

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 3, 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
 Inquiries: GM of Consolidated Financial Management Masaya Ito TEL 0532-25-8111
 Scheduled date to file Quarterly Securities Report: August 8, 2017
 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, 2017 (from April 1, 2017 to June 30, 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 | % |
| Three months ended June 30, 2017 | 56,551 | 51.1 | 3,675 | 58.0 | 3,905 | 559.3 | 2,133 | 305.7 |
| Three months ended June 30, 2016 | 37,417 | (7.8) | 2,325 | (27.5) | 592 | (78.5) | 525 | (63.7) |

| | Earnings per share | | Diluted earnings per share | |
|----------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Three months ended June 30, 2017 | 68.40 | | 62.52 | |
| Three months ended June 30, 2016 | 16.86 | | 15.37 | |

(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, 2017 | 235,770 | 88,619 | 30.8 | 2,325.08 |
| 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 | – | | | | |
| Year ending March 31, 2018 (Forecast) | | 27.00 | – | 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 |
| Six months ending September 30, 2017 | 106,000 | 41.3 | 6,000 | 19.8 | 5,700 | 127.4 | 3,200 | 97.9 | 102.58 |
| Full year | 213,000 | 18.0 | 13,000 | 16.4 | 12,500 | 21.1 | 7,800 | 23.5 | 250.05 |

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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 June 30, 2017 | 31,200,000 shares | As of March 31, 2017 | 31,200,000 shares |
|---------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|---------------------|--------------|----------------------|--------------|
| As of June 30, 2017 | 5,870 shares | As of March 31, 2017 | 5,752 shares |
|---------------------|--------------|----------------------|--------------|

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

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Three months ended June 30, 2017 | 31,194,197 shares | Three months ended June 30, 2016 | 31,194,461 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2017 | As of June 30, 2017 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 30,607 | 22,052 |
| Notes and accounts receivable - trade | 27,374 | 28,773 |
| Merchandise and finished goods | 9,522 | 9,930 |
| Work in process | 5,313 | 5,825 |
| Raw materials and supplies | 18,562 | 17,951 |
| Deferred tax assets | 1,174 | 1,133 |
| Other | 8,152 | 7,581 |
| Allowance for doubtful accounts | (42) | (42) |
| Total current assets | 100,664 | 93,206 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 41,572 | 41,519 |
| Accumulated depreciation | (17,939) | (18,304) |
| Accumulated impairment loss | (943) | (937) |
| Buildings and structures, net | 22,688 | 22,277 |
| Machinery, equipment and vehicles | 200,075 | 202,398 |
| Accumulated depreciation | (130,497) | (133,821) |
| Accumulated impairment loss | (1,165) | (1,158) |
| Machinery, equipment and vehicles, net | 68,412 | 67,419 |
| Tools, furniture and fixtures | 10,467 | 10,601 |
| Accumulated depreciation | (6,706) | (6,894) |
| Accumulated impairment loss | (51) | (50) |
| Tools, furniture and fixtures, net | 3,708 | 3,656 |
| Land | 6,300 | 6,610 |
| Construction in progress | 7,005 | 4,638 |
| Total property, plant and equipment | 108,116 | 104,602 |
| Intangible assets | | |
| Goodwill | 8,874 | 8,514 |
| Customer relationship assets | 14,110 | 13,466 |
| Software | 1,626 | 1,522 |
| Software in progress | 155 | 160 |
| Other | 3,251 | 3,077 |
| Total intangible assets | 28,017 | 26,740 |
| Investments and other assets | | |
| Investment securities | 5,744 | 5,340 |
| Investments in capital | 73 | 85 |
| Long-term loans receivable | 48 | 53 |
| Deferred tax assets | 2,751 | 2,663 |
| Other | 3,117 | 3,130 |
| Allowance for doubtful accounts | (51) | (51) |
| Total investments and other assets | 11,683 | 11,220 |
| Total non-current assets | 147,818 | 142,563 |
| Total assets | 248,482 | 235,770 |

(Millions of yen)

| | As of March 31, 2017 | As of June 30, 2017 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 17,127 | 16,093 |
| Short-term loans payable | 28,589 | 13,500 |
| Current portion of long-term loans payable | 9,390 | 9,926 |
| Accounts payable - other | 3,523 | 2,900 |
| Accrued expenses | 5,509 | 6,390 |
| Income taxes payable | 1,388 | 1,792 |
| Provision for bonuses | 1,825 | 1,560 |
| Provision for directors' bonuses | 47 | 21 |
| Provision for product compensations | 23 | 22 |
| Other | 4,561 | 5,097 |
| Total current liabilities | 71,985 | 57,306 |
| Non-current liabilities | | |
| Bonds payable | 10,016 | 10,014 |
| Long-term loans payable | 64,663 | 66,837 |
| Deferred tax liabilities | 6,631 | 6,434 |
| Net defined benefit liability | 5,037 | 4,911 |
| Other | 1,835 | 1,646 |
| Total non-current liabilities | 88,184 | 89,843 |
| Total liabilities | 160,169 | 147,150 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,973 | 2,973 |
| Capital surplus | 1,952 | 1,952 |
| Retained earnings | 71,114 | 73,065 |
| Treasury shares | (7) | (8) |
| Total shareholders' equity | 76,033 | 77,983 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,394 | 2,153 |
| Deferred gains or losses on hedges | (0) | 8 |
| Foreign currency translation adjustment | (6,467) | (7,283) |
| Remeasurements of defined benefit plans | (376) | (333) |
| Total accumulated other comprehensive income | (4,450) | (5,454) |
| Non-controlling interests | 16,730 | 16,090 |
| Total net assets | 88,312 | 88,619 |
| Total liabilities and net assets | 248,482 | 235,770 |

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, 2016 | Three months ended June 30, 2017 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 37,417 | 56,551 |
| Cost of sales | 31,276 | 47,717 |
| Gross profit | 6,141 | 8,833 |
| Selling, general and administrative expenses | 3,815 | 5,158 |
| Operating profit | 2,325 | 3,675 |
| Non-operating income | | |
| Interest income | 32 | 92 |
| Dividend income | 42 | 102 |
| Foreign exchange gains | – | 148 |
| Subsidy income | 268 | 97 |
| Other | 63 | 119 |
| Total non-operating income | 406 | 560 |
| Non-operating expenses | | |
| Interest expenses | 247 | 283 |
| Loss on retirement of non-current assets | 1 | – |
| Foreign exchange losses | 1,875 | – |
| Other | 15 | 46 |
| Total non-operating expenses | 2,140 | 329 |
| Ordinary profit | 592 | 3,905 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 15 | 6 |
| Total extraordinary income | 15 | 6 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 1 | 19 |
| Loss on retirement of non-current assets | 4 | 47 |
| Total extraordinary losses | 6 | 66 |
| Profit before income taxes | 602 | 3,845 |
| Income taxes | (44) | 1,525 |
| Profit | 646 | 2,320 |
| Profit attributable to non-controlling interests | 120 | 186 |
| Profit attributable to owners of parent | 525 | 2,133 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|--|-------------------------------------|-------------------------------------|
| Profit | 646 | 2,320 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (526) | (240) |
| Deferred gains or losses on hedges | (7) | 8 |
| Foreign currency translation adjustment | (6,982) | (1,129) |
| Remeasurements of defined benefit plans, net of tax | 35 | 51 |
| Total other comprehensive income | (7,480) | (1,309) |
| Comprehensive income | (6,834) | 1,011 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (6,491) | 1,129 |
| Comprehensive income attributable to non-controlling interests | (343) | (118) |