

Financial Statement for the Six Months Ended September 30, 2017

November 13, 2017

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 13, 2017

Stock Exchange: Tokyo Stock Exchange, Inc. JASDAQ

1. Consolidated Financial Result for the Six Months Ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(Figures are rounded down to the nearest million)

(1) Consolidated Operating Result (% 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	%		
September 30, 2017	3,934	43.2		301	—		240	—	151	—		
September 30, 2016	2,747	20.5		△74	—		△200	—	△300	—		

Note: Comprehensive Income: 225 million yen (—%) for the six months ended September 30, 2017
 △532 million yen (—%) for the six months ended September 30, 2016

	Net Income or, Net loss (△) Per Share		Net Income or, Net loss (△) Per Share(diluted)	
	Yen		Yen	
September 30, 2017	14.43		14.41	
September 30, 2016	△28.99		—	

(2) Consolidated Financial Position

	Total Assets		Total Net Assets		Shareholders' Equity Ratio	
	Millions of Yen	%	Millions of Yen	%		
September 30, 2017	11,033		4,716		42.7	
March 31, 2017	11,347		4,630		40.8	

(Note) Equity capital (Millions of Yen): As of September 30, 2017 4,716
 As of March 31, 2017 4,628

2. Status of Distribution

	Dividends per share					
	First quarter end	Second quarter end	Third quarter end	Year end	Full year	
	Yen		Yen		Yen	
FY2017	—	—	—	10.00	10.00	
FY2018	—	—	—	—	—	
FY2018 (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, 2018 (April 1, 2017 – March 31, 2018)

(%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	
Full FY2018	8,000	24.8	448	100.9	417	179.9	306	—	29.31	

(Note)Revision of forecast for dividends published most recently: No

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): None

(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: None

2. Others changes: None

(4)Shares outstanding

1. Numbers of shares outstanding (including treasury stock)

September 30, 2017	10,841,920	March 31, 2017	10,696,320
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2. Numbers of treasury stock

September 30, 2017	345,008	March 31, 2017	161,508
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3. Numbers of average shares outstanding (cumulative, consolidated at the end of the second quarter)

September 30, 2017	10,497,412	September 30, 2016	10,353,321
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Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	End of previous fiscal year (March 31, 2017)	End of second quarter of current fiscal year (September 30, 2017)
Assets		
Current assets		
Cash and deposits	2,997,113	2,403,365
Notes and accounts receivable - trade	1,782,528	1,866,529
Electronically recorded monetary claims - operating	177,982	218,280
Merchandise and finished goods	387,145	372,783
Work in process	1,250,637	1,347,081
Raw materials and supplies	410,907	482,170
Deferred tax assets	72,451	74,022
Other	189,731	171,141
Allowance for doubtful accounts	-9,698	-18,705
Total current assets	7,258,799	6,916,669
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,707,091	4,769,901
Machinery, equipment and vehicles	2,959,546	2,989,644
Land	933,754	933,754
Other	575,473	623,067
Accumulated depreciation	-6,021,721	-6,185,839
Total property, plant and equipment	3,154,144	3,130,528
Intangible assets		
Goodwill	293,915	278,027
Other	199,706	233,137
Total intangible assets	493,621	511,165
Investments and other assets		
Investment securities	39,790	35,393
Net defined benefit asset	256,924	254,250
Deferred tax assets	14,184	8,333
Other	311,043	360,098
Allowance for doubtful accounts	-180,986	-183,422
Total investments and other assets	440,957	474,652
Total non-current assets	4,088,723	4,116,347
Total assets	11,347,522	11,033,017

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	End of previous fiscal year (March 31, 2017)	End of second quarter of current fiscal year (September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	776,132	793,148
Short-term loans payable	1,460,000	-
Current portion of bonds	123,200	243,200
Current portion of long-term loans payable	344,774	463,688
Income taxes payable	18,215	73,969
Provision for bonuses	90,944	102,144
Provision for directors' bonuses	-	16,427
Provision for stocks payment	-	9,581
Other	993,527	1,012,229
Total current liabilities	3,806,793	2,714,387
Non-current liabilities		
Bonds payable	468,100	886,500
Long-term loans payable	1,992,626	2,273,813
Deferred tax liabilities	267,529	270,621
Net defined benefit liability	131,200	131,431
Other	50,573	39,299
Total non-current liabilities	2,910,029	3,601,665
Total liabilities	6,716,823	6,316,053
Net assets		
Shareholders' equity		
Capital stock	1,998,700	2,028,693
Capital surplus	1,588,734	1,586,986
Retained earnings	1,178,922	1,224,338
Treasury shares	-100,706	-160,129
Total shareholders' equity	4,665,649	4,679,888
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,506	-
Foreign currency translation adjustment	-39,085	36,723
Total accumulated other comprehensive income	-37,578	36,723
Subscription rights to shares	2,628	352
Total net assets	4,630,699	4,716,963
Total liabilities and net assets	11,347,522	11,033,017

Consolidated Financial Statements

(2) Consolidated Income Statements & Comprehensive Income

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2016 to September 30, 2016)	First six-month period of current fiscal year (April 1, 2017 to September 30, 2017)
Net sales	2,747,669	3,934,295
Cost of sales	1,759,941	2,415,230
Gross profit	987,728	1,519,065
Selling, general and administrative expenses	1,062,051	1,217,858
Operating income (loss)	-74,323	301,206
Non-operating income		
Interest income	1,420	1,500
Dividend income	14	657
Insurance income	-	3,108
Insurance premiums refunded cancellation	-	3,479
Reversal of allowance for doubtful accounts	5,888	-
Other	1,586	3,187
Total non-operating income	8,909	11,932
Non-operating expenses		
Interest expenses	14,911	14,773
Commission fee	48,954	7,324
Foreign exchange losses	64,661	22,992
Bond issuance cost	-	8,545
Provision of allowance for doubtful accounts	-	11,378
Guarantee commission	2,382	2,422
Share of loss of entities accounted for using equity method	-	3,534
Other	4,430	1,427
Total non-operating expenses	135,340	72,398
Ordinary income (loss)	-200,754	240,740
Extraordinary income		
Gain on sales of non-current assets	2,522	-
Gain on sales of investment securities	2,369	1,512
Gain on reversal of subscription rights to shares	157	-
Total extraordinary income	5,050	1,512
Extraordinary losses		
Loss on retirement of non-current assets	8,167	8,064
Impairment loss	21,520	-
Loss on sales of investment securities	852	-
Total extraordinary losses	30,540	8,064
Profit (loss) before income taxes	-226,245	234,187
Income taxes - current	12,976	75,002
Income taxes - deferred	56,245	7,670
Total income taxes	69,222	82,672
Profit (loss)	-295,467	151,515
Profit attributable to		
Profit (loss) attributable to owners of parent	-300,098	151,515
Profit attributable to non-controlling interests	4,631	-
Other comprehensive income		
Valuation difference on available-for-sale securities	-9,474	-1,506
Foreign currency translation adjustment	-227,818	75,595
Share of other comprehensive income of entities accounted for using equity method	-	213
Total other comprehensive income	-237,292	74,302
Comprehensive income	-532,759	225,817
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-537,925	225,817
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, 2016 to September 30, 2016)	First six-month period of current fiscal year (April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	-226,245	234,187
Depreciation	183,365	181,936
Amortization of goodwill	21,141	15,887
Impairment loss	21,520	-
Increase (decrease) in allowance for doubtful accounts	-4,177	11,179
Increase (decrease) in provision for bonuses	-157	10,692
Increase (decrease) in provision for directors' bonuses	-	16,427
Increase (decrease) in provision for stocks payment	-89,997	9,581
Decrease (increase) in net defined benefit asset	-11,330	2,674
Increase (decrease) in net defined benefit liability	-5,871	231
Interest and dividend income	-1,420	-2,157
Interest expenses	14,911	14,773
Commission fee	48,954	7,324
Share of (profit) loss of entities accounted for using equity method	-	3,534
Bond issuance cost	-	8,545
Loss (gain) on sales of non-current assets	-2,522	-
Loss on retirement of non-current assets	8,167	8,064
Loss (gain) on sales of investment securities	-1,517	-1,512
Gain on reversal of subscription rights to shares	-157	-
Decrease (increase) in notes and accounts receivable - trade	-231,325	-100,071
Decrease (increase) in inventories	-117,785	-136,303
Increase (decrease) in notes and accounts payable - trade	24,506	10,926
Increase (decrease) in advances received	180,007	-17,720
Other, net	96,666	82,666
Subtotal	-93,268	360,869
Interest income received	1,497	2,157
Interest expenses paid	-16,944	-14,679
Commission fee paid	-48,083	-7,324
Income taxes paid	-48,531	-28,715
Net cash provided by operating activities	-205,329	312,307
Cash flows from investing activities		
Payments into time deposits	-	-24,049
Proceeds from sales of investment securities	82,628	1,082
Purchases of property, plant and equipment	-248,943	-109,275
Proceeds from sales of property, plant and equipment	5,628	-
Payments for retirement of property, plant and equipment	-6,231	-410
Purchases of intangible assets	-26,023	-47,613
Payments of loans receivable from subsidiaries and associates	-	-8,429
Payments for lease and guarantee deposits	-	-29,828
Proceeds from collection of lease and guarantee deposits	-	15,002
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-413,233	-
Other, net	10,183	2,175
Net cash used in investing activities	-595,991	-201,347

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2016 to September 30, 2016)	First six-month period of current fiscal year (April 1, 2017 to September 30, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	284,794	-1,460,000
Proceeds from long-term loans payable	2,000,000	600,000
Repayment of long-term loans payable	-1,212,337	-199,899
Proceeds from issuance of bonds	-	590,770
Redemption of bonds	-101,600	-61,600
Purchases of treasury stock	-55	-99,992
Proceeds from disposal of treasury stock	2,848	6,551
Repayments of lease obligations	-15,909	-12,666
Cash dividends paid	-105,049	-104,879
Other, net	-4,870	-
Net cash provided by financing activities	847,821	-741,715
Effect of exchange rate change on cash and cash equivalents	-52,283	8,508
Net increase (decrease) in cash and cash equivalents	-5,783	-622,246
Cash and cash equivalents at beginning of period	2,166,299	2,783,016
Cash and cash equivalents at end of period	2,160,516	2,160,769