

Summary of Consolidated Financial Statements
for the Second Quarter of the Fiscal Year Ending March 2016 (J-GAAP)

November 12, 2015

Company Name: Tamagawa Holdings Co., Ltd.
Stock Code: 6838
Representative: Toru Masuzawa, President
Contact: Akihiro Ushiroda, Director
Scheduled Date of Filing Quarterly Securities Report:
Scheduled Commencement Date of Dividend Payout:
Quarterly Earnings Supplementary Explanatory Documents:
Quarterly Earnings Presentation:

Listing: JASDAQ (Tokyo Stock Exchange)
URL: <http://www.tmex.co.jp/>

Tel: +81-3-6435-6933
November 13, 2015
—
Yes
Yes

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

1. Consolidated Results for the Second Quarter of Fiscal Year Ending March 31, 2016
(from April 1, 2015 to September 30, 2015)

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

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|------------|-----------|--------|------------------|-------|-----------------|-------|---|------|
| | ¥ Million | % | ¥ Million | % | ¥ Million | % | ¥ Million | % |
| 2Q FY 2016 | 1,108 | (42.4) | (160) | — | (190) | — | (249) | — |
| 2Q FY 2015 | 1,923 | 5.7 | 212 | (1.3) | 209 | (4.1) | 120 | 36.9 |

Note: Comprehensive Income: 2Q FY 2016: -¥254 million (—%) 2Q FY 2015: ¥120 million (-37.1%)

| | Net income per share | Net income per share after dilution |
|------------|----------------------|-------------------------------------|
| | ¥ | ¥ |
| 2Q FY 2016 | (6.01) | — |
| 2Q FY 2015 | 2.94 | 2.86 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio |
|------------|--------------|------------|--------------|
| | ¥ Million | ¥ Million | % |
| 2Q FY 2016 | 6,161 | 2,847 | 45.9 |
| FY 2015 | 6,375 | 3,161 | 48.9 |

Reference: Shareholders' Equity: 2Q FY 2016: ¥2,828 million FY 2015: ¥3,120 million

2. Cash Dividends

| | Annual Dividends | | | | |
|--------------------|------------------|-----------|-----------|-----------|-----------|
| | End of 1Q | End of 2Q | End of 3Q | End of 4Q | Total |
| | ¥ | ¥ | ¥ | ¥ | ¥ |
| FY 2015 | — | 0.00 | — | 1.00 | 1.00 |
| FY 2016 | — | — | — | — | — |
| FY 2016 (forecast) | — | — | — | 1.00–3.00 | 1.00–3.00 |

Note: 1. Revision of the latest released dividend forecast: None
2. The source of dividends for the fiscal year ended March 31, 2015, and the fiscal year ending March 31, 2016, includes the capital surplus.

3. Forecast for the Fiscal Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|------------------------|-------------|-----------|------------------|-----------|-----------------|----------|---|------------|----------------------|
| | ¥ Million | % | ¥ Million | % | ¥ Million | % | ¥ Million | % | ¥ |
| Year to March 31, 2016 | 5,600–7,300 | 11.0–43.8 | 590–850 | 11.2–61.2 | 520–790 | 2.0–53.7 | 400–570 | (5.6)–34.9 | 10.00–14.00 |

Note: 1. Revision of the latest released financial results forecast: None
2. For details, see (3), "Explanation of consolidated earnings estimates and forward-looking information" on page 4 of the attached materials.

***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

Notes concerning application of special accounting procedures in the preparation of quarterly consolidated financial statements

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

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: None

4) Restatement: None

Notes concerning changes in accounting policies

(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 2016 | 42,073,000 shares | FY 2015 | 42,031,000 shares |
| 2) Number of treasury stock at end of period | 2Q FY 2016 | 614,245 shares | FY 2015 | 614,245 shares |
| 3) Average number of shares outstanding during the period under review (first and second quarter) | 2Q FY 2016 | 41,425,476 shares | 2Q FY 2015 | 40,946,932 shares |

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

This quarterly earnings presentation is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. The quarterly review procedure for the quarterly consolidated financial statements has not been completed as of the time of the disclosure of this quarterly earnings presentation.

*** 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 4 of the Attachment.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In thousand yen)

| | FY 2015 (consolidated) (As of March 31, 2015) | 2Q FY 2016 (consolidated) (As of September 30, 2015) |
|--|--|---|
| Assets | | |
| Current Assets | | |
| Cash and deposits | 1,523,979 | 1,534,471 |
| Notes and accounts receivable – trade | 1,377,201 | 733,184 |
| Merchandise and finished goods | 110,467 | 74,687 |
| Work in process | 245,833 | 720,179 |
| Raw materials and supplies | 90,781 | 90,873 |
| Deferred tax assets | 97,850 | 89,737 |
| Other current assets | 160,265 | 175,118 |
| Total current assets | 3,606,379 | 3,418,253 |
| Non-current Assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 422,620 | 438,622 |
| Accumulated depreciation | (292,741) | (298,338) |
| Buildings and structures, net | 129,878 | 140,283 |
| Machinery and equipment | 1,551,956 | 1,559,362 |
| Accumulated depreciation | (93,788) | (142,370) |
| Machinery and equipment, net | 1,458,167 | 1,416,991 |
| Tools, furniture and fixtures | 705,960 | 711,598 |
| Accumulated depreciation | (579,468) | (604,250) |
| Tools, furniture and fixtures, net | 126,492 | 107,347 |
| Land | 539,829 | 505,086 |
| Construction in progress | 156,103 | 261,613 |
| Total property, plant and equipment | 2,410,472 | 2,431,322 |
| Intangible Assets | | |
| Business rights | 106,264 | 103,979 |
| Software | 87,912 | 79,289 |
| Other intangible assets | 0 | 0 |
| Total intangible assets | 194,177 | 183,269 |
| Investments and other assets | | |
| Investment securities | 22,867 | 20,524 |
| Deferred tax assets | 33,662 | 2,298 |
| Other assets | 106,355 | 112,258 |
| Allowance for doubtful accounts | (8,700) | (8,700) |
| Total investments and other assets | 154,185 | 126,381 |
| Total Non-current Assets | 2,758,835 | 2,740,972 |
| Deferred Assets | | |
| Share issuance cost | 10,706 | 2,453 |
| Total deferred assets | 10,706 | 2,453 |
| Total Assets | 6,375,920 | 6,161,679 |

(In thousand yen)

| | FY 2015 (consolidated) (As of March 31, 2015) | 2Q FY 2016 (consolidated) (As of September 30, 2015) |
|---|--|---|
| Liabilities | | |
| Current Liabilities | | |
| Notes and accounts payable – trade | 620,145 | 232,158 |
| Short-term loans payable | 50,000 | 546,432 |
| Current portion of bonds | 20,000 | 20,000 |
| Current portion of long-term loans payable | 230,832 | 250,872 |
| Lease obligations | 46,801 | 48,073 |
| Accounts payable - other | 169,007 | 66,530 |
| Income taxes payable | 140,011 | 10,962 |
| Advances received | 10,399 | 351,508 |
| Provision for bonuses | 73,185 | 27,933 |
| Other current liabilities | 120,668 | 58,021 |
| Total current liabilities | 1,481,051 | 1,612,491 |
| Non-current Liabilities | | |
| Bonds payable | 40,000 | 30,000 |
| Long-term loans payable | 499,377 | 460,581 |
| Lease obligations | 947,147 | 923,359 |
| Deferred tax liabilities | — | 12,391 |
| Net defined benefit liability | 137,649 | 140,270 |
| Asset retirement obligations | 31,870 | 32,140 |
| Other non-current liabilities | 77,416 | 103,092 |
| Total non-current liabilities | 1,733,460 | 1,701,835 |
| Total Liabilities | 3,214,512 | 3,314,327 |
| Net Assets | | |
| Shareholders' Equity | | |
| Capital stock | 1,655,542 | 1,657,138 |
| Capital surplus | 1,076,885 | 1,037,064 |
| Retained earnings | 445,183 | 195,981 |
| Treasury shares | (61,279) | (61,279) |
| Total shareholders' equity | 3,116,331 | 2,828,904 |
| Accumulated Other Comprehensive Income | | |
| Valuation difference on available-for-sale securities | 4,554 | 2,093 |
| Foreign currency translation adjustment | — | (2,781) |
| Total accumulated other comprehensive income | 4,554 | (687) |
| Subscription Rights to Shares | 40,522 | 19,134 |
| Total Net Assets | 3,161,407 | 2,847,352 |
| Total Liabilities and Net Assets | 6,375,920 | 6,161,679 |

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
(Consolidated statements of income)
(2nd quarter)

(In thousand yen)

| | 2Q FY 2015 (April 1, 2014 – September 30, 2014) | 2Q FY 2016 (April 1, 2015 – September 30, 2015) |
|---|--|--|
| Net Sales | 1,923,538 | 1,108,165 |
| Cost of Sales | 1,306,684 | 754,766 |
| Gross Profit | 616,854 | 353,398 |
| Selling, General and Administrative Expenses | 404,513 | 514,256 |
| Operating Income (Loss) | 212,341 | (160,857) |
| Non-operating Income | | |
| Interest income | 427 | 187 |
| Dividend income | 45 | 203 |
| Foreign exchange gains | 0 | 1,786 |
| Settlement received | 800 | 1,700 |
| Other non-operating income | 3,711 | 7,668 |
| Total non-operating income | 4,984 | 11,546 |
| Non-operating Expenses | | |
| Interest expenses | 4,370 | 31,111 |
| Loss on sale of trade receivables | 362 | 432 |
| Amortization of share issuance cost | 1,009 | 8,252 |
| Other non-operating expenses | 1,666 | 1,220 |
| Total non-operating expense | 7,408 | 41,016 |
| Ordinary Income (Loss) | 209,917 | (190,328) |
| Extraordinary Income | | |
| Gain on sales of non-current assets | 4,519 | — |
| Gain on reversal of subscription rights to shares | — | 1,681 |
| Other extraordinary income | 40 | — |
| Total extraordinary income | 4,559 | 1,681 |
| Extraordinary Losses | | |
| Other extraordinary losses | — | 189 |
| Total extraordinary losses | — | 189 |
| Income (loss) before income taxes | 214,477 | (188,836) |
| Income Taxes - Current | 94,339 | 7,775 |
| Income Taxes - Deferred | (167) | 52,590 |
| Total Income Taxes | 94,172 | 60,365 |
| Net Income (Loss) | 120,305 | (249,202) |
| Profit (Loss) Attributable to Non-controlling Interests | — | — |
| Profit (Loss) Attributable to Owners of Parent | 120,305 | (249,202) |

(Consolidated statements of comprehensive income)
(2nd quarter)

(In thousand yen)

| | 2Q FY 2015 (April 1, 2014 – September 30, 2014) | 2Q FY 2016 (April 1, 2015 – September 30, 2015) |
|--|--|--|
| Net Income (Loss) | 120,305 | (249,202) |
| Other Comprehensive Income | | |
| Valuation difference on available-for-sale securities | 663 | (2,460) |
| Foreign currency translation adjustment | — | (2,781) |
| Total other comprehensive income | 663 | (5,241) |
| Comprehensive Income | 120,969 | (254,443) |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 120,969 | (254,443) |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Consolidated Statement of Cash Flows

(In thousand yen)

| | 2Q FY 2015 (April 1, 2014 – September 30, 2014) | 2Q FY 2016 (April 1, 2015 – September 30, 2015) |
|--|--|--|
| Cash Flows from Operating Activities | | |
| Income (loss) before income taxes | 214,477 | (188,836) |
| Depreciation | 44,376 | 91,719 |
| Increase (decrease) in provision for bonuses | 11,763 | (45,252) |
| Increase (decrease) in net defined benefit liability | (2,789) | 2,621 |
| Interest and dividend income | (472) | (391) |
| Interest expenses | 4,370 | 31,111 |
| Loss (gain) on sales of property, plant and equipment | (4,519) | 189 |
| Decrease (increase) in notes and accounts receivable - trade | (400,287) | 644,016 |
| Decrease (increase) in inventories | 61,619 | (172,125) |
| Increase (decrease) in notes and accounts payable - trade | (67,222) | (387,986) |
| Increase (decrease) in accounts payable - other | (3,018) | (127,172) |
| Increase (decrease) in advances received | (2,327) | 341,108 |
| Decrease/increase in consumption taxes receivable/payable | 14,998 | (57,858) |
| Offsets for net sales and payment of lease charges | — | (45,069) |
| Other operating cash flows | 80,091 | 1,122 |
| Subtotal | (48,941) | 87,195 |
| Interest and dividend income received | 472 | 391 |
| Interest expenses paid | (4,483) | (7,075) |
| Income taxes paid | (76,410) | (125,051) |
| Net cash provided by (used in) operating activities | (129,363) | (44,539) |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (317,873) | (134,805) |
| Proceeds from sales of property, plant and equipment | 4,520 | 25,000 |
| Purchase of investment securities | (938) | (1,073) |
| Other investing cash flows | (10,898) | (6,090) |
| Net cash provided by (used in) investing activities | (325,189) | (116,970) |
| Cash Flows from Financing Activities | | |
| Net increase (decrease) in short-term loans payable | (100,200) | 240,000 |
| Proceeds from long-term loans payable | 250,000 | 100,000 |
| Repayments of long-term loans payable | (188,541) | (118,756) |
| Redemption of bonds | (10,000) | (10,000) |
| Proceeds from issuance of common shares | 40,800 | 3,066 |
| Proceeds from issuance of subscription rights to shares | 16,326 | — |
| Purchase of treasury shares | (179) | — |
| Cash dividends paid | — | (40,635) |
| Net cash provided by (used in) financing activities | 8,206 | 173,674 |
| Effect of exchange rate change on cash and cash equivalents | — | (1,671) |
| Net increase (decrease) in cash and cash equivalents | (446,346) | 10,492 |
| Cash and cash equivalents at beginning of period | 1,763,931 | 1,523,979 |
| Cash and cash equivalents at end of period | 1,317,584 | 1,534,471 |

(Segment information, etc.)

Segment Information

I. 2Q FY 2015 (from April 1, 2014 to September 30, 2014)

1. Information related to sales and income (loss) for each reportable segment

(In thousand yen)

| | Reportable Segment | | | | | Adjustment amount (Note 1) | Stated value in consolidated statements of income (Note 2) |
|--|--|--|----------------------------|---------------------------------|-----------|----------------------------|--|
| | Electronic and Communication Device Business | Renewable Energy System Sales Business | Solar Power Plant Business | Geothermal Power Plant Business | Total | | |
| Net Sales | | | | | | | |
| Sales to external customers | 1,741,350 | 136,790 | 45,398 | — | 1,923,538 | — | 1,923,538 |
| Internal sales or transfers between segments | — | — | — | — | — | — | — |
| Total | 1,741,350 | 136,790 | 45,398 | — | 1,923,538 | — | 1,923,538 |
| Segment income (loss) | 257,095 | (5,605) | 16,023 | — | 267,514 | (55,173) | 212,341 |

Notes: 1. The adjustment of -55,173 thousand yen to segment income (loss) consists of 178 thousand yen for depreciation expenses and -55,351 thousand yen for group management division losses not allocated to operating segments.

2. Segment income (loss) matches the operating income (loss) from the consolidated statements of income.

II. 2Q FY 2016 (from April 1, 2015 to September 30, 2015)

1. Information related to sales and income (loss) for each reportable segment

(In thousand yen)

| | Reportable Segment | | | | | Adjustment amount (Note 1) | Stated value in consolidated statements of income (Note 2) |
|--|--|--|----------------------------|---------------------------------|-----------|----------------------------|--|
| | Electronic and Communication Device Business | Renewable Energy System Sales Business | Solar Power Plant Business | Geothermal Power Plant Business | Total | | |
| Net Sales | | | | | | | |
| Sales to external customers | 945,706 | 27,238 | 135,220 | — | 1,108,165 | — | 1,108,165 |
| Internal sales or transfers between segments | 14,482 | — | — | — | 14,482 | (14,482) | — |
| Total | 960,188 | 27,238 | 135,220 | — | 1,122,647 | (14,482) | 1,108,165 |
| Segment income (loss) | (90,314) | (109,268) | 50,816 | (55) | (148,822) | (12,035) | (160,857) |

Notes: 1. The adjustment of -12,035 thousand yen to segment income (loss) consists of -3,207 thousand yen for unrealized losses and -8,828 thousand yen in losses for allocation of group management division losses to operating segments.

2. Segment income (loss) matches the operating income (loss) from the consolidated statements of income.

2. Changes in reportable segments

The classification of reportable segments for the second quarter of the previous fiscal year was as follows: Electronics and Telecommunications Equipment Business, Solar System Sales Business, Solar Power Plant Business, and Geothermal Power Plant Business; however the Solar System Sales Business was changed to the Renewable Energy System Sales Business starting in the first quarter of the current fiscal year.

The background to this change is that the Group plans to develop business not only in solar but also in various other fields of renewable energy and that in the future it expects to conduct business in non-solar power plants with trench sales and equipment purchases and sales in power generation systems. We have made this change in segment in order to accurately reflect the state of Group activities by including these activities in corresponding segments and with the aim of more accurate disclosure of business operations. In addition, the disclosure of segment information for the second quarter of the previous fiscal year has been prepared based on the classification of reportable segments after this change.