

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

November 14, 2016

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 14, 2016
 Scheduled date to commence dividend payments: December 2, 2016
 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, 2016 (from April 1, 2016 to September 30, 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	%
Six months ended September 30, 2016	10,313	93.5	387	(48.1)	(266)	–	2,332	348.8
Six months ended September 30, 2015	5,330	11.9	745	31.1	761	14.9	519	22.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	239.23		234.87	
Six months ended September 30, 2015	48.93		48.02	

(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, 2016	25,236	13,774	45.3	1,171.74
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	20,500	93.0	900	(21.0)	400	(55.3)	2,700	365.2	253.52

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 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 September 30, 2016	10,651,200 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 September 30, 2016	– 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)

Six months ended September 30, 2016	10,649,600 shares	Six months ended September 30, 2015	10,623,418 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	6,616,828	10,346,234
Notes and accounts receivable - trade	1,921,877	3,271,012
Securities	300,000	600,876
Inventories	1,678,821	3,754,986
Other	301,519	962,746
Allowance for doubtful accounts	(1,424)	(1,706)
Total current assets	10,817,621	18,934,149
Non-current assets		
Property, plant and equipment	1,120,046	4,539,341
Intangible assets	203,813	258,720
Investments and other assets		
Other	858,076	1,528,723
Allowance for doubtful accounts	(26,686)	(23,958)
Total investments and other assets	831,390	1,504,765
Total non-current assets	2,155,250	6,302,828
Total assets	12,972,871	25,236,977
Liabilities		
Current liabilities		
Notes and accounts payable - trade	797,787	812,181
Short-term loans payable	3,366	3,423,033
Current portion of long-term loans payable	–	1,003,027
Current portion of bonds	–	500,000
Income taxes payable	133,315	186,877
Provision for bonuses	96,695	323,785
Other	591,223	1,266,876
Total current liabilities	1,622,388	7,515,782
Non-current liabilities		
Long-term loans payable	–	2,316,684
Net defined benefit liability	236,616	502,412
Provision for directors' retirement benefits	9,095	–
Other	175,781	1,127,618
Total non-current liabilities	421,494	3,946,715
Total liabilities	2,043,883	11,462,497
Net assets		
Shareholders' equity		
Capital stock	1,819,585	1,820,610
Capital surplus	4,286,559	4,287,584
Retained earnings	4,690,819	6,881,594
Treasury shares	–	(1,428,147)
Total shareholders' equity	10,796,965	11,561,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(31,266)	(19,062)
Foreign currency translation adjustment	120,242	(113,931)
Total accumulated other comprehensive income	88,975	(132,994)
Non-controlling interests	43,047	2,345,832
Total net assets	10,928,988	13,774,480
Total liabilities and net assets	12,972,871	25,236,977

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, 2015	Six months ended September 30, 2016
Net sales	5,330,842	10,313,932
Cost of sales	2,707,794	7,636,561
Gross profit	2,623,047	2,677,371
Selling, general and administrative expenses	1,877,298	2,290,045
Operating income	745,748	387,325
Non-operating income		
Interest and dividend income	4,790	18,248
Foreign exchange gains	12,709	–
Royalty Income ²	2,601	2,065
Other	7,268	13,781
Total non-operating income	27,369	34,095
Non-operating expenses		
Interest expenses	531	20,765
Foreign exchange losses	–	641,979
Commission fee	8,000	8,000
Other	2,773	16,844
Total non-operating expenses	11,305	687,590
Ordinary income (loss)	761,812	(266,168)
Extraordinary income		
Gain on bargain purchase	–	1,966,967
Compensation income	–	518,872
Insurance income	–	17,378
Total extraordinary income	–	2,503,218
Extraordinary losses		
Loss on disaster	–	15,162
Total extraordinary losses	–	15,162
Profit before income taxes	761,812	2,221,886
Income taxes	241,277	14,275
Profit	520,535	2,207,610
Profit (loss) attributable to non-controlling interests	729	(125,377)
Profit attributable to owners of parent	519,805	2,332,988

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	520,535	2,207,610
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,291)	21,192
Foreign currency translation adjustment	(32,145)	(237,741)
Total other comprehensive income	(33,436)	(216,549)
Comprehensive income	487,098	1,991,061
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	486,466	2,111,018
Comprehensive income attributable to non-controlling interests	631	(119,957)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	761,812	2,221,886
Depreciation	200,202	528,666
Gain on bargain purchase	–	(1,966,967)
Insurance income	–	(17,378)
Compensation income	–	(518,872)
Loss on disaster	–	15,162
Increase (decrease) in allowance for doubtful accounts	2,251	605
Increase (decrease) in provision for bonuses	13,587	(1,445)
Increase (decrease) in net defined benefit liability	15,609	8,684
Increase (decrease) in provision for directors' retirement benefits	1,820	(9,095)
Interest and dividend income	(4,790)	(18,248)
Interest expenses	531	20,765
Foreign exchange losses (gains)	41,260	673,652
Decrease (increase) in notes and accounts receivable - trade	(103,870)	243,949
Decrease (increase) in inventories	(70,904)	(70,756)
Increase (decrease) in notes and accounts payable - trade	(117,132)	52,447
Other, net	(6,201)	(135,552)
Subtotal	734,177	1,027,506
Interest and dividend income received	4,790	18,248
Interest expenses paid	(353)	(24,198)
Income taxes paid	(407,001)	(138,633)
Income taxes refund	5,773	2,994
Proceeds from insurance income	–	16,558
Proceeds from compensation	–	518,872
Payments for loss on disaster	–	(8,747)
Payment of condolence money	–	(31,700)
Net cash provided by (used in) operating activities	337,386	1,380,899
Cash flows from investing activities		
Net decrease (increase) in time deposits	34,810	(27,474)
Purchase of securities	–	(308,700)
Purchase of investment securities	(1,831)	(1,850)
Proceeds from redemption of investment securities	–	100,000
Purchase of property, plant and equipment	(282,864)	(622,945)
Payments for retirement of property, plant and equipment	–	(14,567)
Proceeds from sales of property, plant and equipment	5,471	–
Purchase of intangible assets	(36,742)	(57,133)
Proceeds from collection of lease and guarantee deposits	840	21,745
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	3,690,998
Other, net	(37,938)	(29,661)
Net cash provided by (used in) investing activities	(318,254)	2,750,410

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Proceeds from long-term loans payable	–	1,000,000
Repayments of long-term loans payable	–	(550,754)
Redemption of bonds	(48,000)	–
Repayments of lease obligations	(2,384)	(25,685)
Cash dividends paid	(158,723)	(142,135)
Dividends paid to non-controlling interests	–	(22,327)
Other, net	1,781	(9,808)
Net cash provided by (used in) financing activities	(207,326)	249,289
Effect of exchange rate change on cash and cash equivalents	(41,507)	(714,237)
Net increase (decrease) in cash and cash equivalents	(229,701)	3,666,362
Cash and cash equivalents at beginning of period	6,478,864	6,855,452
Cash and cash equivalents at end of period	6,249,162	10,521,814