7587

TSE 2

PALTEK CORPORATION

Summary of 1H FY12/17 Financial Results and Follow-Up Interview

The PALTEK CORPORATION (hereinafter "PALTEK" or the "Company") announced its FY12/17 consolidated financial results for cumulative second quarter (Jan.-Jun.; hereinafter "1H") and held an analyst meeting. The following is a summary of the results meeting and our follow-up interview with President Naohide Yabuki.

Summary of 1H FY12/17 Financial Results

PALTEK's consolidated financial results announced on August 3 for 1H (Jan.-Jun.) FY12/17 delivered substantially better profits than those in 1H FY12/16 due chiefly to an absence of a huge negative impact from forex translation incurred 1H FY12/16, although net sales declined year-on-year.

Meanwhile, the Company revised FY12/17 full-year forecasts downward. The revision is due to the slightly weaker 1H results compared to the Company's previous forecasts announced on May 9, 2017 with its Q1 FY12/17 results, and also second half (2H) net sales from both Semiconductor and Design Service Businesses are forecast as softer than initially anticipated.

Summary of Consolidated Results and Net Sales by Operating Segment

As shown in [Table 1] on page 2, 1H FY12/17 results were: net sales down 7.0% YoY, while operating profit up by 5.5 times YoY, ordinary profit elevating 4.8 times YoY, and profit attributable to owners of parent ("profit") soaring 7.2 times YoY.

By operating segment, as are shown in [Table 2] on page 2, net sales for Semiconductor Business declined by 6.5% YoY due to slower demand and Design Service Business dropped also by 17.0% YoY because of delay in certain development projects.

In contrast, profits rose sharply as forex impacts included in cost of sales (CoS) improved by nearly ¥500 million YoY thanks to its turnaround from a loss to a profit.

[Table 1] 1H FY12/17 Consolidated Financial Results

(¥ million, %)	FY12/16 1H	FY12/16 Composition Ratio	FY12/17 1H	FY12/17 Composition Ratio	YoY Changes Amount	YoY Changes Ratio
Net sales	17,286	100.0%	16,074	100.0%	(1,211)	-7.0%
Gross profit	1,618	9.4%	2,116	13.2%	498	30.8%
SG&A expenses	1,521	8.8%	1,583	9.9%	61	4.1%
Operating profit	96	0.6%	533	3.3%	436	454.4%
Ordinary profit	116	0.7%	563	3.5%	446	381.7%
Profit attributable to owners of parent	51	0.3%	370	2.3%	318	617.2%

Source: Compiled by Trias Corporation from the Company IR materials

[Table 2] 1H FY12/17 Net Sales by Operating Segment

(¥ million, %)	FY12/16 1H	FY12/16 Composition Ratio	FY12/17 1H	FY12/17 Composition Ratio	YoY Changes Amount	YoY Changes Ratio
Semiconductor	16,307	94.3%	15,239	94.8%	(1,067)	-6.5%
Design Service	924	5.4%	767	4.8%	(157)	-17.0%
Others	54	0.3%	68	0.4%	13	25.0%
Total	17,286	100.0%	16,074	100.0%	(1,211)	-7.0%

Source: Compiled by Trias Corporation from the Company IR materials

The breakdowns of products of Semiconductor Business are shown in [Table 3]. Net sales of its main stay FPGA declined by 4.9% YoY from ¥6,259 million for 1H FY12/16 to ¥5,952 million. Weaker sales for telecommunication infrastructure-use affected much while medical- and broadcasting-use were stronger.

ASSP grew only slightly as demand from telecommunication infrastructure-use was stronger while broadcasting-use was weaker. Standard ICs experienced a large decline of 22.4% YoY in net sales as demand from copier makers dropped significantly, shipments for telecommunication infrastructure grew through. Analog semiconductors increased sharply by 30.9% YoY thanks to large orders from a super computer manufacturer. Finally, net sales of memory devices declined as consumer electronics-use decreased after increasing sharply in 1H FY12/16.

[Table 3] 1H FY12/17 Net Sales of Semiconductor Business by Product

(¥ million, %)	FY12/16 1H	FY12/16 Composition Ratio	FY12/17 1H	FY12/17 Composition Ratio	YoY Changes Amount	YoY Changes Ratio
FPGA	6,259	38.4%	5,952	39.1%	(307)	-4.9%
ASSP*	2,786	17.1%	2,830	18.6%	43	1.6%
Standard IC	2,083	12.8%	1,616	10.6%	(467)	-22.4%
Analog	1,236	7.6%	1,618	10.6%	381	30.9%
Memory	3,940	24.2%	3,221	21.1%	(718)	-18.2%
Semiconductor Total	16,307	100.0%	15,239	100.0%	(1,067)	-6.5%

Source: Compiled by Trias Corporation from the Company IR materials
*Application Specific Standard Products

Meanwhile, Design Service Business saw net sales declining by 17.0% YoY due to weaker demand from aerospace and medical equipment industries while that from video/broadcasting equipment industries was stronger. However, it is worth noting that the reasons for the big decline in segment sales also include: (i) Q2 FY12/16 was exceptionally stronger for the seasonally slow quarter as the

period coincides with Q1 (Apr.-Jun.) for clients with March fiscal year, a majority in Japan, and (ii) in this Q2, fewer engineers were able to work for external contracts as many had to engage in delayed development for Company's proprietary products, both exaggerating the segment weakness.

Gross Profit and SG&A Expenses

The consolidated gross profit margin (GPM) improved sharply from 9.4% to 13.2% YoY. The better profitability is mainly attributed to a turnaround in forex impacts caused by overseas procurement of semiconductors, from negative ¥442 million to positive ¥49 million YoY, as is shown in [Table 4]. This caused to push up the GPM by 2.8 points YoY.

Even without it, however, “real-term” gross profit edged up from ¥2,060 million to ¥2,066 million, leading the would-be GPM to widen from 11.9% to 12.9%. The profit margin was pushed up by the better product mix where semiconductors with thinner margin such as part of memories decreased.

This margin rise of a 1.0 point could be solely attributed to Semiconductor Business while Design Service Business might have seen its profitability marginally narrowing.

Real-term semiconductor GPM, which is computed by eliminating both the said forex impact and chips with very thin mark-ups (i.e. memories for consumer electronics-use), could have eroded somewhat from that in 1H FY12/16. The softer segment margin should be attributable to a relatively lower profit margin of sharply increased memories for a supercomputer client.

On the other hand, GPM for Design Service Business appear to have declined only marginally despite the large decrease in net sales. While development delays in Company's higher margin proprietary products should have worked negatively, net sales decreases in ODM (Original Design Manufacturing: designing and manufacturing products sold under client brands) businesses contributed rather positively as they bear relatively low margin within the segment.

● **[Table 4] Impacts to Gross Profit from Forex Impacts**

	FY12/16		FY1217		YoY Changes
(¥ million, %)	1H	Margin to Net Sales	1H	Margin to Net Sales	Amount
Gross profit	1,618	9.4%	2,116	13.2%	498
(Impacts from forex)	(442)	-2.5%	49	0.3%	492
Adjusted gross profit	2,060	11.9%	2,066	12.9%	5

Source: Compiled by Trias Corporation from the Company IR materials

SG&A expenses increased by ¥61 million YoY due mainly to labor expenses and the ratio to net sales rose from 8.8% to 9.9% YoY.

Operating and Ordinary Profits, and Profit

Operating profit rose sharply from ¥96 million to ¥533 million YoY, but excluding aforementioned

turnaround in forex impacts (¥492 million up), it would have materially declined by ¥55 million. This is chiefly due to the decline in net sales for Design Service Business which bear high GPM. Nominal operating profit margin widened from 0.6% to 3.3% YoY while the margin adjusted with the forex impacts edged down from 3.1% to 3.0%.

Ordinary profit jumped from ¥116 million to ¥563 million YoY, a similar increase to that of operating profit as non-operating balance remained largely unchanged from the same period of the last fiscal year. Finally, profit increased from ¥51 million in 1H FY12/16 to ¥370 million.

Variances from May 9 Revised Forecasts

Compared to the May 9 forecasts, shortfalls were ¥625 million in net sales (Semiconductor: ¥360 million, Design Service: ¥232 million and Others: ¥31 million), and ¥66 million in operating profit. The decrease in gross profit caused by slower net sales was partly offset by lighter SG&A expenses (¥76 million).

Summary of Balance Sheet

As for balance sheet, shown in [Table 5], total assets increased by ¥795 million compared to the end of FY12/16. On the assets side, the largest change was an increase of ¥1,332 million for other current assets. This is mainly caused by a ¥1,605 million rise in accounts receivable-other due to inflated purchased merchandise at times close to the end of 1H FY12/17. Among other assets, cash and deposits and notes and accounts receivable-trade declined by ¥498 million and ¥455 million respectively, while inventories ("Merchandise" in [Table 5]) increased by ¥408 million.

On the debit side, short-term loans payable rose by ¥1,080 million to prepare for payments for notes and accounts payable-trade which instead decreased by ¥556 million. Accordingly, the equity ratio edged down from 57.4% at the end of the previous year to 56.3%, due chiefly to the increase in short-term loans payable.

[Table 5] Summary of Consolidated Balance Sheet at End of 1H FY12/17

(¥ million)	FY12/16-End	1H-End FY12/17	YoY Changes Amount	Major Factors
Cash and deposits	2,698	2,199	(498)	
Notes and accounts receivable - trade	7,064	6,609	(455)	
Merchandise	3,094	3,503	408	
Other current asstes	2,180	3,512	1,332	Increased in accounts receivable - other
Non-current assets	460	470	9	
Total assets	15,499	16,295	795	
Notes and accounts payable - trade	1,615	1,058	(556)	
Short-term loans payable	3,500	4,580	1,080	Applied to short-term accounts payable -
Other current liabilities	1,220	1,229	9	
Non-current liabilities	269	258	(10)	
Net assets	8,895	9,168	273	
Total liabilities and net assets	15,499	16,295	795	

Source: Compiled by Trias Corporation from the Company IR materials

Summary of FY12/17 Consolidated Financial Forecasts

PALTEK revised its full-year forecasts at the time of announcemnt of 1H FY12/17 results on August 3, 2017. Previously, at the time of Q1 result announcement on May 9, it had raised its initial forecasts (net sales from ¥34.0 billion to ¥34.2 billion and operating profit from ¥1.2 billion to ¥1.32 billion). The major reasons for the upward revision were Q1 profits were in fact better thanks to the weaker-than-expected yen and SG&A expenses increased less than initially planned.

This time, however, the Company scrutinized its full-year forecasts as Semiconductor Business could be less robust than expected towards the end of the fiscal year due to clients' slower switches to new products, and also in Design Service Business delay in developing its proprietary products in 1H FY12/17 would linger and affect the remainder of the period. Forex moves, on the other hand, are not a meaningful factor for the revision as they are so far mostly in line with previous expectations.

Compared to the pre-revised forecasts on May 9, net sales are ¥1,700 million less (¥1,170 million for Semiconductor Business and ¥530 million for Design Service Business and Others), and operating profit is ¥270 million less. Shortfalls in profits from slower net sales should be partly absorbed by leaner SG&A expenses mainly for labor expenses.

As can be seen in [Table 6], the revised FY12/17 consolidated forecasts look for net sales of ¥32,500 million (down 3.1% YoY), operating profit ¥1,050 million (about 2.0 times YoY), ordinary profit ¥1,060 million (approximately 9.6 times YoY) and profit ¥700 million (¥11 million in FY12/16) for the full-year. Profits are forecast to soar, assuming little negative impacts from forex fluctuations which hit FY12/16 substantially (by ¥530 million at the operating profit level and ¥850 million at the oridinary profit level).

Excluding forex impacts from both previous and current fiscal years, operating profit would be ¥1,046 million and ¥1,092 million respectively and ordinary profit ¥960 million and ¥969 million. These mean the adjusted, or real-term, operating and ordinary profits to increase by 4.5% and 0.9% YoY, respectively.

[Table 6] Summary of FY12/17 Consolidated Financial Forecasts (as of Aug. 3, 2017)

	FY12/16 Actual		FY12/17 Forecasts		YoY Changes	
(¥ million, %)	Full-Year	Composition Ratio	Full-Year	Composition Ratio	Amount	Ratio
Net sales	33,544	100.0%	32,500	100.0%	(1,044)	-3.1%
Gross profit	3,586	10.7%	4,300	13.2%	713	19.9%
SG&A expenses	3,070	9.2%	3,250	10.0%	179	5.8%
Operating profit	515	1.5%	1,050	3.2%	534	103.6%
Ordinary profit	110	0.3%	1,060	3.3%	949	858.5%
Profit attributable to owners of parent	11	0.0%	700	2.2%	688	5989.1%

Source: Compiled by Trias Corporation from the Company IR materials

Forecasts by operating segment are shown in [Table 7] below, where the Comapny is looking for net sales for Semiconductor Business to decline by 3.2% YoY and for Design Service Business to drop by 3.0% YoY.

[Table 7] Summary of FY12/17 Net Sales Forecasts by Operating Segment (as of Aug. 3, 2017)

	FY12/16 Actual		FY12/17 Forecasts		YoY Changes	
(¥ million, %)	Full-Year	Composition Ratio	Full-Year	Composition Ratio	Amount	Ratio
Semiconductor	31,746	94.6%	30,730	94.6%	(1,016)	-3.2%
Design Service	1,649	5.0%	1,600	4.9%	(49)	-3.0%
Others	149	0.4%	170	0.5%	20	34.1%
Total	33,544	100.0%	32,500	100.0%	(1,044)	-3.1%

Source: Compiled by Trias Corporation from the Company IR materials

Product breakdown within Semiconductor Business is shown in [Table 8]. Net sales for Company's mainstay FPGAs are forecast to increase by 3.6% YoY and analog also by 37.2%, while every other semiconductor is forecast to decrease. FPGAs are expected to recover in 2H from both a year ago 2H and 1H this fiscal year as demand from medical equipment is foreseen to be solid. For analog devices, very strong demand in 1H from a supercomputer should continue into 2H. Memories are expected to decrease sharply although impacts on profits are minimal as the majority of the decline should come from consumer electronics use which carries very thin margin.

[Table 8] Summary of FY12/17 Semiconductor Business Forecasts by Product

	FY12/16 Actual		FY12/17 Forecasts		YoY Changes	
(¥ million, %)	Full-Year	Composition Ratio	Full-Year	Composition Ratio	Amount	Ratio
FPGA	12,066	38.0%	12,500	40.7%	434	3.6%
ASSP	5,572	17.6%	5,200	16.9%	(372)	-6.7%
Standard IC	3,450	10.9%	3,300	10.7%	(150)	-4.3%
Analog	2,551	8.0%	3,500	11.4%	949	37.2%
Memory	8,105	25.5%	6,230	20.3%	(1,875)	-23.1%
Semiconductor Total	31,746	100.0%	30,730	100.0%	(1,016)	-3.2%

Source: Compiled by Trias Corporation from the Company IR materials

Design Service Business would weaken year-over-year although net sales in 2H should recover compared to both 2H FY12/16 and 1H this year, as delays in developments of proprietary products continue to drag on.

Consolidated gross profit is forecast to grow by 19.9% YoY (or 5.5% in real term excluding forex impacts from both previous and current years), leading GPM to rise from 10.7% (12.3% in real-term) in FY12/16 to 13.2% (ditto 13.4%), a 1.1% point expansion on the real-term basis. Here, a forex impact of positive ¥43 million is assumed in CoS for this year (on a forex rate assumed at ¥110.32/$ for this 2H).

By operating segment, Semiconductor Business should deliver better profit margins despite a decline in net sales as thin margin memories for consumer electronics-use are decreasing sharply. On the

other hand, high-margin Design Service Business could see GPM to narrow marginally and hence works adversely to overall consolidated profit margins as ODM businesses are increasing. Percentage of the whole segment net sales to overall operations would be around 5%, similar to that in FY12/16.

SG&A expenses are forecast to increase from ¥3,070 million in FY12/16 to ¥3,250 million. Out of the increase, personnel related expenses are seen to rise by ¥130 million YoY. Previous year's mid-term hiring will fully weigh on and ongoing reinforcement of development staff this year should also contribute to the hike. Accordingly, SG&A expenses ratio should rise rather generously from 9.2% in FY12/16 to 10.0%, which represents the Company's focus on investing in solution-oriented businesses towards achievement of its 4-year Mid-Term Management Plan described in more details later in this memo.

As a result, operating profit should jump from ¥515 million in FY12/16 to ¥1,050 million. Excluding the corresponding forex impact from each period, the operating profits would be ¥1,046 million and ¥1,093 million respectively, or growing by 4.5% YoY, leading operating profit margins on the pure operation basis to widen from 3.1% last fiscal to 3.4% this fiscal year.

Non-operating balance should be turning around significantly favorable from a loss of ¥405 million to a profit of ¥10 million. This is largely attributable to net forex profit/loss accounts, which are turning from a loss of ¥320 million in FY12/16 to a profit of slightly more than ¥100 million, an improvement of nearly ¥450 million YoY. Therefore, ordinary profit is expected to soar by 9.6 times YoY to ¥1,060 million, but growing materially only slightly by 0.9% after adjusted with the forex impacts. Profit should jump by a larger extent as the Company does not assume a use of deferred tax asset which was posted in the previous year.

TOPIC: “Focus on Solutions Business” of the 4-year Medium-Term Management Plan has commenced

PALTEK announced its 4-year Medium-Term Management Plan (the MTP) on February 10, 2017. Placing an emphasis on Solutions Business, as can be seen in [Table 9] on page 8, numerical targets for FY12/20 include net sales over ¥40 billion, and an operating profit margin over 5%.

[Table 9] Numerical Targets of the 4-year Medium-Term Management Plan for FY12/20 (announced February 10, 2017)

	Net sales			Operating profit			Operating profit margin		
(￥billion, %)	Semi-conductor	Solution	Total	Semi-conductor	Solution	Total	Semi-conductor	Solution	Consolidated
FY12/16*	31.7	1.7	33.5	-	-	1.0*	-	-	3.1%
FY12/17	31.6	2.4	34.0	-	-	1.2	-	-	3.5%
FY12/20**	34.0	6.0	40.0	0.8	1.2	2.0	2.4%	20.0%	5.0%
Composition Ratio									
FY12/16	95%	5%	100%	-	-	-	-	-	-
FY12/17	93%	7%	100%	-	-	-	-	-	-
FY12/20	85%	15%	100%	40%	60%	100%	-	-	-

* Operating profit for FY12/16 is adjusted (￥1,046 million).
** In case of setting the Company's FY12/20 target of "over ￥40 billion in net sales and over 5% in operating profit margin" as its minimum
Source: Compiled by Trias Corporation from the Company IR materials

Following the announcement of the MTP, PALTEK announced in July and August of this year the following tie-ups and collaborations in the solutions field one after another. At first glance, these may appear to be different from existing businesses, however, these are in line with the Company's intention to focus on Solutions Business in the MTP. (For details on the MTP, please refer to IRTV's memo Summary of FY12/16 Financial Results and Follow-Up Interview dated March 30, 2017)

- **Tie-up commenced for paper packaging materials solutions (announced July 6, 2017)**
- **Sales commenced for tire pressure monitoring systems (announced August 3, 2017)**
- **Development support for head mounted displays equipped with infrared cameras (announced August 4, 2017)**

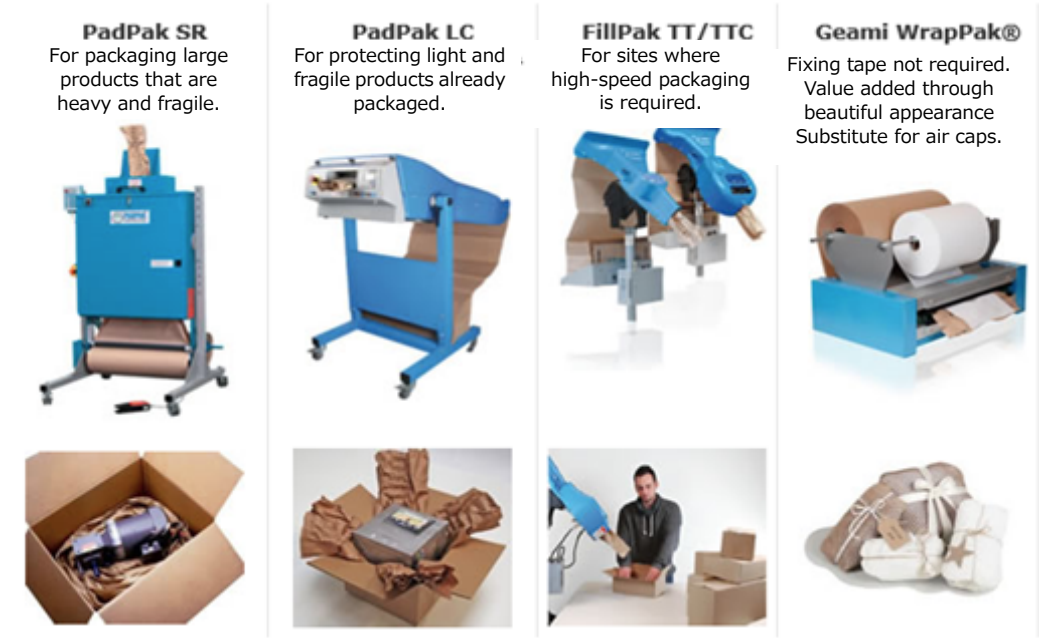
In the MTP, the main thrust is developing and focusing on Solutions Business centered on Design Service Business, on the view that it will be difficult going forward to raise value-added from single item sales of semiconductors. Below, we examine an overview of these three new solutions businesses.

Paper Packaging Materials Solutions

PALTEK concluded a sales distributor agreement with Ranpak BV (head office: Heerlen, Netherlands). Ranpak is a market leader in paper packaging materials and systems, offering total cost reduction solutions to clients including packaging materials cost reduction though materials conservation, reduced storage space, and raising efficiency of labor cost through speeding up packaging operations.

Ranpak was established in 1972. Currently, it has over 230 distributors, and over 400 offices globally, and is the largest paper packaging materials and systems maker in the world. It holds over 400 patents for paper buffering and empty space filling systems, supplying products to 60,000 user firms globally. Ranpak apparently approached PALTEK with a view toward expanding sales into Japan's electronics industry.

● [Figure 1] Ranpak Products



Source: Excerpt from PALTEK's press release

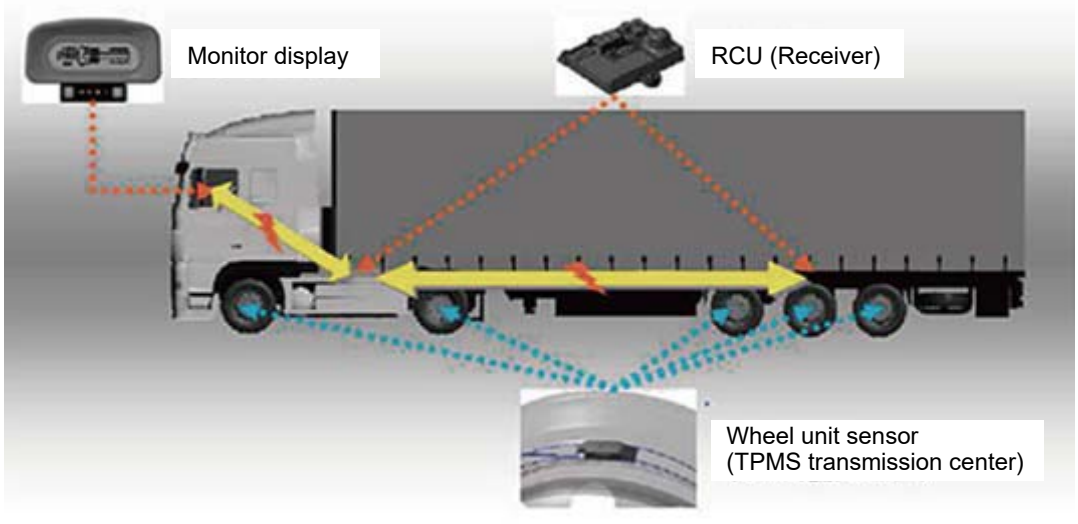
Currently, the Company is making proposals to existing clients, planning to expand marketing to new clients in the future. There appears to be room to develop this business even further in the future. Specifically, this is incorporating IoT devices into these various systems. This will allow the Company to contribute to raising customer value-added by reducing maker total logistic expenses through grasping the operations status of systems, supporting packaging materials inventory management, maintenance and repairs of equipment and systems, etc. This can become a sustainable solutions business not limited to sales of packaging systems, but also opening the path to increasing sales of its own semiconductors and IoT devices.

Tire Pressure Monitoring Systems (TPMS)

The Company concluded a tie-up with LDL Technology S.A.S. (head office: Toulouse, France) for this system, and apparently it was through a referral from one of LDL Technology's partner firms. LDL is the top maker of tire pressure monitoring systems (TPMSs) and automotive sensor network systems (wireless embedded electronic systems), spun off as the automotive electronic components division of VDO from Siemens AG (head office: Munich, Germany) in 2004.

According to PALTEK's press release, LDL develops, manufactures and sells electronic parts for trucks, buses and motorcycles, and for TPMS has a substantial track record mainly in Europe and the US with numerous tire makers, truck makers etc. It currently holds over 25 patents, and is a high growth firm boasting sales growth over the last 5 years of CAGR over 40%.

● [Figure 2] TPMS Overview Diagram for Trucks and Buses

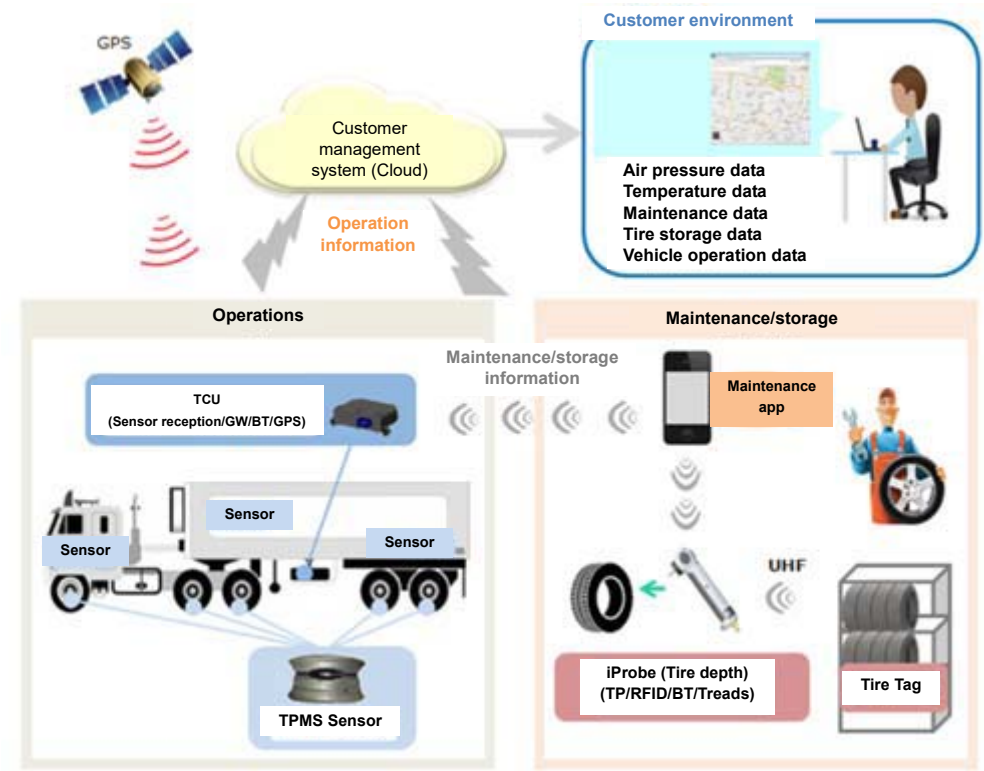


Source: Excerpt from PALTEK's press release

A decline in tire pressure leads to reduced fuel economy and accidents, and introduction of sensors which constantly monitor air pressure and temperature has become a global trend. Installation of TPMS became mandatory in the U.S. in 2007, in Europe in 2012 and in South Korea in 2013. Timing of introducing mandatory regulation in Japan has not yet been decided, but is under review by the Ministry of Land, Infrastructure and Transport (MLIT) and the Ministry of Economy, Trade and Industry (METI).

At the same time, there are already moves for voluntary introduction of TPMS by regional transportation and shipping companies for accident prevention. In this field as well, there is likely future potential for introduction of IoT devices. Collectively managing information sent via radio allows customers to manage vehicles, deliveries, operations and driver assignments in a comprehensive and efficient manner. Benefits of introduction are seen to be potentially large for transportation and shipping companies currently plagued by chronic labor shortages.

● [Figure 3] Application Example of Communications-Type TPMS



Source: Excerpt from PALTEK's press release

Head Mounted Displays equipped with Infrared Cameras

PALTEK has supported development of the world's lightest infrared head mounted displays scheduled to be released by Sky Robot Corporation (head office, Chuo-City, Tokyo) in August 2017. The product, "Boson/Sky Scouter," is equipped with a "Boson" infrared thermographic camera, and PALTEK supported commercialization through overall software development leveraging the features of "Boson."

Sky Robot is a venture company engaged in the development and sales of industrial drones, and is a pioneer in the field. The company already sells a commercial aerial photography drone equipped with a full HD (full high-definition with resolution over 1,080 scan lines) visible spectrum "Boson" camera, and this adds a head mounted display.

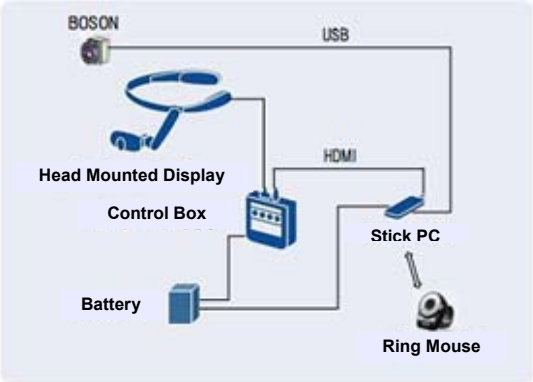
The "Boson" camera was developed by FLIR Systems, Inc. (head office: Oregon, U.S.A.), the world's largest maker of infrared cameras, and PALTEK has an exclusive tie-up in Japan for technical support for infrared camera modules and software development. Dedicated software is required for infrared image processing, and leveraging its technology and know-how in this area, PALTEK handled overall software development for "Sky Scouter IR" including the application software and special viewer

software.

This product is light at only 285 grams, allowing hands free checking of infrared images, and since it can see through smoke and fog, it is ideal for many applications in environments of poor visibility such as nighttime and dark places, including rescue and firefighting, inspection work, security surveillance and wildlife observation, etc. There is also potential to expand PALTEK's business going forward from increased brand recognition for FLIR Systems infrared cameras and devices from this product launch.

- **[Figure 4] Sky Scouter IR Overview**

Sky Scouter IR



System Configuration Diagram for Sky Scouter IR

Source: Excerpt from PALTEK's press release

Potential to Achieve MTP Targets Has Risen with Concrete Progress on Solutions Business

As can be seen from [Table 9] on page 8, the MTP targets for Solutions Business are FY12/20 net sales of ¥6.0 billion (up roughly 3.5 times compared with FY12/16), and operating profit margin of 20% (operating profit ¥1.2 billion). If achieved, this business will account for 60% of PALTEK's consolidated operating profit, becoming a new pillar of earnings.

At the beginning of this year, PALTEK has already decided to partner with Haivision Systems Inc. (head office: Montreal, Canada) for sales in Japan of one of its mainstay systems, high definition video distribution system "Media Platform." Potential for achieving the MTP targets has likely risen with the addition of the aforementioned three new solutions businesses.

Of course it is important to follow trends in Semiconductor Business in gauging future growth potential for PALTEK, however, we want to pay closer attention to progress in Solution Business development.

Reference

Consolidated Financial Results

No. of Shares Issued	Jun-17	11,849,899
No. of Treasury Shares	Jun-17	895,717
Market Value (¥million)	12-Sep-17	9,456
BPS (¥)	Jun-17	33.82
ROE (%)	Dec-16	0.1%
ROA (%)	Dec-16	0.1%
PER (times) FY12/17 fcst.	12-Sep-17	12.5
PCFR (times) 1H FY12/17 actual	12-Sep-17	23.6
PBR (times) 1H FY12/17 actual	12-Sep-17	23.6
Share Price (¥)	12-Sep-17	798
Unit Share (shs)	12-Sep-17	100
Average Daily Volume (shs)	12-Sep-17	59,381

Total Assets (¥million)	Jun-17	16,295
Shareholders' Equity (¥million)	Jun-17	9,168
Interest-Bearing Debt (¥million)	Jun-17	4,580
Equity Ratio (%)	Jun-17	56.3
Ratio of Interest-Bearing Debt (%)	Jun-17	50.0
Free Cash Flows (¥million)	Jun-17	(1,536)

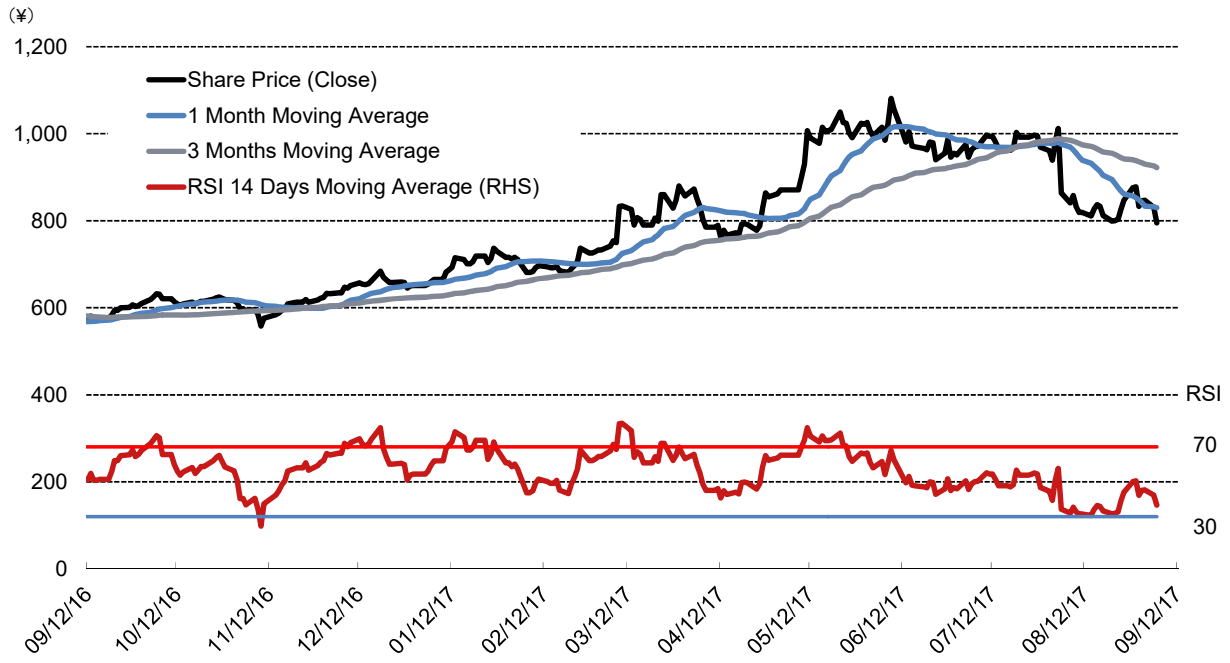
ROE=Current Net Income÷Averaged Shareholders' Equity
ROA=Current Net Income÷Total Assets
PCFR=Maket Value÷(Current Net Income+Depreciation)
Ave. Daily Volume=ADV for the period from 12-Sep-16 to 12-Sep-17
Interest-Bearing Debts Ratio = I.B.D.÷Shareholders' Equity
Free Cash Flows=Operating CF+Investment CF

Consolidated Key Financial Data

Consolidated (¥million)	Net Sales	Operating Income	Ordinary Income	Net Income	EPS(¥)	DPS(¥)
FY12/13	17,611	772	782	443	38.86	8.00
FY12/14	23,155	1,008	1,052	563	49.31	8.00
FY12/15	28,841	1,361	1,144	674	61.16	15.00
FY12/16	33,544	515	110	11	1.05	13.00
1H FY12/17	16,074	533	563	370	33.82	0.00
FY12/17 Forecasts	32,500	1,050	1,060	700	63.90	13.00

Note: FY12/17 forecasts announced on August 3, 2017

Share Price and RSI Charts (September 12, 2016 – September 12, 2017)



Source: Prepared by Trias Corp. with Bloomberg data.
Note: RSI, Relative Strength Index, is the index representing the ratio of overbought or oversold share prices. In general, over 70 in RSI shows overbought share price range, while below 30 shows oversold share price range.
RSI = averaged share price appreciation for N days ÷ (averaged share price appreciation for N days + averaged share price decline for N days) x 100