

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 9, 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 of ordinary general meeting of shareholders: June 21, 2019
 Scheduled date to file Securities Report: June 24, 2019
 Scheduled date to commence dividend payments: June 24, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	255,934	7.6	14,107	(10.5)	14,791	(7.2)	9,885	(4.5)
Year ended March 31, 2018	237,910	31.8	15,767	41.2	15,929	54.3	10,351	63.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	155.55	–	11.3	6.0	5.5
Year ended March 31, 2018	165.85	151.62	13.4	6.4	6.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	244,450	108,333	37.4	1,405.28
As of March 31, 2018	247,778	100,350	33.5	1,330.41

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	26,714	(19,847)	(6,616)	27,069
Year ended March 31, 2018	26,813	(14,336)	(20,534)	25,732

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	27.00	–	39.00	66.00	2,060	20.0	2.7
Year ended March 31, 2019	–	42.00	–	21.00	–	2,695	27.0	3.1
Year ending March 31, 2020 (Forecast)	–	21.00	–	21.00	42.00		30.1	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	251,000	(1.9)	14,500	2.8	14,300	(3.3)	9,100	(8.0)	139.74

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2019	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 March 31, 2019	16,152 shares	As of March 31, 2018	13,574 shares
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Average number of shares during the period

Year ended March 31, 2019	63,552,510 shares	Year ended March 31, 2018	62,418,136 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	26,106	27,152
Notes and accounts receivable - trade	34,319	32,047
Merchandise and finished goods	10,117	11,007
Work in process	5,513	5,671
Raw materials and supplies	19,860	20,683
Other	7,800	8,093
Allowance for doubtful accounts	(39)	(100)
Total current assets	103,678	104,555
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,945	44,908
Accumulated depreciation	(19,210)	(21,215)
Accumulated impairment loss	(895)	(419)
Buildings and structures, net	22,839	23,273
Machinery, equipment and vehicles	205,929	212,502
Accumulated depreciation	(140,146)	(152,902)
Accumulated impairment loss	(1,130)	(628)
Machinery, equipment and vehicles, net	64,652	58,971
Tools, furniture and fixtures	11,366	11,912
Accumulated depreciation	(7,265)	(7,944)
Accumulated impairment loss	(47)	(22)
Tools, furniture and fixtures, net	4,053	3,946
Land	6,655	7,248
Construction in progress	5,514	9,067
Total property, plant and equipment	103,716	102,506
Intangible assets		
Goodwill	9,086	9,168
Customer relationship assets	14,123	12,386
Software	1,648	1,709
Software in progress	13	19
Other	3,133	2,317
Total intangible assets	28,005	25,602
Investments and other assets		
Investment securities	6,251	6,440
Investments in capital	81	113
Long-term loans receivable	61	127
Deferred tax assets	2,504	2,244
Other	3,523	2,904
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	12,378	11,786
Total non-current assets	144,099	139,894
Total assets	247,778	244,450

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,347	17,129
Short-term loans payable	10,779	25,140
Current portion of long-term loans payable	12,644	14,515
Current portion of bonds	10,006	–
Accounts payable - other	3,310	3,267
Accrued expenses	6,164	6,203
Income taxes payable	1,317	1,188
Provision for bonuses	2,213	2,258
Provision for bonuses for directors (and other officers)	52	51
Provision for product warranties	35	928
Other	3,611	4,071
Total current liabilities	71,484	74,755
Non-current liabilities		
Long-term loans payable	63,362	49,173
Deferred tax liabilities	6,541	6,025
Retirement benefit liability	4,641	4,644
Other	1,399	1,518
Total non-current liabilities	75,944	61,361
Total liabilities	147,428	136,116
Net assets		
Shareholders' equity		
Capital stock	3,006	5,326
Capital surplus	1,985	4,305
Retained earnings	80,440	89,261
Treasury shares	(8)	(8)
Total shareholders' equity	85,423	98,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,706	2,026
Foreign currency translation adjustment	(5,270)	(9,593)
Remeasurements of defined benefit plans	195	192
Total accumulated other comprehensive income	(2,368)	(7,374)
Non-controlling interests	17,294	16,823
Total net assets	100,350	108,333
Total liabilities and net assets	247,778	244,450

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	237,910	255,934
Cost of sales	200,134	216,240
Gross profit	37,776	39,694
Selling, general and administrative expenses	22,008	25,586
Operating profit	15,767	14,107
Non-operating income		
Interest income	371	502
Dividend income	208	400
Foreign exchange gains	72	190
Insurance income	13	202
Other	756	499
Total non-operating income	1,422	1,795
Non-operating expenses		
Interest expenses	1,109	854
Other	150	256
Total non-operating expenses	1,260	1,111
Ordinary profit	15,929	14,791
Extraordinary income		
Gain on sales of non-current assets	50	38
Reversal of Impairment loss	–	227
Total extraordinary income	50	265
Extraordinary losses		
Loss on sales of non-current assets	85	44
Loss on retirement of non-current assets	141	119
Impairment loss	29	215
Other	–	7
Total extraordinary losses	256	386
Profit before income taxes	15,723	14,669
Income taxes - current	4,773	4,540
Income taxes - deferred	(9)	(409)
Total income taxes	4,763	4,130
Profit	10,959	10,538
Profit attributable to non-controlling interests	608	653
Profit attributable to owners of parent	10,351	9,885

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	10,959	10,538
Other comprehensive income		
Valuation difference on available-for-sale securities	311	(679)
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	1,859	(5,061)
Remeasurements of defined benefit plans, net of tax	536	13
Total other comprehensive income	2,708	(5,728)
Comprehensive income	13,668	4,810
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,434	4,879
Comprehensive income attributable to non-controlling interests	1,234	(69)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,973	1,952	71,114	(7)	76,033
Cumulative effects of changes in accounting policies					
Restated balance	2,973	1,952	71,114	(7)	76,033
Changes of items during period					
Issuance of new shares	32	32			64
Dividends of surplus			(1,653)		(1,653)
Profit attributable to owners of parent			10,351		10,351
Purchase of treasury shares				(0)	(0)
Increase (decrease) due to change fiscal year of subsidiaries			628		628
Net changes of items other than shareholders' equity					
Total changes of items during period	32	32	9,326	(0)	9,390
Balance at end of current period	3,006	1,985	80,440	(8)	85,423

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,394	(0)	(6,467)	(376)	(4,450)	16,730	88,312
Cumulative effects of changes in accounting policies							
Restated balance	2,394	(0)	(6,467)	(376)	(4,450)	16,730	88,312
Changes of items during period							
Issuance of new shares							64
Dividends of surplus							(1,653)
Profit attributable to owners of parent							10,351
Purchase of treasury shares							(0)
Increase (decrease) due to change fiscal year of subsidiaries							628
Net changes of items other than shareholders' equity	311	0	1,197	571	2,082	564	2,646
Total changes of items during period	311	0	1,197	571	2,082	564	12,037
Balance at end of current period	2,706	–	(5,270)	195	(2,368)	17,294	100,350

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,006	1,985	80,440	(8)	85,423
Cumulative effects of changes in accounting policies			100		100
Restated balance	3,006	1,985	80,541	(8)	85,524
Changes of items during period					
Issuance of new shares	2,320	2,320			4,640
Dividends of surplus			(2,545)		(2,545)
Profit attributable to owners of parent			9,885		9,885
Purchase of treasury shares				(0)	(0)
Increase (decrease) due to change fiscal year of subsidiaries			1,379		1,379
Net changes of items other than shareholders' equity					
Total changes of items during period	2,320	2,320	8,719	(0)	13,359
Balance at end of current period	5,326	4,305	89,261	(8)	98,884

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,706	–	(5,270)	195	(2,368)	17,294	100,350
Cumulative effects of changes in accounting policies							100
Restated balance	2,706	–	(5,270)	195	(2,368)	17,294	100,451
Changes of items during period							
Issuance of new shares							4,640
Dividends of surplus							(2,545)
Profit attributable to owners of parent							9,885
Purchase of treasury shares							(0)
Increase (decrease) due to change fiscal year of subsidiaries							1,379
Net changes of items other than shareholders' equity	(679)	–	(4,323)	(2)	(5,005)	(470)	(5,476)
Total changes of items during period	(679)	–	(4,323)	(2)	(5,005)	(470)	7,882
Balance at end of current period	2,026	–	(9,593)	192	(7,374)	16,823	108,333

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	15,723	14,669
Depreciation	18,564	18,178
Impairment loss	29	215
Reversal of Impairment loss	–	(227)
Amortization of goodwill	634	787
Increase (decrease) in allowance for doubtful accounts	(2)	65
Increase (decrease) in provision for bonuses	98	79
Increase (decrease) in provision for bonuses for directors (and other officers)	4	8
Increase DEcrease In Provision For Product Warranties	11	893
Increase (decrease) in retirement benefit liability	314	158
Interest and dividend income	(579)	(903)
Interest expenses	1,109	854
Foreign exchange losses (gains)	(150)	176
Loss (gain) on sales of investment securities	–	(1)
Loss (gain) on sales and retirement of property, plant and equipment	176	126
Decrease (increase) in notes and accounts receivable - trade	(6,492)	2,587
Decrease (increase) in inventories	(1,298)	(3,232)
Increase (decrease) in notes and accounts payable - trade	4,825	(4,658)
Other, net	(502)	2,121
Subtotal	32,466	31,900
Interest and dividend income received	562	896
Interest expenses paid	(1,272)	(908)
Income taxes paid	(4,943)	(5,174)
Net cash provided by (used in) operating activities	26,813	26,714
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,632)	(15,340)
Proceeds from sales of property, plant and equipment	347	213
Purchase of intangible assets	(358)	(641)
Purchase of investment securities	(74)	(1,203)
Proceeds from sales of investment securities	–	24
Payments of loans receivable	(262)	(223)
Collection of loans receivable	236	127
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(2,263)
Other, net	(1,591)	(542)
Net cash provided by (used in) investing activities	(14,336)	(19,847)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(17,727)	14,490
Proceeds from long-term loans payable	11,356	1,424
Repayments of long-term loans payable	(11,099)	(13,564)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,653)	(2,545)
Dividends paid to non-controlling interests	(670)	(403)
Redemption of convertible bonds	–	(5,436)
Other, net	(738)	(581)
Net cash provided by (used in) financing activities	(20,534)	(6,616)
Effect of exchange rate change on cash and cash equivalents	6	(470)
Net increase (decrease) in cash and cash equivalents	(8,050)	(220)
Cash and cash equivalents at beginning of period	32,697	25,732
Increase or decrease in cash and cash equivalents due to the fiscal year-end change of consolidated subsidiaries	1,085	1,558
Cash and cash equivalents at end of period	25,732	27,069