

Consolidated 2nd quarter Financial Results for the Fiscal Year Ended December 31, 2016 (January 1, 2016 to June 30, 2016)

Company name:	SIIX Corporation
Stock code:	7613
Stock exchange listing (Section):	Tokyo Stock Exchange, (First Section)
Head office:	Osaka, Japan
URL:	http://www.siix.co.jp
President:	Yoshihito Kikyo
Contact:	Seiji Ono Executive Officer and General Manager, Finance and Accounting Department
Telephone:	+81-6-6266-6415
Scheduled date of filing quarterly financial statement:	August 10, 2016
Scheduled date of payment of cash dividends:	September 2, 2016

(Amounts rounded down to million yen)

1. Consolidated 2nd quarter Financial Results (January 1, 2016 – June 30, 2016)

(1) Consolidated Results of Operations

(The percentages in the table below represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
2nd quarter ended Jun. 2016	106,362	-5.6	4,494	13.3	4,475	8.0
2nd quarter ended Jun. 2015	112,669	14.8	3,965	69.8	4,144	72.3

	Profit attributable to owners of parent		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
2nd quarter ended Jun. 2016	3,702	22.6	147.31	139.06
2nd quarter ended Jun. 2015	3,021	73.9	128.02	-

(Note) Comprehensive Income:

2nd quarter ended June 2016:	- 3,238 million yen	(- %)
2nd quarter ended June 2015:	3,400 million yen	(516.9%)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Million yen	Million yen	%
2nd quarter ended Jun. 2016	95,927	45,996	47.7
Year ended Dec. 2015	109,957	49,739	45.1

(Reference) Stockholders' equity:

2nd quarter ended June 2016:	45,780 million yen
Year ended December 2015:	49,585 million yen

2. Dividends

(Base date)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Term-end	Annual dividends
Year ended Dec. 2015	—	Yen 18.00	—	Yen 24.00	Yen 42.00
Year ended Dec. 2016	—	24.00			
Year ended Dec. 2016 (forecasts)			—	24.00	48.00

(note) Changes in Forecasts for Dividends during this quarter: None

3. Consolidated Business Performance Forecasts for the Year Ending December 2016 (January 1, 2016 – December 31, 2016)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Full year	240,000	2.1	9,500	6.6	9,600	6.6

	Profit attributable to owners of parent		Net income per share (basic)
	Million yen	YoY change (%)	Yen
Full year	7,000	4.2	278.49

(note) Changes in Consolidated Business Performance Forecasts for the Fiscal Year Ending December 2016 during this quarter: None

4. Others

- (1) Transfer of important subsidiaries during the period: None
- (2) Adoption or non-adoption of a specific method in accounting procedures: None
- (3) Changes in accounting policy and accounting estimate, and restatement related to consolidated financial statements
- (i) Changes in accounting policy associated with the revision of accounting standards: Changed
- (ii) Changes in accounting policy other than those described in (i): None
- (iii) Changes in accounting estimate: None
- (iv) Restatement: None
- (4) Number of outstanding shares (common shares)
- (i) Number of outstanding shares (including treasury stock):
- 2nd quarter ended June 2016: 25,200,000 shares
- Year ended December 2015: 25,200,000 shares
- (ii) Number of treasury stock:
- 2nd quarter ended June 2016: 64,036 shares
- Year ended December 2015: 64,000 shares
- (iii) Average number of outstanding shares (quarterly accumulated period)
- 2nd quarter ended June 2016: 25,135,984 shares
- 2nd quarter ended June 2015: 23,599,548 shares

*Indication regarding implementation status of quarterly review procedures

These quarterly financial statements have already reviewed pursuant to the Financial Instruments and Exchange Act (FIEA) because quarterly financial report, which needs to be prepared for the purpose of quarterly review, will also be disclosed at the same day as of the release of these quarterly financial statements, even though these statements are exempt from quarterly review procedures.

*Explanations and other special notes concerning the appropriate use of business performance forecasts

The consolidated business performance forecasts given above are based on the information available at the current time and assumptions of supposable market trends, etc., and thus may greatly differ from future performance for a variety of future reasons.

Operating results

(1) Analysis of operating results

Results of reportable segment were as follows:

Segment Income or loss is calculated based on operating income in consolidated statements in income.

(Electronics (Japan) Section)

In this section, shipment of components and PCBs for industrial and communication equipment decreased. As a result, sales finished at 32,957 million yen, a decrease of 2,334 million yen (down 6.6%) from the same period of the previous fiscal year. Operating income finished at 911 million yen, a decrease of 315 million yen (down 25.7%) from the same period of the previous fiscal year.

(Electronics (Asia) Section)

In this section, sales finished at 77,761 million yen, a decrease of 8,337 million yen (down 9.7%) from the same period of the previous fiscal year due to shipment of components for automotive-related and finished goods of information equipment decreased in this fiscal year. Operating income finished at 2,869 million yen, an increase of 180 million yen (up 6.7%) from the same period of the previous fiscal year.

(Electronics (Europe) Section)

In this section, sales finished at 4,359 million yen, an increase of 11 million yen (up 0.3%) from the same period of the previous fiscal year due to shipment of components and PCBs for automotive-related equipment kept strong in this fiscal year. Operating income finished at 188 million yen, an increase of 6 million yen (up 3.5%) from the same period of the previous fiscal year.

(Electronics (Americas) Section)

In this section, shipment of components and PCBs for automotive-related equipment increased in this fiscal year. As a result, sales finished at 20,792 million yen, an increase of 2,654 million yen (up 14.6%) from the same period of the previous fiscal year. Operating income finished at 1,274 million yen, an increase of 584 million yen (up 84.9%) from the same period of the previous fiscal year.

(2) Analysis of the financial situation

Total assets were 95,927 million yen, a decrease of 14,030 million yen from the end of the previous fiscal year mainly due to a decrease of notes and accounts receivable-trade.

Liabilities were 49,931 million yen, a decrease of 10,286 million yen from the end of the previous fiscal year.

Net assets were 45,996 million yen, a decrease of 3,743 million yen from the end of the previous fiscal year.

As a result, the capital-to-asset ratio increased 47.7% from 45.1%

(Cash flow)

The result of operating activities was increased cash and cash equivalents (hereinafter, "funds") of 4,726 million yen. This was mainly due to a decrease of 1,507 million yen in notes and accounts payable-trade, a increase of 1,376 million yen in inventories, net income before taxes for the current fiscal year finished at 4,533 million yen and a decrease of 2,927 million yen in notes and accounts receivable-trade.

The result of investing activities was decreased funds of 2,212 million yen. This was mainly due to expenditures of 1,202 million yen for payments for investments in capital of subsidiaries and affiliates and 1,062 million yen for purchase of property, plant and equipment.

The result of financial activities was decreased funds of 4,781 million yen. This was mainly due to net decrease of 3,493 million yen in short-term loans payable.

As a result, funds at the end of this cumulative 2nd quarter of the consolidated fiscal year under review stood at 8,973 million yen, a decrease of 3,500 million yen (down 28.1%) from the end of the previous fiscal year.

(3) Qualitative Information on the Consolidated Business Forecast

The performance forecasts for the full business year in the fiscal year ending December 2016 released on February 12, 2016, have not been revised.

Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(JPY in millions)

	Previous fiscal year As of Dec. 31, 2015	Current 2nd quarter As of Jun. 30, 2016
Assets		
Current assets		
Cash and deposits	12,510	9,005
Notes and accounts receivable-trade	43,847	36,421
Merchandise and finished goods	18,771	17,128
Work in process	1,231	992
Raw materials and supplies	5,990	5,563
Other	2,872	3,397
Allowance for doubtful accounts	(463)	(26)
Total current assets	84,759	72,482
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,387	5,709
Machinery, equipment and vehicles	6,466	5,106
Land	2,576	2,431
Other	1,013	1,186
Total property, plant and equipment	16,444	14,434
Intangible assets	491	432
Investments and other assets		
Investment securities	3,151	2,801
Investments in capital	2,333	3,506
Other	3,236	2,854
Allowance for doubtful accounts	(459)	(585)
Total Investments and other assets	8,261	8,577
Total noncurrent assets	25,197	23,445
Total assets	109,957	95,927

TRANSLATION

(JPY in millions)

	Previous fiscal year As of Dec. 31, 2015	Current 2nd quarter As of Jun. 30, 2016
Liabilities		
Current liabilities		
Accounts payable-trade	32,198	27,448
Short-term loans payable	9,141	4,872
Income taxes payable	887	842
Other	4,939	4,738
Total current liabilities	47,166	37,901
Noncurrent liabilities		
Convertible bond-type bonds with subscription rights to shares	6,000	6,000
Long-term loans payable	3,245	2,616
Provision for retirement benefits	470	434
Other	3,334	2,978
Total noncurrent liabilities	13,050	12,029
Total liabilities	60,217	49,931
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,624	5,624
Retained earnings	35,528	38,628
Treasury stock	(27)	(27)
Total shareholders' equity	43,269	46,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	610	606
Deferred gains or losses on hedges	4	5
Foreign currency translation adjustment	5,916	(1,007)
Adjustment for retirement benefits	(215)	(193)
Total accumulated other comprehensive income	6,316	(589)
Non-controlling interests	154	216
Total net assets	49,739	45,996
Total liabilities and net assets	109,957	95,927

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statements of Income [2nd quarter (January 1, 2016 – June 30, 2016)]
 (JPY in millions)

	Previous 2nd quarter Jan. 1, 2015 - Jun. 30, 2015	Current 2nd quarter Jan. 1, 2016 - Jun. 30, 2016
Net sales	112,669	106,362
Cost of sales	103,552	96,531
Gross profit	9,116	9,831
Selling, general and administrative expenses	5,150	5,337
Operating income	3,965	4,494
Non-operating income		
Interest income	20	54
Dividends income	32	98
Equity in earnings of affiliates	58	99
Real estate rent	56	53
Gain on sales of goods	33	12
Gain on sales of scraps	67	37
Other	89	148
Total non-operating income	358	503
Non-operating expenses		
Interest expenses	85	55
Foreign exchange losses	27	415
Other	66	50
Total non-operating expenses	180	521
Ordinary income	4,144	4,475
Extraordinary income		
Gain on sales of investment securities	-	58
Total extraordinary income	-	58
Net income before income taxes	4,144	4,533
Income taxes-current	1,281	1,357
Income taxes-deferred	(144)	(522)
Total income taxes-current	1,137	835
Net Income before non-controlling interests	3,006	3,698
Non-controlling interests	(14)	(4)
Net income	3,021	3,702

Quarterly Consolidated Statements of Comprehensive Income
 [2nd quarter (January 1, 2016 – June 30, 2016)]

(JPY in millions)

	Previous 2nd quarter Jan. 1, 2015 - Jun. 30, 2015	Current 2nd quarter Jan. 1, 2016 – Jun. 30, 2016
Income before minority interests in income	3,006	3,698
Other comprehensive income		
Valuation difference on available-for-sale securities	234	(3)
Deferred gains or losses on hedges	8	0
Foreign currency translation adjustment	141	(6,830)
Adjustment for retirement benefits	5	14
Equity equivalent of equity method affiliate	2	(117)
Total other comprehensive income	393	(6,936)
Comprehensive income	3,400	(3,238)
(Content)		
Comprehensive income for the parent company's shareholders	3,411	(3,202)
Comprehensive income for minority shareholders	(11)	(36)

(3) Consolidated Statements of Cash Flows

(JPY in millions)

	Jan. 1, 2015 – Jun. 30, 2015	Jan. 1, 2016 – Jun. 30, 2016
Net cash provided by (used in) operating activities		
Income before income taxes	4,144	4,533
Depreciation and amortization	1,781	1,736
Increase (decrease) in allowance for doubtful accounts	7	(292)
Interest and dividends income	(52)	(153)
Interest expenses	85	55
Foreign exchange losses (gains)	(47)	656
Equity in (earnings) losses of affiliates	(58)	(99)
Decrease (increase) in notes and accounts receivable(trade	1,056	2,927
Decrease (increase) in inventories	(2,601)	(1,376)
Decrease (increase) in consumption taxes refund receivable	(273)	(51)
Increase (decrease) in notes and accounts payable(trade	(146)	(1,507)
Increase (decrease) in advances received	459	(223)
Other	(36)	(306)
Subtotal	4,318	5,898
Interest and dividends income received	107	212
Interest expenses paid	(78)	(30)
Income taxes paid	(1,377)	(1,354)
Net cash provided by (used in) operating activities	2,970	4,726
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(1,751)	(1,026)
Proceeds from sales of property, plant and equipment	5	16
Purchase of intangible assets	(72)	(36)
Proceeds from sales of investment securities	-	240
Payments of loans receivable	(21)	(181)
Collection of loans receivable	17	13
Payments for investments in capital of subsidiaries and affiliates	(242)	(1,202)
Other	0	(0)
Net cash provided by (used in) investment activities	(2,064)	(2,212)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short(term loans payable	(432)	(3,493)
Proceeds from long(term loans payable	433	-
Repayment of long(term loans payable	(1,255)	(721)
Purchase of treasury stock	-	(0)
Cash dividends paid	(424)	(605)
Proceeds from share issuance to non(controlling shareholders	-	98
Other	(44)	(59)
Net cash provided by (used in) financing activities	(1,723)	(4,781)
Effect of exchange rate change on cash and cash equivalents	35	(1,232)
Net increase (decrease) in cash and cash equivalents	(780)	(3,500)
Cash and cash equivalents at beginning of period	6,497	12,473
Cash and cash equivalents at end of period	5,716	8,973