



May 15, 2017

Consolidated Financial Results (Japanese Accounting Standards) for the FY2016 (Ended March 31, 2017)

Company name: MIURA CO.,LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6005
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 Scheduled date of ordinary shareholders' meeting: June 29, 2017
 Scheduled date of commencement of dividend payment: June 30, 2017
 Scheduled date for filing of annual securities report: June 30, 2017
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for analysts and institutional investors)

(Units of less than 1 million yen have been omitted)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Consolidated Operating Results (Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2017	102,549	3.6	10,577	3.5	11,913	9.4	8,163	9.2
March 31, 2016	99,019	9.5	10,220	13.4	10,887	0.8	7,476	0.2

(Note) Comprehensive income

Fiscal year ended March 31, 2017 : ¥7,717 million (23.5%)

Fiscal year ended March 31, 2016 : ¥6,249 million (-41.4%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2017	72.54	72.37	7.5	8.5	10.3
March 31, 2016	66.46	66.30	7.1	8.2	10.3

(Reference) Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2017 : —

Fiscal year ended March 31, 2016 : —

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
March 31, 2017	143,008	112,270	78.2	993.18
March 31, 2016	135,861	107,044	78.4	947.00

(Reference) Shareholders' equity

As of March 31, 2017 : ¥111,778 million

As of March 31, 2016 : ¥106,540 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
March 31, 2017	10,829	(1,441)	(2,415)	31,112
March 31, 2016	11,498	(7,993)	(2,396)	23,874

2. Dividends

	Dividends per share					Total dividends for the year	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2016	—	10.00	—	11.00	21.00	2,362	31.6	2.3
March 31, 2017	—	10.00	—	12.00	22.00	2,476	30.3	2.3
Fiscal year ending March 31, 2018 (forecasts)	—	11.00	—	13.00	24.00		31.0	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages show the rate of increase or decrease from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of the fiscal year	51,000	—	5,300	—	5,700	—	3,800	—	33.77
Full-year	110,000	—	11,800	—	12,600	—	8,700	—	77.31

(Notes)

- We have decided to voluntarily adopt IFRS from the fiscal year ending March 31, 2018, so consolidated performance forecasts have been made based on IFRS. Because of this, we are not listing comparisons with the results of the fiscal year ended March 31, 2017 for which Japanese standards were applied.
- As reported in the Notice published on May 15, 2017 regarding the acquisition of the shares (make a subsidiary) of Inax Inamoto Holdings Co., Ltd. by our subsidiary, we plan to make Inax Inamoto Holdings Co., Ltd. a consolidated subsidiary as of July 3, 2017. However, the effect of this action is not included in the consolidated earnings forecasts.

* Notes

- Changes of significant subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation) : Yes
Newly consolidated company : MIURA BOILER DO BRASIL LTDA.
MIURA SOUTH EAST ASIA HOLDINGS PTE. LTD.

(2) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections

- Changes in accounting policies caused by revision of accounting standards: Yes
- Changes in accounting policies other than (i): None
- Changes in accounting estimates: None
- Restatement of corrections: None

(Note) For details, please refer to “4. Consolidated Financial Statements, (5) Notes Concerning Consolidated Financial Statements, (Changes in Accounting Policy)” on page 16 of the attached materials.

(3) Numbers of Outstanding Shares (Common Shares)

- Number of shares outstanding at the end of the period (including treasury shares)
 - As of March 31, 2017: 125,291,112 shares
 - As of March 31, 2016: 125,291,112 shares
- Number of treasury shares at the end of the period
 - As of March 31, 2017: 12,744,432 shares
 - As of March 31, 2016: 12,788,321 shares
- Weighted-average number of common shares outstanding for the period
 - Twelve months ended March 31, 2017: 112,535,765 shares
 - Twelve months ended March 31, 2016: 112,493,956 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Non-Consolidated Financial Results (Percentages show year-on-year changes)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2017	85,261	5.1	8,122	2.1	10,379	7.1	7,185	9.5
March 31, 2016	81,130	6.2	7,956	11.6	9,695	(1.1)	6,562	(4.6)

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2017	63.85	63.70
March 31, 2016	58.34	58.20

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2017	129,165	103,634	80.0	918.43
March 31, 2016	124,834	100,003	79.9	886.71

(Reference) Shareholders' equity

As of March 31, 2017 : ¥103,366 million

As of March 31, 2016 : ¥99,756 million

* Financial summaries are not required to be audited.

* Explanation of the Proper Use of Financial Results Forecast and Other Notes

The forward-looking statements herein are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ significantly from these forecasts due to various factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to "1. Overview of Operating Results etc., (4) Forecasts" on page 4 of the attached materials.

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1. Overview of Operating Results etc.

(1) Overview of Operating Results

(i) Operating Results for the Current Fiscal Year

Looking back on the state of the Japanese economy during the fiscal year ended March 31, 2017, although there were unstable conditions such as the volatility of the Japanese yen in the foreign exchange market, signs of improvement can be seen in the recovery of corporate revenue and the employment environment, and the economy trending to a gradual recovery. Meanwhile, the economy of the United States continued to slowly expand and in China, investment in infrastructure was seen to cause a rally in the economy.

In these circumstances, the Miura Group has continuously made “Total solutions” proposals that address various challenges faced by customers, under our slogan of “To bring products with the best price and quality in the world in the fields of energy, water, and the environment,” aiming at the realization of our corporate philosophy of “Helping customers all over the world in energy conservation and environmental preservation.”

In the domestic market, we actively proposed Multiple Installation (MI) Systems of our mainstay high-efficiency gas-fired boilers, unutilized heat recovery system and other systems. Also, following the official decision that the Ballast Water Management Convention will go into effect in September 2017, the sales activity of ballast water management systems has been accelerated.

Outside Japan, we focused on employee training and education in each country, aiming to enhance sales and maintenance skills of our overseas employees. We also strived to strengthen our solution proposal and maintenance service businesses, which are based on energy conservation and environmental preservation.

Consequently, net sales for the fiscal year under review grew to a new record high of ¥102,549 million, a year-on-year increase of 3.6% from the previous fiscal year (¥99,019 million).

On the profit front, we had a decline, with business in the United States going into the red, etc. On the other hand, our domestic business experienced increases in personnel and research expenses due to an increase in the number of personnel, the development of new products and other factors, but there was a boost from the growth in net sales. As a result, operating profit for the fiscal year under review increased to ¥10,577 million, up 3.5% from the previous fiscal year (¥10,220 million). Ordinary profit for the fiscal year under review amounted to ¥11,913 million, up 9.4% from the previous fiscal year (¥10,887 million). Profit attributable to owners of parent for the fiscal year under review stood at ¥8,163 million, up 9.2% from the previous fiscal year (¥7,476 million).

(ii) Overview of Each Business Segment

[Domestic Manufacturing and Sales of Products]

In the Domestic Manufacturing and Sales of Products business, sales of small once-through boilers and related equipment continued to grow mainly due to the increase in replacement of the Company’s old boilers in the food industry. Sales of ballast water management systems were strong as well due to our aggressive sales activity. As a result, net sales in this business were ¥55,040 million, up 5.9% from the same period of the previous fiscal year (¥51,956 million). In terms of segment profit, personnel expenses increased due to the implementation of increases in the pay scale and an increase in the number of personnel, while there were increases in other costs including research expenses for new products, such as a ballast water management system and fuel cells. However, there was also a boost from the growth in net sales. As a result, segment profit was ¥3,026 million, up 18.7% from the previous fiscal year (¥2,549 million).

[Domestic Maintenance]

In the Domestic Maintenance business, sales grew due to an increase in the number of installations and aggressive activity to secure paid maintenance contracts. As a result, net sales in this business were ¥28,287 million, up 4.6% from the previous fiscal year (¥27,050 million). In terms of segment profit, personnel expenses increased due to the implementation of pay scale raises and an increase in the number of personnel, so profit was limited to ¥6,409 million, up 0.7% from the same period of the previous year (¥6,362 million).

[Overseas Manufacturing and Sales of Products]

The Overseas Manufacturing and Sales of Products business continued to be sluggish due to a decrease in units sold in the United States and Taiwan, but we actively made proposals in China and South Korea resulting in

sales grew on a local currency base. However, on a base converted to yen, the effect of the yen's appreciation caused this business' net sales to be ¥14,789 million, down 7.7% from the same period of the previous year (¥16,026 million). Due to an increase in personnel expenses resulting from the increased number of personnel in each country, segment profit was ¥749 million, down 40.2% from the previous fiscal year (¥1,253 million).

[Overseas Maintenance]

In the Overseas Maintenance business, maintenance network was expanded and activity was undertaken to secure paid maintenance contracts with large users. As a result, net sales in this business were ¥4,378 million, up 9.8% from the previous fiscal year (¥3,986 million). In terms of segment profit, although expenses increased due to the expansion of the maintenance network in each country, there was a boost from the growth in net sales, resulting in profit of ¥94 million, an upturn from the previous fiscal year (loss of ¥371 million).

(2) Overview of Financial Position

Total assets as of March 31, 2017 were ¥143,008 million, an increase of ¥7,147 million compared to the previous fiscal year-end. Current assets increased by ¥9,522 million due to increases in notes and accounts receivable - trade, securities, etc., although cash and deposits declined. Non-current assets declined by ¥2,375 million from the previous fiscal year-end due to a decline in investment securities.

Liabilities increased by ¥1,921 million to ¥30,737 million from the previous fiscal year-end owing mainly to an increase in advances received.

Net assets as of March 31, 2017 stood at ¥112,270 million, an increase of ¥5,225 million from the previous fiscal year-end due to the recording of ¥8,163 million of profit attributable to owners of parent despite a decrease in valuation difference on available-for-sale securities, etc.

(3) Cash Flows for the Period under Review

Cash and cash equivalents as of March 31, 2017 stood at ¥31,112 million, an increase of ¥7,237 million from the previous fiscal year-end. The following outlines the state of cash flows by category for the fiscal year under review.

Net cash provided by operating activities for the fiscal year under review amounted to ¥10,829 million, a decrease of ¥668 million from the previous fiscal year. This was mainly due to an increase in accounts receivable.

Net cash used in investing activities for the fiscal year under review totaled ¥1,441 million, a decrease of ¥6,551 million from the previous fiscal year. This was due mainly to an increase in proceeds from withdrawal of time deposits, despite increases in cash outflows for the purchase of property, plant and equipment.

Net cash used in financing activities came to ¥2,415 million, an increase of ¥19 million from the previous fiscal year, due mainly to an increase in cash dividends paid.

Trends of indicators related to cash flows are as follow:

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Equity ratio	78.3%	79.5%	78.4%	78.2%
Market value equity ratio	90.6%	117.6%	174.0%	140.6%
Interest-bearing debt to cash flow ratio	0.2%	0.3%	0.5%	—
Interest coverage ratio (Times)	1,704,672.4	1,260,984.6	137,703.0	22,727.0

(Notes)

Equity ratio: Shareholders' equity / Total assets

Market value equity ratio: Total market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

1. All indicators are calculated using consolidated-based financial indicators.

2. Total market capitalization was calculated by multiplying the closing stock price at the end of the period by the total number of issued shares (excluding treasury shares) at the end of the period.

3. Interest-bearing debt refers to all debt posted on the consolidated balance sheet for which interest is paid. Regarding the interest payments, we use "interest expenses paid" on the consolidated statement of cash flows.

(4) Forecasts

As for the business environment surrounding the Miura Group in the fiscal year ending March 31, 2018, it is expected that a slow expansion of the economy and steady demand in Japan will continue. Outside Japan, it is thought that the rising awareness of reducing the environmental burden and energy usage will strengthen.

In these circumstances, in addition to make "Total solutions" proposals that address various challenges faced by customers and strengthen maintenance service business also in the next fiscal year ending March 31, 2018, the Miura Group will strengthen its foundation for growth with initiatives for increasing work efficiency and raising productivity.

As for forecasts in Japan, since the Ballast Water Management Convention will come into force in September 2017, sales of ballast water management systems for new ships will go into full swing and, in addition, it is expected that there will be steady increases in sales to in-service ships. Moreover, with capital investment remaining strong, sales of not only boilers but also water treatment equipment and food processing equipment are expected to grow.

Outside Japan, sales in Asian countries are expected to be steady because of the advancement in replacement of coal-fired boilers with high-efficiency gas-fired boilers accompanying environmental regulations in China. It is also forecasted that sales in the United States will recover due to strengthening of developing new customer and proposal sales. Meanwhile, in the Overseas Maintenance businesses, we will further expand our offices while striving to train our overseas employees and secure paid maintenance contracts.

As a result, for the full fiscal year ending March 31, 2018, we expect both sales and profits to grow from the fiscal year under review.

[Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018]

	Fiscal year ending March 31, 2018
	Amount (Million yen)
Net sales	110,000
Operating profit	11,800
Ordinary profit	12,600
Profit attributable to owners of parent	8,700

(Notes)

1. We plan to pay an annual dividend of ¥24 per share, consisting of an interim dividend of ¥11 per share and a year-end dividend of ¥13 per share.
2. We have decided to voluntarily adopt IFRS from the fiscal year ending March 31, 2018, so calculations have been made based on IFRS. Because of this, we are not listing comparisons with the results of the fiscal year ended March 31, 2017 for which Japanese standards were applied.
3. As reported in the Notice published on May 15, 2017 regarding the acquisition of the shares (make a subsidiary) of Inax Inamoto Holdings Co., Ltd. by our subsidiary, we plan to make Inax Inamoto Holdings Co., Ltd. a consolidated subsidiary as of July 3, 2017. However, the effect of this action is not included in the consolidated earnings forecasts.

(5) Basic Policies Concerning the Allocation of Profits, and Dividends for the Period under Review and the Next Period

With respect to the allocation of profits, in keeping with the basic policy to ensure the continuous and stable dividends distribution, we believe that the Company should engage in appropriate return of profits to shareholders in line with the Company's performance, while also working to strengthen our management foundation and increase our internal reserves in preparation for future business expansion. In accordance with this guideline, we will make efforts to improve our dividend payout ratio by comprehensively taking into account our consolidated performance and financial situation and setting a payout ratio of 30% as our target.

The Company will utilize internal reserves primarily for investments to strengthen our competitiveness and our business foundation, including the research and development of new technologies and new products, and the establishment of production and sales systems. We will also use internal reserves for the purposes of investments to enhance environmental protection, safety, and quality, and the reconstruction of information systems, in order to increase our corporate value.

With regard to dividends for the period under review, we plan to pay a year-end dividend of ¥12 per share, and as a result, the annual dividend will be ¥22 per share including an interim dividend of ¥10 per share. Accordingly, we expect a consolidated dividend payout ratio to be 30.3% for the period under review.

Taking into account the Company's consolidated performance forecasts, for the next period we plan to pay an annual dividend of ¥24 per share, consisting of an interim dividend of ¥11 per share and a year-end dividend of ¥13 per share.

2. Management Policies

(1) Basic Policies for Corporate Management

Through our original technology, the Miura Group creates beneficial new products and provides services in fields related to the environment and effective utilization of energy. We have set "To bring products with the best price and quality in the world in the fields of energy, water, and the environment." as the basic policy underlying our management.

We will also strive for transparent and efficient management with the aim of maximizing our corporate value, will live up to the expectations and trust of our shareholders and other stakeholders, and at the same time, will work toward sound growth and will fulfill our social responsibilities as a company.

The Miura Group aims to create open workplaces that tie people with trust, solidarity, and pride under the motto "Let's create a workplace that makes it easy and conducive to work." We will engage in the creation of a motivating corporate culture and in human resources development, and will work to strengthen our foundations for continued growth.

(2) Management Indicators as Targets

The Miura Group believes that steadily expanding profits, regardless of the market environment, will lead to the enhancement of our corporate value and the increase of shareholder return. Accordingly, the Group has set increased operating profit and ROE (return on equity) of 8% as management targets.

We will work toward improved profitability in the fiscal year ending March 31, 2018, with ¥11,800 million in operating profit and ¥8,700 million in profit attributable to owners of parent for the period as our management targets.

(3) Medium- and Long-Term Corporate Management Strategy

In Japan, our Group aims to expand business through the provision of total solutions to customers through our original technology in the fields of energy, water, the environment, air, and electricity. Outside Japan, we will strive to expand the business model we have built up over many years in Japan, including solutions for energy conservation and environmental preservation, and will strengthen our business foundation and improve our earning power. We will also strive for development of new products that meet the needs from the global market and quality improvement sought throughout the design and production processes to promote our company brand.

As a medium-term plan, we will conduct management with the following as our aims. We will draft our medium-term plan using a “rolling method,” by which we review the plan in accordance with changes in the management environment every year.

	(Million yen)		
	Fiscal year ending March 31, 2018	Fiscal year ending March 31, 2019	Fiscal year ending March 31, 2020
Net sales	110,000	120,000	130,000
Operating profit	11,800	13,000	14,500

(Note)

As reported in the Notice published on May 15, 2017 regarding the acquisition of the shares (make a subsidiary) of Inax Inamoto Holdings Co., Ltd. by our subsidiary, we plan to make Inax Inamoto Holdings Co., Ltd. a consolidated subsidiary as of July 3, 2017. However, the effect of this action is not included in the consolidated earnings forecasts.

(4) Issues to be Addressed by the Company

(i) Development of New Products

In Japan, we will actively develop new products that provide total solutions for factories and hospitals that can maximize added value for our customers, including not only boilers but also water treatment equipment, food processing equipment, medical equipment, unutilized heat recovery system, environmental analysis equipment, and others. In our marine business, we will move forward with development and improvement of ballast water management system.

(ii) Expansion of Our Japanese Business Model to Overseas Markets

In order to offer the same level of services as we provide in Japan to customers around the world, we will focus efforts on the global expansion of production sites, the enhancement of site networks in each country, online maintenance, and employee education.

(iii) Improvement of Global Business Management

In order to better visualize the state of activities of overseas companies and to improve our earnings, we will introduce the production systems and sales management systems we have developed in Japan to our overseas companies. We will also share the data collected from these systems throughout the Group, build systems able to provide data which is applicable to our global management strategy, and promote systematic operating activities while each nation cooperates.

3. Basic Concepts Concerning the Selection of Accounting Standards

The Miura Group aims to further advance our global management through improvement in our ability to make international comparisons of financial information in capital markets, and through the unification of accounting practices within the Group. We have decided to voluntarily apply International Financial Reporting Standards (IFRS) from 1Q of the fiscal year ending March 31, 2018.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	30,813	22,883
Notes and accounts receivable - trade	23,693	24,980
Electronically recorded monetary claims - operating	1,976	2,661
Lease investment assets	2,014	1,891
Securities	5,073	19,050
Merchandise and finished goods	4,425	4,897
Work in process	3,117	3,311
Raw materials and supplies	6,239	6,790
Deferred tax assets	2,103	2,340
Other	784	916
Allowance for doubtful accounts	(98)	(58)
Total current assets	80,142	89,665
Non-current assets		
Property, plant and equipment		
Buildings and structures	35,914	37,145
Accumulated depreciation	(13,781)	(15,061)
Buildings and structures, net	22,133	22,084
Machinery, equipment and vehicles	8,592	8,989
Accumulated depreciation	(5,324)	(5,886)
Machinery, equipment and vehicles, net	3,268	3,103
Land	11,685	11,693
Leased assets	81	52
Accumulated depreciation	(40)	(27)
Leased assets, net	40	25
Construction in progress	627	1,011
Other	7,463	7,828
Accumulated depreciation	(5,932)	(6,283)
Other, net	1,531	1,544
Total property, plant and equipment	39,286	39,462
Intangible assets	685	819
Investments and other assets		
Investment securities	13,437	9,936
Net defined benefit asset	1,031	1,834
Deferred tax assets	56	82
Long-term time deposits	60	89
Other	1,194	1,173
Allowance for doubtful accounts	(34)	(55)
Total investments and other assets	15,746	13,061
Total non-current assets	55,718	53,343
Total assets	135,861	143,008

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,499	3,772
Short-term loans payable to subsidiaries and associates	30	—
Income taxes payable	2,172	2,386
Advances received	8,296	9,436
Provision for product warranties	700	795
Provision for bonuses	3,709	4,562
Provision for loss on order received	—	88
Provision for shareholder benefit program	34	39
Asset retirement obligations	6	6
Other	7,834	7,381
Total current liabilities	26,284	28,469
Non-current liabilities		
Deferred tax liabilities	1,777	1,526
Provision for directors' retirement benefits	65	78
Net defined benefit liability	385	430
Other	302	232
Total non-current liabilities	2,531	2,267
Total liabilities	28,816	30,737
Net assets		
Shareholders' equity		
Capital stock	9,544	9,544
Capital surplus	10,097	10,138
Retained earnings	91,212	97,019
Treasury shares	(7,042)	(7,020)
Total shareholders' equity	103,811	109,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,221	1,969
Foreign currency translation adjustment	1,381	1,108
Remeasurements of defined benefit plans	(1,874)	(981)
Total accumulated other comprehensive income	2,728	2,097
Subscription rights to shares	246	268
Non-controlling interests	258	223
Total net assets	107,044	112,270
Total liabilities and net assets	135,861	143,008

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Income)

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	99,019	102,549
Cost of sales	58,825	60,865
Gross profit	40,194	41,683
Selling, general and administrative expenses	29,974	31,105
Operating profit	10,220	10,577
Non-operating profit		
Interest income	201	206
Dividend income	163	150
Rent income	401	396
Foreign exchange gains	—	98
Subsidy income	131	156
Other	264	369
Total non-operating profit	1,161	1,378
Non-operating expenses		
Foreign exchange losses	446	—
Provision of allowance for doubtful accounts	—	25
Other	48	17
Total non-operating expenses	494	42
Ordinary profit	10,887	11,913
Extraordinary profit		
Gain on sales of non-current assets	138	6
Gain on bargain purchase	102	—
Total extraordinary profit	240	6
Extraordinary losses		
Loss on sales of non-current assets	2	2
Loss on retirement of non-current assets	44	46
Impairment loss	—	20
Loss on valuation of shares of subsidiaries and associates	—	17
Total extraordinary losses	47	86
Profit before income taxes	11,080	11,833
Income taxes - current	3,591	4,002
Income taxes - deferred	13	(344)
Total income taxes	3,604	3,657
Profit	7,476	8,175
Profit attributable to non-controlling interests	—	12
Profit attributable to owners of parent	7,476	8,163

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	7,476	8,175
Other comprehensive income		
Valuation difference on available-for-sale securities	660	(1,251)
Foreign currency translation adjustment	(1,531)	(103)
Remeasurements of defined benefit plans, net of tax	(356)	896
Total other comprehensive income	(1,227)	(458)
Comprehensive income	6,249	7,717
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,252	7,704
Comprehensive income attributable to non-controlling interests	(2)	12

(3) Consolidated Statements of Changes in Equity

Consolidated fiscal year (April 1, 2015 – March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,544	10,088	86,306	(7,056)	98,883
Changes of items during period					
Dividends of surplus			(2,362)		(2,362)
Profit attributable to owners of parent			7,476		7,476
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		10		20	30
Changing of fiscal year of consolidated subsidiaries			(208)		(208)
Change in ownership interest of parent due to transactions with non-controlling interests		(1)		(5)	(6)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	8	4,906	13	4,928
Balance at end of current period	9,544	10,097	91,212	(7,042)	103,811

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,560	3,030	(1,483)	4,108	205	21	103,218
Changes of items during period							
Dividends of surplus							(2,362)
Profit attributable to owners of parent							7,476
Purchase of treasury shares							(1)
Disposal of treasury shares							30
Changing of fiscal year of consolidated subsidiaries							(208)
Change in ownership interest of parent due to transactions with non-controlling interests							(6)
Net changes of items other than shareholders' equity	660	(1,649)	(391)	(1,379)	40	236	(1,102)
Total changes of items during period	660	(1,649)	(391)	(1,379)	40	236	3,826
Balance at end of current period	3,221	1,381	(1,874)	2,728	246	258	107,044

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,544	10,097	91,212	(7,042)	103,811
Changes of items during period					
Dividends of surplus			(2,362)		(2,362)
Profit attributable to owners of parent			8,163		8,163
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		15		24	40
Change of scope of consolidation			6		6
Capital increase of consolidated subsidiaries		24			24
Net changes of items other than shareholders' equity					
Total changes of items during period	—	40	5,806	22	5,869
Balance at end of current period	9,544	10,138	97,019	(7,020)	109,681

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	3,221	1,381	(1,874)	2,728	246	258	107,044
Changes of items during period							
Dividends of surplus							(2,362)
Profit attributable to owners of parent							8,163
Purchase of treasury shares							(2)
Disposal of treasury shares							40
Change of scope of consolidation							6
Capital increase of consolidated subsidiaries							24
Net changes of items other than shareholders' equity	(1,252)	(272)	893	(631)	22	(34)	(643)
Total changes of items during period	(1,252)	(272)	893	(631)	22	(34)	5,225
Balance at end of current period	1,969	1,108	(981)	2,097	268	223	112,270

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	11,080	11,833
Depreciation	2,855	2,825
Impairment loss	—	20
Retirement benefit expenses	900	1,198
Decrease (increase) in net defined benefit asset	(637)	(628)
Increase (decrease) in net defined benefit liability	(130)	(35)
Increase (decrease) in allowance for doubtful accounts	39	(15)
Increase (decrease) in provision for bonuses	240	831
Increase (decrease) in provision for loss on order received	—	88
Share-based compensation expenses	71	62
Interest and dividend income	(364)	(357)
Interest expenses	0	0
Foreign exchange losses (gains)	186	(33)
Loss on valuation of shares of subsidiaries and associates	—	17
Loss (gain) on sales and retirement of property, plant and equipment	(91)	42
Decrease (increase) in notes and accounts receivable - trade	(1,045)	(2,056)
Decrease (increase) in inventories	(418)	(1,176)
Increase (decrease) in notes and accounts payable - trade	456	224
Increase (decrease) in advances received	269	1,159
Other, net	262	268
Subtotal	13,676	14,269
Interest and dividend income received	363	359
Interest expenses paid	(0)	(0)
Income taxes paid	(2,541)	(3,798)
Net cash provided by (used in) operating activities	11,498	10,829
Cash flows from investing activities		
Payments into time deposits	(16,988)	(16,925)
Proceeds from withdrawal of time deposits	10,107	21,777
Payments of loans receivable	(2)	(103)
Collection of loans receivable	6	108
Purchase of securities	(12,500)	(9,200)
Proceeds from sales and redemption of securities	15,200	5,700
Purchase of investment securities	(813)	(3)
Proceeds from sales and redemption of investment securities	—	1,016
Purchase of shares of subsidiaries and associates	(652)	(149)
Purchase of property, plant and equipment	(2,615)	(3,240)
Proceeds from sales of property, plant and equipment	377	24
Other, net	(112)	(448)
Net cash provided by (used in) investing activities	(7,993)	(1,441)

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	(22)
Repayments of lease obligations	(13)	(7)
Purchase of treasury shares	(1)	(2)
Purchase of treasury shares of subsidiaries	—	(19)
Proceeds from sales of treasury shares	0	0
Cash dividends paid	(2,359)	(2,360)
Dividends paid to non-controlling interests	—	(3)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(22)	—
Net cash provided by (used in) financing activities	(2,396)	(2,415)
Effect of exchange rate change on cash and cash equivalents	(355)	29
Net increase (decrease) in cash and cash equivalents	752	7,001
Cash and cash equivalents at beginning of period	23,760	23,874
Increase in cash and cash equivalents from newly consolidated subsidiary	108	235
Increase (decrease) in cash and cash equivalents resulting from changes in accounting period of subsidiaries	(746)	—
Cash and cash equivalents at end of period	23,874	31,112

(5) Notes Concerning Consolidated Financial Statements

(Note Related to Premise of Going Concern)

No relevant matters apply.

(Changes in Accounting Policy)

<Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016>

Following the revision to the Corporation Tax Act, the Company has applied the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (ASBJ PITF No. 32, June 17, 2016) from the fiscal year ending March 31, 2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight line method. The effect of this change on profit and loss was immaterial.

(Additional information)

<Application of ASBJ Guidance on Recoverability of Deferred Tax Assets>

Effective from the fiscal year ending March 31, 2017, the Company has applied the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016).

(Segment Information)

[Segment Information]

1. General Information on Reporting Segments

Financial information which is broken down within each component unit is available for the Miura Group's reporting segments. The information is subject to regular review by the Board of Directors in order to make decisions about resources to be allocated and to assess performance.

Our Group is engaged primarily in the manufacture, sales, and maintenance of boilers and related equipment. The Company and domestic affiliated companies undertake our domestic business, and our overseas affiliated companies undertake our overseas business. Each of our local subsidiaries is an independent management unit that proposes comprehensive strategy for the products it handles in each region and engages in business activities.

Accordingly, our Group is composed of domestic and overseas segments founded upon a manufacturing, sales, and maintenance framework, with Domestic Manufacturing and Sales of Products, Domestic Maintenance, Overseas Manufacturing and Sales of Products, and Overseas Maintenance as our reporting segments.

2. Valuation and Calculation Methods for Net Sales, Profit and Loss, Assets, Liabilities, and Other Items in Each Reporting Segment

The accounting methods used for the reporting business segments are generally the same as the methods used for the creation of consolidated financial statements.

Profits in reporting segments are valued on an operating profit basis.

Internal income and transfers among segments are based on transaction prices among third parties

3. Information about sales, profit or loss, assets and liabilities, and other items by reportable segment

For the year ended March 31, 2016

(Million yen)

	Domestic (Note 1)		Overseas (Note 1)		Total	Adjustment (Note 2)	Consolidated (Note 3)
	Manufacturing and Sales of Products	Maintenance	Manufacturing and Sales of Products	Maintenance			
Net Sales							
Sales to external customers	51,956	27,050	16,026	3,986	99,019	—	99,019
Intersegment sales or transfers	1,993	94	167	32	2,288	(2,288)	—
Total	53,949	27,145	16,194	4,018	101,308	(2,288)	99,019
Segment profit (loss)	2,549	6,362	1,253	(371)	9,794	426	10,220
Segment assets	49,065	18,142	11,638	1,573	80,420	55,440	135,861
Other items							
Depreciation	1,666	273	447	58	2,446	409	2,855
Increase in property, plant and equipment and intangible assets	2,154	397	209	28	2,790	822	3,612

(Notes)

1. The "Domestic" and "Overseas" categories among the reporting segments pertain to the business activities of domestic consolidated companies and overseas consolidated companies, respectively.
2. Adjustments of segment profit (loss) include the elimination of internal transactions among segments. Adjustments of segment assets primarily include surplus operating assets (cash and securities), long-term investment assets (investment securities), and assets, etc. pertaining to management divisions in the filing companies.
3. Segment profit (loss) is adjusted for operating profit on the consolidated financial statements.

For the year ended March 31, 2017

(Million yen)

	Reportable segments				Subtotal	Others (Note 2)	Total	Adjustment (Note 3)	Consolidated (Note 4)
	Domestic (Note 1)		Overseas (Note 1)						
	Manufacturing and sales of products	Maintenance	Manufacturing and sales of products	Maintenance					
Net sales									
Sales to external customers	55,040	28,287	14,789	4,378	102,495	53	102,549	—	102,549
Intersegment sales or transfers	2,274	137	154	37	2,604	437	3,042	(3,042)	—
Total	57,315	28,424	14,944	4,415	105,100	490	105,591	(3,042)	102,549
Segment profit	3,026	6,409	749	94	10,279	17	10,296	280	10,577
Segment assets	51,411	18,688	11,197	1,750	83,048	319	83,368	59,640	143,008
Other items									
Depreciation	1,697	283	426	32	2,439	1	2,441	384	2,825
Increase in property, plant and equipment and intangible assets	2,178	249	310	21	2,760	1	2,761	328	3,090

(Notes)

1. The “Domestic” and “Overseas” categories among the reportable segments pertain to the business activities of domestic consolidated companies and overseas consolidated companies, respectively.
2. The “Others” category consists of business that is not included in reportable segments. It includes Real estate management business and Enterprise and personal non-life insurance and life insurance agent business.
3. Adjustments of segment profit include the elimination of internal transactions among segments. Adjustments of segment assets primarily include surplus operating assets (cash and securities), long-term investment assets (investment securities), and assets, etc. pertaining to management divisions in the filing companies.
4. Segment profit is adjusted for operating profit on the consolidated financial statements.

(Per Share Information)

(Yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net assets per share	947.00	993.18
Net income per share	66.46	72.54
Diluted net income per share	66.30	72.37

(Notes) The basis for calculation

1. Net assets per share

	As of March 31, 2016	As of March 31, 2017
	Million yen	Million yen
Total net assets	107,044	112,270
Net assets available for common shares	106,540	111,778
The main breakdown of the difference		
Subscription rights to shares	246	268
Non-controlling interests	258	223
	Thousand shares	Thousand shares
Number of shares outstanding of common shares	125,291	125,291
Number of treasury shares of common shares	12,788	12,744
Number of shares of common shares used for calculating net assets per share	112,502	112,546

2. Net income per share and diluted net income per share

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net income per share	Million yen	Million yen
Profit attributable to owners of parent	7,476	8,163
Profit attributable to owners of parent available of common shares	7,476	8,163
Amount not allocable to common shareholders	—	—
	Thousand shares	Thousand shares
Weighted-average number of common shares outstanding for the period	112,493	112,535
Diluted net income per share	Million yen	Million yen
Adjustments to profit attributable to owners of parent	—	—
Main components of increase in number of common shares used to calculate diluted net income per share	Thousand shares	Thousand shares
Stock option using treasury stock acquisition	—	—
Stock option using stock acquisition rights	272	265
Increase in number of common stock shares	272	265
Potential shares not included in calculation of diluted net income per share due to being non-dilutive	—	—

(Important Subsequent Events)

(Acquisition of a company through share acquisition)

At the meeting of the Board of Directors held on May 15, 2017, the Company has resolved that MLE Co., Ltd., a subsidiary of the Company established on May 10, 2017, will acquire shares in Inax Inamoto Holdings Co., Ltd. (“Inax Inamoto HD”), making it a subsidiary of MLE Co., Ltd.

1. Objective of the share acquisition

Based on our predominance as a market leader in the small once-through boiler business, in the business domains centered on the environment-related technologies as well as the heat energy utilization and water treatment technologies, we create safe and high-quality products and services with our unique technological capabilities. We have worked to grow as a global company based on a management philosophy of “Helping customers all over the world in energy conservation and environmental preservation.”

Also, Inax Corporation and Inamoto Manufacturing Co., Ltd., which are under the umbrella of Inax Inamoto HD, undertake the development, manufacture, sale, maintenance, machine facility engineering, etc. of industrial washing machines and dryers, and have built solid business foundations as top-level players in the domestic industry.

With this acquisition, we will enter the business domain with the top share in the domestic market through Inax Inamoto HD and obtain a new business line. In addition to achieving the expansion of the industrial product lineup, we will provide customers with further total solutions for factories overall. We will also aim to expand the market share of products handled by this company through using our domestic and overseas sales network.

2. Name of the counterparty company in the share acquisition

Rising Japan Equity Fund I Investment Limited Partnership

3. Name, business description, and scale of the acquired company

(1) Inax Inamoto Holdings Co., Ltd.

a. Business description: Management and operation of group companies

b. Capital stock: ¥1,700 million

c. Consolidated operating results of the concerned company for the most recent two years

Fiscal year	Fiscal year ended March 31, 2016	[Reference] (Note 2) From April 2016 to June 2017 (Results as of March 31, 2017)
Consolidated net sales	¥15.1 billion	¥18.8 billion
Consolidated operating profit	¥1.0 billion	¥1.7 billion

(Notes)

1. The financial figures of Inax Inamoto HD include the consolidated results of (2) Inax Corporation and (3) Inamoto Manufacturing Co., Ltd., listed below.
2. Inax Inamoto HD will change its fiscal period (the last day of the business year) from March 31 to June 30 and, along with this change in the fiscal period, the June 2017 fiscal period will be the settlement of accounts for the 15 month period from April 1, 2016 to June 30, 2017. For this reason, the financial figures of the accounting period from April 1, 2016 to March 31, 2017 (12 month results) are not determined and not completely audited, therefore some of the adjustments for consolidation have not been done.

(2) Inax Corporation (Subsidiary of Inax Inamoto Holdings Co., Ltd.)

a. Business description: Sale and maintenance of industrial cleaning equipment, installation of machines and appliances, construction such as piping and electrical work

b. Capital stock: ¥100 million

(3) Inamoto Manufacturing Co., Ltd. (Sub-subsidiary of Inax Inamoto Holdings Co., Ltd.)

a. Business description: Manufacture of industrial cleaning equipment

b. Capital stock: ¥96 million

4. Time of the share acquisition

July 3, 2017 (planned)

5. Number of shares to acquire, acquisition price and ownership ratio after the acquisition

(1) Number of shares to acquire 34,000 shares

(2) Acquisition price ¥11,100 million

(3) Ownership ratio after the acquisition 100%

6. Fund procurement method

Own capital and borrowings

7. Other matters

In connection with this transaction, the Company will make a loan to MLE Co., Ltd.

5. Other

(1) Changes in Directors and Audit and Supervisory Committee Members (Planned for June 29, 2017)

(i) Newly nominated candidate for the position of Director (Director who is an Audit and Supervisory Committee member)

New title and post	Name	Current title and post
Director and Audit and Supervisory Committee Member (Full-time)	Masashi Hirose	General Manager of General Affairs Department

(ii) Retiring Director (Director who is an Audit and Supervisory Committee member)

New title and post	Name	Current title and post
Retiring	Shigetoshi Hayashi	Director and Audit and Supervisory Committee Member (Full-time)