventories	(70,756)	(417,533)
Increase (decrease) in notes and accounts payable - trade	52,447	(83,306)
Other, net	(144,587)	69,262
Subtotal	1,027,506	889,826
Interest and dividend income received	18,248	11,215
Interest expenses paid	(24,198)	(19,359)
Income taxes paid	(135,638)	(177,908)
Proceeds from subsidy income	–	28,661
Proceeds from insurance income	16,558	–
Proceeds from compensation	518,872	–
Payments for loss on disaster	(8,747)	(2,771)
Payment of condolence money	(31,700)	–
Net cash provided by (used in) operating activities	1,380,899	729,663
Cash flows from investing activities		
Net decrease (increase) in time deposits	(27,474)	(95)
Purchase of securities	(308,700)	–
Purchase of investment securities	(1,850)	(1,883)
Proceeds from redemption of investment securities	100,000	–
Purchase of property, plant and equipment	(622,945)	(258,284)
Payments for retirement of property, plant and equipment	(14,567)	–
Purchase of intangible assets	(57,133)	(147,154)
Payments for lease and guarantee deposits	–	(2,444)
Proceeds from collection of lease and guarantee deposits	21,745	2,350
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	3,690,998	–
Other, net	(29,661)	(26,352)
Net cash provided by (used in) investing activities	2,750,410	(433,865)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	60,000
Proceeds from long-term loans payable	1,000,000	–
Repayments of long-term loans payable	(550,754)	(551,460)
Repayments of lease obligations	(25,685)	(24,949)
Cash dividends paid	(142,135)	(143,963)
Dividends paid to non-controlling interests	(22,327)	(6,024)
Other, net	(9,808)	(17,122)
Net cash provided by (used in) financing activities	249,289	(683,519)
Effect of exchange rate change on cash and cash equivalents	(714,237)	1,253
Net increase (decrease) in cash and cash equivalents	3,666,362	(386,467)
Cash and cash equivalents at beginning of period	6,855,452	9,714,789
Cash and cash equivalents at end of period	10,521,814	9,328,321