

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 3, 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: General Manager Finance & Accounting Div. Shinichi Takahashi TEL 0532-25-8111
 Scheduled date to file Quarterly Securities Report: August 3, 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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(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, 2018	64,469	14.0	3,989	8.6	4,461	14.2	3,368	57.9
Three months ended June 30, 2017	56,551	51.1	3,675	58.0	3,905	559.3	2,133	305.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	107.92		98.68	
Three months ended June 30, 2017	68.40		62.52	

(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, 2018	242,760	99,731	34.1	2,654.96
As of March 31, 2018	247,778	100,350	33.5	2,660.82

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, 2018	–	27.00	–	39.00	66.00
Year ending March 31, 2019	–				
Year ending March 31, 2019 (Forecast)		42.00	–	42.00	84.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	249,000	4.7	17,000	7.8	16,200	1.7	10,400	0.5	333.18

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018
 (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: Yes
- 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, 2018	31,221,100 shares	As of March 31, 2018	31,221,100 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	8,014 shares	As of March 31, 2018	6,787 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, 2018	31,213,797 shares	Three months ended June 30, 2017	31,194,197 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	26,106	28,390
Notes and accounts receivable - trade	34,319	34,504
Merchandise and finished goods	10,117	9,723
Work in process	5,513	6,064
Raw materials and supplies	19,860	19,179
Other	7,800	6,948
Allowance for doubtful accounts	(39)	(34)
Total current assets	103,678	104,776
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,945	42,503
Accumulated depreciation	(19,210)	(19,369)
Accumulated impairment loss	(895)	(751)
Buildings and structures, net	22,839	22,381
Machinery, equipment and vehicles	205,929	202,160
Accumulated depreciation	(140,146)	(139,788)
Accumulated impairment loss	(1,130)	(982)
Machinery, equipment and vehicles, net	64,652	61,390
Tools, furniture and fixtures	11,366	11,287
Accumulated depreciation	(7,265)	(7,332)
Accumulated impairment loss	(47)	(40)
Tools, furniture and fixtures, net	4,053	3,914
Land	6,655	6,554
Construction in progress	5,514	6,517
Total property, plant and equipment	103,716	100,759
Intangible assets		
Goodwill	9,086	8,625
Customer relationship assets	14,123	13,324
Software	1,648	1,549
Software in progress	13	13
Other	3,133	2,719
Total intangible assets	28,005	26,231
Investments and other assets		
Investment securities	6,251	6,043
Investments in capital	81	120
Long-term loans receivable	61	66
Deferred tax assets	2,504	2,326
Other	3,523	2,481
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	12,378	10,992
Total non-current assets	144,099	137,983
Total assets	247,778	242,760

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,347	19,530
Short-term loans payable	10,779	10,354
Current portion of long-term loans payable	12,644	14,165
Current portion of bonds	10,006	10,004
Accounts payable - other	3,310	2,507
Accrued expenses	6,164	6,681
Income taxes payable	1,317	1,443
Provision for bonuses	2,213	1,620
Provision for directors' bonuses	52	11
Provision for product compensations	35	35
Other	3,611	5,193
Total current liabilities	71,484	71,548
Non-current liabilities		
Long-term loans payable	63,362	59,747
Deferred tax liabilities	6,541	5,541
Net defined benefit liability	4,641	4,555
Other	1,399	1,636
Total non-current liabilities	75,944	71,480
Total liabilities	147,428	143,028
Net assets		
Shareholders' equity		
Capital stock	3,006	3,006
Capital surplus	1,985	1,985
Retained earnings	80,440	84,113
Treasury shares	(8)	(8)
Total shareholders' equity	85,423	89,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,706	2,334
Foreign currency translation adjustment	(5,270)	(8,758)
Remeasurements of defined benefit plans	195	197
Total accumulated other comprehensive income	(2,368)	(6,227)
Non-controlling interests	17,294	16,861
Total net assets	100,350	99,731
Total liabilities and net assets	247,778	242,760

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, 2017	Three months ended June 30, 2018
Net sales	56,551	64,469
Cost of sales	47,717	54,135
Gross profit	8,833	10,334
Selling, general and administrative expenses	5,158	6,344
Operating profit	3,675	3,989
Non-operating income		
Interest income	92	141
Dividend income	102	269
Foreign exchange gains	148	241
Subsidy income	97	2
Other	119	112
Total non-operating income	560	767
Non-operating expenses		
Interest expenses	283	219
Other	46	76
Total non-operating expenses	329	295
Ordinary profit	3,905	4,461
Extraordinary income		
Gain on sales of non-current assets	6	2
Total extraordinary income	6	2
Extraordinary losses		
Loss on sales of non-current assets	19	13
Loss on retirement of non-current assets	47	8
Impairment loss	–	208
Total extraordinary losses	66	229
Profit before income taxes	3,845	4,234
Income taxes	1,525	679
Profit	2,320	3,555
Profit attributable to non-controlling interests	186	186
Profit attributable to owners of parent	2,133	3,368

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	2,320	3,555
Other comprehensive income		
Valuation difference on available-for-sale securities	(240)	(371)
Deferred gains or losses on hedges	8	–
Foreign currency translation adjustment	(1,129)	(4,109)
Remeasurements of defined benefit plans, net of tax	51	1
Total other comprehensive income	(1,309)	(4,479)
Comprehensive income	1,011	(924)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,129	(490)
Comprehensive income attributable to non-controlling interests	(118)	(434)