

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2015 (Based on Japanese GAAP)

August 7, 2015

Company name: Kawasumi Laboratories, Incorporated  
 Stock exchange listing: Tokyo  
 Stock code: 7703 URL <http://www.kawasumi.jp/>  
 Representative: President and Chief Executive Officer Yoshio Sakaya  
 Director and Senior Corporate Officer, Administration Division Shigeru Toda TEL 03-5769-2600  
 Inquiries: Administration Division  
 Scheduled date to file Quarterly Securities Report: August 7, 2015  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2015	6,778	1.1	365	50.8	473	64.8	344	107.4
Three months ended June 30, 2014	6,706	2.6	242	–	287	–	166	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2015	15.08		–	
Three months ended June 30, 2014	7.27		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2015	44,609	38,764	86.0	1,677.07
As of March 31, 2015	45,245	38,889	85.0	1,682.79

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2015	–	7.50	–	7.50	15.00
Year ending March 31, 2016	–	–	–	–	–
Year ending March 31, 2016 (Forecast)	–	7.50	–	7.50	15.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	14,200	3.6	650	5.7	700	(12.0)	400	(9.4)	17.49
Full year	29,000	2.1	1,700	20.8	1,800	(1.9)	1,150	17.9	50.29

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2015  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2015	22,948,003 shares	As of March 31, 2015	22,948,003 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2015	80,712 shares	As of March 31, 2015	80,712 shares
---------------------	---------------	----------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2015	22,867,291 shares	Three months ended June 30, 2014	22,867,317 shares
----------------------------------	-------------------	----------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	13,895	14,242
Notes and accounts receivable - trade	7,296	6,957
Merchandise and finished goods	3,718	4,016
Work in process	828	708
Raw materials and supplies	1,457	1,409
Other	711	603
Allowance for doubtful accounts	(67)	(66)
Total current assets	27,841	27,873
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,771	6,533
Machinery, equipment and vehicles, net	3,937	3,721
Other, net	2,274	2,149
Total property, plant and equipment	12,983	12,405
Intangible assets	173	156
Investments and other assets		
Investment securities	3,935	3,825
Other	356	393
Allowance for doubtful accounts	(44)	(43)
Total investments and other assets	4,247	4,174
Total non-current assets	17,404	16,736
Total assets	45,245	44,609
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,242	2,121
Income taxes payable	132	54
Provision	330	22
Other	1,515	1,515
Total current liabilities	4,222	3,713
Non-current liabilities		
Net defined benefit liability	1,666	1,664
Other	467	465
Total non-current liabilities	2,134	2,130
Total liabilities	6,356	5,844

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Net assets		
Shareholders' equity		
Capital stock	6,642	6,642
Capital surplus	6,462	6,462
Retained earnings	23,620	23,793
Treasury shares	(56)	(56)
Total shareholders' equity	36,667	36,841
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	939	846
Foreign currency translation adjustment	921	707
Remeasurements of defined benefit plans	(48)	(45)
Total accumulated other comprehensive income	1,812	1,508
Non-controlling interests	408	414
Total net assets	38,889	38,764
Total liabilities and net assets	45,245	44,609

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	6,706	6,778
Cost of sales	4,459	4,448
Gross profit	2,246	2,329
Selling, general and administrative expenses	2,004	1,963
Operating income	242	365
Non-operating income		
Interest income	1	4
Dividend income	14	18
Share of profit of entities accounted for using equity method	8	14
Foreign exchange gains	0	54
Revenue of scraps	13	14
Other	8	4
Total non-operating income	47	112
Non-operating expenses		
Interest expenses	0	0
Other	2	4
Total non-operating expenses	2	4
Ordinary income	287	473
Extraordinary income		
Gain on sales of non-current assets	0	18
Total extraordinary income	0	18
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	0
Other	-	1
Total extraordinary losses	1	1
Income before income taxes and minority interests	285	491
Income taxes - current	28	49
Income taxes - deferred	87	92
Total income taxes	115	141
Profit	170	349
Profit attributable to non-controlling interests	4	4
Profit attributable to owners of parent	166	344

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit	170	349
Other comprehensive income		
Valuation difference on available-for-sale securities	108	(92)
Remeasurements of defined benefit plans, net of tax	2	2
Foreign currency translation adjustment	(176)	(211)
Total other comprehensive income	(65)	(302)
Comprehensive income	105	47
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	104	40
Comprehensive income attributable to non-controlling interests	0	6

## Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	285	491
Depreciation	504	482
Loss on retirement of property, plant and equipment	1	0
Loss (gain) on sales of property, plant and equipment	(0)	(18)
Increase (decrease) in provision	(295)	(308)
Increase (decrease) in net defined benefit liability	(2)	13
Interest and dividend income	(16)	(23)
Interest expenses	0	0
Share of (profit) loss of entities accounted for using equity method	(8)	(14)
Decrease (increase) in notes and accounts receivable - trade	306	310
Decrease (increase) in inventories	(310)	(155)
Increase (decrease) in notes and accounts payable - trade	204	(118)
Other, net	(132)	58
Subtotal	537	717
Interest and dividend income received	16	30
Proceeds from compensation	1,790	–
Interest expenses paid	(0)	(0)
Income taxes paid	(492)	(147)
Net cash provided by (used in) operating activities	1,849	600
Cash flows from investing activities		
Payments into time deposits	(94)	(19)
Purchase of investment securities	–	(7)
Purchase of property, plant and equipment	(85)	(122)
Purchase of intangible assets	(9)	(14)
Proceeds from sales of property, plant and equipment	0	77
Other, net	(0)	(2)
Net cash provided by (used in) investing activities	(190)	(88)
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(0)	–
Cash dividends paid	(159)	(157)
Repayments of finance lease obligations	(5)	(4)
Net cash provided by (used in) financing activities	(164)	(161)
Effect of exchange rate change on cash and cash equivalents	6	(25)
Net increase (decrease) in cash and cash equivalents	1,500	325
Cash and cash equivalents at beginning of period	9,605	13,630
Cash and cash equivalents at end of period	11,106	13,955