

June 10, 2016

**Amendment of Consolidated Financial Results
for the year Ended March 31, 2016**

On May 16 2016, the Supreme Court of the Kingdom of Thailand made its judgment in regard to the calculation method of taxable income and loss carry forwards of the business admitted by the Board of Investment, Thailand.

Kawasumi Laboratories (Thailand) Co., Ltd. is not the direct party of this legal dispute. However, since Kawasumi Laboratories (Thailand) Co., Ltd. applies the different calculation method from the judicial decision made this time, Kawasumi Laboratories (Thailand) Co., Ltd. may have to pay the tax liability of an estimated amount of 433 Million Yen. Hence, we appropriated 433 Million Yen at the fiscal year ended March 2016 as the income taxes for prior periods.

The impact on profit attributable to owners of parent on consolidated financial results is 431 Million yen.

END

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 Year Ended March 31, 2016
(Based on Japanese GAAP)**

May 13, 2016

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 of ordinary general meeting of shareholders: June 23, 2016
 Scheduled date to file Securities Report: June 23, 2016
 Scheduled date to commence dividend payments: June 24, 2016
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

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

(1) Consolidated operating results

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	%
Year ended March 31, 2016	28,135	(1.0)	2,130	51.4	2,177	18.6	1,167	19.7
Year ended March 31, 2015	28,408	2.8	1,406	131.9	1,835	231.9	975	60.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	51.49	-	3.1	4.9	7.6
Year ended March 31, 2015	42.66	-	2.7	4.2	5.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	43,505	37,017	84.2	1,678.86
As of March 31, 2015	45,245	38,889	85.0	1,682.79

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	3,225	(221)	(1,358)	14,973
Year ended March 31, 2015	5,059	(844)	(365)	13,630

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	-	7.50	-	7.50	15.00	343	35.2	0.9
Year ended March 31, 2016	-	7.50	-	7.50	15.00	335	29.1	0.9
Year ending March 31, 2017 (Forecast)	-	7.50	-	7.50	15.00		46.7	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

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, 2016	12,700	(9.2)	300	(69.5)	300	(72.0)	200	(74.6)	9.17
Full year	26,000	(7.6)	1,000	(53.1)	1,000	(54.1)	700	(56.2)	32.09

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2016	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 March 31, 2016	1,132,272 shares	As of March 31, 2015	80,712 shares
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Average number of shares during the period

Year ended March 31, 2016	22,675,352 shares	Year ended March 31, 2015	22,867,298 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	13,895	15,142
Notes and accounts receivable - trade	7,296	7,270
Merchandise and finished goods	3,718	3,373
Work in process	828	654
Raw materials and supplies	1,457	1,158
Deferred tax assets	241	246
Prepaid expenses	283	217
Other	187	228
Allowance for doubtful accounts	(67)	(71)
Total current assets	27,841	28,220
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,098	15,079
Accumulated depreciation	(9,327)	(9,347)
Buildings and structures, net	6,771	5,731
Machinery, equipment and vehicles	18,235	16,911
Accumulated depreciation	(14,297)	(14,024)
Machinery, equipment and vehicles, net	3,937	2,886
Tools, furniture and fixtures	6,151	5,763
Accumulated depreciation	(5,516)	(5,294)
Tools, furniture and fixtures, net	635	468
Land	1,245	1,125
Leased assets	110	2
Accumulated depreciation	(98)	(2)
Leased assets, net	11	0
Construction in progress	381	674
Total property, plant and equipment	12,983	10,887
Intangible assets	173	186
Investments and other assets		
Investment securities	3,935	3,723
Deferred tax assets	114	235
Other	241	294
Allowance for doubtful accounts	(44)	(42)
Total investments and other assets	4,247	4,210
Total non-current assets	17,404	15,284
Total assets	45,245	43,505

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,242	1,761
Lease obligations	11	0
Accounts payable - other	724	939
Accrued expenses	457	470
Income taxes payable	132	<u>727</u>
Accrued consumption taxes	245	105
Provision for bonuses	274	280
Provision for directors' bonuses	56	52
Other	75	47
Total current liabilities	<u>4,222</u>	<u>4,384</u>
Non-current liabilities		
Lease obligations	0	-
Deferred tax liabilities	6	0
Net defined benefit liability	1,666	1,655
Other	461	446
Total non-current liabilities	<u>2,134</u>	<u>2,102</u>
Total liabilities	<u>6,356</u>	<u>6,487</u>
Net assets		
Shareholders' equity		
Capital stock	6,642	6,642
Capital surplus	6,462	6,462
Retained earnings	23,620	<u>24,444</u>
Treasury shares	(56)	(1,056)
Total shareholders' equity	<u>36,667</u>	<u>36,492</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	939	793
Foreign currency translation adjustment	921	<u>(595)</u>
Remeasurements of defined benefit plans	(48)	(64)
Total accumulated other comprehensive income	<u>1,812</u>	<u>133</u>
Non-controlling interests	408	<u>391</u>
Total net assets	<u>38,889</u>	<u>37,017</u>
Total liabilities and net assets	<u>45,245</u>	<u>43,505</u>

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	28,408	28,135
Cost of sales	18,878	18,006
Gross profit	9,529	10,129
Selling, general and administrative expenses	8,123	7,999
Operating income	1,406	2,130
Non-operating income		
Interest income	14	31
Dividend income	25	35
Foreign exchange gains	285	–
Share of profit of entities accounted for using equity method	17	41
Revenue of scraps	62	50
Other	40	14
Total non-operating income	445	172
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	–	111
Other	14	12
Total non-operating expenses	16	125
Ordinary income	1,835	2,177
Extraordinary income		
Gain on sales of non-current assets	2	19
Total extraordinary income	2	19
Extraordinary losses		
Loss on sales and retirement of non-current assets	8	35
Impairment loss	80	–
Other	0	–
Total extraordinary losses	89	35
Profit before income taxes	1,749	2,160
Income taxes - current	554	570
<u>Income taxes for prior periods</u>	–	433
Income taxes - deferred	191	(38)
Total income taxes	745	965
Profit	1,003	1,194
Profit attributable to non-controlling interests	27	27
Profit attributable to owners of parent	975	1,167

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	1,003	<u>1,194</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	729	(146)
Foreign currency translation adjustment	1,676	<u>(1,557)</u>
Remeasurements of defined benefit plans, net of tax	17	(16)
Total other comprehensive income	<u>2,424</u>	<u>(1,720)</u>
Comprehensive income	<u>3,427</u>	<u>(525)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,347	<u>(512)</u>
Comprehensive income attributable to non-controlling interests	80	<u>(13)</u>

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,642	6,462	22,709	(56)	35,757
Cumulative effects of changes in accounting policies			277		277
Restated balance	6,642	6,462	22,987	(56)	36,035
Changes of items during period					
Dividends of surplus			(343)		(343)
Profit attributable to owners of parent			975		975
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	632	(0)	632
Balance at end of current period	6,642	6,462	23,620	(56)	36,667

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	209	(702)	(65)	(558)	331	35,530
Cumulative effects of changes in accounting policies						277
Restated balance	209	(702)	(65)	(558)	331	35,808
Changes of items during period						
Dividends of surplus						(343)
Profit attributable to owners of parent						975
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	729	1,624	17	2,371	76	2,448
Total changes of items during period	729	1,624	17	2,371	76	3,081
Balance at end of current period	939	921	(48)	1,812	408	38,889

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,642	6,462	23,620	(56)	36,667
Cumulative effects of changes in accounting policies					
Restated balance					
Changes of items during period					
Dividends of surplus			(343)		(343)
Profit attributable to owners of parent			1,167		1,167
Purchase of treasury shares				(1,000)	(1,000)
Net changes of items other than shareholders' equity					
Total changes of items during period			824	(1,000)	(175)
Balance at end of current period	6,642	6,462	24,444	(1,056)	36,492

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	939	921	(48)	1,812	408	38,889
Cumulative effects of changes in accounting policies						
Restated balance						
Changes of items during period						
Dividends of surplus						(343)
Profit attributable to owners of parent						1,167
Purchase of treasury shares						(1,000)
Net changes of items other than shareholders' equity	(146)	(1,517)	(16)	(1,679)	(16)	(1,696)
Total changes of items during period	(146)	(1,517)	(16)	(1,679)	(16)	(1,872)
Balance at end of current period	793	(595)	(64)	133	391	37,017

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	1,749	2,160
Depreciation	2,108	1,833
Impairment loss	80	–
Increase (decrease) in allowance for doubtful accounts	0	12
Increase (decrease) in provision for bonuses	(7)	5
Increase (decrease) in provision for directors' bonuses	18	(3)
Increase (decrease) in net defined benefit liability	29	59
Interest and dividend income	(40)	(66)
Interest expenses	2	1
Foreign exchange losses (gains)	12	35
Share of (profit) loss of entities accounted for using equity method	(17)	(41)
Loss (gain) on sales and retirement of property, plant and equipment	5	16
Decrease (increase) in notes and accounts receivable - trade	141	(214)
Decrease (increase) in inventories	(148)	544
Decrease (increase) in other assets	22	91
Increase (decrease) in notes and accounts payable - trade	131	(394)
Increase (decrease) in other liabilities	(15)	(470)
Subtotal	4,072	3,571
Interest and dividend income received	34	55
Proceeds from compensation	1,790	–
Interest expenses paid	(2)	(1)
Income taxes paid	(835)	(400)
Net cash provided by (used in) operating activities	5,059	3,225
Cash flows from investing activities		
Payments into time deposits	(346)	(19)
Proceeds from withdrawal of time deposits	229	100
Purchase of investment securities	–	(6)
Purchase of property, plant and equipment	(656)	(288)
Proceeds from sales of property, plant and equipment	3	81
Purchase of intangible assets	(69)	(45)
Other, net	(4)	(42)
Net cash provided by (used in) investing activities	(844)	(221)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Decrease(increase) in treasury stock	(0)	(1,000)
Cash dividends paid	(343)	(343)
Dividends paid to non-controlling interests	(2)	(3)
Repayments of finance lease obligations	(19)	(11)
Net cash provided by (used in) financing activities	(365)	(1,358)
Effect of exchange rate change on cash and cash equivalents	175	(303)
Net increase (decrease) in cash and cash equivalents	4,024	1,342
Cash and cash equivalents at beginning of period	9,605	13,630
Cash and cash equivalents at end of period	13,630	14,973