

**Summary of Consolidated Financial Statements**  
for the Second Quarter of the Fiscal Year Ending March 2014 (J-GAAP)

November 11, 2013

Company Name: Tamagawa Holdings Co., Ltd.	Listing: JASDAQ (Tokyo Stock Exchange)
Stock Code: 6838	URL: <a href="http://www.tmex.co.jp/">http://www.tmex.co.jp/</a>
Representative: Toru Masuzawa, President	
Contact: Akihiro Ushiroda, Manager	Tel: +81-3-6435-6933
Scheduled Date of Filing Quarterly Securities Report:	November 12, 2013
Scheduled Commencement Date of Dividend Payout:	—
Quarterly Earnings Supplementary Explanatory Documents:	Yes
Quarterly Earnings Presentation:	Yes (For institutional investors and analysts)

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

**1. Consolidated Results for the Second Quarter of Fiscal Year Ending March 31, 2014**  
(from April 1, 2013 to September 30, 2013)

(1) Consolidated Financial Results (cumulative) (Percentages indicate changes from the year-earlier period)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
2Q FY 2014	1,820	14.5	215	129.2	218	163.0	190	108.7
2Q FY 2013	1,590	44.4	93	—	83	—	91	—

Note: Comprehensive Income: 2Q FY 2014: ¥192 million (107.2%) 2Q FY 2013: ¥92 million (—%)

	Net income per share	Net income per share after dilution
	¥	¥
2Q FY 2014	16.55	14.54
2Q FY 2013	13.91	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	¥ Million	¥ Million	%
2Q FY 2014	3,255	2,307	70.6
FY 2013	2,709	1,750	63.4

Reference: Shareholders' Equity: 2Q FY 2014: ¥2,296 million FY 2013: ¥1,718 million

**2. Cash Dividends**

	Annual Dividends				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
	¥	¥	¥	¥	¥
FY 2013	—	0.00	—	0.00	0.00
FY 2014	—	0.00			
FY 2014 (forecast)			—	—	—

Note: Revision of the latest released dividend forecast: None

Year-end dividend projections for the fiscal year to March 2013 are indeterminate.

**3. Forecast for the Fiscal Year Ending March 31, 2014 (from April 1, 2013 to March 31, 2014)**

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Year to March 31, 2014	4,504	22.7	493	32.2	488	30.4	449	32.3	41.80

Note: Revision of the latest released financial results forecast: None

**\*Notes**

(1) Changes in important subsidiaries during the period under review (six months): None  
(Changes in subsidiaries accompanying change in the scope of consolidation)

New: (Company names: )  
Excluded: (Company names: )

Notes concerning changes in important subsidiaries during the period

(2) Application of special accounting treatment in the preparation of quarterly consolidated financial statements: None

(3) Change of accounting policies; change and/or restatement of accounting estimates

1) Changes in accounting principles caused by revision of accounting standards: None

2) Changes in accounting principles other than those mentioned above: None

3) Changes in accounting estimates: None

4) Restatement: None

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

1) Number of shares outstanding (including treasury stock) at end of period

2Q FY 2014	13,183,000 shares	FY 2013	10,753,000 shares
2Q FY 2014	203,493 shares	FY 2013	203,493 shares
2Q FY 2014	11,528,250 shares	2Q FY 2013	6,570,684 shares

2) Number of treasury stock at end of period

3) Average number of shares outstanding during the period under review (first and second quarter)

Notes concerning the total number of shares issued and outstanding

\* Statement concerning the status of implementation of quarterly review procedures

This summary of quarterly financial statements is not the subject of audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this summary of quarterly financial statements, the audit procedures of quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not concluded.

\* 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 "Explanation of consolidated earnings estimates and forward-looking information" on page 3 of the Attachment.

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of business results

The Japanese economy in the period under review displayed first signs of recovery as the strong yen corrected and share prices rose on expectations spurred by the government's economic stimulus measures and the monetary policy measures of the Bank of Japan. Ripple effects on the real economy have been insufficient, however, and the outlook remains uncertain amid concerns over slowing emerging economies, specifically China, and financial instability in Europe.

In this operating environment, the Group worked on strengthening business development in its main business lines in Electronics and Telecommunications Equipment Business operations, centered on markets related to 3.9G mobile telecommunications equipment, defense, and wireless technology applications for public infrastructure and disaster prevention. Moreover, as a result of efforts made at high added-value product development as well as widening and developing the Group's business expanse, demand from new customer strata has also been on an uptrend. At the same time, the Group continued to strengthen its business platforms centered on enhancing earnings through improvement activities surrounding the cost of sales.

The Group's Solar Business Division operations (collectively meaning the Solar System Sales Business operations and Solar Power Plant Business operations; the same applies in the following.) experienced rising user interest in renewable energy, especially regarding solar energy power generation, prompted by 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").

As a result of the developments described in the foregoing, consolidated order receipts reached ¥1,999 million (+2.4% compared with the year-earlier period). Sales revenue totaled ¥1,820 million (+14.5% compared with the year-earlier period). Earnings increased compared with the year-earlier period, marking operating income of ¥215 million (+129.2% compared with the year-earlier period), ordinary income of ¥218 million (+163.0% compared with the year-earlier period), and net income for the period of ¥190 million (+108.7% compared with the year-earlier period).

In Electronics and Telecommunications Equipment Business operations, despite intensifying price competition in the market since the start of the current fiscal year, mobile telecommunications infrastructure saw continued facility investment to accommodate increased traffic from the smartphone proliferation and to resolve incidence of weak or no signal reception. Moreover, due mainly to the government's supplementary budget, public works demand has been on the rise, lifting expectations for sustained robust conditions in the wireless market for public infrastructure. With this demand expansion in the wireless market, the Company will continue to extend its business expanse and strengthen its activities to increase earnings.

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.

Notably, due to the completion of the large-scale solar energy power plant that has been under construction in Shimonoseki city, Yamaguchi prefecture in the first quarter of the current fiscal year and an ensuing review of management administration procedures, the Group's Solar Business Division operations were separated into the Solar System Sales Business operations and the Solar Power Plant Business operations. Beginning this second quarter, comparisons and analyses are based on this separation.

**1. Electronics and Telecommunications Equipment Business operations**

New order receipts posted ¥1,634 million (-8.2% compared with the year-earlier period) with sales of ¥1,382 million (-2.5% compared with the year-earlier period) while segment operating income rose to ¥187 million (+26.8% compared with the year-earlier period) thanks to efforts at creating high added value products and activities to reduce the cost of sales. Main factors were ongoing base station facility investment by mobile telecommunications carriers and defense related investment and public investment in public wireless facilities continuing at moderate levels.

**2. Solar System Sales Business operations**

New order receipts posted ¥365 million (+271.2% compared with the year-earlier period) with sales of ¥414 million (+320.9% compared with the year-earlier period) and segment income of ¥47 million (compared with a segment loss of ¥22 million in the year-earlier period). Main factors were gradually rising orders at Solar System Sales operations since the taking of effect of the Renewable Energy Special Measures Act.

**3. Solar Power Plant Business operations**

Following the completion of the large-scale solar energy power plant under construction in Shimonoseki city, Yamaguchi prefecture, power sales commenced in the second quarter. Revenue recognition for power sales generated by the plant started in July 2013, but due to prior initial expenditures for other solar energy power plant projects currently under way, a segment loss of ¥13 million resulted on sales of ¥23 million.

Power sales at the Shimonoseki solar energy power plant now in operation are developing to plan and earnings performance is expected to be favorable.

Although the uncertain economic environment points to unchanged adverse operating environment, the Company will nonetheless continue to promote earnings growth at each business segment combined with efforts at business restructuring.

**(2) Explanation of financial position**

**Total assets**

Total consolidated assets at the end of the period under review amounted to ¥3,255 million, up ¥545 million from the end of the previous fiscal year.

This was mainly due to an increase in cash and deposits.

**Total liabilities**

Total consolidated liabilities at the end of the period under review amounted to ¥947 million, down ¥11 million from the end of the previous fiscal year.

Net assets

Consolidated net assets at the end of the period under review amounted to ¥2,307 million, up ¥556 million from the end of the previous fiscal year.

This was mainly due to net income for the period and proceeds from the exercise of stock warrants.

**(3) Cash flows**

Consolidated cash and cash equivalents (hereinafter, "Cash") at the end of the period under review was ¥992 million, which was ¥602 million higher than at the end of the previous fiscal year. Main factors were net income for the period before income taxes, etc., a reduction in accounts receivable, and income from the issuance of stocks.

Cash flows from operating activities

Cash provided by operating activities was ¥394 million (compared with ¥236 million in the year-earlier period).

Main factors were net income for the period before income taxes, etc., and a reduction in accounts receivable.

Cash flows from investing activities

Cash used in investing activities was ¥210 million (compared with ¥46 million in the year-earlier period).

This was mainly due to expenditure for the acquisition of property, plant, and equipment.

Cash flows from financing activities

Cash provided by financing activities was ¥418 million (compared with ¥222 million in the year-earlier period).

This was mainly due to income from the issuance of shares.

**(4) Operational and financial issues to be addressed**

No new important operational and financial issues to be addressed have emerged in the period under review.

**(5) R&D activities**

In the period under review, expenditure for Group level R&D activities was ¥59 million.

No important changes in the status of the R&D activities of the Group occurred in the period under review.

**(6) Actual production, new orders, and sales**

New orders and sales at the Solar System Sales Business operations in the period under review posted steady growth.

Main factors have been rising demand for solar energy power generation systems following the taking of effect of the "Act on Special Measures concerning the Procurement of Renewable Electric Energy by Operators of Electric Utilities," and aggressive sales activities of the Company including efforts to expand the sales networks of the operations concerned.

**(7) Explanation of consolidated earnings estimates and forward-looking information**

Consolidated operating income, ordinary income, and net income for the period at the Electronics and Telecommunications Equipment Business division are expected to exceed initial projections due to efforts at business efficiency gains and cost reviews, etc., associated with cost cutting activities to lower the cost of sales.

Operations at the Solar Business division are also proceeding to plan. Efforts to expand operations by further widening the sales network for solar energy power generation systems equipment will continue.

Details are stated in the "Notice of Revision of Results Projections" released on November 6, 2013.

**2. Matters concerning summary information (Notes)**

**(1) Changes in important subsidiaries during the period under review (six months)**

No relevant category.

**(2) Application of special accounting treatment in the preparation of quarterly consolidated financial statements**

No relevant category.

**(3) Change of accounting policies; change and/or restatement of accounting estimates**

No relevant category.