

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 16, 2017

Company name: MUSASHI CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7521 URL <http://www.musashinet.co.jp>  
 Representative: Representative Director Masataka Hatori  
 President  
 Managing Director  
 General Manager of Financial Department  
 Inquiries: Susumu Murata TEL 03-3546-7710  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2017  
 Scheduled date to file Securities Report: June 30, 2017  
 Scheduled date to commence dividend payments: June 30, 2017  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

#### (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, 2017	35,268	(1.2)	1,107	19.7	1,242	4.4	781	3.8
Year ended March 31, 2016	35,709	(4.1)	925	(34.8)	1,189	(28.4)	753	(31.3)

	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, 2017	105.03	–	3.0	3.0	3.1
Year ended March 31, 2016	101.18	–	2.9	2.9	2.6

#### (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, 2017	41,183	26,860	65.2	3,608.55
As of March 31, 2016	40,619	25,963	63.9	3,488.11

#### (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, 2017	2,500	(325)	(213)	18,725
Year ended March 31, 2016	256	(171)	(225)	16,763

### 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, 2016	–	10.00	–	10.00	20.00	148	19.8	0.6
Year ended March 31, 2017	–	18.00	–	20.00	38.00	282	36.2	1.1
Year ending March 31, 2018 (Forecast)	–	12.00	–	12.00	24.00		45.3	

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	16,916	(7.6)	259	(74.1)	299	(71.8)	169	(75.6)	22.70
Full year	34,923	(1.0)	604	(45.5)	678	(45.4)	394	(49.6)	52.93

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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, 2017	7,950,000 shares	As of March 31, 2016	7,950,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	506,463 shares	As of March 31, 2016	506,463 shares
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Average number of shares during the period

Year ended March 31, 2017	7,443,537 shares	Year ended March 31, 2016	7,443,542 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	17,553	19,615
Notes and accounts receivable - trade	10,351	9,020
Merchandise and finished goods	1,624	1,555
Work in process	81	77
Raw materials and supplies	959	759
Deferred tax assets	237	256
Other	442	262
Allowance for doubtful accounts	(20)	(5)
Total current assets	31,229	31,541
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,125	1,070
Machinery, equipment and vehicles, net	66	52
Land	1,800	1,796
Construction in progress	33	33
Other, net	313	337
Total property, plant and equipment	3,339	3,290
Intangible assets		
Software	145	117
Other	20	20
Total intangible assets	165	137
Investments and other assets		
Investment securities	1,659	1,910
Shares of subsidiaries and associates	418	423
Deferred tax assets	54	61
Net defined benefit asset	902	990
Guarantee deposits	2,546	2,547
Other	366	335
Allowance for doubtful accounts	(64)	(55)
Total investments and other assets	5,884	6,213
Total non-current assets	9,389	9,641
Total assets	40,619	41,183

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,868	4,365
Electronically recorded obligations - operating	–	2,697
Short-term loans payable	3,521	3,516
Income taxes payable	254	312
Provision for bonuses	368	379
Other	509	753
Total current liabilities	12,522	12,023
Non-current liabilities		
Deferred tax liabilities	277	347
Net defined benefit liability	189	206
Provision for directors' retirement benefits	1,094	1,188
Other	571	556
Total non-current liabilities	2,132	2,298
Total liabilities	14,655	14,322
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	23,168	23,741
Treasury shares	(576)	(576)
Total shareholders' equity	25,805	26,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	295	494
Remeasurements of defined benefit plans	(136)	(12)
Total accumulated other comprehensive income	158	481
Total net assets	25,963	26,860
Total liabilities and net assets	40,619	41,183

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	35,709	35,268
Cost of sales	28,562	27,867
Gross profit	7,146	7,400
Selling, general and administrative expenses	6,220	6,293
Operating profit	925	1,107
Non-operating income		
Interest income	36	29
Dividend income	55	59
Share of profit of entities accounted for using equity method	4	8
Reversal of allowance for doubtful accounts	–	15
Insurance premiums refunded cancellation	5	–
Compensation income	155	–
Miscellaneous income	46	61
Total non-operating income	304	173
Non-operating expenses		
Interest expenses	37	34
Miscellaneous loss	2	5
Total non-operating expenses	39	39
Ordinary profit	1,189	1,242
Extraordinary losses		
Loss on valuation of investment securities	5	–
Loss on sales of membership	–	10
Loss on valuation of membership	–	3
Impairment loss	–	4
Total extraordinary losses	5	17
Profit before income taxes	1,184	1,224
Income taxes - current	444	505
Income taxes - deferred	(12)	(63)
Total income taxes	431	442
Profit	753	781
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	753	781

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	753	781
Other comprehensive income		
Valuation difference on available-for-sale securities	(199)	198
Remeasurements of defined benefit plans, net of tax	(282)	123
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total other comprehensive income	(481)	323
Comprehensive income	271	1,104
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	271	1,104

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,208	2,005	22,638	(576)	25,275
Changes of items during period					
Dividends of surplus			(223)		(223)
Profit attributable to owners of parent			753		753
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	529	(0)	529
Balance at end of current period	1,208	2,005	23,168	(576)	25,805

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	494	145	640	25,915
Changes of items during period				
Dividends of surplus				(223)
Profit attributable to owners of parent				753
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	(199)	(282)	(481)	(481)
Total changes of items during period	(199)	(282)	(481)	48
Balance at end of current period	295	(136)	158	25,963

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,208	2,005	23,168	(576)	25,805
Changes of items during period					
Dividends of surplus			(208)		(208)
Profit attributable to owners of parent			781		781
Purchase of treasury shares					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	573	–	573
Balance at end of current period	1,208	2,005	23,741	(576)	26,378

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	295	(136)	158	25,963
Changes of items during period				
Dividends of surplus				(208)
Profit attributable to owners of parent				781
Purchase of treasury shares				–
Net changes of items other than shareholders' equity	199	123	323	323
Total changes of items during period	199	123	323	896
Balance at end of current period	494	(12)	481	26,860



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,184	1,224
Depreciation	372	308
Loss (gain) on valuation of investment securities	5	–
Increase (decrease) in allowance for doubtful accounts	0	(15)
Increase (decrease) in provision for bonuses	(0)	10
Increase (decrease) in net defined benefit liability	2	17
Decrease (increase) in net defined benefit asset	(15)	91
Increase (decrease) in provision for directors' retirement benefits	68	93
Interest and dividend income	(91)	(88)
Interest expenses	37	34
Share of (profit) loss of entities accounted for using equity method	(4)	(8)
Foreign exchange losses (gains)	1	0
Loss (gain) on sales of membership	–	10
Decrease (increase) in notes and accounts receivable - trade	171	1,331
Decrease (increase) in inventories	(284)	273
Decrease (increase) in other current assets	(96)	177
Increase (decrease) in notes and accounts payable - trade	(395)	(809)
Increase (decrease) in accounts payable - other	(7)	0
Increase (decrease) in other current liabilities	(323)	260
Impairment loss	–	4
Other, net	42	(5)
Subtotal	666	2,911
Interest and dividend income received	91	88
Interest expenses paid	(37)	(34)
Income taxes (paid) refund	(464)	(465)
Net cash provided by (used in) operating activities	256	2,500
Cash flows from investing activities		
Payments into time deposits	(500)	(100)
Proceeds from withdrawal of time deposits	600	–
Purchase of property, plant and equipment	(257)	(208)
Proceeds from sales of property, plant and equipment	8	5
Purchase of intangible assets	(32)	(29)
Purchase of investment securities	(9)	(9)
Proceeds from sales of investment securities	–	10
Payments of loans receivable	(0)	–
Collection of loans receivable	1	0
Other, net	17	7
Net cash provided by (used in) investing activities	(171)	(325)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	–	(5)
Purchase of treasury shares	(0)	–
Cash dividends paid	(223)	(208)
Other, net	(2)	–
Net cash provided by (used in) financing activities	(225)	(213)
Effect of exchange rate change on cash and cash equivalents	(1)	(0)
Net increase (decrease) in cash and cash equivalents	(141)	1,961
Cash and cash equivalents at beginning of period	16,905	16,763
Cash and cash equivalents at end of period	16,763	18,725