



FY2019 March **The 1Q Summary of Accounting Statements**
[Japanese Standards] (consolidated)

August 10, 2018

Listed company name Tamagawa Holdings Co., Ltd. Exchange Tokyo
Code No. 6838 URL http://www.tmex.co.jp
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Quarterly report to be submitted : August. 10, 2018 Dividends payment to be started : —
Preparation of supplementary explanation document for the quarterly accounting statement : No
Explanatory meeting for the quarterly accounting statement : No

(amount under. mil yen rounded off)

1. Consolidated performance of FY 2019 Mar.: 1Q (from Apr 1, 2018 to June 30, 2018)

(1) Consolidated management result (cumulative)

(% indication: change compared with the same quarter of the previous year)

	Sales amount		Operating profit		Ordinary profit		Quarterly profit belonging to the parent company's shareholders	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
FY2019 Mar. 1Q	751	11.4	Δ18	—	Δ80	—	Δ77	—
FY2018 Mar. 1Q	674	41.6	Δ32	—	Δ60	—	Δ72	—

(Note) Comprehensive profit: FY2019 Mar. 1Q Δ74 mil. yen (—%) FY2018 Mar. 1Q Δ72 mil. yen (—%)

	Quarterly net profit per share	Quarterly net profit per share after issuable share adjustment
	yen	yen
FY2019 Mar. 1Q	Δ1.78	—
FY2018 Mar. 1Q	Δ1.71	—

(2) Consolidated financial status

	Gross asset	Net asset	Own capital ratio
	mil. yen	mil. yen	%
FY2019 Mar. 1Q	11,122	3,114	28.0
FY2018 Mar.	11,178	3,210	28.7

(Reference) Own capital: FY2019 Mar. 1Q 3,113 mil. yen FY2018 Mar. 1Q 3,209 mil. yen

2. Status of dividends

	Annual dividends				
	End 1Q	End 2Q	End 3Q	Term end	Total
FY2018 Mar.	yen —	yen 0.00	yen —	yen 0.50	yen 0.50
FY2019 Mar.	—	—	—	—	—
FY2019 Mar. (forecast)	—	0.00	—	5.00 ~30.00	5.00 ~30.00

(Note) Correction from the dividend forecast recently announced: None

We are planning on reverse split with ratio of 1 share per 10 ordinary shares on October 1, 2018 as the effective date, and therefore, the amount of term-end dividends per share of FY2019 Mar. (forecast) is listed in consideration of effect of such reverse split. See "Explanation on appropriate use of the performance forecast and other special notes" for details.

3. Consolidated performance forecast of 2019 Mar. (from Apr 1, 2018 to Mar. 31, 2019)

(% indication: change compared with the same quarter of the previous year)

	Sales amount		Operating profit		Ordinary profit		Current net profit belonging to the parent company's shareholders		Current net profit per share
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%	yen
Full business year	5,186	59.3	239	349.2	22	—	14	—	3.44

(Note) Correction from the performance forecast recently announced: None

We are planning on reverse split with ratio of 1 share per 10 ordinary shares on October 1, 2018 as the effective date, and therefore, effect of such reverse split is considered for the current net profit per share in the consolidated performance forecast of FY2019 March. See "Explanation on appropriate use of the performance forecast and other special notes" for details.

※ Notes

(1) Material transfer of subsidiary in the current quarter consolidated cumulative period: None
(Specified subsidiary transfer with change of the consolidated scope)

New — (company name) Excluded — (company name)

(2) Application of accounting process specific to preparation of the quarterly consolidated accounting statement: None

(3) Change of accounting policy, change of accounting estimate, redisplay of revision

① Change of accounting policy for revision of accounting standard, etc.: None

② Change of the accounting standard except for ①: None

③ Change of the accounting estimate: None

④ Redisplay of revision: None

(4) Number of shares issued (ordinary shares)

① Number of term-end shares issued
(including own shares)

FY2019 Mar. 1Q	44,046,000 shares	FY2018 Mar.	44,046,000 shares
FY2019 Mar. 1Q	614,546 shares	FY2018 Mar.	614,546 shares
FY2019 Mar. 1Q	43,431,454 shares	FY2018 Mar.1Q	41,983,457 shares

② Number of term-end own shares

③ Average number of midterm shares (quarterly accumulation)

*The quarterly summary of accounting statement is not subject to quarterly review by the certified accountant or audit company.

* Explanation on appropriate use of the performance forecast and other special notes

Description concerning the future of performance forecast, etc. described in this document is based on the information currently obtained by us and the certain precondition judged as reasonable, and the actual performance, etc. may drastically vary due to various factors. Please see Annex p.3 "Explanation on the Future Forecast Information of the Consolidated Performance Forecast, etc." for assumption as the precondition of the performance forecast. and attention for usage of performance forecast.

(Dividends after reverse split and consolidated performance forecast)

The reverse split has been approved and agreed on at our 50th ordinary shareholders' meeting held on June 28, 2018, and we are planning on the reverse split at the ratio of 1 share per 10 ordinary shares on October 1, 2018 as the effective date. The dividend forecast and consolidated performance forecast of FY2019 Mar. when not considering the reverse split shall be as follows.

1. Dividend forecast of FY2019 Mar.

Dividend per share: Term-end: 0.50 yen~3 yen

2. Consolidated performance forecast of FY2019 Mar.

Current net profit per share: Full business year: 0.34 yen

1. Qualitative information concerning the account settlement of the current quarter

(1) Explanation concerning the management result

Matters herein concerning the future have been determined by our group as of the final day of the current quarterly consolidated accounting period.

Additionally, classification of the report segments was changed from the current 1Q consolidated accounting period. The following is comparison of the value of the same term of the previous year with the value after changing to the segment classification after change.

While the Japanese economics in the current 1Q consolidated cumulative period continues to be in the mild turnaround such as recovery of individual consumption and facility investment thanks to improvement in the continuous corporate performance and employment situation, it continued to shift with uncertain future due to concerns of trading policy of US and geopolitical tension, etc. in East Asia and Middle East.

Under such economic circumstances, for the electronic and communication device business, in addition to sales expansion business mainly in the fourth-generation mobile phone equipment related market and public related market, we have also focused on new markets and client exploration to acquire orders from new fields. We have also worked on enhancement of proposal of our self-developed products by continuously promoting "effort for high added-value products," "expansion and exploration of business field" and "co-development with the company of business tie-up."

As a result, newly explored clients and inquiries are increasing from new markets besides the existing analog high frequency products, including optics related products of various business-use wireless, digital signal processor, etc. indispensable for high-speed signal processing, etc.

In the mobile communication field, while amount of facility investment of each carrier has been reduced year by year, demands in IBS (industrialized building system) is recovering. Additionally, mobile communication facility related field for overseas is acquiring more inquiries from new clients little by little.

Demands for the optical transmission device, digital signal processor, etc. are increasing for disaster measures, business-use wireless and surveillance system in the public filed, and therefore we will work on further demand expansion in the public filed as well as activities looking into the future movement of the fifth generation mobile communication related market.

Order receipt condition in general is improving, and we will continue to promote expansion of our group's business field and also continue the activities for profit expansion by proposal and enhancement of self-development products.

We have actively promoted development and sales of the photovoltaic power plant and small wind power plant especially among the renewable energy system sales business. Delay of certification procedures in the revised FIT Act continues, but inquiries from new clients are increasing little by little. We will continue the sales activity of photovoltaic power plant, etc. for profit expansion.

In the renewable power plant business, mega solar plant in Goto City, Nagasaki Pref. and solar sharing plant in Shimada City, Shizuoka Pref. started to operate in the current period, and are selling electricity at a good rate. Our group are actively considering renewable energy and general environmental business which will be the next pillar, aiming for expansion of operations of such businesses.

As the result of the above, the amount of orders received in the current 1Q consolidated cumulative period was 838 mil. yen (152.2% increase compared with the same term of the previous year), and the sales amount was 751 mil. yen (11.4% increase compared with the same term of the previous year). In terms of profit and loss, operating loss was 18 mil. yen (operating loss of the same term of the previous year: 32 mil. yen), ordinary loss was 80 mil yen (ordinary loss of the same term of the previous year: 60 mil. yen), and quarterly net loss belonging to the parent company shareholders was 77 mil. yen (quarterly net loss belonging to the parent company shareholders of the same term of the previous year: 72 mil. yen).

For the electronic and communication device business, in addition to sales expansion activities mainly in the public related market, we are focusing on exploration of new clients. Especially in the civil service field, the demands are stably increasing and it is expected to shift steadily hereafter. We will continue to promote expansion of our group's business fields and also continue the activities for profit expansion by enhancement of proposal of self-developed products.

For the renewable energy generation plant, we are actively engaged in development of wind power plant, and we entered into the agreement to acquire four wind power plants which will sequentially start power selling from late October 2018. The fixed price purchase value of all those four plants is 55 yen/kWh, which are considered to be plants of high profitability.

We will continuously endeavor not only reduce CO2, but also contribute to the community and society and to introduce, spread and promote renewable energy by taking advantage of characteristics of the community, and accelerating development of community-based renewable energy.

Management result status by business type segments is as follows.

Classification of the report segments was changed from the current 1Q consolidated accounting period. The following is comparison of the value of the same term of the previous year with the value after changing to the segment classification after change.

a. Electronic / communication device business

As the result that expansion of order receipt in the mobile communication field, civil service and public related field has been focused on, and that improvement of operational efficiency has been promoted, the amount of orders received was 809 mil. yen (151.7% increase compared with the same term of the previous year), sales amount was 457 mil. yen (15.0% decrease compared with the same term of the previous year), and segment loss was 36 mil. yen (segment profit of the same term of the previous year was 2 mil. yen).

b. Renewable energy system sales business

Although delay of certification procedures by the revised FIT Act has had an impact, as the result that lot selling of photovoltaic power plant and others has been focused on, the amount of orders received was 28 mil. yen (169.0% increase compared with the same term of the previous year), sales amount was 102 mil. yen (286.5% increase compared with the same term of the previous year), and segment loss was 16 mil. yen (segment loss of the same term of the previous year was 46 mil. yen).

c. Renewable energy generation business

As the result that each of the already-operating photovoltaic power plants in Shimonoseki City, Tateyama City, Sodegaura City and Kasumigaura City has been selling power at a good rate, and that the mega solar power plant in Goto City, Nagasaki Pref. and the solar sharing plants in Shimada City, Shizuoka Pref. started power selling in full scale in the current term, sales amount was 189 mil. yen (74.1% increase compared with the same term of the previous year) and segment profit was 77 mil. yen (50.0% increase compared with the same term of the previous year).

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(In thousand yen)

	FY 2017 (consolidated) (As of March 31,2018)	1Q FY 2018 (consolidated) (As of June 30,2018)
Assets		
Current assets		
Cash and deposits	1,718,000	1,515,441
Notes and accounts receivable	1,377,764	1,274,548
Merchandise and finished goods	157,216	149,176
Work in process	176,416	277,545
Raw materials and supplies	135,063	166,780
Advance payments - trade	582,049	766,956
Other	525,287	150,147
Total current assets	4,671,798	4,300,596
Non-current assets		
Property, plant and equipment		
Buildings and structures	452,374	453,384
Accumulated depreciation	△322,700	△325,824
Buildings and structures-trade, net	129,673	127,560
Machinery, equipment and vehicles	5,392,318	5,449,550
Accumulated depreciation	△375,919	△449,917
Machinery, equipment and vehicles-trade, net	5,016,399	4,999,632
Tools, furniture and fixtures	665,628	672,416
Accumulated depreciation	△587,760	△596,122
Tools, furniture and fixtures-trade, net	77,868	76,293
Land	382,049	382,049
Construction in progress	45,326	32,990
Total property, plant and equipment	5,651,317	5,618,526
Intangible assets		
Goodwill	207,554	206,412
Software	66,320	61,622
Other	0	0
Total intangible assets	273,875	268,034
Investments and other assets		
Operational investment securities	26,172	22,541
Long-term loans receivable	103,809	96,305
Deferred tax assets	132,765	139,537
Other	300,557	658,541
Allowance for doubtful accounts	△8,700	△8,700
Total investments and other assets	554,605	908,226
Total non-current assets	6,479,798	6,794,787
Deferred assets		
Share issuance cost	911	1,211
Development expenses	129	122
Business commencement expenses	26,108	25,520
Total deferred assets	27,149	26,854
Total assets	11,178,746	11,122,237

(In thousand yen)

	FY 2017 (consolidated) (As of March 31,2018)	1Q FY 2018 (consolidated) (As of June 30,2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	411,372	420,719
Short-term loans payable	461,800	230,600
Current portion of long-term loans payable	733,551	721,831
Lease obligations	201,494	203,926
Accounts payable - other	164,435	266,063
Income taxes payable	13,437	11,596
Advances received	238,622	470,252
Provision for bonuses	66,637	36,707
Provision for product warranties	12,519	12,059
Other	86,269	87,522
Total current liabilities	2,390,139	2,461,277
Non-current liabilities		
Long-term loans payable	523,261	526,784
Lease obligations	3,625,902	3,574,039
Deferred tax liabilities	1,049	-
Net defined benefit liability	176,616	183,674
Asset retirement obligations	55,048	57,345
Long-term accounts payable - other	1,190,558	1,198,730
Other	6,013	6,013
Total non-current liabilities	5,578,449	5,546,587
Total liabilities	7,968,589	8,007,865
Net assets		
Shareholders' equity		
Capital stock	1,748,137	1,748,137
Capital surplus	1,065,087	1,043,372
Retained earnings	466,480	389,107
Treasury shares	△61,313	△61,313
Total shareholders' equity	3,218,392	3,119,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,543	1,061
Valuation difference on available-for-sale securities	△12,774	△6,986
Accumulated other comprehensive income	△9,230	△5,925
Share acquisition rights	994	994
Total net assets	3,210,156	3,114,372
Total liabilities and net assets	11,178,746	11,122,237

(2) Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income Quarterly
 Consolidated statements of income
 Consolidates first quarter period

(In thousand yen)

	1Q FY 2017 (from April 1, 2017 to June 30, 2017)	1Q FY 2018 (from April 1, 2018 to June 30, 2018)
Net Sales	674,350	751,367
Cost of sales	465,899	511,483
Gross profit	208,451	239,883
Selling, general and administrative expenses	241,375	258,462
Operating loss (Δ)	Δ32,924	Δ18,578
Non-operating income		
Interest income	2,119	2,097
Dividend income	63	242
Exchange gain	—	1,932
Other	3,199	2,560
Total non-operating income	5,382	6,832
Non-operating expenses		
Interest expenses	27,409	57,976
Foreign exchange losses	1,058	-
Share of loss of entities accounted for using equity method	2,368	8,968
Other	2,463	1,729
Total non-operating expenses	33,300	68,674
Ordinary loss (Δ)	Δ60,842	Δ80,420
Extraordinary income		
Gain on sales of non-current assets	1,009	-
Total extraordinary income	1,009	-
Extraordinary losses		
Other	12	0
Total extraordinary losses	12	0
Loss before income taxes (Δ)	Δ59,845	Δ80,420
Income taxes - current	1,736	3,627
Income taxes - deferred	10,569	Δ6,673
Total income taxes	12,306	Δ3,046
Loss (Δ)	Δ72,151	Δ77,373
Loss attributable to non-controlling interests (Δ)	-	-
Loss attributable to owners of parent (Δ)	Δ72,151	Δ77,373

Quarterly consolidated statements of comprehensive income
 Consolidated first quarter period

(In thousand yen)

	1Q FY 2017 (from April 1, 2017 to June 30, 2017)	1Q FY 2018 (from April 1, 2018 to June 30, 2018)
Loss (Δ)	Δ72,151	Δ77,373
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166	Δ2,482
Foreign currency translation adjustment	Δ114	5,787
Total other comprehensive income	52	3,304
Comprehensive income	Δ72,099	Δ74,068
(breakdown)		
Comprehensive income attributable to owners of parent	Δ72,099	Δ74,068
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes for the quarterly consolidated financial statements

(Notes for precondition of continuing company): NA

(Shareholders' capital related)

I. Previous 1Q consolidated cumulative period (from April 1, 2017 to June 30, 2017): Matters on dividends

Amount of dividends payment

Resolution	Type of share	Dividend resource	Total amount of dividends (thousand yen)	Dividend amount per share (yen)	Record date	Effective date
May 12, 2017 Board of directors	Ordinary shares	Earned surplus	41,983	1.00	March 31, 2017	June 29, 2017

II. 1Q consolidated cumulative period (from April 1, 2018 to June 30, 2018): Matters on dividends: Matters on dividends

Amount of dividends payment

Resolution	Type of share	Dividend resource	Total amount of dividends (thousand yen)	Dividend amount per share (yen)	Record date	Effective date
May 11, 2018 Board of directors	Ordinary shares	Earned surplus	21,715	0.50	March 31, 2018	June 29, 2018

(Notes when there is drastic change in shareholders' capital amount) NA

(Segment information, etc.)

【Segment information】

I. Previous 1Q consolidated cumulative period (from April 1, 2017 to June 30, 2017)

Information concerning the sales amount and the amount of profit or loss per report segment

(unit: thousand yen)

	Report segment				Adjusted amount (Note) 1	Amount recorded in quarterly consolidated profit and loss statement (Note) 2
	Electronic / communication device business	Renewable energy system sales business	Renewable energy generation business	Total		
Sales amount						
Sales amount to external clients	537,626	26,591	109,163	673,381	969	674,350
Internal sales amount or transfer amount between segments	—	—	—	—	—	—
Total	537,626	26,591	109,163	673,381	969	674,350
Segment profit or loss (Δ)	2,071	Δ46,860	51,496	6,707	Δ39,631	Δ32,924

(Note) 1. Adjusted amount of segment profit or loss (Δ) Δ39,631 thousand yen is adjusted amount of unrealized profit, etc. 1,004 thousand yen, adjusted amount of dividends from the consolidated subsidiary Δ35,000 thousand yen and profit and loss of group management division not distributed to business segment Δ5,636 thousand yen.

2. Segment profit or loss (Δ) matches operating loss (Δ) in the quarterly consolidated profit and loss statement.

II. Current 1Q consolidated cumulative period (from April 1, 2018 to June 30, 2018)

Information concerning the sales amount and the amount of profit or loss per report segment

(unit: thousand yen)

	Report segment				Adjusted amount (Note) 1	Amount recorded in quarterly consolidated profit and loss statement (Note) 2
	Electronic / communication device business	Renewable energy system sales business	Renewable energy generation business	Total		
Sales amount						
Sales amount to external clients	457,200	102,704	189,998	749,903	1,464	751,367
Internal sales amount or transfer amount between segments	—	71	—	71	Δ71	—
Total	457,200	102,775	189,998	749,974	1,392	751,367
Segment profit or loss (Δ)	Δ36,973	Δ16,052	77,221	24,194	Δ42,773	Δ18,578

(Note) 1. Adjusted amount of segment profit or loss (Δ) Δ42,773 thousand yen is adjusted amount of unrealized profit, etc. 1,557 thousand yen, adjusted amount of dividends from the consolidated subsidiary Δ17,500 thousand yen and profit and loss of group management division not distributed to business segment Δ26,831 thousand yen.

2. Segment profit or loss (Δ) matches operating loss (Δ) in the quarterly consolidated profit and loss statement.

1. Matters concerning change, etc. in report segment

Our group's report segment classification had been four segments of "Electronic / communication device business," "Renewable energy system sales business," "Photovoltaic power plant business" and "Geothermal power plant business," but we changed it into three segments of "Electronic / communication device business," "Renewable energy system sales business" and "Renewable energy generation business" from the current 1Q consolidated accounting period.

This was because the major power generation plant we owned was the photovoltaic power plant in renewable energy business, but we are engaged in business development and consideration of general renewable energy plants other than photovoltaic power plants, such as wind power plant, etc., and therefore we changed the report segments in order to reflect our group's actual activity situation.

The report segments of the current 1Q consolidated cumulative period are listed with what was created by classification after the change.

(Additional information)

We have applied "Partial Revision of "Accounting Standard concerning Tax Effect Accounting"" (Corporate Accounting Standards No.28, Feb 16, 2018), etc. since the beginning of the current 1Q consolidated accounting period, and the deferred tax assets are indicated in classification of investment and other assets, and the deferred tax debts are indicated in classification of the fixed debts.