

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2017  
(Based on Japanese GAAP)**

May 12, 2017

Company name: TOREX SEMICONDUCTOR LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 6616 URL <https://www.torex.co.jp/>  
 Representative: President Koji Shibamiya  
 Director  
 Inquiries: General Manager, Administration Division Motoi Hikasa TEL 03-6222-2852  
 Scheduled date of ordinary general meeting of shareholders: June 27, 2017  
 Scheduled date to file Securities Report: June 28, 2017  
 Scheduled date to commence dividend payments: June 28, 2017  
 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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	21,559	103.0	1,251	9.8	905	(6.7)	2,930	404.9
Year ended March 31, 2016	10,621	6.5	1,139	(15.6)	970	(42.2)	580	(53.5)

	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, 2017	308.77	302.79	26.3	4.7	5.8
Year ended March 31, 2016	54.59	53.57	5.3	7.4	10.7

(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, 2017	25,209	15,597	45.3	1,267.65
As of March 31, 2016	12,972	10,928	83.9	1,022.30

(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, 2017	1,635	2,714	(994)	9,714
Year ended March 31, 2016	1,302	(169)	(422)	6,855

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, 2016	–	16.00	–	16.00	32.00	340	58.6	3.1
Year ended March 31, 2017	–	16.00	–	16.00	32.00	305	10.7	2.7
Year ending March 31, 2018 (Forecast)	–	16.00	–	16.00	32.00		38.4	

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 year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(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, 2017	9,539,200 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 March 31, 2017	520,838 shares	As of March 31, 2016	– shares
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Average number of shares during the period

Year ended March 31, 2017	9,491,046 shares	Year ended March 31, 2016	10,630,863 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	6,616,828	7,769,351
Notes and accounts receivable - trade	1,921,877	4,195,006
Securities	300,000	2,300,000
Merchandise and finished goods	1,529,796	1,680,402
Work in process	118,545	1,235,049
Raw materials and supplies	30,478	1,162,243
Income taxes receivable	5,577	7,547
Deferred tax assets	79,551	491,895
Other	216,389	328,336
Allowance for doubtful accounts	(1,424)	(3,387)
Total current assets	10,817,621	19,166,444
Non-current assets		
Property, plant and equipment		
Buildings and structures	635,864	6,079,897
Accumulated depreciation	(320,390)	(4,552,877)
Buildings and structures, net	315,474	1,527,019
Machinery, equipment and vehicles	769,775	22,427,871
Accumulated depreciation	(575,336)	(21,896,647)
Machinery, equipment and vehicles, net	194,439	531,224
Tools, furniture and fixtures	2,368,868	4,972,384
Accumulated depreciation	(1,935,066)	(4,171,988)
Tools, furniture and fixtures, net	433,801	800,396
Land	–	1,148,192
Leased assets	22,702	182,999
Accumulated depreciation	(13,167)	(59,522)
Leased assets, net	9,535	123,476
Construction in progress	166,796	135,684
Total property, plant and equipment	1,120,046	4,265,993
Intangible assets		
Software	203,264	209,343
Other	549	3,540
Total intangible assets	203,813	212,883
Investments and other assets		
Investment securities	461,082	1,125,447
Deferred tax assets	24,757	50,550
Other	372,236	414,845
Allowance for doubtful accounts	(26,686)	(26,601)
Total investments and other assets	831,390	1,564,242
Total non-current assets	2,155,250	6,043,119
Total assets	12,972,871	25,209,563

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	797,787	1,066,671
Short-term loans payable	3,366	2,423,369
Current portion of long-term loans payable	–	1,174,212
Lease obligations	4,768	49,134
Accounts payable - other	458,729	779,899
Income taxes payable	133,315	259,480
Provision for bonuses	96,695	345,685
Other	127,725	207,946
<b>Total current liabilities</b>	<b>1,622,388</b>	<b>6,306,399</b>
<b>Non-current liabilities</b>		
Long-term loans payable	–	2,496,432
Lease obligations	5,245	79,529
Long-term accounts payable - other	161,008	291,749
Net defined benefit liability	236,616	316,680
Provision for directors' retirement benefits	9,095	–
Asset retirement obligations	1,527	78,241
Deferred tax liabilities	–	34,958
Other	8,000	8,000
<b>Total non-current liabilities</b>	<b>421,494</b>	<b>3,305,591</b>
<b>Total liabilities</b>	<b>2,043,883</b>	<b>9,611,991</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,819,585	1,838,178
Capital surplus	4,286,559	2,825,433
Retained earnings	4,690,819	7,336,898
Treasury shares	–	(828,661)
<b>Total shareholders' equity</b>	<b>10,796,965</b>	<b>11,171,849</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(31,266)	93,545
Remeasurements of defined benefit plans	–	73,292
Foreign currency translation adjustment	120,242	93,463
<b>Total accumulated other comprehensive income</b>	<b>88,975</b>	<b>260,301</b>
<b>Non-controlling interests</b>	<b>43,047</b>	<b>4,165,421</b>
<b>Total net assets</b>	<b>10,928,988</b>	<b>15,597,571</b>
<b>Total liabilities and net assets</b>	<b>12,972,871</b>	<b>25,209,563</b>

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

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	10,621,282	21,559,622
Cost of sales	5,558,056	15,659,490
Gross profit	5,063,226	5,900,132
Selling, general and administrative expenses	3,923,324	4,649,034
Operating profit	1,139,901	1,251,098
Non-operating income		
Interest and dividend income	15,576	31,468
Royalty gain	8,537	10,412
Gain on sales of non-current assets	7,532	84
Miscellaneous income	–	21,543
Other	2,575	5,380
Total non-operating income	34,221	68,889
Non-operating expenses		
Interest expenses	1,962	41,955
Foreign exchange losses	168,732	334,136
Commission fee	28,000	8,000
Other	4,874	30,187
Total non-operating expenses	203,570	414,279
Ordinary profit	970,553	905,707
Extraordinary income		
Gain on bargain purchase	–	1,966,967
Insurance income	104,610	26,514
Compensation income	85,344	518,872
Subsidy income	–	48,338
Total extraordinary income	189,954	2,560,692
Extraordinary losses		
Loss on reduction of non-current assets	–	13,674
Loss on disaster	–	17,497
Guarantee loss	84,945	–
Condolence money	31,700	–
Impairment loss	20,092	–
Total extraordinary losses	136,738	31,171
Profit before income taxes	1,023,769	3,435,228
Income taxes - current	336,342	544,422
Income taxes - deferred	105,983	(213,735)
Total income taxes	442,325	330,687
Profit	581,444	3,104,541
Profit attributable to non-controlling interests	1,042	173,989
Profit attributable to owners of parent	580,401	2,930,551

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	581,444	3,104,541
Other comprehensive income		
Valuation difference on available-for-sale securities	(54,485)	207,356
Remeasurements of defined benefit plans, net of tax	–	143,704
Foreign currency translation adjustment	(176,870)	(26,105)
Total other comprehensive income	(231,356)	324,955
Comprehensive income	350,087	3,429,496
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	351,949	3,101,877
Comprehensive income attributable to non-controlling interests	(1,861)	327,619

## Consolidated statements of changes in equity

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 - 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 - 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

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 subscription rights to shares	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 - exercise of subscription rights to 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 subscription rights to shares						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 - exercise of subscription rights to 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



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,023,769	3,435,228
Depreciation	441,744	1,219,385
Gain on bargain purchase	–	(1,966,967)
Loss on reduction of non-current assets	–	13,674
Commission fee	–	8,000
Impairment loss	20,092	–
Compensation income	(85,344)	(518,872)
Insurance income	(104,610)	(26,514)
Loss (gain) on sales of non-current assets	(7,532)	(84)
Loss on disaster	–	17,497
Guarantee loss	84,945	–
Subsidy income	–	(48,338)
Increase (decrease) in allowance for doubtful accounts	29,710	2,262
Increase (decrease) in provision for bonuses	(13,863)	17,833
Increase (decrease) in provision for directors' retirement benefits	2,295	(9,095)
Increase (decrease) in net defined benefit liability	29,327	(177,046)
Interest and dividend income	(15,576)	(31,468)
Interest expenses	1,962	41,955
Foreign exchange losses (gains)	301,112	470,289
Decrease (increase) in notes and accounts receivable - trade	(106,263)	(713,474)
Decrease (increase) in inventories	105,801	(363,317)
Decrease (increase) in consumption taxes refund receivable	2,630	(7,474)
Increase (decrease) in notes and accounts payable - trade	(89,374)	290,132
Increase (decrease) in long-term accounts payable - other	(7,840)	(6,399)
Other, net	293,031	135,530
Subtotal	1,906,019	1,782,735
Interest and dividend income received	15,576	31,468
Interest expenses paid	(1,851)	(44,904)
Income taxes paid	(617,581)	(687,484)
Income taxes refund	–	8,174
Proceeds from insurance income	–	26,514
Proceeds from compensation	85,344	518,872
Proceeds from subsidy income	–	48,338
Guarantee loss paid	(84,945)	–
Payments for loss on disaster	–	(16,704)
Payment of condolence money	–	(31,700)
Net cash provided by (used in) operating activities	1,302,563	1,635,310

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from investing activities		
Net decrease (increase) in time deposits	153,953	48,451
Purchase of securities	–	(408,700)
Proceeds from redemption of securities	–	320,700
Purchase of property, plant and equipment	(344,642)	(982,332)
Payments for retirement of property, plant and equipment	–	(14,567)
Proceeds from sales of property, plant and equipment	6,936	32
Purchase of intangible assets	(85,991)	(79,406)
Purchase of investment securities	(3,320)	(3,721)
Proceeds from redemption of investment securities	–	100,000
Payments for lease and guarantee deposits	(11,035)	(3,768)
Proceeds from collection of lease and guarantee deposits	1,209	22,032
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	3,690,998
Proceeds from insurance income	157,250	–
Proceeds from cancellation of insurance funds	–	55,734
Other, net	(43,784)	(30,776)
Net cash provided by (used in) investing activities	(169,423)	2,714,677
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	(1,000,000)
Proceeds from long-term loans payable	–	2,000,000
Repayments of long-term loans payable	–	(1,199,821)
Redemption of bonds	(108,000)	(500,000)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	18,875	37,185
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	–	58,681
Repayments of lease obligations	(4,768)	(51,271)
Cash dividends paid	(328,456)	(284,397)
Dividends paid to non-controlling interests	–	(22,327)
Other, net	–	(32,315)
Net cash provided by (used in) financing activities	(422,349)	(994,266)
Effect of exchange rate change on cash and cash equivalents	(334,202)	(496,385)
Net increase (decrease) in cash and cash equivalents	376,588	2,859,336
Cash and cash equivalents at beginning of period	6,478,864	6,855,452
Cash and cash equivalents at end of period	6,855,452	9,714,789