



**Summary of Financial Results for the Second Quarter of the Fiscal Year  
Ending March 31, 2018 (J-GAAP, Consolidated Results)**

November 14, 2017

Name of listed company	Tamagawa Holdings Co., Ltd.	Stock exchange listing	Tokyo Stock Exchange
Code number	6838	URL	<a href="http://www.tmex.co.jp/en/">http://www.tmex.co.jp/en/</a>
Representative	Designation of position: President & CEO	Name:	Toru Masuzawa
Contact for inquiries	Designation of position: Finance and Accounting Division Manager	Name:	Katsuya Kubo
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Scheduled date for the submission of quarterly financial statements:	November 14, 2017		
Scheduled date for the commencement of dividend payments:	—		
Supplementary briefing materials on quarterly results:	Available		
Quarterly results briefing:	Scheduled		

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

**1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2018**

(April 1, 2017 – September 30, 2017)

(1) Consolidated results of operations (aggregate) (Percentages indicate rates of change from the year-earlier period)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q FY 2018	1,303	(28.1)	(65)	—	(114)	—	(118)	—
2Q FY 2017	1,813	63.7	3	—	(42)	—	(3)	—

Note: Comprehensive income 2Q FY 2018 (115) million yen ( —%) 2Q FY 2017 (7) million yen ( —%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q FY 2018	(2.82)	—
2Q FY 2017	(0.09)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2Q FY 2018	7,772	3,103	39.9
FY 2017	7,446	3,261	43.8

Supplementary information: Equity 2Q FY 2018 3,102 million yen FY 2017 3,259 million yen

**2. Dividends**

	Dividends per share				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2017	—	0.00	—	1.00	1.00
FY 2018	—	0.00	—	—	—
FY 2018 (forecasts)	—	—	—	1.00–3.00	1.00–3.00

Note: Revision of the latest announced dividend forecast: None

**3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)**

(Percentages indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income for the period per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year to March 31, 2018	4,237	(4.6)	202	7.2	107	0.9	57	28.1	1.36

Note: Revision of the latest announced operating results forecast: None

\* Notes

(1) Changes in significant subsidiaries during the period under review: None

(Changes in specified subsidiaries involving changes in the scope of consolidation)

Newly added — Company (Company name) , Removed — Company (Company name)

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

(3) Changes in accounting principles, estimates and restatement

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

2) Changes in accounting principles other than those mentioned in 1): 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 2018	42,598,000 shares	FY 2017	42,598,000 shares
2) Number of treasury stock at end of period	2Q FY 2018	614,543 shares	FY 2017	614,543 shares
3) Average number of shares outstanding during the period (three months)	2Q FY 2018	41,983,457 shares	2Q FY 2017	41,983,755 shares

\* Summaries of quarterly financial results are not subject to quarterly review.

\* Disclaimer regarding the appropriate use of operating results forecasts and related points of note

Statements on future results projections, etc., contained in these materials are based on information currently available to the Company as well as certain premises judged reasonable at that time. Actual results, etc., can significantly differ from projections due to various factors. For important information concerning the assumptions that serve as premises of results projections and concerning the use of results projection, refer to "Information concerning forward-looking statements such as consolidated results projections, etc." on page 4 of the attached materials.

## 1. Operating results and financial position in the period under review

### (1) Operating results

#### Operating results for the period under review

The Japanese economy in the period under review continued on a moderate recovery course accompanied by improvements in corporate profits and employment. However, the outlook remains uncertain amid concerns over labor shortages centering on small and medium-sized companies as well as worries over an economic recession caused by effects from political and economic developments in the US, Europe, and other regions.

In this operating environment, the Electronics and Communication Device Business of the Company concentrated on expanding sales and marketing activities centered on the 4G mobile phone equipment market and the public sector market and strove to develop new markets and customers to secure orders from new business fields. Moreover, efforts continued to further increase the high-added value element of products, expand and develop new business areas, and promote co-developments with business cooperation partners, while strengthening in-house developed product propositions.

As a result, trade inquiries increased not only for conventional analog high-frequency products but also products for newly developed customer strata and new markets, such as institutional-use wireless optical related products, digital signal processing equipment required for high speed signal processing, and other products.

In the mobile telecommunications field, where telecommunications carriers had previously deferred capital investment plans for radio interference prevention equipment to improve communication quality, facility investment has been gradually resuming, with new order receipts rebounding, albeit at a moderate pace. Operations for overseas mobile telecommunications equipment have been seeing gradually increasing inquiries from new customers.

In the public sector, demand has been increasing for optical transmission equipment and digital signal processing equipment, etc., for applications in disaster countermeasures, institutional-use radio, and monitoring systems. Efforts will therefore continue to further expand demand in public sector fields and to engage in activities targeting future trends in next-generation mobile telecommunications markets.

With new order receipts on an improvement trend overall, the group will continue to work to expand its business fields and strengthen in-house developed product propositions with a view to establishing stable operating platforms, and in this way keep up activities to enhance earnings.

In the renewable energy business, the Company has been actively promoting especially the Solar Power Plant Business. The environment for Solar Power Plant Business of late has turned adverse due to developments such as the promulgation of the "Partial Revision of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities" enforced on April 1, 2017, along with the establishment of new certification regulations. Amid these conditions, the Group has been proactively reviewing renewable energy operations and environment related operations overall as the next business mainstay with the objective of further business growth in these fields.

As a result of the forgoing, new orders received in the period under review totaled 1,048 million yen (down 50.5% from the year-earlier period), with sales of 1,303 million yen (down 28.1% from the year-earlier period). As in the previous fiscal year, earnings at the Electronics and Communication Device Business and the Renewable Energy System Sales Business in the period under review reflect fixed costs advancing ahead of projects concentrating on the second half of the fiscal year, resulting in an operating loss of 65 million yen (compared with operating income of 3 million yen in the year-earlier period), ordinary loss of 114 million yen (compared with an ordinary loss of 42 million yen in the year-earlier period), and net loss for the quarter attributable to shareholders of the parent company in the amount of 118 million yen (compared with a net loss of 3 million yen in the year-earlier period).

The Electronics and Communication Device Business has been concentrating on the development of new customers in addition to activities surrounding sales expansion centered on the public sector market. Especially in the public sector, demand has been steadily increasing and is forecast to remain firm. The Group will continue to expand its business fields and strengthen in-house developed product proposition and in this way keep engaged in activities to increase earnings.

The Renewable Energy System Sales Business has been developing and examining various products and services related to renewable energy for further future business expansion. Operations will continue to enlarge sales networks and strengthen marketing capabilities with the aim to maximize earnings.

Solar Power Plant Business and Geothermal Power Plant Business have been proactively developing new projects in order to secure long-term stable earnings. April 3, 2017 marked the start of energy sales at the large scale solar energy power plant in Kasumigaura city, Ibaraki prefecture, and on the site for the projected geothermal power plant in Ibusuki city, Kagoshima prefecture, excavation work has been proceeding to enable the steam ejection required for geothermal binary power generation. As a policy, it is planned to further increase the number of Company-owned clean power plants using solar energy and other renewable energy sources.

In addition to the renewable energy business mentioned above, as a new clean source of energy, the Company has been focusing on hydrogen related business capable of generating and storing electricity without releasing CO<sub>2</sub>. Research and reviews surrounding hydrogen operations are being conducted at the Hydrogen Electric Power Business Preparatory Office of the Company.

Operating results by segment developed as follows.

(i) Electronics and Communication Device Business

Mobile network operators have resumed their capital investment plans for radio interference prevention equipment, resulting in a moderate recovery in new order receipts. Moreover, efforts have concentrated on expanding new order receipts from government agencies and public sectors fields. At the same time, business efficiency gains and cost control measures were strengthened. In the period under review, new order receipts totaled 940 million yen (down 29.8% from the year-earlier period) with sales of 1,061 million yen (up 12.1% from the year-earlier period) and segment income of 10 million yen (up 60.8% from the year-earlier period).

(ii) Renewable Energy System Sales Business

Reflecting the fact that traditionally projects delivering full-scale sales revenues concentrate in the second half of the fiscal year, new orders received totaled 108 million yen (down 86.1% from the year-earlier period), with sales of 37 million yen (down 95.2% from the year-earlier period), and a segment loss of 79 million yen (compared with segment income of 81 million yen in the year-earlier period).

(iii) Solar Power Plant Business

Solar energy power plants in operation in Shimonoseki, Tateyama, and Sodegaura city have been steadily selling electric power. Especially in the April - June 2017 period, favorable weather conditions with a large number of sunny days raised electric power sales above the level of the year-earlier period. In addition, electric power sales at the large scale solar power plant in Kasumigaura city started on April 3, 2017. As a result, sales posted 202 million yen (up 54.1% from the year-earlier period) with segment earnings of 90 million yen (up 66.3% over the year-earlier period).

(iv) Geothermal Power Plant Business

Currently no sales are recognized at these operations. Due to various expenses, a segment loss of 5 million yen resulted (no sales and expenses were recognized in the year-earlier period).

(Segment information, etc.)

Segment information

I. Second quarter of the previous fiscal year ended March 31, 2017 (April 1, 2016, to September 30, 2016)

Information on sales and gains or losses broken down by reportable segment

(In thousand yen)

	Reportable Segment					Adjustment amount (Note 1)	Amount as per consolidated quarterly income statement (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	947,674	734,797	131,389	—	1,813,861	—	1,813,861
Internal sales or transfers between segments	—	43,342	—	—	43,342	(43,342)	—
Total	947,674	778,139	131,389	—	1,857,203	(43,342)	1,813,861
Segment income	6,456	81,096	54,579	—	142,132	(138,774)	3,358

Note 1. The segment income adjustment amount of -138,774 thousand yen consists of an adjustment of -43,462 thousand yen for unrealized income, etc., an adjustment of -70,000 thousand yen for dividends, and an amount of -25,312 thousand yen in gains and losses of the group administration division not attributed to business segments.

2. Segment income matches operating income stated on the quarterly consolidated statement of income.

II. Second quarter of the fiscal year ending March 31, 2018 (April 1, 2017, to September 30, 2017)

Information on sales and gains or losses broken down by reportable segment

(In thousand yen)

	Reportable Segment					Adjustment amount (Note 1)	Amount as per consolidated quarterly income statement (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	1,061,933	37,067	202,515	—	1,301,516	2,424	1,303,940
Internal sales or transfers between segments	—	—	—	—	—	—	—
Total	1,061,933	37,067	202,515	—	1,301,516	2,424	1,303,940
Segment income (loss)	10,384	(79,950)	90,744	(5,108)	16,070	(81,512)	(65,442)

Note 1. The segment income (or loss) adjustment amount of -81,512 thousand yen consists of an adjustment of 2,493 thousand yen for unrealized income, etc., an adjustment of -62,000 thousand yen for dividends from a consolidated subsidiary, and an amount of -22,006 thousand yen in gains and losses of the group administration division not attributed to business segments.

2. Segment income (loss) matches the operating loss stated on the quarterly consolidated statement of income.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated balance sheets

(In thousand yen)

	FY 2016 (consolidated) (As of March 31, 2017)	2Q FY 2017 (consolidated) (As of June 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	2,155,286	2,132,651
Notes and accounts receivable - trade	1,456,254	985,234
Merchandise and finished goods	77,731	96,153
Work in process	156,735	168,618
Raw materials and supplies	108,699	121,889
Deferred tax assets	30,489	18,253
Other	102,582	341,014
Total current assets	4,087,780	3,863,815
Non-current assets		
Property, plant and equipment		
Buildings and structures	458,035	458,394
Accumulated depreciation	△314,285	△321,619
Buildings and structures, net	143,750	136,774
Machinery, equipment and vehicles	1,540,903	2,590,906
Accumulated depreciation	△219,485	△296,479
Machinery, equipment and vehicles, net	1,321,418	2,294,427
Tools, furniture and fixtures	727,831	699,156
Accumulated depreciation	△653,695	△628,590
Tools, furniture and fixtures, net	74,136	70,565
Land	405,987	406,035
Construction in progress	638,817	176,928
Total property, plant and equipment	2,584,111	3,084,732
Intangible assets		
Good will	212,124	209,839
Software	66,519	67,688
Other	0	0
Total intangible assets	278,644	277,527
Investments and other assets		
Investment securities	22,772	26,813
Long-term loans receivable	103,614	106,174
Deferred tax assets	72,660	78,979
Other	285,649	280,369
Allowance for doubtful accounts	△8,700	△8,700
Total investments and other assets	475,996	483,637
Total non-current assets	3,338,752	3,845,897
Deferred assets		
Share issuance cost	1,742	1,326
Development expenses	6,316	44,836
Business commencement expenses	11,666	16,618
Total deferred assets	19,725	62,780
Total assets	7,446,258	7,772,493

(In thousand yen)

	FY 2016 (consolidated) (As of March 31,2017)	2Q FY 2017 (consolidated) (As of June 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	523,660	312,917
Short-term loans payable	404,800	161,900
Current portion of bonds	20,000	10,000
Current portion of long-term loans payable	561,353	749,391
Lease obligations	74,220	83,451
Accounts payable - other	164,730	120,208
Income taxes payable	57,787	12,464
Advances received	30,075	25,698
Deferred tax liabilities	3,177	-
Provision for bonuses	59,986	62,816
Provision for product warranties	14,295	14,856
Other	126,835	81,314
<b>Total current liabilities</b>	<b>2,040,922</b>	<b>1,635,018</b>
Non-current liabilities		
Long-term loans payable	614,329	707,069
Lease obligations	1,245,516	1,205,107
Deferred tax liabilities	2,584	3,365
Net defined benefit liability	163,664	172,503
Asset retirement obligations	26,225	33,145
Long-term accounts payable - other	90,178	911,126
Other	1,617	1,617
<b>Total non-current liabilities</b>	<b>2,144,115</b>	<b>3,033,934</b>
<b>Total liabilities</b>	<b>4,185,037</b>	<b>4,668,952</b>
Net assets		
Shareholders' equity		
Capital stock	1,677,088	1,677,088
Capital surplus	994,039	994,039
Retained earnings	655,150	494,547
Treasury shares	△61,312	△61,312
<b>Total shareholders' equity</b>	<b>3,264,965</b>	<b>3,104,362</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	329	2,646
Foreign currency translation adjustment	△5,606	△4,999
<b>Total accumulated other comprehensive income</b>	<b>△5,276</b>	<b>△2,353</b>
Subscription rights to shares	1,532	1,532
<b>Total net assets</b>	<b>3,261,220</b>	<b>3,103,541</b>
<b>Total liabilities and net assets</b>	<b>7,446,258</b>	<b>7,772,493</b>

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

(In thousand yen)

	1Q FY2016 (from April 1, 2016 to June 30, 2016)	2Q FY2017 (from April 1, 2017 to June 30, 2017)
Net sales	1,813,861	1,303,940
Cost of sales	1,288,130	887,869
Gross profit	525,730	416,071
Selling, general and administrative expenses	522,372	481,514
Operating profit (△)	3,358	△65,442
Non-operating income		
Interest income	2,384	4,415
Dividend income	190	320
Share of profit of entities accounted for using equity method	-	2,962
Other	4,676	4,625
Total non-operating income	7,250	12,323
Non-operating expenses		
Interest expenses	40,068	55,206
Share of loss of entities accounted for using equity method	4,039	-
Foreign exchange losses	7,215	1,765
Other	2,262	3,913
Total non-operating expenses	53,585	60,885
Ordinary loss (△)	△42,976	△114,004
Extraordinary income		
Gain on sales of non-current assets	1,652	1,009
Gain on reversal of subscription rights to shares	16,326	-
Other	-	22
Total extraordinary income	17,979	1,032
Extraordinary losses		
Other	225	12
Total extraordinary losses	225	12
Loss before income taxes (△)	△25,223	△112,984
Income taxes - current	8,513	3,170
Income taxes - deferred	△29,799	2,463
Total income taxes	△21,285	5,634
Loss (△)	△3,937	△118,619
Loss attributable to non-controlling interests (△)	-	-
Loss attributable to owners of parent (△)	△3,937	△118,619



Quarterly consolidated statements of comprehensive income

Consolidated second quarter period

(In thousand yen)

	1Q FY2016 (from April 1, 2016 to June 30, 2016)	2Q FY2017 (from April 1, 2017 to June 30, 2017)
Net Loss for the Quarter (△)	△3,937	△118,619
Other Comprehensive Income		
Valuation difference on available-for-sale securities	899	2,316
Valuation difference on available-for-sale securities	△4,695	606
Total other comprehensive income	△3,796	2,923
Comprehensive income	△7,733	△115,695
(attributable to)		
Comprehensive income attributable to owners of parent	△7,733	△115,695
Comprehensive income attributable to non-controlling interests	-	-