

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 Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 14, 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  
 Director Senior Executive Officer Head of Finance & Accounting Isao Kamiya TEL 0532-25-8111  
 Inquiries: Finance & Accounting  
 Scheduled date to file Quarterly Securities Report: February 14, 2017  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 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 nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

#### (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	%
Nine months ended December 31, 2016	125,240	2.1	6,547	(32.7)	5,802	(30.9)	3,780	(39.2)
Nine months ended December 31, 2015	122,674	5.2	9,724	20.6	8,395	1.6	6,221	16.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2016	121.18		110.70	
Nine months ended December 31, 2015	199.43		182.29	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2016	216,773	67,404	28.3	1,963.47
As of March 31, 2016	155,152	77,947	43.1	2,142.11

### 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, 2016	–	25.00	–	25.00	50.00
Year ending March 31, 2017	–	26.00	–	–	–
Year ending March 31, 2017 (Forecast)	–	–	–	26.00	52.00

### 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
Full year	175,000	6.5	11,000	(17.9)	10,000	(12.7)	6,300	(7.5)	201.96

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 December 31, 2016	31,200,000 shares	As of March 31, 2016	31,200,000 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2016	5,752 shares	As of March 31, 2016	5,539 shares
-------------------------	--------------	----------------------	--------------

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

Nine months ended December 31, 2016	31,194,424 shares	Nine months ended December 31, 2015	31,194,524 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

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

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	13,059	16,062
Notes and accounts receivable - trade	16,851	17,599
Merchandise and finished goods	3,966	7,716
Work in process	3,574	5,290
Raw materials and supplies	14,171	17,331
Deferred tax assets	1,294	1,252
Other	5,948	10,894
Allowance for doubtful accounts	(66)	(39)
Total current assets	58,800	76,109
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,843	39,454
Accumulated depreciation	(16,622)	(16,994)
Accumulated impairment loss	(806)	(813)
Buildings and structures, net	16,414	21,645
Machinery, equipment and vehicles	178,357	186,289
Accumulated depreciation	(123,616)	(120,942)
Accumulated impairment loss	(1,008)	(1,019)
Machinery, equipment and vehicles, net	53,732	64,327
Tools, furniture and fixtures	7,900	9,910
Accumulated depreciation	(6,243)	(6,355)
Accumulated impairment loss	(44)	(43)
Tools, furniture and fixtures, net	1,611	3,511
Land	5,045	6,169
Construction in progress	4,761	6,997
Total property, plant and equipment	81,565	102,650
Intangible assets		
Software	1,226	1,614
Software in progress	542	207
Goodwill	–	8,339
Other	11	16,539
Total intangible assets	1,780	26,702
Investments and other assets		
Investment securities	5,443	5,814
Investments in capital	2,062	73
Long-term loans receivable	47	47
Deferred tax assets	3,014	2,685
Other	2,490	2,740
Allowance for doubtful accounts	(51)	(50)
Total investments and other assets	13,006	11,310
Total non-current assets	96,352	140,664
Total assets	155,152	216,773

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,122	15,740
Short-term loans payable	17,188	36,388
Current portion of long-term loans payable	3,368	9,275
Accounts payable - other	3,206	3,160
Accrued expenses	4,811	5,836
Income taxes payable	745	849
Provision for bonuses	1,729	1,698
Provision for directors' bonuses	51	54
Provision for product compensations	22	30
Other	1,783	5,427
Total current liabilities	44,029	78,462
Non-current liabilities		
Bonds payable	10,026	10,019
Long-term loans payable	18,472	47,749
Deferred tax liabilities	1,620	6,314
Net defined benefit liability	2,284	4,931
Other	770	1,891
Total non-current liabilities	33,175	70,906
Total liabilities	77,204	149,368
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,973	2,973
Capital surplus	2,714	1,734
Retained earnings	66,103	68,578
Treasury shares	(7)	(7)
Total shareholders' equity	71,783	73,278
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,160	2,457
Foreign currency translation adjustment	(6,485)	(13,934)
Remeasurements of defined benefit plans	(637)	(552)
Total accumulated other comprehensive income	(4,961)	(12,029)
Non-controlling interests	11,125	6,155
Total net assets	77,947	67,404
<b>Total liabilities and net assets</b>	<b>155,152</b>	<b>216,773</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	122,674	125,240
Cost of sales	102,195	106,181
Gross profit	20,478	19,059
Selling, general and administrative expenses	10,754	12,511
Operating income	9,724	6,547
Non-operating income		
Interest income	45	211
Dividend income	106	121
Subsidy income	–	284
Other	156	278
Total non-operating income	307	896
Non-operating expenses		
Interest expenses	729	800
Loss on retirement of non-current assets	32	8
Foreign exchange losses	673	650
Other	200	182
Total non-operating expenses	1,636	1,642
Ordinary income	8,395	5,802
Extraordinary income		
Gain on sales of non-current assets	115	51
Total extraordinary income	115	51
Extraordinary losses		
Loss on sales of non-current assets	29	19
Loss on retirement of non-current assets	9	135
Impairment loss	–	6
Total extraordinary losses	39	161
Profit before income taxes	8,471	5,691
Income taxes	1,343	1,539
Profit	7,127	4,151
Profit attributable to non-controlling interests	906	371
Profit attributable to owners of parent	6,221	3,780

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

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	7,127	4,151
Other comprehensive income		
Valuation difference on available-for-sale securities	40	297
Foreign currency translation adjustment	(9,857)	(8,652)
Remeasurements of defined benefit plans, net of tax	125	88
Total other comprehensive income	(9,690)	(8,266)
Comprehensive income	(2,562)	(4,114)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,688)	(3,287)
Comprehensive income attributable to non-controlling interests	(874)	(826)