

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 2015 (Japan GAAP)

May 12, 2015

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 submission: June 26, 2015
Scheduled date of dividend payment commencement: June 29, 2015
Scheduled date of security report submission: June 26, 2015
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 2015 (from April 1, 2014 to March 31, 2015)

(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	%
Fiscal Year 3/2015	110,438	0.3	19,491	-13.2	21,583	-9.9	14,075	-22.0
Fiscal Year 3/2014	110,057	4.2	22,461	-2.9	23,966	-1.4	18,050	17.4
(Note) Comprehensive income	Fiscal Year 3/2015		21,382 million yen (8.1%)		Fiscal Year 3/2014		19,782 million yen (-3.8%)	

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of recurring income to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
Fiscal Year 3/2015	199.58	—	10.1	10.7	17.6
Fiscal Year 3/2014	255.94	—	14.5	13.4	20.4

(Reference): Equity in earnings of affiliates: FY 3/2015: 44 million yen FY 3/2014: 2 million yen

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
Fiscal Year 3/2015	215,654	150,947	68.8	2,103.04
Fiscal Year 3/2014	187,623	133,318	69.9	1,860.14

(Reference): Shareholders' equity: FY 3/2015: 148,316 million yen FY 3/2014: 131,187 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 3/2015	4,992	-10,683	10,408	19,343
Fiscal Year 3/2014	5,908	-1,694	-4,575	14,418

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 3/2014	—	32.00	—	32.00	64.00	4,513	25.0	3.6
F Y 3/2015	—	32.00	—	32.00	64.00	4,513	32.1	3.2
FY 3/2016 (Projection)	—	32.00	—	32.00	64.00		37.0	

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 for full-year and from the second quarter of the previous fiscal year for second quarter (aggregate).)

	Net sales		Operating profit		Recurring income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Second quarter (aggregate)	54,800	4.0	8,400	-2.2	8,500	-7.5	5,400	-11.9	76.57
Full-year	113,000	2.3	18,000	-7.7	18,300	-15.2	12,200	-13.3	172.99

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.

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|---|-----|
| 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 3/2015	70,771,662	FY 3/2014	70,771,662
2) Number of treasury stock at the end of the term (shares)	FY 3/2015	246,883	FY 3/2014	246,281
3) Average number of shares during the term (shares)	FY 3/2015	70,524,999	FY 3/2014	70,525,823

(Reference) Summary of Non-consolidated Results

1. Non-consolidated business results for the term ended March 2015 (from April 1, 2014 to March 31, 2015)

(1) Financial results (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	%
FY 3/2015	108,658	2.5	17,761	-16.8	19,813	-12.2	12,947	-24.0
FY 3/2014	105,961	3.3	21,350	-3.6	22,569	-3.5	17,042	14.4

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY 3/2015	183.59	—
FY 3/2014	241.64	—

(2) Financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 3/2015	201,546	139,863	69.4	1,983.18
FY 3/2014	177,673	126,889	71.4	1,799.21

(Reference): Shareholders' equity: FY3/2015: 139,863 million yen FY3/2014: 126,889 million yen

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

(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		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (aggregate)	54,100	4.6	7,400	-18.7	4,700	-24.1	66.64
Full-year	111,500	2.6	16,700	-15.7	11,200	-13.5	158.81

* 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. Please refer to page 2 of the attachment: “Analysis of Business Results” for matters, etc. to note when using conditions that are the assumptions for the financial projections and the financial projections themselves.

(Unit: million yen)

	Previous fiscal year (March 31, 2014)		Fiscal year under review (March 31, 2015)
Assets			
Current assets			
Cash and time deposits	14,445		19,379
Trade notes and accounts receivable	39,553		42,142
Merchandise and finished goods	8,842		8,887
Work in process	10,542		13,276
Raw materials and stores	24,038		28,552
Deferred tax assets	1,654		284
Other	9,618		15,965
Less allowance for doubtful receivables	-3		-4
Total current assets	108,692		128,484
Long-term assets			
Property, plant and equipment, at cost			
Buildings and structures	57,088		57,353
Machinery and equipment	39,653		40,773
Tools, furniture and fixtures	8,281		9,257
Land	*1 9,897	*1	9,531
Construction in progress	3,224		8,479
Other	225		249
Accumulated depreciation	-61,222		-65,020
Property, plant and equipment, net	57,148		60,624
Intangible fixed assets	210		209
Investment and other assets			
Investment in securities	*2 17,462	*2	18,167
Net defined benefit asset	—		1,123
Deferred tax assets	26		33
Other	*2 4,087	*2	7,014
Less allowance for doubtful receivables	-4		-2
Total investment and other assets	21,572		26,336
Total long-term assets	78,931		87,169
Total assets	187,623		215,654
Liabilities			
Current liabilities			
Notes and accounts payable trade	3,210		2,828
Short-term payable loans	21,957		21,957
Accounts payable	6,357		6,251
Accrued income taxes	5,890		635
Allowance for sales returns	8		8
Other	7,755		9,684
Total current liabilities	45,179		41,366
Long-term liabilities			
Long-term loans payable	—		15,000
Deferred tax liabilities	66		1,557
Deferred tax liabilities on revaluation	*1 1,559	*1	1,413
Net defined benefit liability	2,341		64
Other	5,159		5,304
Total long-term liabilities	9,126		23,339
Total liabilities	54,305		64,706
Net Assets			
Shareholders' equity			
Common stock	19,487		19,487
Capital surplus	1,940		1,940
Retained earnings	103,934		114,313
Treasury stock	-388		-389
Total shareholders' equity	124,974		135,351
Accumulated other comprehensive income			
Difference on valuation of other marketable securities	1,861		2,432
Deferred hedge gain or loss	552		3559
Difference on revaluation of land	*1 1,984	*1	2,130
Foreign currency translation	2,259		4,207
Remeasurements of defined benefit plans	-445		633
Total accumulated other comprehensive income	6,212		12,964
Minority interests in consolidated subsidiaries	2,131		2,631
Total net assets	133,318		150,947
Liabilities and net assets	187,623		215,654

(ii) [Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]

[Consolidated Statements of Income]

(Unit: million yen)

		Previous fiscal year (From April 1, 2013 to March 31, 2014)		Fiscal year under review (From April 1, 2014 to March 31, 2015)
Net sales		110,057		110,438
Cost of sales	*1	38,787	*1	41,859
Gross profit		71,269		68,578
Selling, general and administrative expenses	*2, *3	48,808	*2, *3	49,087
Operating profit		22,461		19,491
Other income				
Interest received		56		89
Dividend income		327		326
Gain from investments by equity method		2		44
Foreign exchange gains		962		1386
Other		448		508
Total other income		1,797		2,355
Other expenses				
Other expenses		186		201
Other		106		62
Total other expenses		292		264
Recurring income		23,966		21,583
Extraordinary gain				
Gain on sales of fixed assets	*4	2	*4	4
Gain on sales of investment securities		4,416		-
Gain on sale of affiliates		—		61
Total extraordinary gain		4,418		65
Extraordinary loss				
Loss on sales of fixed assets	*5	0	*5	33
Loss on retirement of fixed assets	*6	267	*6	346
Impairment loss		—	*7	973
Loss on valuation of investments in capital of subsidiaries and affiliates		—		217
Total extraordinary loss		267		1,570
Income before income taxes and minority interests		28,118		20,078
Corporate tax, residential tax and business tax		9,937		5,455
Amount of adjustment, such as corporate tax		-27		299
Total corporate income taxes		9,910		5,754
Income before minority interests		18,207		14,323
Profit of minority shareholders		157		248
Net income		18,050		14,075

[Consolidated Statement of Comprehensive Income]

(Unit: million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)		Fiscal year under review (From April 1, 2014 to March 31, 2015)
Income before minority interests	18,207		14,323
Other comprehensive income			
Difference on valuation of other marketable securities	-1,533		571
Deferred hedge gain or loss	-434		3,006
Revaluation reserve for land	—		146
Foreign currency translation	3,447		2,192
Remeasurements of defined benefit plans, net of tax	—		1,079
Share of other comprehensive income of associates accounted for using equity method	94		63
Total other comprehensive income	1,574	*1	7,058
Comprehensive income	19,782		21,382
(Breakdown)			
Comprehensive income attributable to owners of the parent	19,154		20,826
Comprehensive income attributable to minority interests	627		555

(iii) Consolidated Statements of Changes in Net Assets

Previous consolidated accounting period (from April 1, 2013 to March 31, 2014)

(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	90,397	-385	111,440
Cumulative effects of changes in accounting policies					—
Restated balance	19,487	1,940	90,397	-385	111,440
Changes of items during the period					
Dividends from surplus			-4,513		-4,513
Net income			18,050		18,050
Purchase of treasury stock				-2	-2
Net changes of items other than shareholder's equity					
Total changes of items during the period	—	—	13,537	-2	13,534
Balance at end of current period	19,487	1,940	103,934	-388	124,974

	Accumulated Other Comprehensive Income						Minority 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	3,394	987	1,984	-812	—	5,554	1,542	118,537
Cumulative effects of changes in accounting policies								—
Restated balance	3,394	987	1,984	-812	—	5,554	1,542	118,537
Changes of items during the period								
Dividends from surplus								-4,513
Net income								18,050
Purchase of treasury stock								-2
Net changes of items other than shareholder's equity	-1,533	-434	—	3,072	-445	658	588	1,246
Total changes of items during the period	-1,533	-434	—	3,072	-445	658	588	14,780
Balance at end of current period	1,861	552	1,984	2,259	-445	6,212	2,131	133,318

Consolidated accounting period under review (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 from surplus			-4,513		-4,513
Net income			14,075		14,075
Purchase of treasury stock				-1	-1
Net changes of items other than shareholder's 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						Minority 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 from surplus								-4,513
Net income								14,075
Purchase of treasury stock								-1
Net changes of items other than shareholder's 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	1,948	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

(Unit: million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Fiscal year under review (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Income before income taxes	28,118	20,078
Depreciation	4,871	5,387
Impairment loss	—	973
Increase (decrease) in allowance for doubtful	0	-1
Interest and dividends	-383	-416
Interest expenses	186	201
Loss (gain) from investments by equity method	-2	-44
Loss (profit) on sales and disposition of property, plant and equipment	199	339
Decrease (increase) in receivables	-2,291	-2,454
Decrease (increase) in inventories	-5,728	-5,669
Increase (decrease) in liabilities on purchases	-90	-438
Loss (gain) on sales of securities and investment	-4,416	-
Decrease (increase) in net defined benefit assets	—	-403
Increase (decrease) in net defined benefit liability	-407	-96
Gain on sales of affiliates	—	-61
Others, net	-6,086	-1,979
Subtotal	13,969	15,414
Interest and dividends received	411	441
Interest paid	-184	-194
Income taxes paid	-8,288	-10,668
Cash flows from operating activities	5,908	4,992
Cash flows from investing activities		
Purchase of property, plant and equipment	-7,669	-9,628
Proceeds from sales of property, plant and equipment	29	8
Purchase of intangible assets	-21	-41
Purchase of securities and investment securities	-9	-9
Proceeds from sale and redemption of securities and investment securities	5,916	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	91
Increase in loans	-10	-1,103
Collection of loans	9	5
Deposits of time deposits (more than three months)	-44	-45
Refunds of time deposits (more than three months)	48	36
Other	58	3
Cash flows from investing activities	-1,694	-10,683
Cash flows from financing activities		
Proceeds from long-term loans payable	—	15,000
Acquisition of treasury common stock	-2	-1
Cash dividends	-4,515	-4,515
Cash dividends paid to minority shareholders	-26	-39
Other	-30	-35
Cash flows from financing activities	-4,575	10,408
Effect of exchange rate changes on cash and cash	1,016	207
Net increase (decrease) in cash and cash equivalents	656	4,925
Cash and cash equivalents at beginning of the term	13,762	14,418
Cash and cash equivalents at end of the term	*1 14,418	*1 19,343