

Summary of Consolidated Financial Statements for the Third Quarter of the Term Ending March 2016 (Japan GAAP)

February 5, 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 submission: February 8, 2016

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 third quarter of the term ending March 2016

(from April 1, 2015 to December 31, 2015)

(1) Financial results (year to date)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine month period ended December 31, 2015	86,562	1.8	16,039	1.7	16,286	-7.5	10,641	-12.5
Nine month period ended December 31, 2014	85,014	2.9	15,767	-9.1	17,607	-6.5	12,166	-17.8

(Note) Comprehensive income

Nine month period ended December 31, 2015: 11,105 million yen (-25.3%)

Nine month period ended December 31, 2014: 14,865 million yen (-0.9%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine month period ended December 31, 2015	150.89	—
Nine month period ended December 31, 2014	172.51	—

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2015	222,541	157,537	69.5
As of March 31, 2015	215,654	150,947	68.8

(Reference) Shareholders' equity:

As of December 31, 2015: 154,774 million yen

As of March 31, 2015: 148,316 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
F Y 3/2015	—	32.00	—	32.00	64.00
F Y 3/2016	—	32.00	—	—	—
FY 3/2016 (Projection)	—	—	—	32.00	64.00

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

3. Projections of consolidated business results for the term ending March 2016 (From April 1, 2015 to March 31, 2016)

(Figures in percentage show the rate of increase or decrease from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	113,000	2.3	18,000	-7.7	18,300	-15.2	12,200	-13.3	172.99

(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.: Yes
 - 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 3/2016 3Q	70,771,662	FY 3/2015	70,771,662
2) Number of treasury stock at the end of the term (shares)	FY 3/2016 3Q	247,531	FY 3/2015	246,883
3) Average number of shares during the term (shares)	FY 3/2016 3Q	70,524,410	FY 3/2015 3Q	70,525,030

* 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 procedure to quarterly audit 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

Forward-looking statements such as financial projections, which are stated in this document, are based on information currently available to the Company and certain assumptions deemed reasonable. There is a possibility that actual results, etc. will differ materially from forecasts due to various factors.

4. Consolidated Quarterly Financial Statements
(i) Consolidated Quarterly Balance Sheets

(Unit: million yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	19,379	19,989
Notes and accounts receivable-trade	42,142	43,335
Merchandise and finished goods	8,887	8,329
Work in process	13,276	12,427
Raw materials and stores	28,552	30,914
Others	16,250	15,931
Allowance for doubtful accounts	(4)	(4)
Total current assets	<u>128,484</u>	<u>130,923</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,353	56,633
Others	68,291	71,426
Accumulated depreciation	(65,020)	(66,629)
Total property, plant and equipment	<u>60,624</u>	<u>61,430</u>
Intangible assets	209	211
Investment and other assets		
Investment securities	18,167	22,490
Net defined benefit asset	1,123	1,583
Others	7,047	5,904
Allowance for doubtful accounts	(2)	(2)
Total investment and other assets	<u>26,336</u>	<u>29,975</u>
Total non-current assets	<u>87,169</u>	<u>91,617</u>
Total assets	<u>215,654</u>	<u>222,541</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,828	2,855
Short-term loans payable	21,957	21,957
Income taxes payable	635	1,380
Provision for sales returns	8	13
Others	15,936	14,151
Total current liabilities	<u>41,366</u>	<u>40,358</u>
Non-current liabilities		
Long-term loans payable	15,000	15,000
Net defined benefit liability	64	64
Others	8,275	9,580
Total non-current liabilities	<u>23,339</u>	<u>24,644</u>
Total liabilities	<u>64,706</u>	<u>65,003</u>

(Unit: million yen)

	As of March 31, 2015	As of December 31, 2015
Net Assets		
Shareholders' equity		
Capital stock	19,487	19,487
Capital surplus	1,940	1,940
Retained earnings	114,313	120,440
Treasury shares	(389)	(391)
Total shareholders' equity	<u>135,351</u>	<u>141,477</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,432	5,367
Deferred gains or losses on hedges	3,559	1,788
Revaluation reserve for land	2,130	2,130
Foreign currency translation adjustment	4,207	3,379
Remeasurements of defined benefit plans	633	632
Total accumulated other comprehensive income	<u>12,964</u>	<u>13,297</u>
Non-controlling interests	<u>2,631</u>	<u>2,762</u>
Total net assets	<u>150,947</u>	<u>157,537</u>
Total liabilities and net assets	<u>215,654</u>	<u>222,541</u>

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

(Unit: million yen)

	Nine month period ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine month period ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net sales	85,014	86,562
Cost of sales	32,809	34,653
Gross profit	52,205	51,909
Selling, general and administrative expenses	36,437	35,869
Operating income	15,767	16,039
Non-operating income		
Interest income	58	74
Dividend income	324	360
Share of profit of entities accounted for using equity method	22	—
Foreign exchange gains	1,290	—
Others	343	242
Total non-operating income	2,039	677
Non-operating expenses		
Interest expenses	144	136
Share of loss of entities accounted for using equity method	—	5
Foreign exchange losses	—	269
Others	55	19
Total non-operating expenses	199	430
Ordinary income	17,607	16,286
Extraordinary income		
Gain on sales of non-current assets	4	0
Gain on sales of investment securities	—	0
Gain on sales of subsidiaries and associates	61	—
Total extraordinary income	65	0
Extraordinary losses		
Loss on sales of non-current assets	26	0
Loss on retirement of non-current assets	307	19
Total extraordinary losses	333	19
Income before income taxes and minority interests	17,338	16,267
Income taxes	4,979	5,373
Net income	12,359	10,894
Net income attributable to non-controlling interests	193	253
Net income attributable to owners of parent	12,166	10,641

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

(Unit: million yen)

	Nine month period ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine month period ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net income	12,359	10,894
Other comprehensive income		
Valuation difference on available-for-sale securities	(878)	2,934
Deferred gains or losses on hedges	3,513	(1,771)
Foreign currency translation adjustment	(170)	(928)
Remeasurements of defined benefit plans	28	(1)
Share of other comprehensive income of entities accounted for using equity method	12	(22)
Total other comprehensive income	<u>2,505</u>	<u>211</u>
Comprehensive income	<u>14,865</u>	<u>11,105</u>
Comprehensive income attributable to		
Owners of parent	14,669	10,974
Non-controlling interests	196	131

(iii) Consolidated Quarterly Statements of Cash Flows

(Unit: million yen)

	Nine month period ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine month period ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	17,338	16,267
Depreciation	3,957	3,776
Increase (decrease) in allowance for doubtful accounts	(1)	0
Interest and dividend income	(382)	(434)
Interest expenses	144	136
Share of (profit) loss of entities accounted for using equity method	(22)	5
Loss (gain) on sales and retirement of property, plant and equipment	287	12
Decrease (increase) in notes and accounts receivable	(2,349)	(1,232)
Decrease (increase) in inventories	(6,341)	(1,564)
Increase (decrease) in notes and accounts payable - trade	380	245
Loss (gain) on sales of short-term and long-term investment securities	—	(0)
Decrease (increase) in net defined benefit assets	(318)	(459)
Increase (decrease) in net defined benefit liability	(61)	(2)
Gain on sales of subsidiaries and associates	(61)	—
Others	434	(2,161)
Subtotal	<u>13,004</u>	<u>14,590</u>
Interest and dividend income received	403	457
Interest expenses paid	(154)	(137)
Income taxes paid	<u>(10,524)</u>	<u>(3,818)</u>
Net cash provided by (used in) operating activities	<u>2,729</u>	<u>11,091</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,183)	(6,043)
Proceeds from sales of property, plant and equipment	9	1,200
Purchase of intangible assets	(29)	(34)
Purchase of short-term and long-term investment securities	(7)	(7)
Proceeds from sales and redemption of short-term and long-term investment securities	—	8
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	91	—
Payments of loans receivable	(1,102)	(932)
Collection of loans receivable	4	4
Payments into time deposits	(12)	(25)
Proceeds from withdrawal of time deposits	12	48
Others	2	(16)
Net cash provided by (used in) investing activities	<u>(7,214)</u>	<u>(5,797)</u>
Cash flows from financing activities		
Proceeds from long-term loans payable	15,000	—
Purchase of treasury shares	(1)	(1)
Cash dividends paid	(4,411)	(4,431)
Dividends paid to non-controlling interests	(39)	(54)
Others	(26)	(27)
Net cash provided by (used in) financing activities	<u>10,521</u>	<u>(4,515)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(597)</u>	<u>(144)</u>
Net increase (decrease) in cash and cash equivalents	<u>5,438</u>	<u>633</u>
Cash and cash equivalents at beginning of period	<u>14,418</u>	<u>19,343</u>
Cash and cash equivalents at end of period	<u>19,857</u>	<u>19,976</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.