

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 11, 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
 General Manager, Accounting and Finance
 Inquiries: Division Koichi Ukegawa TEL 03-5769-2600
 Scheduled date to file Quarterly Securities Report: November 11, 2015
 Scheduled date to commence dividend payments: December 7, 2015
 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 six months ended September 30, 2015 (from April 1, 2015 to September 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	%
Six months ended September 30, 2015	13,982	2.0	984	60.2	1,070	34.5	787	78.4
Six months ended September 30, 2014	13,701	2.6	614	–	795	–	441	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2015	34.43	–
Six months ended September 30, 2014	19.30	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2015	44,136	38,122	85.5	1,649.45
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	Yen	Yen	Yen	Yen
Year ended March 31, 2015	–	7.50	–	7.50	15.00
Year ending March 31, 2016	–	7.50	–	–	–
Year ending March 31, 2016 (Forecast)	–	–	–	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
Full year	29,000	2.1	1,900	35.0	2,000	9.0	1,400	43.5	61.22

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 30, 2015	22,948,003 shares	As of March 31, 2015	22,948,003 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	80,792 shares	As of March 31, 2015	80,712 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015	22,867,263 shares	Six months ended September 30, 2014	22,867,304 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	13,895	15,078
Notes and accounts receivable - trade	7,296	7,150
Merchandise and finished goods	3,718	3,694
Work in process	828	696
Raw materials and supplies	1,457	1,284
Other	711	657
Allowance for doubtful accounts	(67)	(59)
Total current assets	27,841	28,501
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,771	6,101
Machinery, equipment and vehicles, net	3,937	3,277
Other, net	2,274	2,025
Total property, plant and equipment	12,983	11,404
Intangible assets	173	148
Investments and other assets		
Investment securities	3,935	3,670
Other	356	454
Allowance for doubtful accounts	(44)	(43)
Total investments and other assets	4,247	4,081
Total non-current assets	17,404	15,635
Total assets	45,245	44,136
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,242	1,950
Income taxes payable	132	305
Provision	330	312
Other	1,515	1,382
Total current liabilities	4,222	3,951
Non-current liabilities		
Net defined benefit liability	1,666	1,614
Other	467	448
Total non-current liabilities	2,134	2,062
Total liabilities	6,356	6,013

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Net assets		
Shareholders' equity		
Capital stock	6,642	6,642
Capital surplus	6,462	6,462
Retained earnings	23,620	24,235
Treasury shares	(56)	(56)
Total shareholders' equity	36,667	37,283
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	939	744
Foreign currency translation adjustment	921	(266)
Remeasurements of defined benefit plans	(48)	(42)
Total accumulated other comprehensive income	1,812	434
Non-controlling interests	408	404
Total net assets	38,889	38,122
Total liabilities and net assets	45,245	44,136

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	13,701	13,982
Cost of sales	9,128	9,090
Gross profit	4,573	4,892
Selling, general and administrative expenses	3,958	3,907
Operating income	614	984
Non-operating income		
Interest income	13	10
Dividend income	15	15
Revenue of scraps	28	26
Foreign exchange gains	105	19
Share of profit of entities accounted for using equity method	12	22
Other	17	9
Total non-operating income	192	104
Non-operating expenses		
Interest expenses	1	1
Other	10	17
Total non-operating expenses	11	18
Ordinary income	795	1,070
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	3	1
Impairment loss	80	–
Total extraordinary losses	84	1
Income before income taxes and minority interests	712	1,087
Income taxes - current	206	294
Income taxes - deferred	51	(4)
Total income taxes	258	289
Profit	453	798
Profit attributable to non-controlling interests	12	10
Profit attributable to owners of parent	441	787

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	453	798
Other comprehensive income		
Valuation difference on available-for-sale securities	323	(195)
Remeasurements of defined benefit plans, net of tax	5	5
Foreign currency translation adjustment	604	(1,200)
Total other comprehensive income	933	(1,390)
Comprehensive income	1,386	(592)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,378	(590)
Comprehensive income attributable to non-controlling interests	7	(1)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	712	1,087
Depreciation	1,043	947
Impairment loss	80	–
Loss on retirement of property, plant and equipment	3	1
Loss (gain) on sales of property, plant and equipment	(0)	(18)
Increase (decrease) in provision	(27)	(19)
Increase (decrease) in net defined benefit liability	(13)	21
Interest and dividend income	(28)	(26)
Interest expenses	1	1
Share of (profit) loss of entities accounted for using equity method	(12)	(22)
Decrease (increase) in notes and accounts receivable - trade	208	(39)
Decrease (increase) in inventories	(399)	144
Increase (decrease) in notes and accounts payable - trade	52	(243)
Other, net	(41)	17
Subtotal	1,579	1,852
Interest and dividend income received	31	33
Proceeds from compensation	1,790	–
Interest expenses paid	0	(1)
Income taxes paid	(501)	(141)
Net cash provided by (used in) operating activities	2,900	1,742
Cash flows from investing activities		
Payments into time deposits	(97)	(19)
Purchase of investment securities	–	(6)
Purchase of property, plant and equipment	(328)	(212)
Proceeds from sales of property, plant and equipment	0	77
Purchase of intangible assets	(32)	(21)
Other, net	(5)	(8)
Net cash provided by (used in) investing activities	(463)	(191)
Cash flows from financing activities		
Decrease (increase) in treasury shares	(0)	(0)
Cash dividends paid	(171)	(171)
Dividends paid to non-controlling interests	(2)	(3)
Repayments of finance lease obligations	(9)	(9)
Net cash provided by (used in) financing activities	(184)	(184)
Effect of exchange rate change on cash and cash equivalents	35	(201)
Net increase (decrease) in cash and cash equivalents	2,288	1,165
Cash and cash equivalents at beginning of period	9,605	13,630
Cash and cash equivalents at end of period	11,894	14,795