

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 3, 2017

Company name: Musashi Seimitsu Industry Co.,Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7220 URL <http://www.musashi.co.jp>
 Representative: President & CEO Hiroshi Otsuka
 Inquiries: GM of Consolidated Financial Management Masaya Ito TEL 0532-25-8111
 Scheduled date to file Quarterly Securities Report: August 8, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2017	56,551	51.1	3,675	58.0	3,905	559.3	2,133	305.7
Three months ended June 30, 2016	37,417	(7.8)	2,325	(27.5)	592	(78.5)	525	(63.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	68.40		62.52	
Three months ended June 30, 2016	16.86		15.37	

(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, 2017	235,770	88,619	30.8	2,325.08
As of March 31, 2017	248,482	88,312	28.8	2,294.74

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, 2017	–	26.00	–	26.00	52.00
Year ending March 31, 2018	–				
Year ending March 31, 2018 (Forecast)		27.00	–	27.00	54.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2017	106,000	41.3	6,000	19.8	5,700	127.4	3,200	97.9	102.58
Full year	213,000	18.0	13,000	16.4	12,500	21.1	7,800	23.5	250.05

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2017
 (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: Yes
- (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: No
- 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, 2017	31,200,000 shares	As of March 31, 2017	31,200,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	5,870 shares	As of March 31, 2017	5,752 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2017	31,194,197 shares	Three months ended June 30, 2016	31,194,461 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	30,607	22,052
Notes and accounts receivable - trade	27,374	28,773
Merchandise and finished goods	9,522	9,930
Work in process	5,313	5,825
Raw materials and supplies	18,562	17,951
Deferred tax assets	1,174	1,133
Other	8,152	7,581
Allowance for doubtful accounts	(42)	(42)
Total current assets	100,664	93,206
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,572	41,519
Accumulated depreciation	(17,939)	(18,304)
Accumulated impairment loss	(943)	(937)
Buildings and structures, net	22,688	22,277
Machinery, equipment and vehicles	200,075	202,398
Accumulated depreciation	(130,497)	(133,821)
Accumulated impairment loss	(1,165)	(1,158)
Machinery, equipment and vehicles, net	68,412	67,419
Tools, furniture and fixtures	10,467	10,601
Accumulated depreciation	(6,706)	(6,894)
Accumulated impairment loss	(51)	(50)
Tools, furniture and fixtures, net	3,708	3,656
Land	6,300	6,610
Construction in progress	7,005	4,638
Total property, plant and equipment	108,116	104,602
Intangible assets		
Goodwill	8,874	8,514
Customer relationship assets	14,110	13,466
Software	1,626	1,522
Software in progress	155	160
Other	3,251	3,077
Total intangible assets	28,017	26,740
Investments and other assets		
Investment securities	5,744	5,340
Investments in capital	73	85
Long-term loans receivable	48	53
Deferred tax assets	2,751	2,663
Other	3,117	3,130
Allowance for doubtful accounts	(51)	(51)
Total investments and other assets	11,683	11,220
Total non-current assets	147,818	142,563
Total assets	248,482	235,770

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,127	16,093
Short-term loans payable	28,589	13,500
Current portion of long-term loans payable	9,390	9,926
Accounts payable - other	3,523	2,900
Accrued expenses	5,509	6,390
Income taxes payable	1,388	1,792
Provision for bonuses	1,825	1,560
Provision for directors' bonuses	47	21
Provision for product compensations	23	22
Other	4,561	5,097
Total current liabilities	71,985	57,306
Non-current liabilities		
Bonds payable	10,016	10,014
Long-term loans payable	64,663	66,837
Deferred tax liabilities	6,631	6,434
Net defined benefit liability	5,037	4,911
Other	1,835	1,646
Total non-current liabilities	88,184	89,843
Total liabilities	160,169	147,150
Net assets		
Shareholders' equity		
Capital stock	2,973	2,973
Capital surplus	1,952	1,952
Retained earnings	71,114	73,065
Treasury shares	(7)	(8)
Total shareholders' equity	76,033	77,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,394	2,153
Deferred gains or losses on hedges	(0)	8
Foreign currency translation adjustment	(6,467)	(7,283)
Remeasurements of defined benefit plans	(376)	(333)
Total accumulated other comprehensive income	(4,450)	(5,454)
Non-controlling interests	16,730	16,090
Total net assets	88,312	88,619
Total liabilities and net assets	248,482	235,770

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, 2016	Three months ended June 30, 2017
Net sales	37,417	56,551
Cost of sales	31,276	47,717
Gross profit	6,141	8,833
Selling, general and administrative expenses	3,815	5,158
Operating profit	2,325	3,675
Non-operating income		
Interest income	32	92
Dividend income	42	102
Foreign exchange gains	–	148
Subsidy income	268	97
Other	63	119
Total non-operating income	406	560
Non-operating expenses		
Interest expenses	247	283
Loss on retirement of non-current assets	1	–
Foreign exchange losses	1,875	–
Other	15	46
Total non-operating expenses	2,140	329
Ordinary profit	592	3,905
Extraordinary income		
Gain on sales of non-current assets	15	6
Total extraordinary income	15	6
Extraordinary losses		
Loss on sales of non-current assets	1	19
Loss on retirement of non-current assets	4	47
Total extraordinary losses	6	66
Profit before income taxes	602	3,845
Income taxes	(44)	1,525
Profit	646	2,320
Profit attributable to non-controlling interests	120	186
Profit attributable to owners of parent	525	2,133

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	646	2,320
Other comprehensive income		
Valuation difference on available-for-sale securities	(526)	(240)
Deferred gains or losses on hedges	(7)	8
Foreign currency translation adjustment	(6,982)	(1,129)
Remeasurements of defined benefit plans, net of tax	35	51
Total other comprehensive income	(7,480)	(1,309)
Comprehensive income	(6,834)	1,011
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,491)	1,129
Comprehensive income attributable to non-controlling interests	(343)	(118)