

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 13, 2016

Company name: TOREX SEMICONDUCTOR LTD.
 Stock exchange listing: Tokyo
 Stock code: 6616 URL <http://torex.co.jp/>
 Representative: President Koji Shibamiya
 Managing Director
 Inquiries: General Manager, Strategic Business Hiroshi Kimura TEL 03-6222-2875
 Planning Unit
 Scheduled date of ordinary general meeting of shareholders: June 23, 2016
 Scheduled date to file Securities Report: June 24, 2016
 Scheduled date to commence dividend payments: June 24, 2016
 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, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

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	%
Year ended March 31, 2016	10,621	6.5	1,139	(15.6)	970	(42.2)	580	(53.5)
Year ended March 31, 2015	9,971	6.2	1,350	(4.5)	1,678	25.4	1,247	(8.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	54.59	53.57	5.3	7.4	10.7
Year ended March 31, 2015	118.10	115.26	13.3	14.0	13.5

(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, 2016	12,972	10,928	83.9	1,022.30
As of March 31, 2015	13,170	10,889	82.3	1,020.86

(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, 2016	1,302	(169)	(422)	6,855
Year ended March 31, 2015	1,736	(1,412)	290	6,478

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, 2015	–	50.00	–	60.00	110.00	291	23.4	2.7
Year ended March 31, 2016	–	16.00	–	16.00	32.00	340	58.6	3.1
Year ending March 31, 2017 (Forecast)	–	16.00	–	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)

Not available

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2016
 (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: | Yes |
| 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, 2016	:	10,648,400 shares	As of March 31, 2015	:	10,622,800 shares
----------------------	---	-------------------	----------------------	---	-------------------

Number of treasury shares at the end of the period

As of March 31, 2016	:	– shares	As of March 31, 2015	:	– shares
----------------------	---	----------	----------------------	---	----------

Average number of shares during the period

Year ended March 31, 2016	:	10,630,863 shares	Year ended March 31, 2015	:	10,564,191 shares
---------------------------	---	-------------------	---------------------------	---	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	6,202,023	6,616,828
Notes and accounts receivable - trade	1,937,495	1,921,877
Securities	500,000	300,000
Merchandise and finished goods	1,615,089	1,529,796
Work in process	143,028	118,545
Raw materials and supplies	49,106	30,478
Income taxes receivable	6,776	5,577
Deferred tax assets	114,801	79,551
Other	185,235	216,389
Allowance for doubtful accounts	(268)	(1,424)
Total current assets	10,753,288	10,817,621
Non-current assets		
Property, plant and equipment		
Buildings and structures	636,134	635,864
Accumulated depreciation	(293,630)	(320,390)
Buildings and structures, net	342,503	315,474
Machinery, equipment and vehicles	668,665	769,775
Accumulated depreciation	(516,334)	(575,336)
Machinery, equipment and vehicles, net	152,330	194,439
Tools, furniture and fixtures	2,175,970	2,368,868
Accumulated depreciation	(1,730,755)	(1,935,066)
Tools, furniture and fixtures, net	445,214	433,801
Leased assets	22,702	22,702
Accumulated depreciation	(8,626)	(13,167)
Leased assets, net	14,075	9,535
Construction in progress	91,953	166,796
Total property, plant and equipment	1,046,078	1,120,046
Intangible assets		
Software	202,920	203,264
Other	4,041	549
Total intangible assets	206,961	203,813
Investments and other assets		
Investment securities	738,597	461,082
Deferred tax assets	69,140	24,757
Other	356,924	372,236
Allowance for doubtful accounts	—	(26,686)
Total investments and other assets	1,164,661	831,390
Total non-current assets	2,417,702	2,155,250
Total assets	13,170,991	12,972,871

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	890,202	797,787
Short-term loans payable	3,567	3,366
Current portion of bonds	108,000	–
Lease obligations	4,768	4,768
Accounts payable - other	264,360	458,729
Income taxes payable	415,556	133,315
Provision for bonuses	111,802	96,695
Other	88,741	127,725
Total current liabilities	1,886,999	1,622,388
Non-current liabilities		
Lease obligations	10,013	5,245
Long-term accounts payable - other	168,912	161,008
Net defined benefit liability	207,289	236,616
Provision for directors' retirement benefits	6,800	9,095
Asset retirement obligations	1,480	1,527
Deferred tax liabilities	123	–
Other	–	8,000
Total non-current liabilities	394,620	421,494
Total liabilities	2,281,620	2,043,883
Net assets		
Shareholders' equity		
Capital stock	1,810,148	1,819,585
Capital surplus	4,277,122	4,286,559
Retained earnings	4,439,763	4,690,819
Total shareholders' equity	10,527,033	10,796,965
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23,219	(31,266)
Foreign currency translation adjustment	294,208	120,242
Total accumulated other comprehensive income	317,428	88,975
Non-controlling interests	44,909	43,047
Total net assets	10,889,371	10,928,988
Total liabilities and net assets	13,170,991	12,972,871

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

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	9,971,975	10,621,282
Cost of sales	5,149,889	5,558,056
Gross profit	4,822,085	5,063,226
Selling, general and administrative expenses	3,471,882	3,923,324
Operating income	1,350,203	1,139,901
Non-operating income		
Interest and dividend income	6,187	15,576
Foreign exchange gains	341,915	–
Royalty gain	5,240	8,537
Temporary	135	–
Gain on sales of non-current assets	–	7,532
Other	10,602	2,575
Total non-operating income	364,081	34,221
Non-operating expenses		
Interest expenses	3,875	1,962
Foreign exchange losses	–	168,732
Commission fee	–	28,000
Going public expenses	24,726	–
Other	6,754	4,874
Total non-operating expenses	35,356	203,570
Ordinary income	1,678,928	970,553
Extraordinary income		
Insurance income	–	104,610
Compensation income	–	85,344
Total extraordinary income	–	189,954
Extraordinary losses		
Guarantee loss	–	84,945
Condolence money	–	31,700
Impairment loss	–	20,092
Total extraordinary losses	–	136,738
Profit before income taxes	1,678,928	1,023,769
Income taxes - current	461,193	336,342
Income taxes - deferred	(33,102)	105,983
Total income taxes	428,090	442,325
Profit	1,250,837	581,444
Profit attributable to non-controlling interests	3,109	1,042
Profit attributable to owners of parent	1,247,728	580,401

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	1,250,837	581,444
Other comprehensive income		
Valuation difference on available-for-sale securities	22,481	(54,485)
Foreign currency translation adjustment	285,099	(176,870)
Total other comprehensive income	307,580	(231,356)
Comprehensive income	1,558,418	350,087
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,549,136	351,949
Comprehensive income attributable to non-controlling interests	9,282	(1,861)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	984,780	3,451,754	3,415,983	7,852,517
Changes of items during period				
Issuance of new shares	805,000	805,000		1,610,000
Issuance of new shares - exercise of subscription rights to shares	20,368	20,368		40,736
Dividends of surplus			(223,949)	(223,949)
Profit attributable to owners of parent			1,247,728	1,247,728
Net changes of items other than shareholders' equity				-
Total changes of items during period	825,368	825,368	1,023,779	2,674,515
Balance at end of current period	1,810,148	4,277,122	4,439,763	10,527,033

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	738	15,862	16,600	35,627	7,904,745
Changes of items during period					
Issuance of new shares					1,610,000
Issuance of new shares - exercise of subscription rights to shares					40,736
Dividends of surplus					(223,949)
Profit attributable to owners of parent					1,247,728
Net changes of items other than shareholders' equity	22,481	278,346	300,827	9,282	310,109
Total changes of items during period	22,481	278,346	300,827	9,282	2,984,625
Balance at end of current period	23,219	294,208	317,428	44,909	10,889,371

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	1,810,148	4,277,122	4,439,763	10,527,033
Changes of items during period				
Issuance of new shares				–
Issuance of new shares - exercise of subscription rights to shares	9,437	9,437		18,875
Dividends of surplus			(329,345)	(329,345)
Profit attributable to owners of parent			580,401	580,401
Net changes of items other than shareholders' equity				–
Total changes of items during period	9,437	9,437	251,056	269,932
Balance at end of current period	1,819,585	4,286,559	4,690,819	10,796,965

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	23,219	294,208	317,428	44,909	10,889,371
Changes of items during period					
Issuance of new shares					–
Issuance of new shares - exercise of subscription rights to shares					18,875
Dividends of surplus					(329,345)
Profit attributable to owners of parent					580,401
Net changes of items other than shareholders' equity	(54,485)	(173,966)	(228,452)	(1,861)	(230,314)
Total changes of items during period	(54,485)	(173,966)	(228,452)	(1,861)	39,617
Balance at end of current period	(31,266)	120,242	88,975	43,047	10,928,988

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	1,678,928	1,023,769
Depreciation	404,538	441,744
Amortization of goodwill	5,349	0
Impairment loss	–	20,092
Compensation income	–	(85,344)
Insurance income	–	(104,610)
Loss (gain) on sales of non-current assets	–	(7,532)
Guarantee loss	–	84,945
Increase (decrease) in allowance for doubtful accounts	(726)	29,710
Increase (decrease) in provision for bonuses	9,987	(13,863)
Increase (decrease) in provision for directors' retirement benefits	800	2,295
Increase (decrease) in net defined benefit liability	23,377	29,327
Interest and dividend income	(6,187)	(15,576)
Interest expenses	3,875	1,962
Foreign exchange losses (gains)	(307,813)	301,112
Decrease (increase) in notes and accounts receivable - trade	60,223	(106,263)
Decrease (increase) in inventories	(138,101)	105,801
Decrease (increase) in consumption taxes refund receivable	(2,432)	2,630
Increase (decrease) in notes and accounts payable - trade	165,341	(89,374)
Increase (decrease) in long-term accounts payable - other	(1,097)	(7,840)
Other, net	7,190	293,031
Subtotal	1,903,252	1,906,019
Interest and dividend income received	6,187	15,576
Interest expenses paid	(3,292)	(1,851)
Income taxes paid	(170,556)	(617,581)
Income taxes refund	689	–
Guarantee loss paid	–	(84,945)
Proceeds from compensation	–	85,344
Net cash provided by (used in) operating activities	1,736,281	1,302,563
Cash flows from investing activities		
Net decrease (increase) in time deposits	(110,300)	153,953
Purchase of property, plant and equipment	(391,646)	(344,642)
Proceeds from sales of property, plant and equipment	260	6,936
Purchase of intangible assets	(194,469)	(85,991)
Purchase of investment securities	(700,503)	(3,320)
Payments for lease and guarantee deposits	–	(11,035)
Proceeds from collection of lease and guarantee deposits	27,975	1,209
Proceeds from insurance income	–	157,250
Other, net	(44,002)	(43,784)
Net cash provided by (used in) investing activities	(1,412,687)	(169,423)

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,005,429)	–
Repayments of long-term loans payable	(18,659)	–
Redemption of bonds	(96,000)	(108,000)
Proceeds from issuance of common shares	1,610,000	–
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	40,736	18,875
Repayments of lease obligations	(4,864)	(4,768)
Cash dividends paid	(223,188)	(328,456)
Other, net	(12,291)	–
Net cash provided by (used in) financing activities	290,302	(422,349)
Effect of exchange rate change on cash and cash equivalents	308,943	(334,202)
Net increase (decrease) in cash and cash equivalents	922,839	376,588
Cash and cash equivalents at beginning of period	5,556,025	6,478,864
Cash and cash equivalents at end of period	6,478,864	6,855,452