

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 2016 (Japan GAAP)

May 12, 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
Contact: Head of Corporate Communications DEPT. Name: Noboru Suzuki
Telephone: 81-3-6361-7100

Scheduled date of general meeting of shareholders: June 29, 2016

Scheduled date of dividend payment commencement: June 30, 2016

Scheduled date of security report submission: June 29, 2016

Preparation of supplementary materials for the financial statements: Yes

Holding of the financial results briefing: Yes (for institutional investors, securities analysts and news media)

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

1. Consolidated business results for the term ended March 2016 (from April 1, 2015 to March 31, 2016)

(1) Financial results (total sum)

(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	%
Fiscal Year 3/2016	112,625	2.0	19,826	1.7	19,494	-9.7	12,557	-10.8
Fiscal Year 3/2015	110,438	0.3	19,491	-13.2	21,583	-9.9	14,075	-22.0

(Note) Comprehensive income Fiscal Year 3/2016 9,629 million yen (-55.0%) Fiscal Year 3/2015 21,382 million yen (8.1%)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
Fiscal Year 3/2016	178.06	—	8.3	8.9	17.6
Fiscal Year 3/2015	199.58	—	10.1	10.7	17.6

(Reference): Equity in earnings of affiliates: FY 3/2016: 8 million yen FY 3/2015: 44 million yen

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	222,468	155,702	68.8	2,169.13
As of March 31, 2015	215,654	150,947	68.8	2,103.04

(Reference): Shareholders' equity: FY 3/2016: 152,976 million yen FY 3/2015: 148,316 million yen

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Closing balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal Year 3/2016	17,570	-7,461	-4,608	25,128
Fiscal Year 3/2015	4,992	-10,683	10,408	19,343

2. Dividends

	Dividend per share					Total cash dividends (annual)	Dividends payout (consolidated)	Net assets dividend ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
F Y 3/2015	—	32.00	—	32.00	64.00	4,513	32.1	3.2
F Y 3/2016	—	32.00	—	32.00	64.00	4,513	35.9	3.0
FY 3/2017 (Projection)	—	32.00	—	32.00	64.00		42.2	

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	%	
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

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) 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 |

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the term (including treasury stock) (shares)	FY 3/2016	70,771,662	FY 3/2015	70,771,662
2) Number of treasury stock at the end of the term (shares)	FY 3/2016	247,631	FY 3/2015	246,883
3) Average number of shares during the term (shares)	FY 3/2016	70,524,330	FY 3/2015	70,524,999

(Reference) Summary of Non-consolidated Results

1. Non-consolidated business results for the term ended March 2016 (from April 1, 2015 to March 31, 2016)

(1) Financial results (Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 3/2016	111,103	2.3	17,684	-0.4	17,880	-9.8	11,543	-10.8
FY 3/2015	108,658	2.5	17,761	-16.8	19,813	-12.2	12,947	-24.0

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY 3/2016	163.68	—
FY 3/2015	183.59	—

(2) Financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 3/2016	209,584	145,287	69.3	2,060.12
FY 3/2015	201,546	139,863	69.4	1,983.18

(Reference): Shareholders' equity: FY3/2016: 145,287 million yen FY3/2015: 139,863 million yen

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

(Percentages 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		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (aggregate)	54,900	2.0	5,700	-35.9	4,100	-28.8	58.14
Full-year	113,700	2.3	13,300	-25.6	9,500	-17.7	134.71

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

This Summary of Consolidated Financial Statements does not require the audit procedure based on the Financial Instruments and Exchange Act. As of the time of disclosure of this Summary of Consolidated Financial Statements, the procedure to 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.

1. Consolidated Financial Statements
(i) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	19,379	25,150
Notes and accounts receivable-trade	42,142	41,875
Merchandise and finished goods	8,887	8,438
Work in process	13,276	12,428
Raw materials and stores	28,552	31,482
Deferred tax assets	284	1,271
Other	15,965	13,026
Allowance for doubtful accounts	(4)	(4)
Total current assets	<u>128,484</u>	<u>133,668</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,353	56,226
Machinery, equipment and vehicles	40,773	42,421
Tools, furniture and fixtures	9,257	9,652
Land	9,531	9,009
Construction in progress	8,479	12,815
Other	249	239
Accumulated depreciation	(65,020)	(67,542)
Total property, plant and equipment	<u>60,624</u>	<u>62,822</u>
Intangible assets	209	226
Investment and other assets		
Investment securities	18,167	20,119
Net defined benefit asset	1,123	122
Deferred tax assets	33	32
Other	7,014	5,478
Allowance for doubtful accounts	(2)	(2)
Total investment and other assets	<u>26,336</u>	<u>25,750</u>
Total non-current assets	<u>87,169</u>	<u>88,799</u>
Total assets	<u>215,654</u>	<u>222,468</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,828	3,157
Short-term loans payable	21,957	21,957
Accounts payable	6,251	4,927
Income taxes payable	635	2,838
Provision for sales returns	8	16
Other	9,684	10,804
Total current liabilities	<u>41,366</u>	<u>43,702</u>
Non-current liabilities		
Long-term loans payable	15,000	15,000
Deferred tax liabilities	1,557	1,202
Deferred tax liabilities for land revaluation	1,413	1,339
Net defined benefit liability	64	66
Other	5,304	5,454
Total non-current liabilities	<u>23,339</u>	<u>23,063</u>
Total liabilities	<u>64,706</u>	<u>66,765</u>
Net Assets		
Shareholders' equity		
Capital stock	19,487	19,487
Capital surplus	1,940	1,940
Retained earnings	114,313	122,047
Treasury shares	(389)	(392)
Total shareholders' equity	<u>135,351</u>	<u>143,084</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,432	3,835
Deferred gains or losses on hedges	3,559	479
Revaluation reserve for land	2,130	2,513
Foreign currency translation adjustment	4,207	3,549
Remeasurements of defined benefit plans	633	(485)
Total accumulated other comprehensive income	<u>12,964</u>	<u>9,891</u>
Non-controlling interests	2,631	2,726
Total net assets	<u>150,947</u>	<u>155,702</u>
Total liabilities and net assets	<u>215,654</u>	<u>222,468</u>

(ii) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net sales	110,438	112,625
Cost of sales	41,859	45,055
Gross profit	68,578	67,569
Selling, general and administrative expenses	49,087	47,743
Operating profit	19,491	19,826
Non-operating profit		
Interest income	89	97
Dividend income	326	363
Share of profit of entities accounted for using equity method	44	8
Foreign exchange gains	1,386	—
Other	508	396
Total non-operating profit	2,355	866
Non-operating expenses		
Interest expenses	201	182
Foreign exchange losses	—	975
Other	62	41
Total non-operating expenses	264	1,198
Ordinary income	21,583	19,494
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	33	0
Loss on retirement of non-current assets	346	31
Impairment loss	973	563
Loss on valuation of investments in capital of subsidiaries and associates	217	—
Total extraordinary losses	1,570	595
Income before income taxes	20,078	18,898
Income taxes - current	5,455	5,949
Income taxes - deferred	299	123
Total income taxes	5,754	6,072
Net income	14,323	12,825
Net income attributable to non-controlling interests	248	268
Net income attributable to owners of parent	14,075	12,557

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net income	14,323	12,825
Other comprehensive income		
Valuation difference on available-for-sale securities	571	1,402
Deferred gains or losses on hedges	3,006	(3,079)
Revaluation reserve for land	146	382
Foreign currency translation adjustment	2,192	(753)
Remeasurements of defined benefit plans	1,079	(1,119)
Share of other comprehensive income of entities accounted for using equity method	63	(29)
Total other comprehensive income	<u>7,058</u>	<u>(3,196)</u>
Comprehensive income	<u>21,382</u>	<u>9,629</u>
Comprehensive income attributable to		
Owners of parent	20,826	9,485
Non-controlling interests	555	144

(iii) Consolidated Statements of Changes in Equity
 Previous consolidated accounting period (from April 1, 2014 to March 31, 2015)

(Unit: million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,487	1,940	103,934	(388)	124,974
Cumulative effects of changes in accounting policies			817		817
Restated balance	19,487	1,940	104,751	(388)	125,791
Changes of items during the period					
Dividends of surplus			(4,513)		(4,513)
Net income attributable to owners of parent			14,075		14,075
Reversal of revaluation reserve for land					—
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	9,561	(1)	9,560
Balance at end of current period	19,487	1,940	114,313	(389)	135,351

	Accumulated Other Comprehensive Income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,861	552	1,984	2,259	(445)	6,212	2,131	133,318
Cumulative effects of changes in accounting policies								817
Restated balance	1,861	552	1,984	2,259	(445)	6,212	2,131	134,135
Changes of items during the period								
Dividends of surplus								(4,513)
Net income attributable to owners of parent								14,075
Reversal of revaluation reserve for land								—
Purchase of treasury shares								(1)
Net changes of items other than shareholders' equity	571	3,006	146	1,948	1,079	6,751	500	7,252
Total changes of items during the period	571	3,006	146	1,984	1,079	6,751	500	16,812
Balance at end of current period	2,432	3,559	2,130	4,207	633	12,964	2,631	150,947

Consolidated accounting period under review (from April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,487	1,940	114,313	(389)	135,351
Cumulative effects of changes in accounting policies					—
Restated balance	19,487	1,940	114,313	(389)	135,351
Changes of items during the period					
Dividends of surplus			(4,513)		(4,513)
Net income attributable to owners of parent			12,557		12,557
Reversal of revaluation reserve for land			(309)		(309)
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	7,734	(2)	7,732
Balance at end of current period	19,487	1,940	122,047	(392)	143,084

	Accumulated Other Comprehensive Income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,432	3,559	2,130	4,207	633	12,964	2,631	150,947
Cumulative effects of changes in accounting policies								—
Restated balance	2,432	3,559	2,130	4,207	633	12,964	2,631	150,947
Changes of items during the period								
Dividends of surplus								(4,513)
Net income attributable to owners of parent								12,557
Reversal of revaluation reserve for land								(309)
Purchase of treasury shares								(2)
Net changes of items other than shareholders' equity	1,402	(3,079)	382	(658)	(1,119)	(3,072)	94	(2,997)
Total changes of items during the period	1,402	(3,079)	382	(658)	(1,119)	(3,072)	94	4,754
Balance at end of current period	3,835	479	2,513	3,549	(485)	9,891	2,726	155,702

(iv) Consolidated Statements of Cash Flows

(Unit: million yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	20,078	18,898
Depreciation	5,387	5,059
Impairment loss	973	563
Increase (decrease) in allowance for doubtful accounts	(1)	0
Interest and dividend income	(416)	(461)
Interest expenses	201	182
Share of (profit) loss of entities accounted for using equity method	(44)	(8)
Loss (gain) on sales and retirement of property, plant and equipment	339	25
Decrease (increase) in notes and accounts receivable - trade	(2,454)	215
Decrease (increase) in inventories	(5,669)	(2,440)
Increase (decrease) in notes and accounts payable - trade	(438)	390
Loss (gain) on sales of short-term and long-term investment securities	—	(0)
Increase (decrease) in net defined benefit asset	(403)	(510)
Increase (decrease) in net defined benefit liability	(96)	(100)
Gain on sales of subsidiaries and associates	(61)	—
Other	(1,979)	(693)
Subtotal	<u>15,414</u>	<u>21,120</u>
Interest and dividend income received	441	486
Interest expenses paid	(194)	(182)
Income taxes paid	(10,668)	(3,854)
Net cash provided by (used in) operating activities	<u>4,992</u>	<u>17,570</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,628)	(7,675)
Proceeds from sales of property, plant and equipment	8	1,200
Purchase of intangible assets	(41)	(60)
Purchase of short-term and long-term investment securities	(9)	(10)
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	(1,103)	(934)
Collection of loans receivable	5	5
Payments into time deposits	(45)	(34)
Proceeds from withdrawal of time deposits	36	48
Other	3	(10)
Net cash provided by (used in) investing activities	<u>(10,683)</u>	<u>(7,461)</u>
Cash flows from financing activities		
Proceeds from long-term loans payable	15,000	—
Purchase of treasury shares	(1)	(2)
Cash dividends paid	(4,515)	(4,515)
Dividends paid to non-controlling interests	(39)	(54)
Other	(35)	(36)
Net cash provided by (used in) financing activities	<u>10,408</u>	<u>(4,608)</u>
Effect of exchange rate change on cash and cash equivalents	207	285
Net increase (decrease) in cash and cash equivalents	<u>4,925</u>	<u>5,784</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>19,343</u>	<u>25,128</u>