

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 10, 2015

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 to file Quarterly Securities Report: November 11, 2015
 Scheduled date to commence dividend payments: December 14, 2015
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	17,109	3.2	526	150.8	590	62.0	374	51.3
Six months ended September 30, 2014	16,584	(9.2)	210	(78.4)	364	(63.8)	247	(56.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2015	50.32		-	
Six months ended September 30, 2014	33.25		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	40,095	26,181	65.3
As of March 31, 2015	41,506	25,915	62.4

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, 2015	-	10.00	-	20.00	30.00
Year ending March 31, 2016	-	10.00	-	-	-
Year ending March 31, 2016 (Forecast)	-	-	-	10.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	35,650	(4.3)	1,017	(28.4)	1,103	(33.6)	692	(36.9)	92.97

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(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: No
- (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 September 30, 2015	7,950,000 shares	As of March 31, 2015	7,950,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	506,463 shares	As of March 31, 2015	506,447 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015	7,443,548 shares	Six months ended September 30, 2014	7,443,587 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	17,795	17,857
Notes and accounts receivable - trade	10,528	9,208
Merchandise and finished goods	1,653	1,678
Work in process	62	61
Raw materials and supplies	664	605
Other	622	425
Allowance for doubtful accounts	(24)	(21)
Total current assets	31,302	29,815
Non-current assets		
Property, plant and equipment	3,404	3,459
Intangible assets	198	192
Investments and other assets	6,600	6,627
Total non-current assets	10,203	10,280
Total assets	41,506	40,095
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,265	6,880
Short-term loans payable	3,521	3,521
Income taxes payable	299	222
Provision for bonuses	369	353
Other	860	630
Total current liabilities	13,316	11,608
Non-current liabilities		
Net defined benefit liability	187	189
Provision for directors' retirement benefits	1,025	1,044
Other	1,061	1,072
Total non-current liabilities	2,274	2,306
Total liabilities	15,590	13,914
Net assets		
Shareholders' equity		
Capital stock	1,208	1,208
Capital surplus	2,005	2,005
Retained earnings	22,638	22,863
Treasury shares	(576)	(576)
Total shareholders' equity	25,275	25,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	494	525
Remeasurements of defined benefit plans	145	155
Total accumulated other comprehensive income	640	680
Total net assets	25,915	26,181
Total liabilities and net assets	41,506	40,095

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	16,584	17,109
Cost of sales	13,238	13,485
Gross profit	3,346	3,624
Selling, general and administrative expenses	3,136	3,097
Operating income	210	526
Non-operating income		
Interest income	18	18
Dividend income	27	30
Share of profit of entities accounted for using equity method	5	2
Reversal of allowance for doubtful accounts	2	2
Insurance premiums refunded cancellation	28	5
Compensation income	83	–
Other	8	22
Total non-operating income	174	81
Non-operating expenses		
Interest expenses	18	17
Other	1	0
Total non-operating expenses	20	18
Ordinary income	364	590
Extraordinary income		
Gain on sales of property, plant and equipment	121	–
Gain on sales of investment securities	1	–
Total extraordinary income	122	–
Income before income taxes and minority interests	487	590
Income taxes - current	28	199
Income taxes - deferred	211	17
Total income taxes	239	216
Profit	247	374
Profit attributable to owners of parent	247	374

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	247	374
Other comprehensive income		
Valuation difference on available-for-sale securities	30	29
Remeasurements of defined benefit plans, net of tax	16	9
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	48	39
Comprehensive income	295	414
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	295	414

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	487	590
Depreciation	149	159
Loss (gain) on sales of investment securities	(1)	–
Loss on retirement of non-current assets	0	–
Increase (decrease) in allowance for doubtful accounts	(2)	(2)
Increase (decrease) in provision for bonuses	(21)	(15)
Increase (decrease) in provision for loss on order received	(11)	–
Increase (decrease) in net defined benefit liability	2	1
Decrease (increase) in net defined benefit asset	(34)	(9)
Increase (decrease) in provision for directors' retirement benefits	42	19
Interest and dividend income	(45)	(48)
Interest expenses	18	17
Foreign exchange losses (gains)	0	(0)
Share of (profit) loss of entities accounted for using equity method	(5)	(2)
Loss (gain) on sales of property, plant and equipment	(121)	–
Decrease (increase) in notes and accounts receivable - trade	302	1,319
Decrease (increase) in inventories	13	34
Decrease (increase) in other current assets	91	97
Increase (decrease) in notes and accounts payable - trade	(892)	(1,384)
Increase (decrease) in accounts payable - other	(280)	(14)
Increase (decrease) in other current liabilities	47	(184)
Other, net	11	22
Subtotal	(249)	598
Interest and dividend income received	45	48
Interest expenses paid	(18)	(18)
Income taxes (paid) refund	(181)	(238)
Net cash provided by (used in) operating activities	(403)	390
Cash flows from investing activities		
Payments into time deposits	(300)	(100)
Proceeds from withdrawal of time deposits	700	100
Purchase of property, plant and equipment	(98)	(155)
Proceeds from sales of property, plant and equipment	449	3
Purchase of intangible assets	(23)	(17)
Purchase of investment securities	(14)	(5)
Proceeds from sales of investment securities	14	–
Payments of loans receivable	(0)	–
Collection of loans receivable	1	0
Other, net	33	(5)
Net cash provided by (used in) investing activities	761	(178)
Cash flows from financing activities		
Purchase of treasury shares	–	(0)
Cash dividends paid	(75)	(148)
Repayments of finance lease obligations	–	(1)
Net cash provided by (used in) financing activities	(75)	(150)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	282	61
Cash and cash equivalents at beginning of period	15,149	16,905
Cash and cash equivalents at end of period	15,431	16,967