

Financial Statement for the Six Months Ended September 30, 2016

November 11, 2016

Name of listed company: Mipox Corporation
 Stock Code: 5381 (URL http://www.mipox.co.jp)
 Name and Title of Representative: Jun Watanabe, President
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 Quarterly Report Filing Date (as planned): November 11, 2016

Stock Exchange: Tokyo Stock Exchange, Inc. JASDAQ

1. Consolidated Financial Result for the Six Months Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(1) Consolidated Operating Result	(Figures are rounded down to the nearest million) (% implies the rate of increase/decrease year-on-year)											
	Net Sales			Operating Income			Ordinary Income			Net Income		
	Millions of yen	yen	%	Millions of yen	yen	%	Millions of yen	yen	%	Millions of yen	yen	%
September 30, 2016	2,747		20.5	△74	△121.2		△200	△145.4		△300	△180.3	
September 30, 2015	2,280		21.4	351	87.0		442	85.9		373	93.6	
Note: Comprehensive Income:	△532 million yen (-402.2%) for the six months ended September 30, 2016 176 million yen (-35.1%) for the six months ended September 30, 2015											

	Net Income or, Net loss (△) Per Share		Net Income or, Net loss (△) Per Share (diluted)	
	Yen		Yen	
September 30, 2016	△28.99		—	
September 30, 2015	36.78		36.37	

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
September 30, 2016	11,108	4,486	39.6
March 31, 2016	7,316	4,956	67.7

(Note) Equity capital (Millions of Yen): As of September 30, 2016 4,399
 As of March 31, 2016 4,952

2. Status of Distribution

	Dividends per share					
	First quarter end	Second quarter end	Third quarter end	Year end	Full year	
	Yen		Yen		Yen	
FY2016	—	0.00	—	10.00	10.00	
FY2017	—	0.00	/			
FY2017 (Expected)	/		—	10.00	10.00	

Note: Revisions to dividend forecasts published most recently: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(%changes as compared with the previous fiscal year and the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2017	6,439	53.2	77	△84.8	△75	△114.6	△232	△171.8	△22.50

(Note) Revision of forecast for dividends published most recently: None

Notes: Request for appropriate use of the business outlook and other special remarks

Forecasts are based on information available to the management at the time of an announcement. Forecasts contain a lot of the element of the uncertainty. Actual results may differ from the figures provided above due to changes in business conditions.

4. Others

(1) Change in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): Yes

New included - Company name: Nihon Kenshi Co., Ltd.

(2) Adoptions of simplified accounting methods and accounting methods particular to the presentation of quarterly financial statements: None

(3) Changes in accounting principles, presentation methods, etc., pertaining to preparation of consolidated financial statements

(Those to be stated as significant accounting policies)

1. Changes associated with revision in accounting standards: Yes

2. Others changes: None

(4) Shares outstanding

1. Numbers of shares outstanding (including treasury stock)

September 30, 2016	10,696,320	March 31, 2016	10,696,320
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2. Numbers of treasury stock

September 30, 2016	151,728	March 31, 2016	483,028
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3. Numbers of average shares outstanding (cumulative, consolidated at the end of the second quarter)

September 30, 2016	10,353,321	September 30, 2015	10,162,578
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Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	End of previous fiscal year (March 31, 2016)	End of second quarter of current fiscal year (September 30, 2016)
Assets		
Current assets		
Cash and deposits	2,381,742	2,367,938
Notes and accounts receivable - trade	947,841	1,939,149
Electronically recorded monetary claims - operating	110,054	89,862
Merchandise and finished goods	307,523	312,314
Work in process	411,908	1,144,406
Raw materials and supplies	159,520	436,646
Deferred tax assets	124,031	69,560
Other	161,912	319,389
Allowance for doubtful accounts	-1,535	-9,002
Total current assets	4,602,999	6,670,266
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,907,551	4,648,672
Machinery, equipment and vehicles	1,734,548	2,982,798
Land	186,890	880,354
Other	579,987	573,374
Accumulated depreciation	-4,057,301	-5,929,392
Total property, plant and equipment	2,351,676	3,155,807
Intangible assets		
Goodwill	100,645	508,716
Other	170,133	358,628
Total intangible assets	270,778	867,345
Investments and other assets		
Investment securities	32,722	170,601
Net defined benefit asset	-	155,407
Deferred tax assets	4,954	11,053
Other	60,584	410,607
Allowance for doubtful accounts	-6,819	-332,133
Total investments and other assets	91,441	415,536
Total non-current assets	2,713,895	4,438,688
Total assets	7,316,895	11,108,954

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	End of previous fiscal year (March 31, 2016)	End of second quarter of current fiscal year (September 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	231,206	762,067
Short-term loans payable	-	1,296,943
Current portion of bonds	123,200	123,200
Current portion of long-term loans payable	146,440	346,440
Income taxes payable	30,413	24,694
Provision for bonuses	73,411	71,592
Provision for stocks payment	89,997	-
Other	416,372	821,320
Total current liabilities	1,111,041	3,446,258
Non-current liabilities		
Bonds payable	591,300	529,700
Long-term loans payable	437,400	2,164,180
Deferred tax liabilities	34,967	272,792
Net defined benefit liability	110,789	138,368
Other	74,620	71,444
Total non-current liabilities	1,249,078	3,176,486
Total liabilities	2,360,119	6,622,744
Net assets		
Shareholders' equity		
Capital stock	1,998,700	1,998,700
Capital surplus	1,603,343	1,588,734
Retained earnings	1,431,860	1,029,916
Treasury shares	-198,856	-97,868
Total shareholders' equity	4,835,048	4,519,482
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	-9,474
Foreign currency translation adjustment	117,382	-110,435
Total accumulated other comprehensive income	117,382	-119,910
Subscription rights to shares	4,345	3,012
Non-controlling interests	-	83,625
Total net assets	4,956,776	4,486,210
Total liabilities and net assets	7,316,895	11,108,954

Consolidated Financial Statements

(2) Consolidated Income Statements & Comprehensive Income

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2015 to September 30, 2015)	First six-month period of current fiscal year (April 1, 2016 to September 30, 2016)
Net sales	2,280,355	2,747,669
Cost of sales	1,079,984	1,759,941
Gross profit	1,200,371	987,728
Selling, general and administrative expenses	849,040	1,062,051
Operating income (loss)	351,330	-74,323
Non-operating income		
Interest income	278	1,420
Rent income	6,628	-
Foreign exchange gains	90,079	-
Insurance income	3,401	-
Reversal of allowance for doubtful accounts	-	5,888
Other	13	1,600
Total non-operating income	100,401	8,909
Non-operating expenses		
Interest expenses	5,191	14,911
Commission fee	-	48,954
Rent expenses	1,916	-
Foreign exchange losses	-	64,661
Guarantee commission	2,350	2,382
Other	157	4,430
Total non-operating expenses	9,615	135,340
Ordinary income (loss)	442,117	-200,754
Extraordinary income		
Gain on sales of non-current assets	10,225	2,522
Gain on sales of investment securities	-	2,369
Gain on reversal of subscription rights to shares	9,522	157
Total extraordinary income	19,747	5,050
Extraordinary losses		
Loss on retirement of non-current assets	6,978	8,167
Impairment loss	-	21,520
Loss on sales of investment securities	-	852
Loss on valuation of membership	2,200	-
Total extraordinary losses	9,178	30,540
Profit (loss) before income taxes	452,686	-226,245
Income taxes - current	77,121	12,976
Income taxes - deferred	1,791	56,245
Total income taxes	78,913	69,222
Profit (loss)	373,772	-295,467
Profit attributable to		
Profit (loss) attributable to owners of parent	373,772	-300,098
Profit attributable to non-controlling interests	-	4,631
Other comprehensive income		
Valuation difference on available-for-sale securities	-	-9,474
Foreign currency translation adjustment	-197,488	-227,818
Total other comprehensive income	-197,488	-237,292
Comprehensive income	176,283	-532,759
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	176,283	-537,925
Comprehensive income attributable to non-controlling interests	-	5,165

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2015 to September 30, 2015)	First six-month period of current fiscal year (April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Income (loss) before income taxes	452,686	-226,245
Depreciation and amortization	164,055	183,365
Amortization of goodwill	-	21,141
Impairment loss	-	21,520
Increase (decrease) in allowance for doubtful accounts	-	-4,177
Increase (decrease) in provision for bonuses	24,946	-157
Increase (decrease) in provision for directors' benefits	19,459	-
Increase (decrease) in provision for stocks payment	16,199	-89,997
Increase (decrease) in provision for retirement benefits	-	-11,330
Increase (decrease) in provision for retirement liability	-4,630	-5,871
Interest income	-278	-1,420
Interest expenses	5,191	14,911
Commission fee	-	48,954
Loss on valuation of membership	2,200	-
Loss (gain) on sales of non-current assets	-10,225	-2,522
Loss on retirement of non-current assets	6,978	8,167
Loss (gain) on sales of investment securities	-	-1,517
Gain on reversal of subscription rights to shares	-9,522	-157
Decrease (increase) in notes and accounts receivable-trade	-243,939	-231,325
Decrease (increase) in inventories	-23,609	-117,785
Increase (decrease) in notes and accounts payable-trade	-40,865	24,506
Increase (decrease) in advances received	-5,773	180,007
Others	-30,910	96,666
Sub total	321,961	-93,268
Interest income received	278	1,497
Interest expenses paid	-5,224	-16,944
Commission fee paid	-	-48,083
Income taxes paid	-74,844	-48,531
Net cash provided by operating activities	242,171	-205,329
Cash flows from investing activities		
Proceeds from sales of investment securities	-	82,628
Purchases of property, plant and equipment	-178,672	-248,943
Proceeds from sales of property, plant and equipment	10,494	5,628
Payments for retirement of property, plant and equipment	-3,823	-6,231
Purchases of intangible assets	-19,645	-26,023
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-413,233
Others	-3,477	10,183
Net cash used in investing activities	-195,125	-595,991

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2015 to September 30, 2015)	First six-month period of current fiscal year (April 1, 2016 to September 30, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-30,000	284,794
Proceeds from long-term loans payable	-	2,000,000
Repayment of long-term loans payable	-55,772	-1,212,337
Redemption of bonds	-41,600	-101,600
Purchases of treasury stock	-24	-55
Proceeds from disposal of treasury stock	22,104	2,848
Repayments of lease obligations	-14,733	-15,909
Cash dividends paid	-77,946	-105,049
Others	-	-4,870
Net cash provided by financing activities	-197,972	847,821
Effect of exchange rate change on cash and cash equivalents	-46,395	-52,283
Net increase (decrease) in cash and cash equivalents	-197,322	-5,783
Cash and cash equivalents at beginning of period	1,991,166	2,166,299
Cash and cash equivalents at end of period	1,793,844	2,160,516