

Consolidated 2nd quarter Financial Results for the Fiscal Year Ended December 31, 2018 (January 1, 2018 to June 30, 2018)

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, 2018
Scheduled date of payment of cash dividends:	September 3, 2018

(Amounts rounded down to million yen)

1. Consolidated 2nd quarter Financial Results (January 1, 2018 – June 30, 2018)

(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. 2018	119,928	7.3	4,379	(7.3)	4,595	(8.9)
2nd quarter ended Jun. 2017	111,790	5.1	4,723	5.1	5,043	12.7

	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. 2018	3,463	(1.6)	70.31	66.28
2nd quarter ended Jun. 2017	3,519	(4.9)	71.46	67.37

(Note) The Company conducted a two-for-one stock split of its common stock on April 1, 2018. Consequently, net income per share (basic) and net income per share (diluted) is calculated on the assumption that the said stock split had been carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Million yen	Million yen	%
2nd quarter ended Jun. 2018	133,447	57,956	43.2
Year ended Dec. 2017	130,526	57,609	43.9

(Reference) Stockholders' equity:

2nd quarter ended June 2018:	57,610 million yen
Year ended December 2017:	57,252 million yen

2. Dividends

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

(note) 1. Changes in Forecasts for Dividends during this quarter:

None

2. Annual dividends per share for the year ended Dec. 2018 indicate amounts calculated in consideration of the stock split which had been carried out on April 1, 2018.

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

	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

- (note) 1. Changes in Consolidated Business Performance Forecasts for the Fiscal Year Ending December 2018 during this quarter: None
2. Net income per share (basic) on the Consolidate Business Performance Forecasts for the year ending Dec.2018 indicates amounts calculated in consideration of the stock split which had been carried out on April 1, 2018.

4. Others

- (1) Transfer of important subsidiaries during the period: Transfer
(Newly consolidated: SIIX HUBEI Co., Ltd., SIIX Hungary Kft., SIIX EMS MEXICO S de RL de C.V)
- (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: Change
- (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 2018: | 50,400,000 shares |
| Year ended December 2017: | 50,400,000 shares |
- (ii) Number of treasury stock:
- | | |
|------------------------------|------------------|
| 2nd quarter ended June 2018: | 1,130,472 shares |
| Year ended December 2017: | 1,143,860 shares |
- (iii) Average number of outstanding shares (quarterly accumulated period)
- | | |
|------------------------------|-------------------|
| 2nd quarter ended June 2018: | 49,264,287 shares |
| 2nd quarter ended June 2017: | 49,253,923 shares |

(note) Number of outstanding shares (common shares) is calculated on the assumption that the stock split had been carried out at the beginning of the previous fiscal year.

* 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, 2017	Current 2nd quarter As of Jun. 30, 2018
Assets		
Current assets		
Cash and deposits	10,645	8,262
Notes and accounts receivable-trade	47,131	45,967
Merchandise and finished goods	23,599	27,358
Work in process	1,456	2,137
Raw materials and supplies	9,375	11,020
Other	4,311	5,429
Allowance for doubtful accounts	(41)	(33)
Total current assets	96,477	100,142
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,003	11,496
Machinery, equipment and vehicles	7,964	9,259
Land	2,550	3,190
Other	1,317	1,811
Total property, plant and equipment	19,835	25,759
Intangible assets	929	1,417
Investments and other assets		
Investment securities	2,568	2,147
Investments in capital	7,659	918
Other	3,640	3,574
Allowance for doubtful accounts	(585)	(512)
Total Investments and other assets	13,283	6,127
Total non-current assets	34,048	33,305
Total assets	130,526	133,447

TRANSLATION

(JPY in millions)

	Previous fiscal year As of Dec. 31, 2017	Current 2nd quarter As of Jun. 30, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	33,988	35,341
Short-term loans payable	13,383	16,391
Income taxes payable	1,438	1,257
Other	7,738	6,885
Total current liabilities	56,549	59,876
Non-current liabilities		
Bonds with share acquisition rights	5,995	5,968
Long-term loans payable	5,819	5,444
Net defined benefit liability	516	513
Other	4,036	3,689
Total non-current liabilities	16,367	15,615
Total liabilities	72,916	75,491
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,625	5,628
Retained earnings	46,498	48,898
Treasury shares	(2,023)	(1,999)
Total shareholders' equity	52,244	54,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	555	299
Deferred gains or losses on hedges	11	10
Foreign currency translation adjustment	4,602	2,768
Remeasurements of defined benefit plans	(161)	(138)
Total accumulated other comprehensive income	5,008	2,939
Share acquisition rights	31	42
Non-controlling interests	326	303
Total net assets	57,609	57,956
Total liabilities and net assets	130,526	133,447

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statements of Income [2nd quarter (January 1, 2018 – June 30, 2018)]
 (JPY in millions)

	Previous 2nd quarter Jan. 1, 2017 - Jun. 30, 2017	Current 2nd quarter Jan. 1, 2018 - Jun. 30, 2018
Net sales	111,790	119,928
Cost of sales	100,813	109,701
Gross profit	10,977	10,227
Selling, general and administrative expenses	6,253	5,847
Operating profit	4,723	4,379
Non-operating income		
Interest income	30	41
Dividend income	26	37
Share of profit of entities accounted for using equity method	87	135
Real estate rent	54	53
Foreign exchange gains	55	-
Gain on sales of goods	62	45
Gain on sales of scraps	75	119
Other	142	245
Total non-operating income	535	678
Non-operating expenses		
Interest expenses	76	128
Foreign exchange losses	-	230
Other	138	103
Total non-operating expenses	215	462
Ordinary profit	5,043	4,595
Extraordinary losses		
Nonrecurring loss	131	-
Total extraordinary losses	131	-
Profit before income taxes	4,911	4,595
Income taxes-current	1,552	1,397
Income taxes-deferred	(157)	(255)
Total income taxes	1,395	1,141
Profit	3,516	3,453
Profit (loss) attributable to non-controlling interests	(3)	(10)
Profit (loss) attributable to owners of parent	3,519	3,463

Quarterly Consolidated Statements of Comprehensive Income
 [2nd quarter (January 1, 2018 – June 30, 2018)]

(JPY in millions)

	Previous 2nd quarter Jan. 1, 2017 - Jun. 30, 2017	Current 2nd quarter Jan. 1, 2018 – Jun. 30, 2018
Profit	3,516	3,453
Other comprehensive income		
Valuation difference on available-for-sale securities	(72)	(256)
Deferred gains or losses on hedges	(7)	(0)
Foreign currency translation adjustment	(944)	(1,946)
Remeasurements of defined benefit plan, net of tax	17	20
Share of other comprehensive income of entities accounted for using equity method	(48)	(93)
Total other comprehensive income	(1,056)	(2,277)
Comprehensive income	2,459	1,176
(Content)		
Comprehensive income attributable to owners of parent	2,476	1,199
Comprehensive income attributable to non-controlling interests	(16)	(22)

(3) Consolidated Statements of Cash Flows

(JPY in millions)

	Jan. 1, 2017 – Jun. 30, 2017	Jan. 1, 2018 – Jun. 30, 2018
Cash flows from operating activities		
Profit before income taxes	4,911	4,595
Depreciation	1,719	2,043
Increase (decrease) in allowance for doubtful accounts	(0)	(80)
Interest and dividend income	(56)	(78)
Interest expenses	76	128
Foreign exchange losses (gains)	(100)	262
Share of loss (profit) of entities accounted for using equity method	(87)	(135)
Decrease (increase) in notes and accounts receivable-trade	(2,317)	(244)
Decrease (increase) in inventories	(2,465)	(6,930)
Decrease (increase) in consumption taxes refund receivable	(347)	(176)
Increase (decrease) in notes and accounts payable-trade	637	2,078
Increase (decrease) in advances received	384	(542)
Decrease (increase) in accounts receivable-other	(656)	(143)
Increase (decrease) in accounts payable-other	184	(556)
Increase (decrease) in accrued expenses	548	576
Other, net	(50)	(477)
Subtotal	2,379	319
Interest and dividend income received	146	227
Interest expenses paid	(88)	(97)
Income taxes paid	(1,371)	(1,585)
Net cash provided by (used in) operating activities	1,066	(1,135)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,550)	(2,162)
Proceeds from sales of property, plant and equipment	16	8
Purchase of intangible assets	(101)	(706)
Purchase of investment securities	-	(38)
Proceeds from sales of investment securities	0	-
Payments of loans receivable	(11)	(14)
Collection of loans receivable	14	12
Payments for investments in capital of subsidiaries and associates	(2,156)	-
Other, net	16	20
Net cash provided by (used in) investing activities	(4,771)	(2,880)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,815	3,003
Proceeds from long-term loans payable	112	225
Repayments of long-term loans payable	(528)	(823)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(640)	(640)
Other, net	(52)	(36)
Net cash provided by (used in) financing activities	4,705	1,728
Effect of exchange rate change on cash and cash equivalents	(206)	(341)
Net increase (decrease) in cash and cash equivalents	793	(2,629)
Cash and cash equivalents at beginning of period	8,776	10,574
Increase in cash and cash equivalents from newly consolidated subsidiary	114	284
Cash and cash equivalents at end of period	9,685	8,229