

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

February 6, 2019

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: February 6, 2019
 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, 2018 (from April 1, 2018 to December 31, 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	%
Nine months ended December 31, 2018	192,781	10.6	11,433	13.2	11,887	13.4	7,953	23.7
Nine months ended December 31, 2017	174,310	39.2	10,097	54.2	10,479	80.6	6,428	70.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2018	126.16		–	
Nine months ended December 31, 2017	102.99		94.14	

(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, 2018	243,466	106,752	36.9	1,378.81
As of March 31, 2018	247,778	100,350	33.5	1,330.41

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	–	42.00	–		
Year ending March 31, 2019 (Forecast)				21.00	–

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	16,600	4.2	10,600	2.4	168.59

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2018	65,135,001 shares	As of March 31, 2018	62,442,200 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	16,152 shares	As of March 31, 2018	13,574 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, 2018	63,039,890 shares	Nine months ended December 31, 2017	62,414,545 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	26,106	26,754
Notes and accounts receivable - trade	34,319	31,577
Merchandise and finished goods	10,117	11,585
Work in process	5,513	6,213
Raw materials and supplies	19,860	20,468
Other	7,800	6,776
Allowance for doubtful accounts	(39)	(69)
Total current assets	103,678	103,305
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,945	44,637
Accumulated depreciation	(19,210)	(20,709)
Accumulated impairment loss	(895)	(747)
Buildings and structures, net	22,839	23,180
Machinery, equipment and vehicles	205,929	209,470
Accumulated depreciation	(140,146)	(148,691)
Accumulated impairment loss	(1,130)	(978)
Machinery, equipment and vehicles, net	64,652	59,800
Tools, furniture and fixtures	11,366	11,670
Accumulated depreciation	(7,265)	(7,734)
Accumulated impairment loss	(47)	(39)
Tools, furniture and fixtures, net	4,053	3,896
Land	6,655	7,189
Construction in progress	5,514	7,838
Total property, plant and equipment	103,716	101,905
Intangible assets		
Goodwill	9,086	10,053
Customer relationship assets	14,123	12,806
Software	1,648	1,497
Software in progress	13	17
Other	3,133	2,519
Total intangible assets	28,005	26,894
Investments and other assets		
Investment securities	6,251	6,331
Investments in capital	81	112
Long-term loans receivable	61	102
Deferred tax assets	2,504	2,042
Other	3,523	2,815
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	12,378	11,360
Total non-current assets	144,099	140,160
Total assets	247,778	243,466

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,347	18,671
Short-term loans payable	10,779	15,322
Current portion of long-term loans payable	12,644	20,018
Current portion of bonds	10,006	–
Accounts payable - other	3,310	3,055
Accrued expenses	6,164	6,327
Income taxes payable	1,317	1,339
Provision for bonuses	2,213	1,286
Provision for directors' bonuses	52	34
Provision for product compensations	35	16
Other	3,611	4,632
Total current liabilities	71,484	70,705
Non-current liabilities		
Long-term loans payable	63,362	54,513
Deferred tax liabilities	6,541	5,530
Net defined benefit liability	4,641	4,309
Provision for directors' retirement benefits	–	113
Other	1,399	1,540
Total non-current liabilities	75,944	66,008
Total liabilities	147,428	136,713
Net assets		
Shareholders' equity		
Capital stock	3,006	5,326
Capital surplus	1,985	4,305
Retained earnings	80,440	87,368
Treasury shares	(8)	(8)
Total shareholders' equity	85,423	96,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,706	1,964
Foreign currency translation adjustment	(5,270)	(9,457)
Remeasurements of defined benefit plans	195	288
Total accumulated other comprehensive income	(2,368)	(7,205)
Non-controlling interests	17,294	16,966
Total net assets	100,350	106,752
Total liabilities and net assets	247,778	243,466

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, 2017	Nine months ended December 31, 2018
Net sales	174,310	192,781
Cost of sales	148,219	162,777
Gross profit	26,090	30,004
Selling, general and administrative expenses	15,993	18,570
Operating profit	10,097	11,433
Non-operating income		
Interest income	279	368
Dividend income	172	351
Foreign exchange gains	298	210
Subsidy income	179	61
Other	411	267
Total non-operating income	1,341	1,258
Non-operating expenses		
Interest expenses	852	637
Other	107	167
Total non-operating expenses	959	805
Ordinary profit	10,479	11,887
Extraordinary income		
Gain on sales of non-current assets	32	29
Total extraordinary income	32	29
Extraordinary losses		
Loss on sales of non-current assets	56	20
Loss on retirement of non-current assets	105	79
Impairment loss	–	215
Total extraordinary losses	161	315
Profit before income taxes	10,349	11,600
Income taxes	3,615	3,134
Profit	6,734	8,466
Profit attributable to non-controlling interests	306	513
Profit attributable to owners of parent	6,428	7,953

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	6,734	8,466
Other comprehensive income		
Valuation difference on available-for-sale securities	593	(742)
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	4,867	(4,650)
Remeasurements of defined benefit plans, net of tax	148	115
Total other comprehensive income	5,609	(5,277)
Comprehensive income	12,343	3,189
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,285	3,116
Comprehensive income attributable to non-controlling interests	1,058	73