

Summary of Consolidated Financial Statements for the First Quarter of the Term Ending March 2017 (Japan GAAP)

August 4, 2016

Name of Listed Company: **TSUMURA & CO.**

Exchange: Tokyo Stock Exchange

Code: 4540

URL: <http://www.tsumura.co.jp>

Representative: Position: President & Representative Director Name: Terukazu Kato

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Scheduled date of dividend payment commencement: -

Preparation of supplementary materials for the quarterly financial statements: No.

Holding of the quarterly results briefing: No.

(Figures are rounded down to the nearest one million yen.)

1. Consolidated business results for the first quarter of the term ending March 2016

(from April 1, 2016 to June 30, 2016)

(1) Financial results (year to date)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three month period ended June 30, 2016	28,692	7.2	4,489	-6.2	4,168	-18.8	2,952	-5.9
Three month period ended June 30, 2015	26,760	0.5	4,787	6.1	5,133	15.0	3,136	4.4

(Note) Comprehensive income

Three month period ended June 30, 2016: -316 million yen (-%)

Three month period ended June 30, 2015: 4,868 million yen (198.4%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three month period ended June 30, 2016	41.87	—
Three month period ended June 30, 2015	44.48	—

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2016	218,226	152,979	68.9
As of March 31, 2016	222,468	155,702	68.8

(Reference) Shareholders' equity:

As of June 30, 2016: 150,379 million yen

As of March 31, 2016: 152,976 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
F Y 3/2016	—	32.00	—	32.00	64.00
F Y 3/2017	—	—	—	—	—
FY 3/2017 (Projection)	—	32.00	—	32.00	64.00

(Note) Revisions to dividends projection published most recently: No

3. Projections of consolidated business results for the term ending March 2017 (From April 1, 2016 to March 31, 2017)

(Figures in percentage show the rate of increase or decrease from the previous fiscal year for full-year and from the second quarter of the previous fiscal year for second quarter (aggregate).)

	Net sales		Operating profit		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (aggregate)	55,700	2.1	6,200	-37.1	6,300	-37.5	4,500	-31.2	63.81
Full-year	115,400	2.5	14,500	-26.9	15,000	-23.1	10,700	-14.8	151.72

(Note) Revisions to business results projection published most recently: No

Notes

(1) Important changes of subsidiaries during the term

(change of specified subsidiaries that lead to a change in the scope of consolidation) : No

(2) Application of special accounting practices in consolidated quarterly financial statements preparation: Yes

(3) Changes in accounting principles and procedures and the method for indication, etc.

1) Changes associated with the revision of accounting principles, etc.: No

2) Change other than 1): No

3) Accounting estimate change: No

4) Retrospective restatement: No

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the term (including treasury stock) (shares)

FY 3/2017 1Q	70,771,662	FY 3/2016	70,771,662
FY 3/2017 1Q	247,631	FY 3/2016	247,631
FY 3/2017 1Q	70,524,031	FY 3/2016 1Q	70,524,573

2) Number of treasury stock at the end of the term (shares)

3) Average number of shares during the term (shares)

* Indication concerning the condition of carrying-out of the quarterly audit procedure

This Summary of Consolidated Quarterly Financial Statements does not require the quarterly audit procedure based on the Financial Instruments and Exchange Act. As of the time of disclosure of this Summary of Consolidated Quarterly Financial Statements, the audit procedure to consolidated quarterly financial statements based on the Financial Instruments and Exchange Act was not yet completed.

* Explanation about the proper use of financial projections and other important notes

(Note about forward-looking information)

In these materials, earnings forecasts and other statements about the future are forward-looking statements based on the information currently available and certain assumptions that the Company regards as reasonable. Accordingly, the Company cannot make promises to achieve such forecasts. Actual financial results may differ materially from these forecasts depending on a number of important factors.

1. Consolidated Financial Statements
(i) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	25,150	24,489
Notes and accounts receivable-trade	41,875	41,241
Merchandise and finished goods	8,438	8,091
Work in process	12,428	13,333
Raw materials and stores	31,482	30,480
Other	14,298	14,163
Allowance for doubtful accounts	(4)	(4)
Total current assets	<u>133,668</u>	<u>131,796</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,226	58,442
Other	74,138	74,751
Accumulated depreciation	(67,542)	(68,932)
Total property, plant and equipment	<u>62,822</u>	<u>64,261</u>
Intangible assets	226	222
Investment and other assets		
Investment securities	20,119	18,175
Net defined benefit asset	122	294
Other	5,510	3,476
Allowance for doubtful accounts	(2)	(0)
Total investment and other assets	<u>25,750</u>	<u>21,946</u>
Total non-current assets	<u>88,799</u>	<u>86,430</u>
Total assets	<u>222,468</u>	<u>218,226</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,157	2,916
Short-term loans payable	21,957	21,957
Income taxes payable	2,838	1,617
Provision for sales returns	16	16
Other	15,732	15,611
Total current liabilities	<u>43,702</u>	<u>42,119</u>
Non-current liabilities		
Long-term loans payable	15,000	15,000
Net defined benefit liability	66	76
Other	7,996	8,051
Total non-current liabilities	<u>23,063</u>	<u>23,128</u>
Total liabilities	<u>66,765</u>	<u>65,247</u>
Net Assets		
Shareholders' equity		
Capital stock	19,487	19,487
Capital surplus	1,940	1,940
Retained earnings	122,047	122,593
Treasury shares	(392)	(392)
Total shareholders' equity	<u>143,084</u>	<u>143,629</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,835	3,586
Deferred gains or losses on hedges	479	(1,361)
Revaluation reserve for land	2,513	2,513
Foreign currency translation adjustment	3,549	2,445
Remeasurements of defined benefit plans	(485)	(434)
Total accumulated other comprehensive income	<u>9,891</u>	<u>6,749</u>
Non-controlling interests	<u>2,726</u>	<u>2,599</u>
Total net assets	<u>155,702</u>	<u>152,979</u>
Total liabilities and net assets	<u>222,468</u>	<u>218,226</u>

(ii) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Quarterly Statements of Income / For the First Quarter Consolidated Accumulative Term

(Unit: million yen)

	Three month period ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three month period ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Net sales	26,760	28,692
Cost of sales	10,304	12,272
Gross profit	16,455	16,419
Selling, general and administrative expenses	11,667	11,930
Operating profit	4,787	4,489
Non-operating profit		
Interest income	20	15
Dividend income	169	187
Share of profit of entities accounted for using equity method	0	—
Foreign exchange gains	149	—
Other	58	129
Total non-operating profit	398	333
Non-operating expenses		
Interest expenses	46	38
Share of loss of entities accounted for using equity method	—	18
Foreign exchange losses	—	592
Other	7	4
Total non-operating expenses	53	653
Ordinary income	5,133	4,168
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on retirement of non-current assets	7	3
Loss on disaster	—	4
Total extraordinary losses	7	7
Income before income taxes	5,125	4,161
Income taxes	1,890	1,135
Net income	3,234	3,025
Net income attributable to non-controlling interests	97	73
Net income attributable to owners of parent	3,136	2,952

Consolidated Quarterly Statements of Comprehensive Income / For the First Quarter Consolidated Accumulative Term

(Unit: million yen)

	Three month period ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three month period ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Net income	3,234	3,025
Other comprehensive income		
Valuation difference on available-for-sale securities	1,920	(249)
Deferred gains or losses on hedges	19	(1,840)
Foreign currency translation adjustment	(302)	(1,271)
Remeasurements of defined benefit plans	(0)	51
Share of other comprehensive income of entities accounted for using equity method	(3)	(32)
Total other comprehensive income	<u>1,633</u>	<u>(3,342)</u>
Comprehensive income	<u>4,868</u>	<u>(316)</u>
Comprehensive income attributable to		
Owners of parent	4,804	(189)
Non-controlling interests	64	(127)

(iii) Consolidated Quarterly Statements of Cash Flows

	(Unit: million yen)	
	Three month period ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three month period ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Cash flows from operating activities		
Profit before income taxes	5,125	4,161
Depreciation	1,248	1,284
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Interest and dividend income	(190)	(203)
Interest expenses	46	38
Share of (profit) loss of entities accounted for using equity method	(0)	18
Loss (gain) on sales and retirement of property, plant and equipment	7	3
Decrease (increase) in notes and accounts receivable - trade	2,672	607
Decrease (increase) in inventories	(531)	(378)
Increase (decrease) in notes and accounts payable - trade	719	(420)
Loss (gain) on sales of short-term and long-term investment securities	(0)	—
Increase (decrease) in net defined benefit asset	(154)	(71)
Increase (decrease) in net defined benefit liability	(5)	(20)
Other	(431)	2,982
Subtotal	<u>8,507</u>	<u>7,998</u>
Interest and dividend income received	212	222
Interest expenses paid	(46)	(37)
Income taxes paid	<u>(1,051)</u>	<u>(2,662)</u>
Net cash provided by (used in) operating activities	<u>7,622</u>	<u>5,520</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(572)	(4,103)
Proceeds from sales of property, plant and equipment	1,200	—
Purchase of intangible assets	(3)	(8)
Purchase of short-term and long-term investment securities	(2)	(2)
Proceeds from sales and redemption of short-term and long-term investment securities	0	—
Payments of loans receivable	(801)	(0)
Collection of loans receivable	1	1
Payments into time deposits	(8)	(9)
Proceeds from withdrawal of time deposits	24	12
Other	(33)	(11)
Net cash provided by (used in) investing activities	<u>(196)</u>	<u>(4,122)</u>
Cash flows from financing activities		
Purchase of treasury shares	(0)	—
Cash dividends paid	(2,174)	(2,187)
Dividends paid to non-controlling interests	(54)	—
Other	(9)	(8)
Net cash provided by (used in) financing activities	<u>(2,239)</u>	<u>(2,195)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(179)</u>	<u>(151)</u>
Net increase (decrease) in cash and cash equivalents	<u>5,007</u>	<u>(948)</u>
Cash and cash equivalents at beginning of period	<u>19,343</u>	<u>25,128</u>
Increase in cash and cash equivalents from newly consolidated subsidiary	—	290
Cash and cash equivalents at end of period	<u>24,351</u>	<u>24,470</u>

(iv) Notes to the Consolidated Quarterly Financial Statements

Notes on premise of a going concern

No relevant items.

Notes on case of extreme change in shareholder's equity amount

No relevant items.