

February 14, 2018

Consolidated Financial Results for the Fiscal Year Ended December 31, 2017 (January 1, 2017 to December 31, 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
Telephone:	+81-6-6266-6415
Annual Meeting of Shareholders:	March 29, 2018
Scheduled date of payment of cash dividends:	March 30, 2018
Scheduled date of filing financial statement:	March 29, 2018

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2017 – December 31, 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 (%)
Year ended Dec. 2017	233,153	9.6	9,705	6.3	10,513	14.9
Year ended Dec. 2016	212,768	(9.5)	9,134	2.5	9,146	1.6

	Profit attributable to owners of parent		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2017	7,093	5.9	288.02	271.52
Year ended Dec. 2016	6,698	(0.3)	267.62	252.56

(note) Comprehensive income

Year ended December 2017:	7,370 million yen (y/y 49.1%)
Year ended December 2016:	4,942 million yen (y/y 6.3%)

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended Dec. 2017	13.1	8.8	4.2
Year ended Dec. 2016	13.3	8.3	4.3

(Reference) Equity in net earnings (losses) of affiliates

Year ended December 2017:	201 million yen
Year ended December 2016:	189 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Dec. 2017	130,526	57,609	43.9	2,324.67
Year ended Dec. 2016	109,695	51,573	46.8	2,084.39

(Reference) Stockholders' equity:

Year ended December 2017:	57,252 million yen
Year ended December 2016:	51,332 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in)			Cash and cash equivalents at fiscal year end
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
Year ended Dec. 2017	4,536	(9,211)	6,410	10,574
Year ended Dec. 2016	6,333	(5,450)	(4,171)	8,776

2. Dividends

(Base date)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Term-end	Annual dividends
		Yen		Yen	Yen
Year ended Dec. 2016	—	24.00	—	26.00	50.00
Year ended Dec. 2017	—	26.00	—	26.00	52.00
Year ended Dec. 2018 (forecasts)	—	13.50	—	13.50	27.00

(Base date)	Amount of dividend (for the year)	Dividend ratio to net income (consolidated)	Dividend ratio to net assets (consolidated)
	Million Yen	%	%
Year ended Dec. 2016	1,243	18.7	2.5
Year ended Dec. 2017	1,280	18.1	2.4
Year ended Dec. 2018 (forecasts)	—	17.3	—

(Reference) The annual dividend for the year ended Dec 31, 2017 includes commemorative dividend of 2.00 yen. The Company plans to conduct a two-for-one stock split of its common stock on April 1, 2018. The Company has not adjusted the dividend of the 2nd quarter and term-end ended Dec. 2016 and 2017 to reflect the stock split.

3. Consolidated Business Performance Forecasts for the Year Ending December 2018 (January 1, 2018 – December 31, 2018)

(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 (%)
Full year	267,000	14.5	11,000	13.3	11,000	4.6

	Profit attributable to owners of parent		Net income per share (basic)
	Million yen	YoY change (%)	Yen
Full year	7,700	8.6	156.33

(Reference) The company plans to conduct a 2 for 1 stock split with an effective date of April 1, 2018. Net income per share has been calculated assuming the stock split is conducted.

*** Note**

- (1) Transfer of important subsidiaries during the period (transfer of specific subsidiaries in association with changes in the scope of consolidation):
 Newly consolidated: SIIX COXON PRECISION PHILS., INC. Transfer
- (2) Changes in accounting policy and accounting estimate, and restatement related to consolidated financial statements
 (i) Changes associated with the revision of accounting standards: None
 (ii) Changes other than those described in (i): None
 (iii) Changes in accounting estimate: None
 (iv) Restatement: None
- (3) Number of outstanding shares (common shares)
 (i) Number of outstanding shares at the end of the fiscal year (including treasury stock):
 Year ended Dec. 2017: 25,200,000 shares
 Year ended Dec. 2016: 25,200,000 shares
 (ii) Number of treasury stock at the end of the fiscal year:
 Year ended Dec. 2017: 571,930 shares
 Year ended Dec. 2016: 573,002 shares
 (iii) Average number of shares outstanding:
 Year ended Dec. 2017: 24,627,109 shares
 Year ended Dec. 2016: 25,029,075 shares

(Reference)

1. Non-consolidated Financial Results (January 1, 2017 – December 31, 2017)

(1) Non-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 (%)
Year ended Dec. 2017	82,658	8.0	815	248.4	2,653	(16.7)
Year ended Dec. 2016	76,561	(11.2)	234	(70.8)	3,185	50.4

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2017	958	(68.8)	38.92	36.69
Year ended Dec. 2016	3,072	73.1	122.74	115.84

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Dec. 2017	43,994	14,474	32.8	586.46
Year ended Dec. 2016	38,038	14,442	38.0	586.46

(Reference) Stockholders' equity: Year ended December 2017: 14,443 million yen
 Year ended December 2016: 14,442 million yen

**Indication regarding implementation status of quarterly review procedures
 These financial statements have not been prepared for the purpose of 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) Consolidated Balance Sheets

(JPY in millions)

	As of Dec. 31, 2016	As of Dec. 31, 2017
Assets		
Current assets		
Cash and deposits	8,813	10,645
Notes and accounts receivable-trade	41,873	47,131
Merchandise and finished goods	20,483	23,599
Work in process	1,007	1,456
Raw materials and supplies	7,026	9,375
Deferred tax assets	381	540
Other	2,612	3,770
Allowance for doubtful accounts	(34)	(41)
Total current assets	82,164	96,477
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,622	13,780
Accumulated depreciation	(5,225)	(5,776)
Buildings and structures, net	6,397	8,003
Machinery, equipment and vehicles	26,290	30,636
Accumulated depreciation	(19,868)	(22,672)
Machinery, equipment and vehicles, net	6,422	7,964
Tools, furniture and fixtures	2,089	2,513
Accumulated depreciation	(1,429)	(1,735)
Tools, furniture and fixtures, net	660	778
Land	2,532	2,550
Construction in progress	865	539
Total property, plant and equipment	16,878	19,835
Intangible assets		
Software	439	552
Other	15	376
Total intangible assets	454	929
Investments and other assets		
Investment securities	3,192	2,568
Investments in capital	3,969	7,659
Long-term loans receivable	355	60
Assets for retirement benefits	183	239
Deferred tax assets	777	1,078
Other	2,305	2,262
Allowance for doubtful accounts	(585)	(585)
Total Investments and other assets	10,198	13,283
Total noncurrent assets	27,531	34,048
Total assets	109,695	130,526

(JPY in millions)

	As of Dec. 31, 2016	As of Dec. 31, 2017
Liabilities		
Current liabilities		
Accounts payable-trade	30,752	33,988
Short-term loans payable	9,569	13,383
Accrued expenses	2,265	2,731
Deferred tax liabilities	0	0
Income taxes payable	754	1,438
Other	3,263	5,006
Total current liabilities	46,605	56,549
Noncurrent liabilities		
Bonds with subscription rights to shares	6,000	5,995
Long-term loans payable	1,602	5,819
Liabilities for retirement benefits	468	516
Deferred tax liabilities	3,103	3,611
Other	340	425
Total noncurrent liabilities	11,516	16,367
Total liabilities	58,121	72,916
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,624	5,625
Retained earnings	41,020	46,498
Treasury stock	(2,027)	(2,023)
Total shareholders' equity	46,761	52,244
Accumulated comprehensive income		
Valuation difference on available-for-sale securities	745	555
Deferred gains or losses on hedges	4	11
Foreign currency translation adjustment	4,008	4,602
Adjustment for retirement benefits	(187)	(161)
Total accumulated comprehensive income	4,570	5,008
Subscription rights to shares		31
Non-controlling interests	241	326
Total net assets	51,573	57,609
Total liabilities and net assets	109,695	130,526

(2) Consolidated Statements of Income

(JPY in millions)

	1st Jan 2016 - 31st Dec 2016	1st Jan 2017 - 31st Dec 2017
Net sales	212,768	233,153
Cost of sales	192,567	210,525
Gross profit	20,201	22,627
Selling, general and administrative expenses	11,067	12,922
Operating income	9,134	9,705
Non-operating income		
Interest income	84	61
Dividends income	133	73
Real estate rent	105	110
Equity in earnings of affiliates	189	201
Foreign exchange gains		235
Gain on sales of goods	87	107
Gain on sales of scrap	112	181
Other	272	286
Total non-operating income	984	1,258
Non-operating expenses		
Interest expenses	111	198
Foreign exchange losses	665	
Purchase of goods	61	62
Other	135	189
Total non-operating expenses	972	450
Ordinary income	9,146	10,513
Extraordinary income		
Gain on sales of investment securities	58	
Total extraordinary income	58	
Extraordinary loss		
Nonrecurring loss		199
Loss on valuation of stocks of subsidiaries and affiliates		59
Total extraordinary loss		258
Income before income taxes	9,204	10,254
Income taxes-current	2,607	3,196
Income taxes-deferred	(104)	73
Total income taxes-current	2,503	3,269
Net Income	6,701	6,985
Profit (loss) attributable to non-controlling interests	2	(108)
Profit attributable to owners of parent	6,698	7,093

Consolidated Statements of Comprehensive Income

(JPY in millions)

	1st Jan 2016 - 31st Dec 2016	1st Jan 2017 - 31st Dec 2017
Net Income	6,701	6,985
Other comprehensive income		
Valuation difference on available-for-sale securities	134	(190)
Deferred gains or losses on hedges	(0)	7
Foreign currency translation adjustment	(1,858)	567
Remeasurements of defined benefit plans	15	23
Equity equivalent of equity method affiliate	(48)	(22)
Total other comprehensive income	(1,758)	385
Comprehensive income	4,942	7,370
(Content)		
Comprehensive income attributable to owners of parent	4,952	7,476
Comprehensive income attributable to non-controlling interests	(10)	(106)

(3) Consolidated statements of changes in net assets

Previous year (1st Jan 2016 – 31st Dec 2016)

(JPY in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balances at December 31, 2015	2,144	5,624	35,528	(27)	43,269
Changes of items during the period					
Dividends from surplus			(1,206)		(1,206)
Net income attributable to owners of parent			6,698		6,698
Purchase of treasury stock				(1,999)	(1,999)
Disposal of treasury stock					
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during the period			5,491	(1,999)	3,491
Balances at December 31, 2016	2,144	5,624	41,020	(2,027)	46,761

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Adjustment for retirement benefits	Total accumulated other comprehensive income			
Balances at December 31, 2015	610	4	5,916	(215)	6,316		154	49,739
Changes of items during the period								
Dividends from surplus								(1,206)
Net income attributable to owners of parent								6,698
Purchase of treasury stock								(1,999)
Disposal of treasury stock								
Change of scope of consolidation								
Net changes of items other than shareholders' equity	134	(0)	(1,907)	28	(1,745)		87	(1,657)
Total changes of items during the period	134	(0)	(1,907)	28	(1,745)		87	1,834
Balances at December 31, 2016	745	4	4,008	(187)	4,570		241	51,573

Current year (1st Jan 2017 – 31st Dec 2017)

(JPY in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balances at December 31, 2016	2,144	5,624	41,020	(2,027)	46,761
Changes of items during the period					
Dividends from surplus			(1,280)		(1,280)
Net income attributable to owners of parent			7,093		7,093
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		4	5
Change of scope of consolidation			(334)		(334)
Net changes of items other than shareholders' equity					
Total changes of items during the period		0	5,478	3	5,482
Balances at December 31, 2017	2,144	5,625	46,498	(2,023)	52,244

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Adjustment for retirement benefits	Total accumulated other comprehensive income			
Balances at December 31, 2016	745	4	4,008	(187)	4,570		241	51,573
Changes of items during the period								
Dividends from surplus								(1,280)
Net income attributable to owners of parent								7,093
Purchase of treasury stock								(0)
Disposal of treasury stock								5
Change of scope of consolidation			53		53		190	(89)
Net changes of items other than shareholders' equity	(189)	7	540	25	383	31	(106)	308
Total changes of items during the period	(189)	7	593	25	437	31	84	6,035
Balances at December 31, 2017	555	11	4,602	(161)	5,008	31	326	57,609

(4) Consolidated Statements of Cash Flows

(JPY in millions)

	1st Jan 2016 - 31st Dec 2016	1st Jan 2017 - 31st Dec 2017
Net cash provided by (used in) operating activities		
Income before income taxes	9,204	10,254
Depreciation and amortization	3,271	3,465
Increase (decrease) in allowance for doubtful accounts	(280)	6
Interest and dividends income	(217)	(135)
Interest expenses	111	198
Foreign exchange losses (gains)	475	(393)
Equity in (earnings) losses of affiliates	(189)	(201)
Decrease (increase) in notes and accounts receivable-trade	479	(4,329)
Decrease (increase) in inventories	(3,546)	(5,349)
Decrease (increase) in consumption taxes refund receivable	2	(297)
Increase (decrease) in notes and accounts payable-trade	(470)	2,696
Increase (decrease) in advances received	(296)	924
Decrease (increase) in accounts receivable-other	381	(791)
Increase (decrease) in accounts payable-other	161	438
Increase (decrease) in accrued expenses	142	348
Other	(360)	200
Subtotal	8,869	7,035
Interest and dividends income received	297	222
Interest expenses paid	(73)	(225)
Income taxes paid	(2,759)	(2,494)
Net cash provided by (used in) operating activities	6,333	4,536
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(3,688)	(5,344)
Proceeds from sales of property, plant and equipment	21	74
Purchase of intangible assets	(87)	(275)
Proceeds from sales of investment securities	239	0
Purchase of investment securities		(1)
Payments of loans receivable	(299)	(22)
Collection of loans receivable	26	26
Payments for investments in capital of subsidiaries and affiliates	(1,662)	(3,687)
Other	(0)	17
Net cash provided by (used in) investment activities	(5,450)	(9,211)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	363	4,796
Proceeds from long-term loans payable	926	5,678
Repayment of long-term loans payable	(2,221)	(2,696)
Purchase of treasury stock	(2,006)	(0)
Cash dividends paid	(1,208)	(1,281)
Proceeds from stock issuance to non-controlling	98	
Other	(123)	(85)
Net cash provided by (used in) financing activities	(4,171)	6,410
Effect of exchange rate change on cash and cash equivalents	(407)	(52)
Net increase (decrease) in cash and cash equivalents	(3,696)	1,682
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	8,776	10,574