

Consolidated Business Results for FY 2017

May 15, 2017

Name of listed company: Mipox Corporation
Stock Code: 5381 (URL <http://www.mipox.co.jp>)

Stock Exchange: Tokyo Stock Exchange, Inc. JASDAQ

Representative: Jun Watanabe, President
Inquiry to: Hisatomo Harada, Director Tel: +81-3-6911-2300

Expected start date of dividend payment: June 29, 2017

Expected date of the shareholders' meeting: June 28, 2017

Expected date of the release of Asset Security Report: June 29, 2017

1. Consolidated Business Results for FY2017 (April 1, 2016 to March 31, 2017) (Figures are rounded down to the nearest million)

(1) Consolidated Operating Results (% implies the rate of increase/decrease year-on-year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2017	6,410	52.5	223	(56.1)	149	(70.9)	(147)	(145.4)
FY2016	4,204	5.5	508	38.1	513	(6.1)	323	(36.4)

Note: Comprehensive Income: (297) million yen /(330.9)% for FY2017, 128 million yen /(79.0%) for FY2016

	Net income per share	Net income per share after latent share adjustment	Net income /capital equity	Ordinary income /total assets	Net income /net sales
	Yen	Yen	%	%	%
FY2017	(14.08)	-	(3.0)	1.6	3.5
FY2016	31.79	31.53	6.6	7.2	12.1

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
FY2017	11,347	4,630	40.8	439.31
FY2016	7,316	4,956	67.7	484.90

Note: Equity capital: 4,628 million yen for FY2017, 4,952 million yen for FY2016

(3) Consolidated Statement of Cash Flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2017	555	(674)	735	2,783
FY2016	647	(601)	185	2,166

2. Status of Distribution

	Dividend per share			Total dividend (Year)	Dividend ratio (Consolidated)	Net asset dividend rate (Consolidated)
	Interim term end	Term end	Full Year			
	Yen	Yen	Yen	Millions of Yen	%	%
FY2016	0.00	10.00	10.00	105	31.5	2.1
FY2017	0.00	10.00	10.00	106		2.2
FY2018 (Expected)	0.00	10.00	10.00		34.1	

3. Forecast results for FY2018 (April 1, 2017 to March 31, 2018)

(% for full year and interim term implies the rate of increase/decrease year-on-year and term-on-term, respectively)

	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
1 st half, FY2018	3,857	40.4	100	-	92	-	51	-	4.97
Full FY2018	8,000	24.8	448	100.9	417	179.9	306	-	29.31

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

4. Other

(1) Changes to major subsidiaries during the current fiscal year: Yes

New Included – Company Name: Nihon Kenshi Co., Ltd.

(2) Changes to accounting principles, procedures, and presentation when preparing consolidated financial statements.

① Changes accompanying the revision of accounting standards: Yes

② Changes other than ① : No

(3) Number of shares issued (common shares)

① The number of shares issued at the end of the fiscal year (including own shares)	FY2017	10,696,320 shares
	FY2016	10,696,320 shares
② The number of shares buybacks	FY2017	161,508 shares
	FY2016	483,028 shares
③ The average number of shares	FY2017	10,440,823 shares
	FY2016	10,186,015 shares

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	Full FY 2016 (March 31, 2016)	Full FY 2017 (March 31, 2017)
Assets		
Current assets		
Cash and deposits	2,381,742	2,997,113
Notes and accounts receivable - trade	947,841	1,782,528
Electronically recorded monetary claims - operating	110,054	177,982
Merchandise and finished goods	307,523	387,145
Work in process	411,908	1,250,637
Raw materials and supplies	159,520	410,907
Deferred tax assets	124,031	72,451
Other	161,912	189,731
Allowance for doubtful accounts	-1,535	-9,698
Total current assets	4,602,999	7,258,799
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,907,551	4,707,091
Machinery, equipment and vehicles	1,734,548	2,959,546
Tools, furniture and fixtures	204,497	299,005
Land	186,890	933,754
Leased assets	280,174	257,626
Construction in progress	95,315	18,841
Accumulated depreciation	-4,057,301	-6,021,721
Total property, plant and equipment	2,351,676	3,154,144
Intangible assets		
Goodwill	100,645	293,915
Other	170,133	199,706
Total intangible assets	270,778	493,621
Investments and other assets		
Investment securities	32,722	39,790
Net defined benefit asset	-	256,924
Deferred tax assets	4,954	14,184
Other	60,584	311,043
Allowance for doubtful accounts	-6,819	-180,986
Total investments and other assets	91,441	440,957
Total investments and other assets	2,713,895	4,088,723
Total assets	7,316,895	11,347,522

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	FY2016 (April 1, 2015 to March 31, 2016)	FY2017 (April 1, 2016 to March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	231,206	776,132
Short-term loans payable	-	1,460,000
Current portion of bonds	123,200	123,200
Current portion of long-term loans payable	146,440	344,774
Lease obligations	31,474	22,509
Accounts payable - other	316,131	813,591
Income taxes payable	30,413	18,215
Provision for bonuses	73,411	90,944
Provision for stocks payment	89,997	-
Other	68,765	157,426
Total current liabilities	1,111,041	3,806,793
Non-current liabilities		
Bonds payable	591,300	468,100
Long-term loans payable	437,400	1,992,626
Lease obligations	69,319	36,104
Deferred tax liabilities	34,967	267,529
Net defined benefit liability	110,789	131,200
Other	5,301	14,469
Total non-current liabilities	1,249,078	2,910,029
Total liabilities	2,360,119	6,716,823
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	1,178,922
Treasury shares	-198,856	-100,706
Total shareholders' equity	4,835,048	4,665,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	1,506
Foreign currency translation adjustment	117,382	-39,085
Total accumulated other comprehensive income	117,382	-37,578
Subscription rights to shares	4,345	2,628
Total net assets	4,956,776	4,630,699
Total liabilities and net assets	7,316,895	11,347,522

Consolidated Financial Statements

(2) Consolidated Income Statements & Comprehensive Income

(Thousands of Yen)

	FY2016 (April 1, 2015 to March 31, 2016)	FY2017 (April 1, 2016 to March 31, 2017)
Net sales	4,204,751	6,410,539
Cost of sales	2,077,085	3,962,139
Gross profit	2,127,665	2,448,399
Selling, general and administrative expenses	1,619,602	2,225,114
Operating income (loss)	508,062	223,284
Non-operating income		
Interest income	480	3,993
Dividend income	-	1,381
Rent income	6,628	-
Foreign exchange gains	312	42,248
Insurance income	4,124	-
Subsidy income	13,522	-
Other	1,778	9,981
Total non-operating income	26,845	57,605
Non-operating expenses		
Interest expenses	10,173	31,616
Commission fee	-	54,097
Bond issuance cost	4,517	-
Rent expenses	1,916	-
Guarantee commission	4,597	4,562
Share of loss of entities accounted for using equity method	-	36,586
Other	441	4,902
Total non-operating expenses	21,645	131,764
Ordinary income (loss)	513,263	149,125

Consolidated Financial Statements

(2) Consolidated Income Statements & Comprehensive Income

(Thousands of Yen)

	FY2016 (April 1, 2015 to March 31, 2016)	FY2017 (April 1, 2016 to March 31, 2017)
Extraordinary income		
Gain on sales of non-current assets	9,648	2,589
Gain on sales of investment securities	-	5,777
Gain on reversal of subscription rights to shares	9,522	541
Total extraordinary income	19,170	8,908
Extraordinary losses		
Loss on retirement of non-current assets	53,438	13,861
Impairment loss	-	165,367
Loss on sales of investment securities	-	6,803
Loss on valuation of membership	2,200	-
Loss on cancellation of contracts	28,326	-
Other	-	6,563
Total extraordinary losses	83,964	192,596
Profit (loss) before income taxes	448,469	-34,562
Income taxes - current	88,775	61,514
Income taxes - deferred	35,920	46,328
Total income taxes	124,696	107,843
Profit (loss)	323,773	-142,405
Profit attributable to		
Profit (loss) attributable to owners of parent	323,773	-147,036
Profit attributable to non-controlling interests	-	4,631
Other comprehensive income		
Valuation difference on available-for-sale securities	-	1,506
Foreign currency translation adjustment	-194,964	-156,765
Share of other comprehensive income of entities accounted for using equity method	-	297
Total other comprehensive income	-194,964	-154,961
Comprehensive income	128,809	-297,366
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	128,809	-302,532
Comprehensive income attributable to non-controlling interests	-	5,165

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	FY2016 (April 1, 2015 to March 31, 2016)	FY2017 (April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	448,469	-34,562
Depreciation	335,429	385,389
Amortization of goodwill	3,470	44,654
Impairment loss	-	165,367
Increase (decrease) in allowance for doubtful accounts	-	9,357
Increase (decrease) in provision for bonuses	19,796	18,555
Increase (decrease) in provision for stocks payment	29,918	-89,997
Decrease (increase) in net defined benefit asset	-	-112,847
Increase (decrease) in net defined benefit liability	-2,186	-13,039
Interest and dividend income	-480	-5,375
Interest expenses	10,173	31,616
Commission fee	-	54,097
Share of (profit) loss of entities accounted for using equity method	-	36,586
Bond issuance cost	4,517	-
Loss on valuation of membership	2,200	-
Insurance income	-4,124	-
Subsidy income	-10,000	-
Subsidy income	-3,522	-
Loss (gain) on sales of non-current assets	-9,648	-2,589
Loss on retirement of non-current assets	53,438	13,861
Loss (gain) on sales of investment securities	-	1,026
Gain on reversal of subscription rights to shares	-9,522	-541
Loss on cancellation of contracts	28,326	-
Decrease (increase) in notes and accounts receivable - trade	-29,105	-122,343
Decrease (increase) in inventories	-110,300	-252,391
Decrease (increase) in accounts receivable - other	14,505	8,614
Increase (decrease) in notes and accounts payable - trade	2,380	27,748
Increase (decrease) in accounts payable - other	97,650	419,931
Other, net	-97,993	132,939
Subtotal	773,392	716,058
Interest and dividend income received	480	5,457
Proceeds from insurance income	4,124	-
Proceeds from subsidy income	10,000	-
Proceeds from subsidy income	3,522	-
Interest expenses paid	-10,035	-28,082
Commission fee paid	-	-53,608
Income taxes paid	-134,171	-84,383
Net cash provided by (used in) operating activities	647,312	555,441

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	FY2016 (April 1, 2015 to March 31, 2016)	FY2017 (April 1, 2016 to March 31, 2017)
Cash flows from investing activities		
Payments into time deposits	-65,998	-
Proceeds from sales of investment securities	-	196,949
Purchase of property, plant and equipment	-375,609	-550,344
Proceeds from sales of property, plant and equipment	9,917	4,707
Payments for retirement of property, plant and equipment	-16,722	-6,231
Purchase of intangible assets	-25,652	-74,331
Proceeds from sales of intangible assets	-	174,905
Collection of long-term loans receivable	-	182,056
Payments for transfer of business	-116,716	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-552,976
Other, net	-11,059	-49,118
Net cash provided by (used in) investing activities	-601,841	-674,383
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-30,000	441,995
Proceeds from long-term loans payable	300,000	2,000,000
Repayments of long-term loans payable	-111,338	-1,385,557
Proceeds from issuance of bonds	195,482	-
Redemption of bonds	-83,200	-163,200
Purchase of treasury shares	-49	-3,031
Proceeds from disposal of treasury shares	22,104	2,848
Repayments of lease obligations	-29,478	-47,179
Cash dividends paid	-78,328	-105,199
Other, net	-	-4,870
Net cash provided by (used in) financing activities	185,191	735,806
Effect of exchange rate change on cash and cash equivalents	-55,529	-146
Net increase (decrease) in cash and cash equivalents	175,132	616,717
Cash and cash equivalents at beginning of period	1,991,166	2,166,299
Cash and cash equivalents at end of period	2,166,299	2,783,016