

Summary of Consolidated Quarterly Financial Statements for the Second Quarter of the Term Ending March 2015 (Japan GAAP)

November 6, 2014

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: Position: Head of Corporate Communications DEPT.

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Scheduled date of submission: November 7, 2014

Scheduled date of dividend payment commencement: December 5, 2014

Preparation of supplementary materials for the quarterly financial statements: Yes.

Holding of the quarterly results briefing: Yes, for institutional investors, securities analysts, and press.

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

1. Consolidated business results for the second quarter of the term ending March 2015 (from April 1, 2014 to September 30, 2014)

(1) Financial results (total sum)

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

	Net sales		Operating profit		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter ended September 30, 2014	52,710	-1.3	8,585	-17.2	9,191	-16.2	6,128	-13.3
Second quarter ended September 30, 2013	53,398	4.6	10,366	-6.0	10,965	-0.1	7,069	2.7

(Note) Comprehensive income
Second quarter ended September 30, 2014: 5,568 million yen (-35.2%)
Second quarter ended September 30, 2013: 8,587 million yen (31.4%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Second quarter ended September 30, 2014	86.89	—
Second quarter ended September 30, 2013	100.24	—

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Second quarter ended September 30, 2014	202,027	137,446	67.0
FY 3/2014	187,623	133,318	69.9

(Reference) Shareholders' equity: Second quarter ended September 30, 2014: 135,410 million yen FY 3/2014: 131,187million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
F Y 3/2014	—	32.00	—	32.00	64.00
F Y 3/2015	—	32.00			
FY 3/2015 (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 2015 (From April 1, 2014 to March 31, 2015)

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

	Net sales		Operating profit		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	111,400	1.2	18,200	-19.0	18,400	-23.2	11,800	-34.6	167.32

(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)

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

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

FY3/2015 2Q	70,771,662	FY3/2014	70,771,662
FY3/2015 2Q	246,783	FY3/2014	246,281
FY3/2015 2Q	70,525,130	FY3/2014 2Q	70,526,054

* 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. Please refer to page 2 of the attachment: "Qualitative Information on Consolidated Business Forecasts" to note when using conditions that are the assumptions for the financial projections and the financial projections themselves.

4. Consolidated Quarterly Financial Statements

(i) Consolidated Quarterly Balance Sheets

	(Unit: million yen)	
	Previous fiscal year (March 31, 2014)	End of second quarter under review (September 30, 2014)
Assets		
Current assets		
Cash and time deposits	14,445	22,964
Trade notes and accounts receivable	39,553	37,978
Merchandise and finished goods	8,842	9,906
Work in process	10,542	13,028
Raw materials and stores	24,038	26,468
Other	11,272	12,162
Less allowance for doubtful receivables	-3	-3
Total current assets	108,692	122,506
Long-term assets		
Property, plant and equipment, at cost		
Buildings and structures	57,088	56,237
Other	61,282	62,696
Accumulated depreciation	-61,222	-62,488
Property, plant and equipment, net	57,148	56,445
Intangible fixed assets	210	215
Investment and other assets		
Investment in securities	17,462	16,504
Other	4,114	6,358
Less allowance for doubtful receivables	-4	-2
Total investment and other assets	21,572	22,860
Total long-term assets	78,931	79,521
Total assets	187,623	202,027
Liabilities		
Current liabilities		
Notes and accounts payable trade	3,210	2,911
Short-term payable loans	21,957	21,957
Accrued income taxes	5,890	2,181
Allowance for sales returns	8	10
Other	14,113	13,896
Total current liabilities	45,179	40,956
Non current liabilities		
Long-term debts	—	15,000
Accrued employees' retirement and severance benefits	2,341	1,018
Other	6,784	7,606
Total long-term liabilities	9,126	23,624
Total liabilities	54,305	64,581

	Previous fiscal year (March 31, 2014)	End of second quarter under review (September 30, 2014)
Net Assets		
Shareholders' equity		
Common stock	19,487	19,487
Capital surplus	1,940	1,940
Retained earnings	103,934	108,623
Treasury stock	-388	-389
Total shareholders' equity	124,974	129,662
Accumulated other comprehensive income		
Difference on valuation of other marketable securities	1,861	1,226
Deferred hedge gain or loss	552	1,892
Difference on revaluation of land	1,984	1,984
Foreign currency translation	2,259	1,071
Remeasurements of defined benefit plans	-445	-426
Total accumulated other comprehensive income	6,212	5,748
Minority interests in consolidated subsidiaries	2,131	2,035
Total net assets	133,318	137,446
Liabilities and net assets	187,623	202,027

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

(Unit: million yen)

	Previous second quarter (From April 1, 2013 to September 30, 2013)	Second quarter under review (From April 1, 2014 to September 30, 2014)
Net sales	53,398	52,710
Cost of sales	18,595	20,049
Gross profit	34,802	32,661
Selling, general and administrative expenses	24,435	24,075
Operating profit	10,366	8,585
Other income		
Interest received	28	33
Dividend income	167	167
Gain from investments by equity method	—	21
foreign exchange profit	437	389
Other	130	136
Total other income	764	747
Other expenses		
Interest expenses	96	90
Equity in losses of affiliates	4	—
Other	63	50
Total other expenses	165	140
Recurring income	10,965	9,191
Extraordinary gain		
Gain on sales of fixed assets	2	3
Profit on sales of subsidiaries and affiliates	—	61
Total extraordinary gain	2	65
Extraordinary loss		
Loss on retirement of fixed assets	—	1
Loss on valuation of investment securities	38	122
Total extraordinary loss	38	124
Income before income taxes and minority interests	10,930	9,132
Corporate income taxes	3,787	2,945
Income before minority interests	7,142	6,186
Profit of minority shareholders	72	58
Net income	7,069	6,128

Consolidated Quarterly Statements of Comprehensive Income / For the Second Quarter Consolidated Accumulative Term
(Unit: million yen)

	Previous second quarter (From April 1, 2013 to September 30, 2013)	Second quarter under review (From April 1, 2014 to September 30, 2014)
Income before minority interests	7,142	6,186
Other comprehensive income		
Difference on valuation of other marketable securities	114	-634
Deferred hedge gain or loss	-964	1,340
Foreign currency translation adjustments	2,233	-1,320
	—	18
Share of other comprehensive income of associates accounted for using equity method	61	-22
Total other comprehensive income	1,445	-618
Comprehensive income	8,587	5,568
(Breakdown)		
Comprehensive income attributable to owners of the parent	8,211	5,664
Comprehensive income attributable to minority interests	375	-95

(iii) Consolidated Quarterly Statements of Cash Flows

(Unit: million yen)

	Previous second quarter (From April 1, 2013 to September 30, 2013)	Second quarter under review (From April 1, 2014 to September 30, 2014)
Cash flows from operating activities		
Income before income taxes	10,930	9,132
Depreciation	2,280	2,611
Increase (decrease) in allowance for doubtful receivables	0	-1
Interest and dividends	-196	-200
Interest expenses	96	90
Loss (gain) from investments by equity method	4	-21
Loss (profit) on sales and disposition of property, plant and equipment	22	116
Decrease (increase) in receivables	1,001	1,468
Decrease (increase) in inventories	-3,722	-6,546
Increase (decrease) in liabilities on purchases	685	160
Increase (decrease) in accrued employees' retirement and severance benefits	-208	—
Decrease (increase) in net defined benefit asset	—	-215
Increase (decrease) in net defined benefit liability	—	-40
Profit on sales of subsidiaries and affiliates	—	-61
Others, net	-4,927	1,101
Subtotal	5,965	7,595
Interest and dividends received	219	220
Interest paid	-100	-84
Income taxes paid	-4,142	-5,839
Cash flows from operating activities	1,942	1,891
Cash flows from investing activities		
Purchase of property, plant and equipment	-3,371	-4,368
Proceeds from sales of property, plant and equipment	29	5
Purchase of intangible assets	-3	-26
Purchase of securities and investment securities	-5	-5
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	91
Increase in loans	-5	-1,102
Collection of loans	4	2
Deposits of time deposits (more than three months)	-23	-12
Refunds of time deposits (more than three months)	24	12
Other	-5	12
Cash flows from investing activities	-3,356	-5,391
Cash flows from financing activities		
Proceeds from long-term loans payable	—	15,000
Acquisition of treasury common stock	-1	-1
Cash dividends	-2,256	-2,258
Cash dividends paid to minority shareholders	-26	-39
Other	-14	-17
Cash flows from financing activities	-2,298	12,683
Effect of exchange rate changes on cash and cash equivalents	712	-664
Net increase (decrease) in cash and cash equivalents	-3,000	8,519
Cash and cash equivalents at beginning of the term	13,762	14,418
Cash and cash equivalents at end of the term	10,762	22,937

(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 shareholders' equity amount

No relevant items.