



JASDAQ

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Tamagawa Holdings Announces Conclusion of Right-of-First-Refusal Negotiations and Deliberations concerning Biomass Power Generation Operations

As previously announced in the "Notice concerning the Acquisition of the Right of First Refusal in Negotiations about the Transfer of Biomass Power Generation Operations to the Company" dated November 5, 2013, Tamagawa Holdings has acquired the right of first refusal for negotiations concerning the acquisition of biomass (plant oil) power plant operations. As a result of the considerations concerning the implementation of the project, the board of directors of Tamagawa Holdings today resolved against the project due to the reasons described below.

1. Reasoning

Tamagawa Holdings has been contemplating to diversify its renewable energy sources, in addition to the solar energy power business currently being promoted, and to that end acquired on November 5, 2013, the right of first refusal for negotiations concerning the acquisition of biomass power plant operations, followed by deliberations concerning the viability of the project as a business. However, during those deliberations and reviews, the prices for biomass fuel surged more strongly than initially expected and it was concluded that the stable long-term procurement of the biomass fuel required for operating a biomass power plant business was problematic. Therefore, the board of directors' meeting convened today on July 8, 2014 resolved against the project.

2. Background information

As announced by Tamagawa Holding in the "Notice concerning the Acquisition of the Right of First Refusal in Negotiations about the Transfer of Biomass Power Generation Operations to the Company," section 2, "Project implementation schedule (prospective)," the (right of first refusal) negotiation period was originally scheduled to conclude by mid-December 2013, followed by the acquisition of the power plant in late April 2014. However, given that biomass-derived power sales are almost without precedent in Japan, the investigation into the viability of the project took longer than scheduled. As a result, today's announcement occurs only after the end of the prospective project implementation schedule that was previously announced.

3. Impact on future business results

The business results for the current fiscal year are not affected as no up-front investments have been made in connection with the project.

Tamagawa Holdings will continue in its efforts to further develop the solar energy power business currently promoted, while keeping up the proactive search for business opportunities in other renewable energy sources, and in this way work to maximize corporate earnings.