

Translation

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

May 17, 2019

Company name: MUSASHI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7521 URL <https://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 27, 2019
 Scheduled date to file Securities Report: June 28, 2019
 Scheduled date to commence dividend payments: June 28, 2019
 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, 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	37,135	(0.4)	306	(68.0)	387	(63.5)	183	(75.3)
Year ended March 31, 2018	37,298	5.8	960	(13.3)	1,059	(14.7)	742	(5.1)

	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	24.66	–	0.7	0.9	0.8
Year ended March 31, 2018	99.70	–	2.7	2.5	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, 2019	44,211	27,153	61.4	3,647.92
As of March 31, 2018	44,825	27,440	61.2	3,686.52

(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	(585)	(93)	(238)	17,857
Year ended March 31, 2018	2,367	(2,078)	(239)	18,775

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	–	12.00	–	20.00	32.00	238	32.1	0.9
Year ended March 31, 2019	–	12.00	–	12.00	24.00	178	97.3	0.7
Year ending March 31, 2020 (Forecast)	–	12.00	–	12.00	24.00		24.8	

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
Six months ending September 30, 2019	19,692	11.8	875	–	892	–	559	–	75.10
Full year	38,300	3.1	1,124	266.4	1,161	199.9	721	292.8	96.86

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: No

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	7,950,000 shares	As of March 31, 2018	7,950,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	506,537 shares	As of March 31, 2018	506,537 shares
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Average number of shares during the period

Year ended March 31, 2019	7,443,463 shares	Year ended March 31, 2018	7,443,488 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	19,665	18,747
Notes and accounts receivable - trade	11,013	11,754
Merchandise and finished goods	2,515	2,739
Work in process	70	78
Raw materials and supplies	611	470
Other	487	495
Allowance for doubtful accounts	(8)	(6)
Total current assets	34,354	34,279
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,047	993
Machinery, equipment and vehicles, net	35	50
Land	1,811	1,811
Other, net	369	361
Total property, plant and equipment	3,263	3,216
Intangible assets		
Goodwill	352	272
Software	104	115
Other	20	20
Total intangible assets	477	408
Investments and other assets		
Investment securities	1,857	1,424
Shares of subsidiaries and associates	439	431
Deferred tax assets	361	301
Retirement benefit asset	1,121	1,133
Guarantee deposits	2,548	2,548
Other	448	512
Allowance for doubtful accounts	(46)	(45)
Total investments and other assets	6,728	6,307
Total non-current assets	10,470	9,931
Total assets	44,825	44,211

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,566	6,122
Electronically recorded obligations - operating	3,301	3,698
Short-term loans payable	3,516	3,516
Income taxes payable	277	68
Provision for bonuses	433	425
Other	946	769
Total current liabilities	15,041	14,600
Non-current liabilities		
Deferred tax liabilities	207	181
Retirement benefit liability	189	214
Provision for retirement benefits for directors (and other officers)	1,276	1,386
Other	670	674
Total non-current liabilities	2,343	2,457
Total liabilities	17,384	17,058
Net assets		
Shareholders' equity		
Capital stock	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	24,245	24,190
Treasury shares	(576)	(576)
Total shareholders' equity	26,882	26,827
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	435	214
Remeasurements of defined benefit plans	122	110
Total accumulated other comprehensive income	558	325
Total net assets	27,440	27,153
Total liabilities and net assets	44,825	44,211

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	37,298	37,135
Cost of sales	29,132	29,309
Gross profit	8,165	7,826
Selling, general and administrative expenses	7,205	7,519
Operating profit	960	306
Non-operating income		
Interest income	20	2
Dividend income	59	49
Share of profit of entities accounted for using equity method	17	1
Reversal of allowance for doubtful accounts	–	1
Miscellaneous income	48	61
Total non-operating income	146	116
Non-operating expenses		
Interest expenses	34	34
shares of subsidiaries acquisition related cost	8	–
Miscellaneous loss	3	1
Total non-operating expenses	46	36
Ordinary profit	1,059	387
Extraordinary income		
Gain on sales of investment securities	180	111
Total extraordinary income	180	111
Extraordinary losses		
Loss on valuation of investment securities	–	16
Total extraordinary losses	–	16
Profit before income taxes	1,240	482
Income taxes - current	497	216
Income taxes - deferred	1	83
Total income taxes	498	299
Profit	742	183
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	742	183

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	742	183
Other comprehensive income		
Valuation difference on available-for-sale securities	(62)	(217)
Remeasurements of defined benefit plans, net of tax	135	(11)
Share of other comprehensive income of entities accounted for using equity method	3	(3)
Total other comprehensive income	76	(232)
Comprehensive income	818	(49)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	818	(49)

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	1,208	2,005	23,741	(576)	26,378
Changes of items during period					
Dividends of surplus			(238)		(238)
Profit attributable to owners of parent			742		742
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	503	(0)	503
Balance at end of current period	1,208	2,005	24,245	(576)	26,882

	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	(12)	481	26,860
Changes of items during period				
Dividends of surplus				(238)
Profit attributable to owners of parent				742
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	(58)	135	76	76
Total changes of items during period	(58)	135	76	580
Balance at end of current period	435	122	558	27,440

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	1,208	2,005	24,245	(576)	26,882
Changes of items during period					
Dividends of surplus			(238)		(238)
Profit attributable to owners of parent			183		183
Purchase of treasury shares					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	(54)	–	(54)
Balance at end of current period	1,208	2,005	24,190	(576)	26,827

	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	435	122	558	27,440
Changes of items during period				
Dividends of surplus				(238)
Profit attributable to owners of parent				183
Purchase of treasury shares				–
Net changes of items other than shareholders' equity	(220)	(11)	(232)	(232)
Total changes of items during period	(220)	(11)	(232)	(287)
Balance at end of current period	214	110	325	27,153

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	1,240	482
Depreciation	322	332
Amortization of goodwill	46	79
Loss (gain) on sales of investment securities	(180)	(111)
Loss (gain) on valuation of investment securities	–	16
Increase (decrease) in allowance for doubtful accounts	(6)	(2)
Increase (decrease) in provision for bonuses	(3)	(7)
Increase (decrease) in retirement benefit liability	(17)	25
Decrease (increase) in retirement benefit asset	(7)	(11)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	87	110
Interest and dividend income	(80)	(52)
Interest expenses	34	34
Share of loss (profit) of entities accounted for using equity method	(17)	(1)
Foreign exchange losses (gains)	(0)	0
Decrease (increase) in notes and accounts receivable - trade	74	(741)
Decrease (increase) in inventories	220	(91)
Decrease (increase) in other current assets	(122)	134
Increase (decrease) in notes and accounts payable - trade	1,055	(50)
Increase (decrease) in accounts payable - other	54	(27)
Increase (decrease) in other current liabilities	31	(231)
Other, net	5	5
Subtotal	2,735	(105)
Interest and dividend income received	80	52
Interest expenses paid	(34)	(34)
Income taxes (paid) refund	(414)	(497)
Net cash provided by (used in) operating activities	2,367	(585)
Cash flows from investing activities		
Payments into time deposits	(400)	–
Proceeds from withdrawal of time deposits	400	–
Purchase of property, plant and equipment	(261)	(219)
Proceeds from sales of property, plant and equipment	3	4
Purchase of intangible assets	(34)	(62)
Purchase of investment securities	(10)	(9)
Proceeds from sales of investment securities	295	276
Collection of loans receivable	0	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,968)	–
Other, net	(102)	(83)
Net cash provided by (used in) investing activities	(2,078)	(93)
Cash flows from financing activities		
Purchase of treasury shares	(0)	–
Cash dividends paid	(239)	(238)
Net cash provided by (used in) financing activities	(239)	(238)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	50	(917)
Cash and cash equivalents at beginning of period	18,725	18,775
Cash and cash equivalents at end of period	18,775	17,857