

Consolidated 2nd quarter Financial Results for the Fiscal Year Ended December 31, 2017 (January 1, 2017 to June 30, 2017)

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
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Scheduled date of filing quarterly financial statement:	August 10, 2017
Scheduled date of payment of cash dividends:	September 4, 2017

(Amounts rounded down to million yen)

1. Consolidated 2nd quarter Financial Results (January 1, 2017 – June 30, 2017)

(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. 2017	111,790	5.1	4,723	5.1	5,043	12.7
2nd quarter ended Jun. 2016	106,362	(5.6)	4,494	13.3	4,475	8.0

	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. 2017	3,519	(4.9)	142.92	134.75
2nd quarter ended Jun. 2016	3,702	22.6	147.31	139.06

(Note) Comprehensive Income:

2nd quarter ended June 2017:	2,459 million yen	(- %)
2nd quarter ended June 2016:	- 3,238 million yen	(- %)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Million yen	Million yen	%
2nd quarter ended Jun. 2017	118,613	53,321	44.6
Year ended Dec. 2016	109,695	51,573	46.8

(Reference) Stockholders' equity:

2nd quarter ended June 2017:	52,885 million yen
Year ended December 2016:	51,332 million yen

2. Dividends

(Base date)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Term-end	Annual dividends
Year ended Dec. 2016	—	Yen 24.00	—	Yen 26.00	Yen 50.00
Year ended Dec. 2017	—	26.00			
Year ended Dec. 2017 (forecasts)			—	26.00	52.00

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

3. Consolidated Business Performance Forecasts for the Year Ending December 2017 (January 1, 2017 – December 31, 2017)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Full year	230,000	8.1	10,500	15.0	10,500	14.8

	Profit attributable to owners of parent		Net income per share (basic)
	Million yen	YoY change (%)	Yen
Full year	7,600	13.5	308.60

(note) Changes in Consolidated Business Performance Forecasts for the Fiscal Year Ending December 2017 during this quarter: None

4. Others

- (1) Transfer of important subsidiaries during the period: Transfer
(Newly consolidated: SIIX COXON PRECISION PHILS., INC.)
- (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: None
- (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 2017: | 25,200,000 shares |
| Year ended December 2016: | 25,200,000 shares |
- (ii) Number of treasury stock:
- | | |
|------------------------------|----------------|
| 2nd quarter ended June 2017: | 573,075 shares |
| Year ended December 2016: | 573,002 shares |
- (iii) Average number of outstanding shares (quarterly accumulated period)
- | | |
|------------------------------|-------------------|
| 2nd quarter ended June 2017: | 24,626,961 shares |
| 2nd quarter ended June 2016: | 25,135,984 shares |

* These quarterly financial 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.

Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(JPY in millions)

	Previous fiscal year As of Dec. 31, 2016	Current 2nd quarter As of Jun. 30, 2017
Assets		
Current assets		
Cash and deposits	8,813	9,756
Notes and accounts receivable-trade	41,873	43,878
Merchandise and finished goods	20,483	21,149
Work in process	1,007	1,387
Raw materials and supplies	7,026	8,108
Other	2,994	4,399
Allowance for doubtful accounts	(34)	(33)
Total current assets	82,164	88,644
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,397	7,195
Machinery, equipment and vehicles	6,422	7,084
Land	2,532	2,517
Other	1,526	1,254
Total property, plant and equipment	16,878	18,051
Intangible assets	454	504
Investments and other assets		
Investment securities	3,192	2,573
Investments in capital	3,969	6,124
Other	3,622	3,300
Allowance for doubtful accounts	(585)	(585)
Total Investments and other assets	10,198	11,413
Total noncurrent assets	27,531	29,969
Total assets	109,695	118,613

TRANSLATION

(JPY in millions)

	Previous fiscal year As of Dec. 31, 2016	Current 2nd quarter As of Jun. 30, 2017
Liabilities		
Current liabilities		
Accounts payable-trade	30,752	31,154
Short-term loans payable	9,569	15,330
Income taxes payable	754	1,012
Other	5,530	6,514
Total current liabilities	46,605	54,011
Noncurrent liabilities		
Convertible bond-type bonds with subscription rights to shares	6,000	6,000
Long-term loans payable	1,602	1,251
Provision for retirement benefits	468	465
Other	3,444	3,564
Total noncurrent liabilities	11,516	11,281
Total liabilities	58,121	65,292
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,624	5,624
Retained earnings	41,020	43,565
Treasury stock	(2,027)	(2,027)
Total shareholders' equity	46,761	49,306
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	745	672
Deferred gains or losses on hedges	4	(3)
Foreign currency translation adjustment	4,008	3,078
Adjustment for retirement benefits	(187)	(168)
Total accumulated other comprehensive income	4,570	3,579
Subscription rights to shares	-	17
Non-controlling interests	241	417
Total net assets	51,573	53,321
Total liabilities and net assets	109,695	118,613

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statement of
Comprehensive Income
Quarterly Consolidated Statements of Income [2nd quarter (January 1, 2017 – June 30, 2017)]

(JPY in millions)

	Previous 2nd quarter Jan. 1, 2016 - Jun. 30, 2016	Current 2nd quarter Jan. 1, 2017 - Jun. 30, 2017
Net sales	106,362	111,790
Cost of sales	96,531	100,813
Gross profit	9,831	10,977
Selling, general and administrative expenses	5,337	6,253
Operating income	4,494	4,723
Non-operating income		
Interest income	54	30
Dividends income	98	26
Equity in earnings of affiliates	99	87
Real estate rent	53	54
Foreign exchange gains	-	55
Gain on sales of goods	12	62
Gain on sales of scraps	37	75
Other	148	142
Total non-operating income	503	535
Non-operating expenses		
Interest expenses	55	76
Foreign exchange losses	415	-
Other	50	138
Total non-operating expenses	521	215
Ordinary income	4,475	5,043
Extraordinary income		
Gain on sales of investment securities	58	-
Total extraordinary income	58	-
Extraordinary loss		
Nonrecurring loss	-	131
Total extraordinary loss	-	131
Net income before income taxes	4,533	4,911
Income taxes-current	1,357	1,552
Income taxes-deferred	(522)	(157)
Total income taxes-current	835	1,395
Net Income before non-controlling interests	3,698	3,516
Non-controlling interests	(4)	(3)
Net income	3,702	3,519

Quarterly Consolidated Statements of Comprehensive Income
 [2nd quarter (January 1, 2017 – June 30, 2017)]

(JPY in millions)

	Previous 2nd quarter Jan. 1, 2016 - Jun. 30, 2016	Current 2nd quarter Jan. 1, 2017 – Jun. 30, 2017
Income before minority interests in income	3,698	3,516
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(72)
Deferred gains or losses on hedges	0	(7)
Foreign currency translation adjustment	(6,830)	(944)
Adjustment for retirement benefits	14	17
Equity equivalent of equity method affiliate	(117)	(48)
Total other comprehensive income	(6,936)	(1,056)
Comprehensive income	(3,238)	2,459
(Content)		
Comprehensive income for the parent company's shareholders	(3,202)	2,476
Comprehensive income for minority shareholders	(36)	(16)

(3) Consolidated Statements of Cash Flows

(JPY in millions)

	Jan. 1, 2016 – Jun. 30, 2016	Jan. 1, 2017 – Jun. 30, 2017
Net cash provided by (used in) operating activities		
Income before income taxes	4,533	4,911
Depreciation and amortization	1,736	1,719
Increase (decrease) in allowance for doubtful accounts	(292)	(0)
Interest and dividends income	(153)	(56)
Interest expenses	55	76
Foreign exchange losses (gains)	656	(100)
Equity in (earnings) losses of affiliates	(99)	(87)
Decrease (increase) in notes and accounts receivable(trade	2,927	(2,317)
Decrease (increase) in inventories	(1,376)	(2,465)
Decrease (increase) in consumption taxes refund receivable	(51)	(347)
Increase (decrease) in notes and accounts payable(trade	(1,507)	637
Increase (decrease) in advances received	(223)	384
Decrease (increase) in accounts receivable-other	(206)	(656)
Increase (decrease) in accrued expenses	317	548
Other	(416)	133
Subtotal	5,898	2,379
Interest and dividends income received	212	146
Interest expenses paid	(30)	(88)
Income taxes paid	(1,354)	(1,371)
Net cash provided by (used in) operating activities	4,726	1,066
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(1,026)	(2,550)
Proceeds from sales of property, plant and equipment	16	16
Purchase of intangible assets	(36)	(101)
Proceeds from sales of investment securities	240	0
Payments of loans receivable	(181)	(11)
Collection of loans receivable	13	14
Payments for investments in capital of subsidiaries and affiliates	(1,202)	(2,156)
Other	(0)	16
Net cash provided by (used in) investment activities	(2,212)	(4,771)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(3,493)	5,815
Proceeds from long-term loans payable	-	112
Repayment of long-term loans payable	(721)	(528)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(605)	(640)
Proceeds from share issuance to non-controlling shareholders	98	-
Other	(59)	(52)
Net cash provided by (used in) financing activities	(4,781)	4,705
Effect of exchange rate change on cash and cash equivalents	(1,232)	(206)
Net increase (decrease) in cash and cash equivalents	(3,500)	793
Cash and cash equivalents at beginning of period	12,473	8,776
Increase in cash and cash equivalents from newly consolidated subsidiary	-	114
Cash and cash equivalents at end of period	8,973	9,685