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SAKATA INX
Visual Communication Technology

Consolidated Financial Results for the Three Months Ended March 31, 2019 [Japanese GAAP]

May 14, 2019

Company name: SAKATA INX CORPORATION
Stock exchange listing: Tokyo
Code number: 4633
URL: http://www.inx.co.jp/
Representative: Kotaro Morita Representative Director, President & CEO
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Scheduled date of filing quarterly securities report: May 14, 2019
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Three Months Ended March 31, 2019 (January 1, 2019 to March 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2019	41,189	6.2	1,589	13.0	1,874	(6.4)	1,094	(27.6)
March 31, 2018	38,792	0.3	1,406	(45.0)	2,002	(36.1)	1,512	(46.8)

(Note) Comprehensive income: Three months ended March 31, 2019: ¥ 2,203 million [-%]
Three months ended March 31, 2018: ¥ (1,118) million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2019	18.75	-
March 31, 2018	25.90	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2019	148,856	79,434	50.4	1,283.59
December 31, 2018	145,495	77,397	51.1	1,272.41

(Note) Equity: As of March 31, 2019: ¥ 74,960 million
As of December 31, 2018: ¥ 74,307 million

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan(ASBJ) Statement No.28, February 16, 2018) have been applied from the beginning of the first quarter of the current fiscal year. Consolidated financial position for the year ended December 31, 2018 was reclassified retrospectively in accordance with this accounting standard.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2018	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2019	-				
Fiscal year ending December 31, 2019(Forecast)		15.00	-	15.00	30.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019(January 1, 2019 to December 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended June 30, 2019	85,000	7.7	2,250	(16.1)	3,000	(15.3)	2,000	(23.3)	34.25
Full year	173,600	7.1	6,000	17.4	7,500	8.5	5,000	6.5	85.62

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended March 31, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards:	Yes
2) Changes in accounting policies other than 1) above:	No
3) Changes in accounting estimates:	No
4) Retrospective restatement:	No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2019:	62,601,161 shares
December 31, 2018:	62,601,161 shares

2) Total number of treasury shares at the end of the period:

March 31, 2019:	4,201,987 shares
December 31, 2018:	4,201,943 shares

3) Average number of shares during the period:

Three months ended March 31, 2019:	58,399,196 shares
Three months ended March 31, 2018:	58,399,617 shares

*This consolidated financial results are not subject to quarterly review procedures by Certified Public Accountants or audit firm.

*Explanation of appropriate use of financial forecasts and other special notes

The above financial forecasts are based on the current available information in the Company and certain reasonable assumption to the Company, and we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

*Supplementary information will be disclosed on TDnet on May 14, 2019 and will be uploaded on the Company's website.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31,2018	As of March 31,2019
Assets		
Current assets		
Cash and deposits	7,194	8,526
Notes and accounts receivable - trade	46,506	47,577
Merchandise and finished goods	9,759	10,669
Work in process	1,219	1,300
Raw materials and supplies	9,180	10,027
Other	2,378	2,132
Allowance for doubtful accounts	(453)	(514)
Total current assets	75,785	79,720
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,298	17,254
Machinery, equipment and vehicles, net	10,778	10,742
Land	8,795	8,853
Leased assets, net	703	472
Construction in progress	912	1,318
Other, net	443	2,423
Total property, plant and equipment	38,931	41,065
Intangible assets		
Goodwill	-	850
Other	590	548
Total intangible assets	590	1,399
Investments and other assets		
Investment securities	26,504	24,833
Other	3,946	2,110
Allowance for doubtful accounts	(262)	(273)
Total investments and other assets	30,187	26,670
Total non-current assets	69,709	69,135
Total assets	145,495	148,856

(Million yen)

	As of December 31,2018	As of March 31,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,989	18,469
Electronically recorded obligations - operating	13,814	13,713
Short-term loans payable	9,059	8,673
Current portion of long-term loans payable	1,357	1,320
Accrued expenses	3,182	2,974
Income taxes payable	179	280
Provision for bonuses	553	990
Other	3,095	2,630
Total current liabilities	49,233	49,052
Non-current liabilities		
Long-term loans payable	7,332	7,912
Net defined benefit liability	4,968	4,939
Asset retirement obligations	72	69
Other	6,491	7,448
Total non-current liabilities	18,864	20,369
Total liabilities	68,097	69,421
Net assets		
Shareholders' equity		
Capital stock	7,472	7,472
Capital surplus	5,672	5,672
Retained earnings	68,430	68,339
Treasury shares	(4,047)	(4,047)
Total shareholders' equity	77,528	77,438
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,713	3,149
Deferred gains or losses on hedges	4	3
Foreign currency translation adjustment	(4,549)	(4,281)
Remeasurements of defined benefit plans	(1,389)	(1,349)
Total accumulated other comprehensive income	(3,220)	(2,477)
Non-controlling interests	3,090	4,474
Total net assets	77,397	79,434
Total liabilities and net assets	145,495	148,856

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended March 31,2018	For the three months ended March 31,2019
Net sales	38,792	41,189
Cost of sales	30,464	32,418
Gross profit	8,328	8,771
Selling, general and administrative expenses	6,921	7,181
Operating income	1,406	1,589
Non-operating income		
Interest income	14	12
Dividend income	100	110
Equity in earnings of affiliates	458	236
Other	116	120
Total non-operating income	689	479
Non-operating expenses		
Interest expenses	54	78
Foreign exchange losses	-	90
Other	39	25
Total non-operating expenses	94	193
Ordinary income	2,002	1,874
Extraordinary income		
Gain on sales of investment securities	-	47
Insurance income	86	-
Total extraordinary income	86	47
Extraordinary losses		
Impairment loss	-	190
Loss on retirement of property, plant and equipment	7	-
Loss on valuation of investment securities	-	2
Total extraordinary losses	7	192
Income before income taxes	2,081	1,729
Income taxes - current	533	583
Income taxes - deferred	(62)	(125)
Total income taxes	471	457
Net income	1,610	1,271
Net income attributable to non-controlling interests	98	177
Net income attributable to owners of parent	1,512	1,094

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended March 31,2018	For the three months ended March 31,2019
Net income	1,610	1,271
Other comprehensive income		
Valuation difference on available-for-sale securities	(258)	427
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	(1,929)	343
Remeasurements of defined benefit plans, net of tax	34	38
Share of other comprehensive income of affiliates accounted for using equity method	(576)	121
Total other comprehensive income	(2,729)	931
Comprehensive income	(1,118)	2,203
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,056)	1,981
Comprehensive income attributable to non-controlling interests	(62)	221