

(Consolidated) Financial Results for the Fiscal Year ending in March 2017
(Based on Japanese GAAP)

May 12, 2017

Company name: Tamagawa Holdings Co., Ltd. Listing: Tokyo stock exchange
 Stock code: 6838 URL <http://www.tmex.co.jp>
 Representative: Toru Masuzawa, President
 Contact: Katsuya Kubo, Manager, Finance and Accounting Division (Tel) 03-6435-6933
 Scheduled date of general meeting of shareholders: June 28, 2017 Scheduled date to commence dividend payment: June 29, 2017
 Scheduled date of filing securities report: June 28, 2017
 Preparation of explanatory materials for financial results : Yes
 Holding of a briefing on financial results : Yes (For analysts and institutional investors)

(Amounts are rounded to millions)

1. Consolidated financial results for the FY 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results (Percentage indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
FY ending in March 2017	4,443	Δ38.8	189	Δ32.3	106	Δ49.6	44	Δ73.0
FY ending in March 2016	7,259	42.5	279	Δ47.4	211	Δ58.9	165	Δ61.3

(Note) Comprehensive income: FY 2017 44 mil. yen (Δ71.6 %) FY 2016 155 mil. yen (Δ63.6 %)

	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 ending in March 2017	1.06	1.06	1.4	1.5	4.3
FY ending in March 2016	3.97	3.94	5.2	3.1	3.9

(Reference) Equity in earnings (loss) of affiliated companies: FY 2017 Δ11 mil. yen FY 2016: - mil. yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(mil. yen)	(mil. yen)	%	(yen)
FY ending in March 2017	7,446	3,261	43.8	77.64
FY ending in March 2016	7,163	3,294	45.8	78.08

(Reference) Equity FY 2017 3,259 mil. yen FY 2016: 3,278 mil. yen

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	(mil. yen)	(mil. yen)	(mil. yen)	(mil. yen)
FY ending in March 2017	102	Δ628	Δ56	2,155
FY ending in March 2016	1,613	Δ391	Δ2	2,736

2. Dividends

	Annual dividends per share					Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
	(yen)	(yen)	(yen)	(yen)	(yen)	(mil. yen)	%	%
FY ending in March 2017	-	0.00	-	1.50	1.50	62	37.73	1.96
FY ending in March 2016	-	0.00	-	1.00	1.00	41	94.05	1.28
March 2018 (Forecast)	-	0.00	-	1.00 - 3.00	1.00 - 3.00	-	-	-

(Note) 1. The source of dividends for the fiscal year ending in March 2016 includes capital surplus.

2. No dividend payment ratio is indicated for the forecast for FY 2018, because the dividend amounts are stated in ranges.

3. Forecast of consolidated financial results for FY 2018 (From April 1, 2017 to March 31, 2018)

(Percentage indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	(mil. yen)	%	(mil. yen)	%	(mil. yen)	%	(mil. yen)	%	(yen)
Full year	4,237	Δ4.6	202	7.2	107	0.9	57	28.1	1.36

* Notes:

(1) Changes in significant subsidiaries during the period
(Changes in specified shareholders resulting in changes in scope of consolidation) : None

New: - (Company Name) Excluded: - (Company Name)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revision of accounting standards, etc. : Yes
 2) Changes in accounting policies other than 1) above : None
 3) Changes in accounting estimates : None
 4) Restatement : None

(Note) For details, please refer to "3. Consolidated financial statements and major notes; (5) Notes to consolidated financial statements (changes in accounting policies) on page 13 of the attached materials.

(3) Total number of issued shares (common stock)

- 1) Number of issued shares at the end of the period
(including treasury shares)
 2) Number of treasury shares at the end of the period
 3) Average number of shares during the period

FY ending in March 2017	42,598,000 shares	FY ending in March 2016	42,598,000 shares
FY ending in March 2017	614,543 shares	FY ending in March 2016	614,245 shares
FY ending in March 2017	41,983,622 shares	FY ending in March 2016	41,596,443 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for FY ending in Mar. 2017 (From Apr. 1, 2016 to Mar. 31, 2017)

(1) Non-consolidated operating results (Percentage indicates change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	(mil. yen)	%	(mil. yen)	%	(mil. yen)	%	(mil. yen)	%
FY ending in March 2017	325	32.3	26	-	21	-	82	-
FY ending in March 2016	245	Δ21.3	Δ46	-	Δ56	-	Δ37	-

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY ending in March 2017	1.97	1.97
FY ending in March 2016	Δ0.91	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(mil. yen)	(mil. yen)	%	(yen)
FY ending in March 2017	3,577	2,687	75.1	63.96
FY ending in March 2016	3,852	2,682	69.2	63.50

(Reference) Equity FY ending in March 2017: 2,685 mil. yen FY ending in March 2016: 2,666 mil. yen

*This financial results report is not subject to financial audit.

*Explanation regarding appropriate use of the forecasted financial results, and other matters:

Forecast of financial results and all other forward-looking statements contained in these materials are based on information currently available to us as well as certain premises which we believe to be reasonable. Actual results may differ substantially from the predictions due to various factors. For assumptions used as premises for the forecasts, as well as precautions for use of forecasts, please refer to "1. Summary of operating results, etc.;" (4) Future outlook" on page 4 of the attached materials.

1. Summary of operating results

(1) Summary of operating results for the fiscal year under review

1. Operating results for the fiscal year under review

During the current fiscal year, the Japan's economy was on a moderate recovery, with corporate earnings and employment showing signs of a turnaround. The outlook, however, remained uncertain, reflecting fears of downturn driven by international factors such as anticipated slowdown of Chinese economy and the UK's decision to leave the European Union.

In such economic environment, we have made the following efforts. In the Electronics and Telecoms Equipment segment, we focused on increasing sales of facilities relating to the fourth-generation of mobile telecommunications technology (4G) and sales in public sector, as well as capturing orders in new business areas through entering new markets and acquiring new customers. In addition, we focused on sale of internally developed products, together with our ongoing efforts of "delivering higher value-added products," "expanding and developing business areas," and "engaging in joint development with business partners."

As a result, we have seen gradual increase in the number of enquiries from new customers and in new markets, including enquiries regarding optical equipment for business-use wireless devices, as well as high-speed digital signal processors, in addition to our previous high-frequency analog products.

In the mobile telecommunications sector, capex spending by telecom companies showed a moderate increase from the second half of the fiscal year, in line with their efforts to avoid signal interference and improve connection quality. Additionally, there has been gradual increase in the number of enquiries we received from new customers regarding mobile telecommunications facilities for foreign markets.

In the public sector, we have seen higher demand for optical transmission equipment and digital signal processors, etc., for use in disaster preparation, business-use wireless devices, and surveillance systems. We are aiming to further expand such demand, and also to engage in activities which take into account the prospect of market for 5G technology.

As a whole, the number of orders we received has increased. For creating a stable business foundation, we will continue our efforts for increasing profits through expansion of business areas and sale of internally developed products.

In the Renewable Energy Systems Sales segment, we focused on solar power plants. As environment surrounding solar power plants has been increasingly challenging due to various regulations, including those imposed by the Ministry of Economy, Trade and Industry regarding operation of power plants and certification under the feed-in tariff program, our group has actively started looking into the prospect of next renewable energy and environment business in general, which will become a mainstay of our group, with an aim of expanding the segment.

As a result, orders and net sales for the current fiscal year were 4,361 million yen (a decline of 38.5% YoY) and 4,443 million yen (a decline of 38.8% YoY), respectively, and operating income, ordinary income, and net income attributable to owners of parent were 189 million yen (a decline of 32.3% YoY), 106 million yen (a decline of 49.6% YoY), and 44 million yen (a decline of 73.0% YoY), respectively.

In the Electronics and Telecoms Equipment segment, we have been focused on increasing sales in public sector and acquiring new customers. Especially as demand in public sector has been growing, and is expected to maintain steady growth in the future, we will remain focused on increasing profit through expansion of business areas and sale of internally developed products.

In the Renewable Energy System Sales segment, we have been planning and developing products and services relating to renewable energy, with an aim of future expansion of the segment. We will continue our efforts to further expand our sales network and improve our operating systems, for the purpose of maximizing profit.

In the Solar Power and Geothermal Power Plant Operation segments, we are actively working on development of new business, with an aim of securing long-term stable profit, and are planning to continue increasing the number of our company-owned clean-energy plants that use solar power and other renewable energy.

In addition to such renewable energy business, we are also eyeing opportunities in hydrogen energy business, as a new clean energy capable of generating and storing electricity without emitting CO₂, and have established the "Preparatory office for hydrogen energy business" to investigate and consider the opportunities.

Results by segment are as follows:

1) Electronics and Telecoms Equipment:

Orders and net sales were 2,735 million yen (an increase of 26.9% YoY) and 2,605 million yen (an increase of 23.6% YoY), respectively, and the segment profit was 245 million yen (compared to segment loss of 11 million yen in the previous fiscal year). The increase was due to the moderate upturn in telecom companies' capex spending from the second half of the fiscal year, associated with measures against signal interference, growth in orders in the government and public sectors, and reduction of costs through streamlining operations.

2) Renewable Energy System Sales:

Orders and net sales were 1,626 million yen (a decline of 67.1% YoY) and 1,659 million yen (a decline of 66.6% YoY) respectively, and the segment profit was 110 million yen (a decline of 61.3% YoY). The decline was due to our decision, with an aim of establishing a base for generating long-term stable profits, to own (rather than sell) some of the solar power plants which we originally planned to sell to other companies as a result of sales activities focusing on selling solar power plants in lots, as well as due to the fact that we were unable to engage in sales activities for purchasing solar power plants on behalf of customers, as we originally planned.

3) Solar Power Plant Operation:

Net sales and segment profit were 227 million yen (a decline of 1.0% YoY) and 72 million yen (an increase of 28.7% YoY), respectively, supported by steady electricity sale by large-scale solar power plants in Shimonoseki, Tateyama, and Sodegaura, and as a result of improvements in profitability by reduction of sales and administrative expenses.

4) Geothermal Power Plant Operation:

No sale is recorded for the segment. Due to expenditures, segment profit/loss was 0 million yen (compared to the segment loss of 20 million yen for the previous fiscal year).

3. Consolidated Financial Statements

(1) Consolidated Balance sheets

(In thousand yen)

	FY2016 (consolidated) (As of March 31,2016)	FY2017 (consolidated) (As of March 31,2017)
Assets		
Currents Assets		
Cash and deposits	2,736,869	2,155,286
Notes and accounts receivable - trade	984,590	1,456,254
Merchandise and finished goods	57,814	77,731
Work in process	147,522	156,735
Raw materials and supplies	112,786	108,699
Deferred tax assets	54,664	30,489
Other-CA	126,643	102,582
Total current assets	4,220,891	4,087,780
Non-current assets		
Property, plant and equipment		
Buildings and structures	462,220	458,035
Accumulated depreciation -buildings and structures	Δ305,319	Δ314,285
Buildings and structures, net	156,901	143,750
Machinery, equipment and vehicles	1,599,679	1,540,903
Accumulated depreciation -machinery, equipment and vehicles	Δ192,247	Δ219,485
Machinery, equipment and vehicles, net	1,407,431	1,321,418
Tools, furniture and fixtures	718,289	727,831
Accumulated depreciation -tools, furniture and fixtures	Δ630,131	Δ653,695
Tools, furniture and fixtures, net	88,157	74,136
Land	652,400	405,987
Construction in progress	159,018	638,817
Total property, plant and equipment	2,463,909	2,584,111
Intangible assets		
Business rights	231,694	212,124
Soft Ware	77,393	66,519
Other intangible assets	0	0
Total intangible assets	309,088	278,644
Investments and other assets		
Investment securities	16,601	22,772
Long-term loans receivable	—	103,614
Deferred tax assets	39,678	72,660
Other-IOA	120,960	285,649
Allowance for doubtful accounts	Δ8,700	Δ8,700
Total investments and other assets	168,540	475,996
Total non-current assets	2,941,538	3,338,752
Deferred assets		
Share issuance cost	1,177	1,742
Development expenses	—	6,316
Business commencement expenses	—	11,666
Total deferred assets	1,177	19,725
Total assets	7,163,607	7,446,258

(In thousand yen)

	FY2016 (consolidated) (As of March 31,2016)	FY2017 (consolidated) (As of March 31,2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	321,042	523,660
Short-term loans payable	974,176	404,800
Current portion of bonds	20,000	20,000
Current portion of long-term loans payable	400,940	561,353
Lease obligations	49,367	74,220
Accounts payable - other	100,642	164,730
Income taxes payable	28,165	57,787
Advances received	12,210	30,075
Provision for bonuses	37,241	59,986
Provision for product warranties	9,212	14,295
Other-CL	95,502	130,012
Total current liabilities	2,048,500	2,040,922
Non-current liabilities		
Bonds payable	20,000	—
Long-term loans payable	592,004	614,329
Lease obligations	925,239	1,245,516
Deferred tax liabilities	320	2,584
Net defined benefit liability	145,592	163,664
Asset retirement obligations	37,024	26,225
Other-NCL	100,173	91,795
Total non-current liabilities	1,820,355	2,144,115
Total liabilities	3,868,855	4,185,037
Net assets		
Shareholders' equity		
Capital stock	1,677,088	1,677,088
Capital surplus	1,057,014	994,039
Retained earnings	610,512	655,150
Treasury shares	△61,279	△61,312
Total shareholders' equity	3,283,336	3,264,965
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	677	329
Foreign currency translation adjustment	△5,587	△5,606
Total accumulated other comprehensive income	△4,910	△5,276
Subscription rights to shares	16,326	1,532
Total net assets	3,294,752	3,261,220
Total liabilities and net assets	7,163,607	7,446,258

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(In thousand yen)

	FY2016 (April 1, 2015 – March 31, 2016)	FY2017 (April 1, 2016 – March 31, 2017)
Net sales	7,259,803	4,443,227
Cost of sales	5,710,166	3,151,189
Gross profit	1,549,637	1,292,038
Selling, general and administrative expenses	1,269,938	1,102,811
Operating income	279,699	189,226
Non-operating income		
Interest income	361	6,715
Dividend income	976	224
Settlement received	1,700	—
Other-NOI	12,860	9,436
Total non-operating income	15,898	16,376
Non-operating expenses		
Interest expenses	69,406	79,525
Foreign exchange losses	3,158	5,092
Share of loss of entities accounted for using equity method	—	11,236
Other-NOE	11,704	3,248
Total non-operating expenses	84,270	99,102
Ordinary income	211,327	106,500
Extraordinary income		
Gain on sales of non-current assets	57,605	1,652
Gain on reversal of subscription rights to shares	2,914	16,326
Other-EI	—	312
Total extraordinary income	60,520	18,291
Extraordinary losses		
Loss on retirement of non-current assets	—	5,415
Impairment loss	—	8,820
Loss on valuation of investment securities	2,318	—
Other-EL	378	225
Total extraordinary losses	2,696	14,461
Profit before income taxes	269,150	110,329
Income taxes - current	64,105	68,872
Income taxes - deferred	39,716	△3,180
Total income taxes	103,821	65,691
Profit	165,329	44,637
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	165,329	44,637

Consolidated statement of comprehensive income

(In thousand yen)

	FY2016 (April 1, 2015 – March 31, 2016)	FY2017 (April 1, 2016 – March 31, 2017)
Profit	165,329	44,637
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ3,876	Δ347
Foreign currency translation adjustment	Δ5,587	Δ18
Total other comprehensive income	Δ9,464	Δ366
Comprehensive income	155,864	44,271
(Profit attributable to)		
Comprehensive income attributable to owners of parent	155,864	44,271
Comprehensive income attributable to non-controlling interests	-	-

3. Information regarding net sales, income or loss, assets, liabilities, and other items for each reportable segment
FY2015 (April 1, 2015 _ March 31, 2016)

(In thousand yen)

	Reportable Segment				Total	Adjustment amount (Note 1)	Value presented in consolidated financial statements
	Electronic and Communication Device Business	Renewable Energy System Sales Business	Solar Power Plant Business	Geothermal Power Plant Business			
Net Sales							
Sales to external customers	2,091,187	4,938,356	230,259	—	7,259,803	—	7,259,803
Internal sales or Transfers between segments	17,152	26,511	—	—	43,664	△43,664	—
Total	2,108,340	4,964,867	230,259	—	7,303,468	△43,664	7,259,803
Segment income (loss)	△11,638	286,687	56,647	△20,988	310,707	△31,007	279,699
Segment assets	2,520,655	1,083,500	2,698,598	41,045	6,343,800	819,807	7,163,607
Other items							
Depreciation	91,023	1,075	91,471	—	183,570	3,037	186,607
Increase in property, plant and equipment and intangible assets	59,329	12,824	394,499	123,142	589,795	△3,757	586,038

Notes: 1. (1) The adjustment of -31,007 thousand yen to segment income (loss) consists of -4,773 thousand yen for unrealized losses, -389 thousand yen for depreciation, 1,057 thousand yen for elimination of transactions between segments, and -26,902 thousand yen for group management division losses not allocated to operating segments.

(2) The adjustment of 819,807 thousand yen to segment assets consists of 826,356 thousand yen for group management division assets not allocated to operating segments and -6,548 thousand yen for elimination of transactions between segments.

2. Segment income is from the operating income on the consolidated financial statements with adjustments.

FY2015 (April 1, 2015 _ March 31, 2016)

(In thousand yen)

	Reportable Segment				Total Electronic and Communication Device Business	Adjustment amount (Note 1)	Value presented in consolidated financial statements
	Electronic and Communication Device Business	Renewable Energy System Sales Business	Solar Power Plant Business	Geothermal Power Plant Business			
Net Sales							
Sales to external customers	2,605,399	1,610,046	227,781	—	4,443,227	—	4,443,227
Internal sales or Transfers between segments	—	49,403	—	—	49,403	△49,403	—
Total	2,605,399	1,659,449	227,781	—	4,492,631	△49,403	4,443,227
Segment income (loss)	245,987	110,822	72,928	△503	429,234	△240,007	189,226
Segment assets	3,225,830	460,433	2,932,422	56,950	6,675,637	770,620	7,446,258
Other items							
Depreciation	78,982	7,669	88,072	—	174,723	2,568	177,292
Equity in loss of affiliates	—	—	△ 11,236	—	△ 11,236	—	△ 11,236
Impairment loss	—	—	8,820	—	8,820	—	8,820
Investment to equity method affiliates	—	—	103,614	—	103,614	—	103,614
Increase in property, plant and equipment and intangible assets	39,409	36,974	518,621	5,473	600,478	△ 5,000	595,478

Notes: 1. (1) The adjustment of -240,007 thousand yen to segment income (loss) consists of -44,331 thousand yen for unrealized losses, -140,000 thousand yen for Dividends from consolidated subsidiaries and -5,000 thousand yen for elimination of transactions between segments, and -50,675 thousand yen for group management division losses not allocated to operating segments.

(2) The adjustment of 770,620 thousand yen to segment assets consists of 819,004 thousand yen for group management division assets not allocated to operating segments, -13,968 thousand yen for elimination of transactions between segments and -34,415 thousand yen for adjustment on estimated recoverable amount of deferred tax assets in consolidated tax entity..