

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 8, 2018

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: February 9, 2018
 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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 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	%
Nine months ended December 31, 2017	174,310	39.2	10,097	54.2	10,479	80.6	6,428	70.0
Nine months ended December 31, 2016	125,240	2.1	6,547	(32.7)	5,802	(30.9)	3,780	(39.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	205.98		188.28	
Nine months ended December 31, 2016	121.18		110.70	

(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, 2017	241,881	99,175	33.9	2,623.93
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	–	27.00	–		
Year ending March 31, 2018 (Forecast)				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
Full year	235,000	30.2	14,800	32.5	14,500	40.5	9,200	45.7	294.80

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2017	31,221,100 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 December 31, 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)

Nine months ended December 31, 2017	31,207,273 shares	Nine months ended December 31, 2016	31,194,424 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	30,607	22,544
Notes and accounts receivable - trade	27,374	29,805
Merchandise and finished goods	9,522	10,318
Work in process	5,313	5,708
Raw materials and supplies	18,562	18,703
Deferred tax assets	1,174	1,120
Other	8,152	7,561
Allowance for doubtful accounts	(42)	(46)
Total current assets	100,664	95,718
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,572	43,155
Accumulated depreciation	(17,939)	(19,238)
Accumulated impairment loss	(943)	(935)
Buildings and structures, net	22,688	22,981
Machinery, equipment and vehicles	200,075	209,203
Accumulated depreciation	(130,497)	(141,550)
Accumulated impairment loss	(1,165)	(1,159)
Machinery, equipment and vehicles, net	68,412	66,493
Tools, furniture and fixtures	10,467	11,089
Accumulated depreciation	(6,706)	(7,414)
Accumulated impairment loss	(51)	(49)
Tools, furniture and fixtures, net	3,708	3,625
Land	6,300	6,759
Construction in progress	7,005	5,776
Total property, plant and equipment	108,116	105,635
Intangible assets		
Goodwill	8,874	9,111
Customer relationship assets	14,110	14,248
Software	1,626	1,501
Software in progress	155	161
Other	3,251	3,194
Total intangible assets	28,017	28,216
Investments and other assets		
Investment securities	5,744	6,528
Investments in capital	73	86
Long-term loans receivable	48	64
Deferred tax assets	2,751	2,413
Other	3,117	3,269
Allowance for doubtful accounts	(51)	(51)
Total investments and other assets	11,683	12,310
Total non-current assets	147,818	146,162
Total assets	248,482	241,881

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,127	17,063
Short-term loans payable	28,589	10,247
Current portion of long-term loans payable	9,390	2,205
Current portion of bonds	–	10,009
Accounts payable - other	3,523	1,996
Accrued expenses	5,509	6,107
Income taxes payable	1,388	1,270
Provision for bonuses	1,825	1,474
Provision for directors' bonuses	47	42
Provision for product compensations	23	71
Other	4,561	4,939
Total current liabilities	71,985	55,427
Non-current liabilities		
Bonds payable	10,016	–
Long-term loans payable	64,663	73,729
Deferred tax liabilities	6,631	6,971
Net defined benefit liability	5,037	5,218
Other	1,835	1,358
Total non-current liabilities	88,184	87,278
Total liabilities	160,169	142,705
Net assets		
Shareholders' equity		
Capital stock	2,973	3,006
Capital surplus	1,952	1,985
Retained earnings	71,114	76,517
Treasury shares	(7)	(8)
Total shareholders' equity	76,033	81,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,394	2,987
Deferred gains or losses on hedges	(0)	–
Foreign currency translation adjustment	(6,467)	(2,328)
Remeasurements of defined benefit plans	(376)	(252)
Total accumulated other comprehensive income	(4,450)	406
Non-controlling interests	16,730	17,268
Total net assets	88,312	99,175
Total liabilities and net assets	248,482	241,881

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, 2016	Nine months ended December 31, 2017
Net sales	125,240	174,310
Cost of sales	106,181	148,219
Gross profit	19,059	26,090
Selling, general and administrative expenses	12,511	15,993
Operating profit	6,547	10,097
Non-operating income		
Interest income	211	279
Dividend income	121	172
Foreign exchange gains	–	298
Subsidy income	284	179
Other	278	411
Total non-operating income	896	1,341
Non-operating expenses		
Interest expenses	800	852
Loss on retirement of non-current assets	8	–
Foreign exchange losses	650	–
Other	182	107
Total non-operating expenses	1,642	959
Ordinary profit	5,802	10,479
Extraordinary income		
Gain on sales of non-current assets	51	32
Total extraordinary income	51	32
Extraordinary losses		
Loss on sales of non-current assets	19	56
Loss on retirement of non-current assets	135	105
Impairment loss	6	–
Total extraordinary losses	161	161
Profit before income taxes	5,691	10,349
Income taxes	1,539	3,615
Profit	4,151	6,734
Profit attributable to non-controlling interests	371	306
Profit attributable to owners of parent	3,780	6,428

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	4,151	6,734
Other comprehensive income		
Valuation difference on available-for-sale securities	297	593
Deferred gains or losses on hedges	–	0
Foreign currency translation adjustment	(8,652)	4,867
Remeasurements of defined benefit plans, net of tax	88	148
Total other comprehensive income	(8,266)	5,609
Comprehensive income	(4,114)	12,343
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,287)	11,285
Comprehensive income attributable to non-controlling interests	(826)	1,058