

TOWA Announces Revised Forecast for the Fiscal Year 2008

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TOWA CORPORATION announced today a revision of its financial forecast for the one for the complete fiscal year ending March 31, 2009 (from April 1, 2008 to March 31, 2009) from those issued on November 14, 2008.

1. Revision of Consolidated forecast for the complete fiscal year (from April 1, 2008 to, March 31, 2009)

(In millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous forecast (A)	18,500	-1,000	-1,150	-1,250	-49.97
Revised forecast (B)	11,000	-3,300	-3,700	-4,000	-159.91
Difference (B-A)	-7,500	-2,300	-2,550	-2,750	—
Percentage change (%)	-40.5	—	—	—	—
FY2007 (ended March 31, 2008)	25,753	2,381	2,125	2,118	84.70

2. Revision of Non-Consolidated forecast for the complete fiscal year (from April 1, 2008 to, March 31, 2009)

(In millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous forecast (A)	17,500	-1,050	-1,250	-1,300	-51.97
Revised forecast (B)	11,000	-3,500	-3,700	-4,000	-159.91
Difference (B-A)	-6,500	-2,450	-2,450	-2,700	—
Percentage change (%)	-37.1	—	—	—	—
FY2007 (ended March 31, 2008)	23,576	1,641	1,234	1,256	50.21

3. Reason for Revision

The great recession that was triggered by the financial crisis, is having repercussions throughout the global economy, and moreover there is now an evident deterioration in earnings, mainly in manufacturing industry, due to a rapid decline in consumption.

In the semiconductor industry too, shrinking demand for the personal computer, the cellular phone, the digital appliances, cars and other final products has resulted in each semiconductor manufacturer taking measures such as freezing or postponing equipment investment and cutting back production capacity, so that the situation is forecast to be increasingly severe for the foreseeable future.

Therefore, as shown in the above-mentioned, we announced a revision of its financial forecast for the one for the complete fiscal year ending March 31, 2009 (from April 1, 2008 to March 31, 2009) from those issued on November 14, 2008.

Under these circumstances, our group has been releasing new products that comply with our primary need to reduce production costs, and working to reduce fixed costs, but in view of the market's tardiness in recovering, and indeed its further worsening, we are engaged in the following emergency countermeasures.

- (1) To clarify the management responsibility for the deterioration in earnings, bonuses for directors have been completely stopped, our Chairman & CEO has returned all of his director remunerations, and in addition, we are implementing the cuts in directors' remuneration set forth below.
(President & COO 30%, Director & Senior Executive Officer and Director & Associate Senior Executive Officer 20%, Other Directors and Executive Officers 10%).
- (2) We are scaling down personnel costs by cutting employees' bonuses and curbing their overtime work, and by reducing our temporary staff.
- (3) As part of our production adjustments in response to the market deterioration, we have halved the personnel at our press and mold component production plant in Suzhou, China, and have had almost all of its employees on standby at home since December 2008. In this way we have implemented a major cost scale down.
- (4) In all our bases and operational sectors, we are implementing rigorous measures with regard to expenses, so as to rationalize operations and enhance their efficiency.
- (5) The start of construction of the No. 2 Plant at our Kyushu Works, which was scheduled for December 2008, has been put off for the time being.