

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2016
(Based on Japanese GAAP)**

May 11, 2016

Company name: Fumakilla Limited
 Stock exchange listing: Tokyo
 Stock code: 4998 URL <http://www.fumakilla.co.jp>
 Representative: President Kazuaki Oshimo
 Director, General Manager, Administrative
 Inquiries: Division Takanori Sasaki TEL 0829-55-2112
 Scheduled date of ordinary general meeting of shareholders: June 29, 2016
 Scheduled date to file Securities Report: June 30, 2016
 Scheduled date to commence dividend payments: June 30, 2016
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(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	36,288	8.9	1,865	28.9	1,973	26.3	1,131	32.8
Year ended March 31, 2015	33,308	16.9	1,447	120.9	1,562	155.1	852	229.9

	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	40.68	–	13.5	6.4	5.1
Year ended March 31, 2015	30.60	–	11.6	5.6	4.3

(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	31,626	10,245	26.6	302.27
As of March 31, 2015	29,809	10,226	27.9	298.73

(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	(292)	(875)	1,402	2,527
Year ended March 31, 2015	2,162	(646)	(970)	2,524

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	–	–	–	8.00	8.00	222	26.1	3.0
Year ended March 31, 2016	–	–	–	10.00	10.00	278	24.6	3.3
Year ending March 31, 2017 (Forecast)	–	–	–	10.00	10.00		25.5	

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	21,200	1.3	1,500	(10.3)	1,550	(8.4)	890	(10.8)	32.01
Full year	37,800	4.2	1,840	(1.4)	2,020	2.4	1,090	(3.6)	39.20

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	32,980,000 shares	As of March 31, 2015	32,980,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	5,174,709 shares	As of March 31, 2015	5,170,951 shares
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Average number of shares during the period

Year ended March 31, 2016	27,807,105 shares	Year ended March 31, 2015	27,841,619 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	3,147,437	3,196,933
Notes and accounts receivable - trade	8,274,500	9,454,463
Electronically recorded monetary claims - operating	4,260	37,850
Merchandise and finished goods	3,370,927	4,164,456
Work in process	640,724	882,458
Raw materials and supplies	1,402,765	1,542,656
Deferred tax assets	609,582	617,831
Other	860,912	1,126,455
Allowance for doubtful accounts	(1,052)	(1,177)
Total current assets	18,310,059	21,021,928
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,761,785	5,554,859
Accumulated depreciation	(3,652,086)	(3,706,919)
Buildings and structures, net	2,109,698	1,847,940
Machinery, equipment and vehicles	8,874,985	8,766,990
Accumulated depreciation	(7,635,063)	(7,563,259)
Machinery, equipment and vehicles, net	1,239,922	1,203,731
Tools, furniture and fixtures	3,008,267	3,079,493
Accumulated depreciation	(2,838,661)	(2,928,995)
Tools, furniture and fixtures, net	169,606	150,498
Land	705,978	696,090
Leased assets	223,596	196,802
Accumulated depreciation	(85,272)	(101,406)
Leased assets, net	138,324	95,396
Construction in progress	64,014	138,921
Total property, plant and equipment	4,427,545	4,132,578
Intangible assets		
Goodwill	1,315,573	1,040,129
Trademark right	1,218,017	956,979
Other	668,190	556,407
Total intangible assets	3,201,781	2,553,516
Investments and other assets		
Investment securities	3,525,650	3,536,974
Deferred tax assets	99,067	108,776
Net defined benefit asset	34,309	47,572
Other	411,588	404,742
Allowance for doubtful accounts	(200,407)	(179,320)
Total investments and other assets	3,870,208	3,918,745
Total non-current assets	11,499,535	10,604,840
Total assets	29,809,595	31,626,769

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,265,844	3,651,135
Electronically recorded obligations - operating	1,869,190	1,675,745
Short-term loans payable	6,344,533	8,412,504
Current portion of long-term loans payable	301,283	373,823
Lease obligations	42,500	37,231
Accounts payable - other	2,551,319	2,505,107
Income taxes payable	214,746	257,071
Provision for bonuses	427,166	470,781
Provision for directors' bonuses	20,500	34,300
Provision for sales rebates	98,532	77,094
Provision for sales returns	499,845	468,473
Other	127,225	94,572
Total current liabilities	15,762,688	18,057,843
Non-current liabilities		
Long-term loans payable	1,940,052	1,567,374
Lease obligations	88,685	51,213
Deferred tax liabilities	979,780	875,017
Net defined benefit liability	289,728	282,660
Provision for directors' retirement benefits	444,683	469,652
Asset retirement obligations	8,988	9,158
Other	68,182	68,370
Total non-current liabilities	3,820,100	3,323,447
Total liabilities	19,582,789	21,381,291
Net assets		
Shareholders' equity		
Capital stock	3,698,680	3,698,680
Capital surplus	2,105,774	2,105,908
Retained earnings	2,446,171	3,354,975
Treasury shares	(1,568,006)	(1,570,329)
Total shareholders' equity	6,682,619	7,589,234
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	859,055	830,818
Foreign currency translation adjustment	786,357	34,678
Remeasurements of defined benefit plans	(20,739)	(50,044)
Total accumulated other comprehensive income	1,624,673	815,453
Non-controlling interests	1,919,512	1,840,791
Total net assets	10,226,805	10,245,478
Total liabilities and net assets	29,809,595	31,626,769

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

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	33,308,347	36,288,365
Cost of sales	22,491,502	24,877,794
Gross profit	10,816,845	11,410,571
Reversal of provision for sales returns	542,925	498,345
Provision for sales returns	499,845	465,200
Gross profit - net	10,859,925	11,443,716
Selling, general and administrative expenses		
Transportation expenses	1,465,966	1,497,837
Advertising expenses	1,694,681	1,757,191
Promotion expenses	1,039,749	1,169,328
Traveling and transportation expenses	347,316	346,539
Provision of allowance for doubtful accounts	4,014	1,557
Salaries and allowances	1,613,914	1,576,369
Bonuses	165,305	91,465
Provision for bonuses	202,417	285,322
Provision for directors' bonuses	20,500	34,300
Retirement benefit expenses	131,702	105,936
Provision for directors' retirement benefits	35,612	42,980
Depreciation	271,615	246,854
Other	2,419,577	2,422,671
Total selling, general and administrative expenses	9,412,374	9,578,355
Operating income	1,447,551	1,865,361
Non-operating income		
Interest income	36,999	68,867
Dividend income	67,539	77,180
Real estate rent	37,031	46,360
Technical advisory fee	61,286	74,399
Other	120,483	90,039
Total non-operating income	323,341	356,846
Non-operating expenses		
Interest expenses	89,598	74,634
Sales discounts	68,899	78,741
Foreign exchange losses	9,142	14,605
Taxes and dues	–	58,004
Other	41,103	22,987
Total non-operating expenses	208,744	248,972
Ordinary income	1,562,148	1,973,235

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Extraordinary income		
Gain on sales of non-current assets	11,350	12,785
Gain on bargain purchase	6,596	–
Total extraordinary income	17,947	12,785
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,281	2,299
Total extraordinary losses	1,281	2,299
Profit before income taxes	1,578,813	1,983,722
Income taxes - current	596,167	635,472
Income taxes - deferred	1,398	(25,320)
Total income taxes	597,565	610,151
Profit	981,247	1,373,570
Profit attributable to non-controlling interests	129,166	242,294
Profit attributable to owners of parent	852,080	1,131,275

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	981,247	1,373,570
Other comprehensive income		
Valuation difference on available-for-sale securities	511,081	(28,236)
Foreign currency translation adjustment	657,225	(948,812)
Remeasurements of defined benefit plans, net of tax	43,007	(28,081)
Total other comprehensive income	1,211,314	(1,005,131)
Comprehensive income	2,192,562	368,439
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,927,561	322,055
Comprehensive income attributable to non-controlling interests	265,000	46,383

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,698,680	2,105,771	1,606,017	(1,552,339)	5,858,129
Cumulative effects of changes in accounting policies			155,192		155,192
Restated balance	3,698,680	2,105,771	1,761,210	(1,552,339)	6,013,322
Changes of items during period					
Dividends of surplus			(167,119)		(167,119)
Profit attributable to owners of parent			852,080		852,080
Purchase of treasury shares				(15,939)	(15,939)
Disposal of treasury shares		2		272	275
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	2	684,961	(15,666)	669,297
Balance at end of current period	3,698,680	2,105,774	2,446,171	(1,568,006)	6,682,619

	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	347,973	270,142	(68,923)	549,192	1,693,048	8,100,370
Cumulative effects of changes in accounting policies						155,192
Restated balance	347,973	270,142	(68,923)	549,192	1,693,048	8,255,563
Changes of items during period						
Dividends of surplus						(167,119)
Profit attributable to owners of parent						852,080
Purchase of treasury shares						(15,939)
Disposal of treasury shares						275
Net changes of items other than shareholders' equity	511,081	516,215	48,183	1,075,480	226,464	1,301,944
Total changes of items during period	511,081	516,215	48,183	1,075,480	226,464	1,971,242
Balance at end of current period	859,055	786,357	(20,739)	1,624,673	1,919,512	10,226,805

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,698,680	2,105,774	2,446,171	(1,568,006)	6,682,619
Cumulative effects of changes in accounting policies					–
Restated balance	3,698,680	2,105,774	2,446,171	(1,568,006)	6,682,619
Changes of items during period					
Dividends of surplus			(222,472)		(222,472)
Profit attributable to owners of parent			1,131,275		1,131,275
Purchase of treasury shares				(2,443)	(2,443)
Disposal of treasury shares		134		119	253
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	134	908,803	(2,323)	906,614
Balance at end of current period	3,698,680	2,105,908	3,354,975	(1,570,329)	7,589,234

	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	859,055	786,357	(20,739)	1,624,673	1,919,512	10,226,805
Cumulative effects of changes in accounting policies						–
Restated balance	859,055	786,357	(20,739)	1,624,673	1,919,512	10,226,805
Changes of items during period						
Dividends of surplus						(222,472)
Profit attributable to owners of parent						1,131,275
Purchase of treasury shares						(2,443)
Disposal of treasury shares						253
Net changes of items other than shareholders' equity	(28,236)	(751,679)	(29,304)	(809,220)	(78,721)	(887,941)
Total changes of items during period	(28,236)	(751,679)	(29,304)	(809,220)	(78,721)	18,672
Balance at end of current period	830,818	34,678	(50,044)	815,453	1,840,791	10,245,478

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	1,578,813	1,983,722
Depreciation	778,814	782,073
Amortization of goodwill	76,922	62,050
Gain on bargain purchase	(6,596)	–
Increase (decrease) in net defined benefit liability	30,882	19,430
Increase (decrease) in allowance for doubtful accounts	61,857	11,547
Increase (decrease) in other provision	87,112	56,616
Interest and dividend income	(104,423)	(146,048)
Interest expenses	89,599	74,634
Foreign exchange losses (gains)	(27,111)	14,605
Loss (gain) on sales and retirement of property, plant and equipment	(10,099)	(10,486)
Decrease (increase) in notes and accounts receivable - trade	(698,711)	(1,513,133)
Decrease (increase) in inventories	(325,609)	(1,369,317)
Increase (decrease) in notes and accounts payable - trade	1,066,395	305,038
Other, net	236,788	(77,140)
Subtotal	2,834,632	193,591
Interest and dividend income received	104,428	146,048
Interest expenses paid	(89,258)	(75,344)
Income taxes (paid) refund	(687,036)	(556,137)
Other, net	(294)	(620)
Net cash provided by (used in) operating activities	2,162,471	(292,462)
Cash flows from investing activities		
Payments into time deposits	(151,490)	(151,293)
Proceeds from withdrawal of time deposits	–	84,390
Purchase of property, plant and equipment	(482,369)	(744,082)
Proceeds from sales of property, plant and equipment	11,475	14,639
Purchase of intangible assets	(4,500)	(960)
Purchase of investment securities	(2,195)	(58,200)
Purchase of shares of subsidiaries	(360)	–
Other, net	(17,193)	(19,578)
Net cash provided by (used in) investing activities	(646,633)	(875,084)
Cash flows from financing activities		
Increase in short-term loans payable	10,128,389	11,156,526
Decrease in short-term loans payable	(10,803,581)	(9,063,217)
Proceeds from long-term loans payable	241,336	–
Repayments of long-term loans payable	(250,000)	(301,229)
Repayments of lease obligations	(43,240)	(41,723)
Purchase of treasury shares	(15,942)	(2,443)
Cash dividends paid	(167,119)	(222,472)
Dividends paid to non-controlling interests	(61,117)	(123,226)
Other, net	278	253
Net cash provided by (used in) financing activities	(970,997)	1,402,468
Effect of exchange rate change on cash and cash equivalents	82,324	(232,214)
Net increase (decrease) in cash and cash equivalents	627,164	2,706
Cash and cash equivalents at beginning of period	1,897,332	2,524,497
Cash and cash equivalents at end of period	2,524,497	2,527,203