

Financial Statement for the Six Months Ended September 30, 2019

November 13, 2019

Name of listed company: Mipox Corporation
 Stock Code: 5381 (URL: <http://www.mipox.co.jp>)
 Name and Title of Representative: Jun Watanabe, President
 Inquiry to: Kenji Nakagawa, Director Tel: +81-3-6911-2300
 Quarterly Report Filing Date (as planned): November 13, 2019

Stock Exchange: Tokyo Stock Exchange, Inc. JASDAQ

1. Consolidated Financial Result for the Six Months Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(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		Profit attributable to owners of parent		
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	yen	%
September 30, 2019	3,716	△2.3	△92	—	△102	—	△137	—	—
September 30, 2018	3,806	△3.3	1	△99.5	54	△77.5	3	△97.5	—
Note: Comprehensive Income:	△246 million yen (—%) for the six months ended September 30, 2019 △2 million yen (—%) for the six months ended September 30, 2018								

	Net Income or, Net loss (△) Per Share		Net Income or, Net loss (△) Per Share(diluted)	
	Yen		Yen	
September 30, 2019	△11.60		—	
September 30, 2018	0.33		0.33	

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
September 30, 2019	11,403	4,101	35.9
March 31, 2019	12,568	4,466	35.5

(Note) Equity capital (Millions of Yen): As of September 30, 2019 4,096
 As of March 31, 2019 4,461

2. Status of Distribution

	Dividends per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen		Yen		Yen
FY2019	—	—	—	10.00	10.00
FY2020	—	—	—	—	—
FY2020 (Expected)	—	—	—	—	—

Note: Revisions to dividend forecasts published most recently: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income Per Share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
Full FY2020	8,302	9.8	56	—	6	—	242	—	20.50	

(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, 2019	12,081,920	March 31, 2019	12,081,920
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2. Numbers of treasury stock

September 30, 2019	274,628	March 31, 2019	274,548
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3. Numbers of average shares outstanding (cumulative, consolidated at the end of the second quarter)

September 30, 2019	11,807,338	September 30, 2018	11,331,675
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Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	End of previous fiscal year (March 31, 2019)	End of second quarter of current fiscal year (September 30, 2019)
Assets		
Current assets		
Cash and deposits	3,275,539	2,923,049
Notes and accounts receivable - trade	1,819,343	1,828,328
Electronically recorded monetary claims - operating	150,637	207,391
Securities	500,000	-
Merchandise and finished goods	431,052	526,922
Work in process	1,448,257	1,332,912
Raw materials and supplies	463,915	442,393
Other	560,023	306,292
Allowance for doubtful accounts	-5,804	-3,970
Total current assets	8,642,963	7,563,319
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,878,823	4,879,795
Machinery, equipment and vehicles	3,081,713	3,062,195
Tools, furniture and fixtures	377,921	381,042
Land	1,143,631	1,143,631
Leased assets	426,941	487,504
Construction in progress	79,120	47,045
Accumulated depreciation	-6,647,054	-6,749,230
Total property, plant and equipment	3,341,096	3,251,983
Intangible assets		
Software	107,086	118,120
Telephone subscription right	377	377
Total intangible assets	107,464	118,498
Investments and other assets		
Investment securities	10,000	10,000
Retirement benefit asset	320,543	320,627
Deferred tax assets	18,431	20,231
Other	129,387	119,527
Allowance for doubtful accounts	-1,149	-1,149
Total investments and other assets	477,213	469,237
Total non-current assets	3,925,774	3,839,720
Total assets	12,568,738	11,403,039

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	End of previous fiscal year (March 31, 2019)	End of second quarter of current fiscal year (September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	679,364	743,375
Short-term borrowings	700,000	500,000
Current portion of bonds	243,200	240,800
Current portion of long-term borrowings	887,085	866,083
Lease obligations	31,972	36,448
Accounts payable - other	640,472	482,773
Income taxes payable	24,721	33,008
Provision for bonuses	130,845	105,162
Provision for share-based remuneration	-	34,000
Other	695,685	712,927
Total current liabilities	4,033,348	3,754,579
Non-current liabilities		
Bonds payable	521,700	402,500
Long-term borrowings	3,025,585	2,593,867
Lease obligations	134,899	179,953
Deferred tax liabilities	226,947	230,110
Provision for share-based remuneration	23,000	-
Retirement benefit liability	122,221	126,273
Other	14,858	14,414
Total non-current liabilities	4,069,212	3,547,119
Total liabilities	8,102,560	7,301,699
Net assets		
Shareholders' equity		
Share capital	2,365,898	2,365,898
Capital surplus	1,921,342	1,921,342
Retained earnings	264,918	9,718
Treasury shares	-139,117	-139,142
Total shareholders' equity	4,413,041	4,157,816
Accumulated other comprehensive income		
Foreign currency translation adjustment	48,700	-60,911
Total accumulated other comprehensive income	48,700	-60,911
Share acquisition rights	4,435	4,435
Total net assets	4,466,177	4,101,340
Total liabilities and net assets	12,568,738	11,403,039

Consolidated Financial Statements

(2) Consolidated Income Statements & Comprehensive Income

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2018 to September 30, 2018)	First six-month period of current fiscal year (April 1, 2019 to September 30, 2019)
Net sales	3,806,209	3,716,899
Cost of sales	2,520,857	2,568,564
Gross profit	1,285,352	1,148,334
Selling, general and administrative expenses	1,283,936	1,240,463
Operating income (loss)	1,415	-92,128
Non-operating income		
Interest income	5,072	3,683
Dividend income	360	360
Foreign exchange gains	23,596	733
Reversal of allowance for doubtful accounts	53,135	-
Compensation for forced relocation	-	2,720
Miscellaneous income	5,221	6,077
Total non-operating income	87,385	13,573
Non-operating expenses		
Interest expenses	16,545	18,403
Commission expenses	15,031	3,729
Guarantee commission	2,332	1,743
Other	822	365
Total non-operating expenses	34,732	24,242
Ordinary income (loss)	54,068	-102,797
Extraordinary income		
Gain on sales of non-current assets	1,217	-
Gain on liquidation of subsidiaries	3,070	-
Total extraordinary income	4,287	-
Extraordinary losses		
Loss on retirement of non-current assets	223	387
Total extraordinary losses	223	387
Profit (loss) before income taxes	58,132	-103,184
Income taxes - current	52,179	33,823
Income taxes - deferred	2,225	-7
Total income taxes	54,404	33,815
Profit (loss)	3,727	-137,000
Profit attributable to		
Profit (loss) attributable to owners of parent	3,727	-137,000
Profit attributable to non-controlling interests	-	-
Other comprehensive income		
Foreign currency translation adjustment	-5,889	-109,612
Share of other comprehensive income of entities accounted for using equity method	-269	-
Total other comprehensive income	-6,158	-109,612
Comprehensive income	-2,430	-246,612
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-2,430	-246,612
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2018 to September 30, 2018)	First six-month period of current fiscal year (April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Income (loss) before income taxes	58,132	-103,184
Depreciation	199,258	162,520
Amortization of goodwill	15,887	-
Increase (decrease) in allowance for doubtful accounts	-4,005	-1,601
Increase (decrease) in provision for bonuses	11,350	-24,739
Increase (decrease) in provision for bonuses for directors (and other officers)	214	-
Increase (decrease) in provision for share-based remuneration	10,223	11,000
Decrease (increase) in retirement benefit asset	1,342	-84
Increase (decrease) in retirement benefit liability	-3,033	4,051
Interest and dividend income	-5,432	-4,043
Interest expenses	16,545	18,403
Commission expenses	15,031	3,729
Loss (gain) on sales of non-current assets	-1,217	-
Loss on retirement of non-current assets	223	387
Loss (gain) on liquidation of subsidiaries	-3,070	-
Decrease (increase) in trade receivables	7,004	-135,597
Decrease (increase) in inventories	-475,943	-15,115
Decrease (increase) in accounts receivable - other	-44,225	312,780
Increase (decrease) in trade payables	213,708	126,974
Increase (decrease) in accounts payable - other	301,885	-148,631
Increase (decrease) in advances received	92,539	19,565
Others	-23,711	-38,605
Sub total	382,708	187,810
Interest received	5,610	4,043
Proceeds from compensation for expropriation	243,000	9,644
Interest paid	-16,139	-19,072
Commission expenses paid	-15,031	-3,729
Income taxes paid	-58,725	-13,367
Net cash provided by operating activities	541,422	165,328
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	129,653	-
Purchase of property, plant and equipment	-204,248	-44,996
Proceeds from sales of property, plant and equipment	1,217	-
Purchase of intangible assets	-29,013	-31,458
Collection of long-term loans receivable	54,639	-
Others	-7,803	-2,706
Net cash used in investing activities	-55,555	-79,161

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2018 to September 30, 2018)	First six-month period of current fiscal year (April 1, 2019 to September 30, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	200,000	-200,000
Proceeds from long-term borrowings	400,000	-
Repayments of long-term borrowings	-359,004	-452,720
Redemption of bonds	-121,600	-121,600
Purchases of treasury stock	-17	-24
Proceeds from disposal of treasury stock	944	-
Proceeds from issuance of shares	670,044	-
Repayments of lease obligations	-14,712	-18,354
Dividends paid	-104,991	-117,015
Net cash provided by financing activities	670,661	-909,715
Effect of exchange rate change on cash and cash equivalents	13,167	-27,975
Net increase (decrease) in cash and cash equivalents	1,169,695	-851,524
Cash and cash equivalents at beginning of period	2,875,892	3,617,155
Cash and cash equivalents at end of period	4,045,588	2,765,630