Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Based on J-GAAP)

May 13, 2013

Company name: Tamagawa Holdings Co., Ltd. Listing: JASDAQ
Stock Code: 6838 URL: http://www.tmex.co.jp/
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Scheduled date of Annual General Meeting of Shareholders: June 27, 2013
Scheduled Commencement Date of Dividend Payout: —
Scheduled date of filling Annual Securities Report: June 27, 2012
Explanatory Documents Supplemental to the Abridged Financial Statements: None
Result Briefing: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Consolidated results of operations (full-year)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2013	3,671	18.2	373	—	374	—	339	—
FY 2012	3,106	17.7	(29)	—	(23)	—	(37)	—

(Note) Comprehensive income (million yen): FY 2013: 345 (—%) FY 2012: (38) (—%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2013	47.17	44.29	27.4	18.0	10.2
FY 2012	(5.63)	—	(4.7)	(1.5)	(1.0)

(Reference) Equity in earnings of affiliates (million yen): FY 2013: — FY 2012: —

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2013	2,709	1,750	63.4	162.85
FY 2012	1,444	761	52.7	115.83

(Reference) Shareholders' equity (million yen): FY 2013: 1,718 FY 2012: 761

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2013	35	(454)	783	389
FY 2012	(332)	77	(167)	55

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	Interim	3Q-end	Yearend	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2012	—	0.00	—	0.00	0.00	0	0.0	0.0
FY 2013	—	0.00	—	0.00	0.00	0	0.0	0.0
FY 2014 (forecasts)	—	—	—	—	—		—	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1H (six months)	1,688	6.1	129	38.0	124	49.6	114	25.3	10.65
Full year	4,504	22.7	493	32.2	488	33.9	449	32.2	41.80

***Notes**

(1) Changes in significant subsidiaries during the fiscal year under review
(changes in subsidiaries accompanying change in the scope of consolidation): Yes

New: Four companies (Company names: GP Energy Co.,Ltd, GP Energy 2 Co,Ltd, GP Energy 3 Co,Ltd.,Tamagawa Solar Systems Co.,Ltd.)

Excluded: Two companies (Company names: BioEnergy Resources Co., Ltd., PT. Indonesia Biomass Resources)

(2) Changes in accounting principles, estimates and restatement

1) Changes in accounting principles caused by revision of accounting standards: Yes
2) Changes in accounting principles other than those mentioned above: None
3) Changes in accounting estimates: Yes
4) Restatement: None

(3) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury stock) at end of period	FY 2013	10,753,000 shares	FY 2012	6,774,000 shares
2) Number of treasury stock at end of period	FY 2013	203,493 shares	FY 2012	202,468 shares
3) Average number of shares outstanding during the period	FY 2013	7,202,647 shares	FY 2012	6,571,532 shares

(Reference) Non-Consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Non-consolidated results of operations (full-year) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2013	819	303.6	65	—	79	—	76	—
FY 2012	202	(22.1)	(32)	—	(32)	—	(37)	—

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2013	10.64	9.99
FY 2012	(5.70)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2013	2,421	2,147	87.3	200.49
FY 2012	1,645	1,464	89.0	222.91

(Reference) Shareholders' equity (million yen): FY 2013: 2,115 FY 2012: 1,464

2. Non-consolidated Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Percentages represent year-over-year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
1H (six months)	436	127.6	78	—	72	—	6.73
Full year	1,734	111.8	221	178.8	204	166.3	18.99

* Implementation of audit procedures

This summary of financial statements is not subject to audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this summary of financial statements, the audit procedures of financial statements pursuant to the FIEA are not completed.

* Cautionary statement with respect to forward-looking statements

The forward-looking statements such as the forecasts for the business performance described in this document are based on the judgments made by the Company in accordance with information currently available that is rational. For this reason, actual results may differ from these forecasts due to a number of factors, including but not limited to the operating environment. For the underlying assumptions and usage of earnings projections refer to "(1) Analysis regarding results of operations" under "1. Results of Operations" on page 2 of the Attachment.

1. Results of Operations

(1) Analysis regarding results of operations

The Japanese economy in the period under review saw domestic business activity and personal consumption affected by uncertainty amid fiscal problems in Europe and the U.S. and concerns over a spreading of global financial malaise. Subsequently, however, signs of economic recovery started to emerge, which included an improving export environment thanks to a correction of the strong yen as well as economic and monetary policy measures attended by rising share prices in the wake of the economic policy program of the Abe administration. Even so, concerns remain about a slowing of the global economy, raising the need for continued vigilance.

In this economic environment, the Group's core operations in electronics and telecommunications equipment worked to promote business development in markets related to defense applications and public wireless telecommunications, centered on sales activities surrounding mobile telecommunications facilities. At the same time, the division pushed ahead with activities at the operating level centered on improving earnings. Specifically this was done through measures to impart high added-value on products, expand and develop new business territory, and enhance the cost of sales.

The Group's Solar Business Division, launched on July 1, 2011, have been benefiting from the heightened public awareness of renewable energy, especially solar energy, after the enactment of The Act on Special Measures concerning the Procurement of Renewable Electric Energy by Operators of Electric Utilities (hereinafter, "Renewable Energy Special Measures Act") on July 1, 2012.

The Company has been aiming to further expand its sales network for solar power systems and has been making all-out efforts to that effect.

As a result, order receipts exceeded the original plan. At the same time, earnings significantly outpaced initial expectations, partly also due to improvement activities aimed at reducing the cost of sales.

In biomass power supply operations, exports of palm kernel shells (PKS) have been stepped up since the launch of operations centered on Asia but also to European destinations. However, following last year's bankruptcy filing with the Yokohama District Court on September 5, 2012, these operations have been discontinued.

As a result of the developments described in the foregoing, consolidated order receipts reached ¥3,995 million (+2.5% compared with the year-earlier period). Sales revenue totaled ¥3,671 million (+18.2% compared with the year-earlier period). Earnings reflect the strong growth in Group-level sales as well as activities to enhance the efficiency of sales and marketing. Thus, operating income posted ¥373 million (compared with a loss of ¥29 million in the year-earlier period), with ordinary income of ¥374 million (compared with a loss of ¥23 million in the year-earlier period) and net income of ¥339 million (compared with a loss of ¥37 million in the year-earlier period).

The outlook, given the uncertain economic surroundings, is for continued intense pressure on the business environment. Nonetheless, the Group will work to both increase earnings at each business segment and implement structural reform.

Electronics and telecommunications equipment operations are expected to see further intensified price competitions in the market continue from the previous fiscal year. By contrast, mobile telecommunications systems are seen to benefit from swelling investment in order to resolve congested telecommunication lines in the wake of smartphone proliferation as well as to serve areas where reception is unavailable. Moreover, the market for wireless public infrastructures is expected to remain firm, including rising demand in the public works realm mainly funded by the government's supplementary budget. Against the backdrop of this demand growth in the wireless market, the Group will further promote the expansion of its business reach and continue in its activities to strengthen earnings growth.

In the Solar Business Division, in order to expand sales routes nationwide in Japan for the Group's Solar System Sales Business operations, internal frameworks will be put into place and sales and marketing activities will be further strengthened.

Moreover, Solar Power Plant Business operations will aim to provide at the Group-level stable power supply so as to contribute to local communities and society at large. To this end, the Group will endeavor to create integrated frameworks spanning the width from securing land for power plants to the initiation of electric power sales and in this way promote earnings growth.

Results by business segment are described below.

1. Electronics and telecommunications equipment operations
Order receipts posted ¥3,257 million (+25.3% compared with the year-earlier period). Sales revenue reached ¥3,155 million (+31.1% compared with the year-earlier period) with segment income of ¥374 million (+497.4% compared with the year-earlier period). These results were due to rebounding investment in base station facilities by mobile telecommunications carriers as well as defense related facilities and public wireless related facilities reflecting resumed public investment.

2. Solar Business Division operations
Following an initial period of stagnation, orders for solar power generation system sales increased gradually after the enactment of the Renewable Energy Special Measures Act on July 1, 2012, concurrent with improvement activities to raise the efficiency of sales and marketing. As a result, earnings exceeded the initial plan by a wide margin. Order receipts posted ¥664 million (compared with ¥19 million in the year-earlier period). Sales revenue reached ¥486 million (compared with ¥19 million in the year-earlier period) with segment income of ¥41 million (compared with a segment loss of 24 million in the year-earlier period).

3. Biomass energy supply operations
Order receipt posted ¥74 million (down 94.2% compared with the year-earlier period). Sales revenue marked ¥74 million (down 89.0% compared with the year-earlier period) with a segment low of ¥30 million (compared with a segment loss of ¥47 million in the year-earlier period).
Notably, following the bankruptcy filing of Bioenergy Resources Co., Ltd., a former consolidated subsidiary, the Group discontinued biomass energy supply operations beginning with the period under review.

(2) Analysis regarding financial position

1. Analysis of financial position

Current assets
Consolidated current assets at the end of the period under review totaled ¥2,114 million (+63.5% compared with the year earlier). Main constituents were ¥389 million in cash and deposits, ¥1,344 million in sales accounts receivable, and ¥327 million in inventories. Sales accounts receivable are mainly due from major telecommunications equipment manufacturers.

Non-current assets
Consolidated non-current assets at the end of the period under review totaled ¥592 million (+294.1%). Main constituents were ¥564 million in property, plant, and equipment and ¥27 million in investments and other non-current assets.

Current liabilities
Consolidated current liabilities at the end of the period under review totaled ¥707 million (+18.2% compared with the year earlier). Main constituents were ¥385 million in trade accounts payable and ¥107 million in other accounts payable.

Non-current liabilities
Consolidated non-current liabilities at the end of the period under review totaled ¥251 million (+195.7% compared with the year earlier). Main constituents were ¥99 million in retirement benefit provisions, ¥80 million in corporate bonds, and ¥71 million in long-term bank borrowings.

Net assets
Consolidated net assets at the end of the period under review totaled ¥1,750 million (+130.0% compared with the year earlier). Main constituents were ¥1,386 million in share capital, ¥1,381 million in capital surplus, and -¥991 million in retained losses.

2. Cash flows
Consolidated cash and cash equivalents (hereinafter, "Cash") at the end of the period under review totaled ¥389 million, which was ¥333 million more than at the end of the year-earlier period. Main factors included higher sales accounts receivable and expenditure for the acquisition of property, plant, and equipment, as well as income from share issuance, bank borrowings, and corporate bond issuance.
Cash flows and relevant factors in the period under review are as follows:
[Cash flows from operating activities]
Net cash provided by operating activities was ¥35 million (compared with ¥332 million used in operating activities in the year-earlier period). This was mainly due to income before income tax, etc., and higher sales accounts receivable.
[Cash flows from investing activities]

Net cash used in investing activities was ¥454 million (compared with ¥77 million provided by investing activities in the year-earlier period). This was mainly due to expenditure for the acquisition of property, plant, and equipment.
[Cash flows from financing activities]
Net cash provided by financing activities was ¥783 million (compared with ¥167 million used in financing activities in the year-earlier period). This was mainly due to income from the issuance of shares.