



November 6, 2017

## Consolidated Financial Results for the Six Months Ended September 30, 2017 (IFRS)

Company name: MIURA CO.,LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 6005  
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 Scheduled date for filing of quarterly securities report: November 14, 2017  
 Scheduled date of commencement of dividend payment: November 24, 2017  
 Supplementary documents for quarterly financial results: Yes  
 Quarterly 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 Six Months Ended September 30, 2017 (April 1, 2017 – September 30, 2017)

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

	Revenue		Operating profit		Profit before income taxes		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2017	55,156	17.9	6,692	15.8	6,909	22.0	4,825	25.9
September 30, 2016	46,793	—	5,778	—	5,664	—	3,833	—

	Profit attributable to owners of parent		Comprehensive income (loss)		Basic earnings per share		Diluted earnings per share	
	Million yen	%	Million yen	%	Yen		Yen	
Six months ended September 30, 2017	4,794	25.0	5,456	630.8	42.60		42.50	
September 30, 2016	3,836	—	746	—	34.09		34.01	

### (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of September 30, 2017	157,965	113,029	112,798	71.4
March 31, 2017	140,245	108,888	108,685	77.5

### 2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended March 31, 2017	Yen —	Yen 10.00	Yen —	Yen 12.00	Yen 22.00
Fiscal year ending March 31, 2018	—	11.00			
Fiscal year ending March 31, 2018 (Forecasts)			—	15.00	26.00

(Note) Revisions to the dividend forecasts most recently announced: Yes

### 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)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full-year	120,000	—	14,000	—	14,300	—	9,700	—	86.19	

(Note) Revisions to the consolidated forecasts most recently announced: Yes

\* Notes

(1) Changes of significant subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation) : Yes  
Newly consolidated company : MLE Co., Ltd. , Inax Inamoto Holdings Co., Ltd.

(2) Changes in Accounting Policies and Accounting Estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None

(3) Numbers of Outstanding Shares (Common Shares)

- (i) Number of shares outstanding at the end of the period (including treasury shares)
  - As of September 30, 2017: 125,291,112 shares
  - As of March 31, 2017: 125,291,112 shares
- (ii) Number of treasury shares at the end of the period
  - As of September 30, 2017: 12,744,553 shares
  - As of March 31, 2017: 12,744,432 shares
- (iii) Weighted-average number of common shares outstanding for the period
  - Six months ended September 30, 2017: 112,546,642 shares
  - Six months ended September 30, 2016: 112,524,878 shares

\* Financial summaries are not required to be audited.

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

(Notes on forward-looking statements)

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. Qualitative Information Regarding Results for the Six Months Ended September 30, 2017, (3) Explanation of Consolidated Forecasts and Other Forward-Looking Statements” on page 4 of the attached materials.

(Adoption of the International Financial Reporting Standards)

The Miura Group has begun applying International Financial Reporting Standard (“IFRS”) effective from the Three months ended June 30, 2017. In addition, the financial figures for the Six months ended September 30, 2016 and the fiscal year ended March 31, 2017 are presented in accordance with IFRS.

**Index**

1. Qualitative Information Regarding Results for the Six Months Ended September 30, 2017 .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Forecasts and Other Forward-Looking Statements .....	4
2. Condensed Consolidated Financial Statements.....	5
(1) Condensed Consolidated Statements of Financial Position .....	5
(2) Condensed Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	7
(3) Condensed Consolidated Statements of Changes in Equity.....	9
3. Notes on Condensed Consolidated Financial Statements .....	11
(Segment Information).....	11
(Important Subsequent Events) .....	12
(First-time adoption).....	13

## 1. Qualitative Information Regarding Results for the Six Months Ended September 30, 2017

Matters regarding the future stated in this document are based on the judgment of the Miura Group (MIURA CO.,LTD. and its consolidated subsidiaries) as of September 30, 2017.

The Miura Group has begun applying IFRS to replace Japanese standards (“Japanese GAAP”), which was applied up until this change, effective from the three months ended June 30, 2017. To provide comparative analysis, the figures for the six months ended September 30, 2016, and the fiscal year ended March 31, 2017 have been restated to reflect IFRS.

### (1) Explanation of Operating Results

Looking back on the state of the Japanese economy during the six months ended September 30, 2017, the economy is continuing its trend of gradual recovery backed by the recovery of corporate revenue and improvements in the employment environment. Meanwhile, despite remaining geopolitical risks, overseas economies showed moderate recovery in general as the U.S. economy continued to be firm and economic activities in China and other emerging countries recovered.

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 integrated our sales and maintenance organizations by areas rather than by business lines, and strove to further build customer trust by making proposals that make use of Miura’s combined capabilities. Outside Japan, we continued solution proposal based on energy conservation and the reduction of the burden on the environment, and progressed with employee training and education with the aim of enhancing maintenance services.

For the six months ended September 30, 2017, domestically, sales of our mainstay small once-through boilers and food processing equipment increased against the backdrop of solid capital investment. Overseas, sales steadily grew in China and South Korea with growing demand for the replacement with gas-fired boilers accompanying the enhancements to environmental regulations and through our solution proposal efforts. In addition, we made Inax Inamoto Holdings Co., Ltd. and its subsidiary Inax Corporation (“Inax Inamoto”) consolidated subsidiaries from the second quarter of the fiscal year ending March 31, 2018. Consequently, revenue increased to ¥55,156 million, up 17.9% from the same period of the previous fiscal year, operating profit increased to ¥6,692 million, up 15.8% from the same period of the previous fiscal year, profit before income taxes amounted to ¥6,909 million, up 22.0% from the same period of the previous fiscal year, and profit attributable to owners of parent stood at ¥4,794 million, up 25.0% from the same period of the previous fiscal year.

Overview of the business performance for each business segment is as follows.

Starting from the second quarter of the fiscal year ending March 31, 2018, the Miura Group added a new reporting segment, the Domestic Laundry business.

#### (i) Domestic Manufacturing and Sales of Products

In the Domestic Manufacturing and Sales of Products business, despite decreased sales in marine equipment, sales of small once-through boilers and related equipment were strong in the field of steel and chemical industries. As for food processing equipment, sales of vacuum cooling equipment and chilled water equipment have been especially favorable. As a result, revenue in this business was ¥26,175 million, up 6.0% from the same period of the previous fiscal year and segment profit was ¥2,045 million, up 7.0% from the same period of the previous fiscal year.

#### (ii) Domestic Maintenance

In the Domestic Maintenance business, sales of the paid maintenance contracts grew due to introduction of larger-capacity boilers and an increase in the number of installations of boilers. As a result, revenue in this business was ¥14,520 million, up 5.5% from the same period of the previous fiscal year and segment profit was ¥4,169 million, up 7.6% from the same period of the previous fiscal year.

#### (iii) Domestic Laundry

In the Domestic Laundry business, sales has been favorable, reflecting a significant increase in the number of foreign tourists due to policies promoting “Tourism Nation” and growing demand for new installment and replacement of plant facilities towards the Tokyo 2020 Olympic Games. Consequently, revenue in this business was ¥4,136 million and segment profit was ¥43 million due to various costs resulting from acquisition and amortization of intangible assets.

(iv) Overseas Manufacturing and Sales of Products

In Overseas Manufacturing and Sales of Products business, although sales in the United States and Canada remained flat from the same period of the previous fiscal year, sales in China grew especially for the feed and cardboard industries, reflecting the demand for the replacement with high-efficiency gas-fired boilers accompanying the enhancements to environmental regulations in areas with severe air pollution. Furthermore, sales in South Korea increased due to our solution proposal efforts, and sales in Taiwan and the ASEAN region have been strong. As a result, revenue in this business was ¥7,826 million, up 24.2% from the same period of the previous fiscal year and segment profit was ¥279 million, up 208.7% from the same period of the previous fiscal year.

(v) Overseas Maintenance

In the Overseas Maintenance business, sales grew in South Korea and China as a result of activity to secure paid maintenance contracts and revenue in this business increased to ¥2,469 million, up 23.8% from the same period of the previous fiscal year. In terms of segment profit, although expenses increased due to the increase in the number of personnel in China, the increase in sales resulted in profit of ¥151 million, compared with a segment loss of ¥111 million in the same period of the previous fiscal year.

(2) Explanation of Financial Position

With regard to the financial position at the end of the second quarter of the fiscal year under review, total assets as of September 30, 2017 were ¥157,965 million, an increase of ¥17,720 million compared to the previous fiscal year-end. Current assets decreased by ¥1,046 million due mainly to increases in trade and other receivables of ¥3,284 million and inventories of ¥3,829 million, and a decrease in cash and cash equivalents of ¥7,793 million. Note that the impact of making Inax Inamoto a consolidated subsidiary included trade and other receivables of ¥2,768 million, inventories of ¥2,401 million. Non-current assets increased by ¥18,767 million, mainly due to an increase of property, plant and equipment of ¥4,129 million, and an increase in goodwill and intangible assets of ¥13,797 million. However, the increase in goodwill and intangible assets were principally the effect of making Inax Inamoto a consolidated subsidiary.

Total liabilities were ¥44,936 million, an increase of ¥13,579 million compared to the previous fiscal year-end. The main increases in current liabilities were an increase of trade and other payables of ¥3,592 million, and an increase of other financial liabilities of ¥4,558 million, while the main increases in non-current liabilities were an increase in other financial liabilities of ¥2,876 million, and an increase in deferred tax liabilities of ¥2,224 million. The amount of the effect of making Inax Inamoto a consolidated subsidiary included in the increase of trade and other payables is ¥4,565 million. Also, the increase in other financial liabilities relates to the acquisition of the shares of Inax Inamoto and the increase in deferred tax liabilities mainly relates to the intangible assets acquired through making Inax Inamoto a consolidated subsidiary.

Total equity was ¥113,029 million, an increase of ¥4,140 million compared with the previous fiscal year-end. This was mainly due to increases in retained earnings of ¥3,444 million and other components of equity of ¥630 million. As a result, ratio of equity attributable to owners of parent to total assets was 71.4%.

(3) Explanation of Consolidated Forecasts and Other Forward-Looking Statements

With regard to performance for the fiscal year under review, while sales in marine equipment are continuing to be sluggish, the Miura Group added the additional performance of newly consolidated Inax Inamoto starting from the second quarter of the fiscal year under review, and consequently upwardly revised earnings from the initial plan.

Based on the above reasons, the Miura Group has revised its full-year forecasts for the fiscal year ending March 31, 2018. Furthermore, in light of this upward revision to the forecast, the Miura Group has revised its year-end dividend forecast by an extra ¥2 per share raising it from the previous ¥13 per share to ¥15 per share. As a result, the Miura Group is forecasting annual dividends of ¥26 per share.

Revised figures of the consolidated forecasts for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

	Revenue	Operating profit	Profit before income taxes	Profit attributable to owners of parent	Basic earnings per share
Previous forecasts (A)	Million Yen 110,000	Million Yen 11,800	Million Yen 12,600	Million Yen 8,700	Yen 77.31
Revised forecasts (B)	120,000	14,000	14,300	9,700	86.19
Increase (decrease) (B-A)	10,000	2,200	1,700	1,000	—
Rate of change (%)	9.1	18.6	13.5	11.5	—
(Reference) Results of the previous fiscal year (Fiscal year ended March 31, 2017)	102,324	12,401	12,898	9,012	80.08

## 2. Condensed Consolidated Financial Statements

### (1) Condensed Consolidated Statements of Financial Position

	Date of transition to IFRS As of April 1, 2016	As of March 31, 2017	As of September 30, 2017
(Million yen)			
<b>Assets</b>			
Current assets			
Cash and cash equivalents	24,222	31,205	23,412
Trade and other receivables	29,408	31,197	34,482
Other financial assets	12,236	10,824	10,243
Inventories	13,808	15,014	18,844
Other current assets	571	591	805
Total current assets	80,247	88,835	87,788
Non-current assets			
Property, plant and equipment	35,791	36,168	40,298
Goodwill and intangible assets	658	795	14,592
Other financial assets	13,649	11,134	11,954
Net defined benefit asset	1,237	826	908
Deferred tax assets	1,562	2,414	2,327
Other non-current assets	95	70	95
Total non-current assets	52,994	51,410	70,177
Total assets	133,242	140,245	157,965

(Million yen)

	Date of transition to IFRS As of April 1, 2016	As of March 31, 2017	As of September 30, 2017
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	7,599	7,515	11,107
Other financial liabilities	28	6	4,564
Income taxes payable	2,177	2,386	2,071
Provisions	706	889	948
Other current liabilities	17,594	19,762	20,183
Total current liabilities	28,107	30,559	38,875
Non-current liabilities			
Other financial liabilities	16	12	2,889
Net defined benefit liability	386	430	477
Provisions	1	1	1
Deferred tax liabilities	81	54	2,278
Other non-current liabilities	370	298	413
Total non-current liabilities	856	797	6,060
Total liabilities	28,963	31,356	44,936
Equity			
Capital stock	9,544	9,544	9,544
Capital surplus	10,344	10,406	10,445
Retained earnings	87,958	93,859	97,304
Treasury shares	(7,042)	(7,020)	(7,020)
Other components of equity	3,207	1,894	2,525
Total equity attributable to owners of parent	104,012	108,685	112,798
Non-controlling interests	266	203	230
Total equity	104,278	108,888	113,029
Total liabilities and equity	133,242	140,245	157,965



(2) Condensed Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Condensed Consolidated Statements of Income)

(Million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenue	46,793	55,156
Cost of revenue	27,236	32,569
Gross profit	19,556	22,587
Selling, general and administrative expenses	13,901	16,280
Other income	299	416
Other expenses	175	31
Operating profit	5,778	6,692
Finance income	186	226
Finance costs	299	9
Profit before income taxes	5,664	6,909
Income tax expenses	1,830	2,084
Profit	3,833	4,825
Profit attributable to:		
Owners of parent	3,836	4,794
Non-controlling interests	(2)	30
Profit	3,833	4,825
Earnings per share		
Basic (Yen)	34.09	42.60
Diluted (Yen)	34.01	42.50

## (Consolidated Statements of Comprehensive Income)

(Million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	3,833	4,825
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,420)	453
Total items that will not be reclassified to profit or loss	(1,420)	453
Items that will be reclassified to profit or loss		
Translation adjustments of foreign operations	(1,666)	177
Total items that will be reclassified to profit or loss	(1,666)	177
Other comprehensive income (loss), net of taxes	(3,087)	630
Comprehensive income (loss)	746	5,456
Comprehensive income (loss) attributable to		
Owners of parent	749	5,425
Non-controlling interests	(3)	31
Profit	746	5,456

(3) Condensed Consolidated Statements of Changes in Equity

For the Six Months Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(Million yen)

	Equity attributable to owners of parent			
	Capital stock	Capital surplus	Retained earnings	Treasury shares
As of April 1, 2016	9,544	10,344	87,958	(7,042)
Profit	—	—	3,836	—
Other comprehensive income (loss)	—	—	—	—
Comprehensive income (loss)	—	—	3,836	—
Compensation costs related to stock options	—	32	—	—
Sales of treasury shares upon exercise of stock options	—	(24)	—	24
Dividends	—	—	(1,237)	—
Changes in the ownership interest in subsidiaries without loss of control	—	1	—	—
Acquisition of treasury shares	—	—	—	(0)
Disposal of treasury shares	—	0	—	0
Total transactions with the owners	—	9	(1,237)	23
As of September 30, 2016	9,544	10,353	90,557	(7,019)

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Financial assets measured at FVTOCI	Translation adjustments of foreign operations	Total			
As of April 1, 2016	3,207	—	3,207	104,012	266	104,278
Profit	—	—	—	3,836	(2)	3,833
Other comprehensive income (loss)	(1,420)	(1,666)	(3,086)	(3,086)	(0)	(3,087)
Comprehensive income (loss)	(1,420)	(1,666)	(3,086)	749	(3)	746
Compensation costs related to stock options	—	—	—	32	—	32
Sales of treasury shares upon exercise of stock options	—	—	—	0	—	0
Dividends	—	—	—	(1,237)	—	(1,237)
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	1	(2)	(1)
Acquisition of treasury shares	—	—	—	(0)	(0)	(0)
Disposal of treasury shares	—	—	—	0	—	0
Total transactions with the owners	—	—	—	(1,204)	(2)	(1,207)
As of September 30, 2016	1,787	(1,666)	121	103,557	260	103,817

For the Six Months Ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(Million yen)

	Equity attributable to owners of parent			
	Capital stock	Capital surplus	Retained earnings	Treasury shares
As of April 1, 2017	9,544	10,406	93,859	(7,020)
Profit	—	—	4,794	—
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	4,794	—
Compensation costs related to stock options	—	36	—	—
Sales of treasury shares upon exercise of stock options	—	—	—	—
Dividends	—	—	(1,350)	—
Changes in the ownership interest in subsidiaries without loss of control	—	2	—	—
Acquisition of treasury shares	—	—	—	(0)
Disposal of treasury shares	—	—	—	—
Total transactions with the owners	—	38	(1,350)	(0)
As of September 30, 2017	9,544	10,445	97,304	(7,020)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Financial assets measured at FVTOCI	Translation adjustments of foreign operations	Total			
As of April 1, 2017	1,950	(55)	1,894	108,685	203	108,888
Profit	—	—	—	4,794	30	4,825
Other comprehensive income (loss)	453	177	630	630	0	630
Comprehensive income (loss)	453	177	630	5,425	31	5,456
Compensation costs related to stock options	—	—	—	36	—	36
Sales of treasury shares upon exercise of stock options	—	—	—	—	—	—
Dividends	—	—	—	(1,350)	(0)	(1,350)
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	2	(3)	(1)
Acquisition of treasury shares	—	—	—	(0)	0	(0)
Disposal of treasury shares	—	—	—	—	—	—
Total transactions with the owners	—	—	—	(1,312)	(3)	(1,315)
As of September 30, 2017	2,403	121	2,525	112,798	230	113,029

### 3. Notes on Condensed Consolidated Financial Statements

#### (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.

The Miura 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.

As of July 3, 2017, the Miura Group acquired all shares in Inax Inamoto Holdings Co., Ltd., a company manufacturing and selling industrial washing machines and dryers, etc.

In accordance with this, the Miura Group has added a new reportable segment of the Domestic Laundry business to Domestic Manufacturing and Sales of Products business, Domestic Maintenance business, Overseas Manufacturing and Sales of Products business, and Overseas Maintenance business, which are founded upon a manufacturing, sales, and maintenance framework and are composed of its existing domestic and overseas segments.

##### (2) Segment revenue and performance

Revenue and performance of each reportable segment of the Miura Group are as follows.

Intersegment revenue and transfers are based on current market values.

For the Six Months Ended September 30, 2016

(Million yen)

	Reportable segments						Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
	Domestic (Note 1)			Overseas (Note 1)		Subtotal				
	Manufacturing and sales of products	Maintenance	Laundry	Manufacturing and sales of products	Maintenance					
Revenue										
Revenue to external customers	24,701	13,769	—	6,301	1,994	46,767	25	46,793	—	46,793
Intersegment revenue and transfers	977	76	—	77	27	1,159	216	1,376	(1,376)	—
Total	25,679	13,846	—	6,379	2,021	47,926	242	48,169	(1,376)	46,793
Segment profit (loss)	1,910	3,873	—	90	(111)	5,763	20	5,784	(5)	5,778
Finance income	—	—	—	—	—	—	—	—	—	186
Finance costs	—	—	—	—	—	—	—	—	—	299
Profit before income taxes	—	—	—	—	—	—	—	—	—	5,664

#### (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. Adjustment of segment profit (loss) includes the elimination of internal transactions among segments.

For the Six Months Ended September 30, 2017

(Million yen)

	Reportable segments						Others (Note 3)	Total	Adjustment (Note 4)	Consolidated
	Domestic (Note 1)			Overseas (Note 1)		Subtotal				
	Manufacturing and sales of products	Maintenance	Laundry (Note 2)	Manufacturing and sales of products	Maintenance					
Revenue										
Revenue to external customers	26,175	14,520	4,136	7,826	2,469	55,128	28	55,156	—	55,156
Intersegment revenue and transfers	1,539	65	1	149	14	1,770	214	1,985	(1,985)	—
Total	27,715	14,586	4,137	7,975	2,483	56,899	242	57,142	(1,985)	55,156
Segment profit (loss)	2,045	4,169	43	279	151	6,689	20	6,709	(17)	6,692
Finance income	—	—	—	—	—	—	—	—	—	226
Finance costs	—	—	—	—	—	—	—	—	—	9
Profit before income taxes	—	—	—	—	—	—	—	—	—	6,909

(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 segment of the Domestic Laundry business includes ¥151 million for the cost of acquiring the shares of MLE Co., Ltd. and ¥196 million for amortization of intangible assets acquired through business consolidation.
3. 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.
4. Adjustment of segment profit includes the elimination of internal transactions among segments.

(Important Subsequent Events)

Not applicable

(First-time adoption)

The Miura Group has started to disclose IFRS-based condensed consolidated financial statements from the first quarter (April 1, 2017 - June 30, 2017). The last Japan GAAP-based consolidated financial statements were prepared for the fiscal year ended March 31, 2017, while transition to IFRS took place on April 1, 2016

<Reconciliation>

In the preparation of the consolidated financial statements based on IFRS, the Miura Group makes adjustments to amounts of consolidated financial statements that have been prepared based on Japanese GAAP. The effect on financial position and operating results by the transition from Japanese GAAP to IFRS is shown below.

Reconciliation of equity as of the date of transition to IFRS (April 1, 2016) (Million yen)

Japanese GAAP		Reclassification	Differences in recognition and measurement	IFRS	
Account item	Amount	Amount	Amount	Amount	Account item
Assets					Assets
Current assets					Current assets
Cash and deposits	31,271	(7,160)	111	24,222	Cash and cash equivalents
	-	27,698	1,710	29,408	Trade and other receivables
Notes and accounts receivable	23,676	(23,676)	-	-	
Electronically recorded monetary claims	1,976	(1,976)	-	-	
Lease investment assets	2,014	(2,014)	-	-	
Securities	5,073	(5,073)	-	-	
	-	13,847	(39)	13,808	Inventories
Merchandise and finished goods	4,442	(4,442)	-	-	
Work in process	3,117	(3,117)	-	-	
Raw materials and supplies	6,287	(6,287)	-	-	
	-	12,393	(157)	12,236	Other financial assets
Deferred tax assets	2,110	(2,110)	-	-	
Other	838	(288)	21	571	Other current assets
Allowance for doubtful accounts	(98)	98	-	-	
Total current assets	80,711	(2,110)	1,647	80,247	Total current assets
Non-current assets					Non-current assets
Property, plant and equipment	39,414	-	(3,623)	35,791	Property, plant and equipment
Intangible assets	686	(29)	1	658	Goodwill and intangible assets
	-	13,702	(53)	13,649	Other financial assets
Investment securities	12,657	(12,657)	-	-	
Net defined benefit asset	1,039	-	198	1,237	Net defined benefit asset
Deferred tax assets	61	2,110	(610)	1,562	Deferred tax assets
	-	149	(54)	95	Other non-current assets
Long-term time deposits	60	(60)	-	-	
Other	1,139	(1,139)	-	-	
Allowance for doubtful accounts	(34)	34	-	-	
Total non-current assets	55,024	2,110	(4,140)	52,994	Total non-current assets
Total assets	135,735	-	(2,492)	133,242	Total assets

(Note) "Differences in recognition and measurement" include the effect from the difference in scope of consolidated subsidiaries between Japanese GAAP and IFRS.

(Million yen)

Japanese GAAP		Reclassification	Differences in recognition and measurement	IFRS	
Account item	Amount	Amount	Amount	Amount	Account item
Liabilities					Liabilities
Current liabilities	-	7,288	311	7,599	Current Liabilities
Notes and accounts payable	3,532	(3,532)	-	-	Trade and other payables
Income taxes payable	-	29	(0)	28	Other financial liabilities
Advances received	2,177	-	-	2,177	Income taxes payable
Provision for product warranties	-	706	-	706	Provisions
Provision for bonuses	-	16,103	1,490	17,594	Other current liabilities
Provision for shareholder benefit program	8,296	(8,296)	-	-	
Asset retirement obligations	700	(700)	-	-	
Other	3,730	(3,730)	-	-	
	34	(34)	-	-	
	6	(6)	-	-	
	7,828	(7,828)	-	-	
Total current liabilities	26,306	(0)	1,800	28,107	Total current liabilities
Non-current liabilities	-	17	(0)	16	Non-current liabilities
Net defined benefit liability	385	-	0	386	Other financial liabilities
Provision for directors' retirement benefits	-	-	1	1	Net defined benefit liability
Deferred tax liabilities	84	(84)	-	-	Provisions
Other	1,779	0	(1,698)	81	Deferred tax liabilities
	303	67	-	370	Other non-current liabilities
Total non-current liabilities	2,553	0	(1,697)	856	Total non-current liabilities
Total liabilities	28,860	-	103	28,963	Total liabilities
Net assets					Equity
Shareholders' equity					Equity attributable to owners of parent
Capital stock	9,544	-	-	9,544	Capital stock
Capital surplus	10,097	246	-	10,344	Capital surplus
Retained earnings	91,219	-	(3,260)	87,958	Retained earnings
Treasury shares	(7,042)	-	-	(7,042)	Treasury shares
Accumulated other comprehensive income	2,552	-	655	3,207	Other components of equity
	106,370	246	(2,604)	104,012	Total equity attributable to owners of parent
Subscription rights to shares	246	(246)	-	-	
Non-controlling interests	258	-	8	266	Non-controlling interests
Total net assets	106,875	-	(2,596)	104,278	Total equity
Total liabilities and net assets	135,735	-	(2,492)	133,242	Total liabilities and equity

(Note) "Differences in recognition and measurement" include the effect from the difference in scope of consolidated subsidiaries between Japanese GAAP and IFRS.



Japanese GAAP		Reclassification	Differences in recognition and measurement	IFRS	
Account item	Amount	Amount	Amount	Amount	Account item
Assets					Assets
Current assets					Current assets
Cash and deposits	26,404	(226)	75	26,253	Cash and cash equivalents
	-	27,472	1,699	29,171	Trade and other receivables
Notes and accounts receivable	23,245	(23,245)	-	-	
Electronically recorded monetary claims	2,168	(2,168)	-	-	
Lease investment assets	1,984	(1,984)	-	-	
Securities	7,800	(7,800)	-	-	
	-	14,613	(50)	14,563	Inventories
Merchandise and finished goods	5,007	(5,007)	-	-	
Work in process	3,187	(3,187)	-	-	
Raw materials and supplies	6,418	(6,418)	-	-	
	-	8,172	(142)	8,029	Other financial assets
Deferred tax assets	2,098	(2,098)	-	-	
Other	921	(295)	(82)	707	Other current assets
Allowance for doubtful accounts	(76)	76	-	-	
Total current assets	79,160	(2,098)	1,664	78,725	Total current assets
Non-current assets					Non-current assets
Property, plant and equipment	38,329	-	(3,473)	34,856	Property, plant and equipment
Intangible assets	693	(25)	2	670	Goodwill and intangible assets
	-	11,880	(14)	11,866	Other financial assets
Investment securities	10,704	(10,704)	-	-	
Net defined benefit asset	1,346	-	175	1,521	Net defined benefit asset
	-	2,165	22	2,188	Deferred tax assets
	-	131	(50)	80	Other non-current assets
Other	1,386	(1,386)	-	-	
Allowance for doubtful accounts	(37)	37	-	-	
Total non-current assets	52,422	2,098	(3,337)	51,183	Total non-current assets
Total assets	131,582	-	(1,673)	129,909	Total assets

(Note) "Differences in recognition and measurement" include the effect from the difference in scope of consolidated subsidiaries between Japanese GAAP and IFRS.

Japanese GAAP		Reclassification	Differences in recognition and measurement	IFRS	
Account item	Amount	Amount	Amount	Amount	Account item
Liabilities					Liabilities
Current liabilities	-	5,956	0	5,956	Current Liabilities
Notes and accounts payable	3,238	(3,238)	-	-	Trade and other payables
Income taxes payable	-	17	(0)	16	Other financial liabilities
Advances received	1,719	-	246	1,965	Income taxes payable
Provision for product warranties	-	692	(0)	691	Provisions
Provision for bonuses	-	15,162	1,495	16,657	Other current liabilities
Asset retirement obligations	9,214	(9,214)	-	-	
Other	686	(686)	-	-	
	2,760	(2,760)	-	-	
	6	(6)	-	-	
	5,923	(5,923)	-	-	
Total current liabilities	23,549	(1)	1,739	25,287	Total current liabilities
Non-current liabilities	-	14	(0)	14	Non-current liabilities
Net defined benefit liability	401	-	10	411	Other financial liabilities
Provision for directors' retirement benefits	-	-	1	1	Net defined benefit liability
Deferred tax liabilities	81	(81)	-	-	Provisions
Other	1,320	1	(1,248)	73	Deferred tax liabilities
	236	66	-	302	Other non-current liabilities
Total non-current liabilities	2,039	1	(1,237)	803	Total non-current liabilities
Total liabilities	25,588	-	502	26,091	Total liabilities
Net assets					Equity
Shareholders' equity					Equity attributable to owners of parent
Capital stock	9,544	-	-	9,544	Capital stock
Capital surplus	10,115	238	-	10,353	Capital surplus
Retained earnings	93,009	-	(2,452)	90,557	Retained earnings
Treasury shares	(7,019)	-	-	(7,019)	Treasury shares
Accumulated other comprehensive income	(158)	-	279	121	Other components of equity
	105,491	238	(2,172)	103,557	Total equity attributable to owners of parent
Subscription rights to shares	238	(238)	-	-	
Non-controlling interests	264	-	(3)	260	Non-controlling interests
Total net assets	105,994	-	(2,176)	103,817	Total equity
Total liabilities and net assets	131,582	-	(1,673)	129,909	Total liabilities and equity

(Note) "Differences in recognition and measurement" include the effect from the difference in scope of consolidated subsidiaries between Japanese GAAP and IFRS.

Japanese GAAP		Reclassification	Differences in recognition and measurement	IFRS	
Account item	Amount	Amount	Amount	Amount	Account item
Assets					Assets
Current assets					Current assets
Cash and deposits	22,883	8,228	92	31,205	Cash and cash equivalents
	-	29,640	1,557	31,197	Trade and other receivables
Notes and accounts receivable	24,980	(24,980)	-	-	
Electronically recorded monetary claims	2,661	(2,661)	-	-	
Lease investment assets	1,891	(1,891)	-	-	
Securities	19,050	(19,050)	-	-	
	-	14,999	15	15,014	Inventories
Merchandise and finished goods	4,897	(4,897)	-	-	
Work in process	3,311	(3,311)	-	-	
Raw materials and supplies	6,790	(6,790)	-	-	
	-	10,985	(160)	10,824	Other financial assets
Deferred tax assets	2,340	(2,340)	-	-	
Other	916	(329)	4	591	Other current assets
Allowance for doubtful accounts	(58)	58	-	-	
Total current assets	89,665	(2,340)	1,510	88,835	Total current assets
Non-current assets					Non-current assets
Property, plant and equipment	39,462	-	(3,293)	36,168	Property, plant and equipment
Intangible assets	819	(26)	2	795	Goodwill and intangible assets
	-	11,125	8	11,134	Other financial assets
Investment securities	9,936	(9,936)	-	-	
Net defined benefit asset	1,834	-	(1,007)	826	Net defined benefit asset
Deferred tax assets	82	2,340	(8)	2,414	Deferred tax assets
	-	45	25	70	Other non-current assets
Long-term time deposits	89	(89)	-	-	
Other	1,173	(1,173)	-	-	
Allowance for doubtful accounts	(55)	55	-	-	
Total non-current assets	53,343	2,340	(4,273)	51,410	Total non-current assets
Total assets	143,008	-	(2,763)	140,245	Total assets

(Note) "Differences in recognition and measurement" include the effect from the difference in scope of consolidated subsidiaries between Japanese GAAP and IFRS.

(Million yen)

Japanese GAAP		Reclassification	Differences in recognition and measurement	IFRS	
Account item	Amount	Amount	Amount	Amount	Account item
Liabilities					Liabilities
Current liabilities	-	7,201	313	7,515	Current Liabilities
Trade and other payables					Trade and other payables
Notes and accounts payable	3,772	(3,772)	-	-	
Income taxes payable					Other financial liabilities
	-	6	(0)	6	Income taxes payable
	2,386	-	-	2,386	Provisions
	-	890	(1)	889	Other current liabilities
	-	17,984	1,777	19,762	
Advances received	9,436	(9,436)	-	-	
Provision for product warranties	795	(795)	-	-	
Provision for bonuses	4,562	(4,562)	-	-	
Provision for loss on order received	88	(88)	-	-	
Provision for shareholder benefit program	39	(39)	-	-	
Asset retirement obligations	6	(6)	-	-	
Other	7,381	(7,381)	-	-	
Total current liabilities	28,469	-	2,089	30,559	Total current liabilities
Non-current liabilities	-	12	-	12	Non-current liabilities
Other financial liabilities					Other financial liabilities
Net defined benefit liability	430	-	0	430	Net defined benefit liability
Provision for directors' retirement benefits	-	-	1	1	Provisions
Deferred tax liabilities	78	(78)	-	-	
Other	1,526	-	(1,472)	54	Deferred tax liabilities
	232	66	-	298	Other non-current liabilities
Total non-current liabilities	2,267	-	(1,470)	797	Total non-current liabilities
Total liabilities	30,737	-	619	31,356	Total liabilities
Net assets					Equity
Shareholders' equity					Equity attributable to owners of parent
Capital stock					Capital stock
Capital surplus	9,544	-	-	9,544	Capital surplus
Retained earnings	10,138	268	-	10,406	Retained earnings
Treasury shares	97,019	-	(3,159)	93,859	Treasury shares
Accumulated other comprehensive income	(7,020)	-	-	(7,020)	Other components of equity
	2,097	-	(202)	1,894	
	111,778	268	(3,361)	108,685	Total equity attributable to owners of parent
Subscription rights to shares	268	(268)	-	-	
Non-controlling interests	223	-	(20)	203	Non-controlling interests
Total net assets	112,270	-	(3,382)	108,888	Total equity
Total liabilities and net assets	143,008	-	(2,763)	140,245	Total liabilities and equity

(Note) "Differences in recognition and measurement" include the effect from the difference in scope of consolidated subsidiaries between Japanese GAAP and IFRS.

## Reconciliation of profit and comprehensive income for the six months ended September 30, 2016

(Million yen)

Japanese GAAP		Reclassification	Differences in recognition and measurement	IFRS	
Account item	Amount	Amount	Amount	Amount	Account item
Net sales	46,804	-	(11)	46,793	Revenue
Cost of sales	27,622	-	(385)	27,236	Cost of revenue
Gross profit	19,181	-	374	19,556	Gross profit
Selling, general and administrative expenses	14,680	48	(827)	13,901	Selling, general and administrative expenses
	-	481	(182)	299	Other income
	-	195	(19)	175	Other expenses
Operating profit	4,501	237	1,038	5,778	Operating profit
	-	185	0	186	Finance income
	-	299	-	299	Finance costs
Non-operating profit	663	(663)	-	-	
Non-operating expenses	468	(468)	-	-	
Extraordinary profit	3	(3)	-	-	
Extraordinary loss	26	(26)	-	-	
Profit before income taxes	4,673	(48)	1,039	5,664	Profit before income taxes
Income taxes	1,635	(48)	243	1,830	Income tax expenses
Profit	3,037	-	796	3,833	Profit
Other comprehensive income					Other comprehensive income
Valuation difference on available-for-sale securities	(1,419)	-	(1)	(1,420)	Financial assets measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	419	-	(419)	-	Remeasurements of defined benefit plans
Foreign currency translation adjustment	(1,715)	-	48	(1,666)	Translation adjustments of foreign operations
Total other comprehensive income	(2,715)	-	(372)	(3,087)	Other comprehensive income(loss), net of tax
Comprehensive income	322	-	423	746	Comprehensive income(loss)

(Note) "Differences in recognition and measurement" include the effect from the difference in scope of consolidated subsidiaries between Japanese GAAP and IFRS.

## Reconciliation of profit and comprehensive income for the fiscal year ended March 31, 2017

(Million yen)

Japanese GAAP		Reclassification	Differences in recognition and measurement	IFRS	
Account item	Amount	Amount	Amount	Amount	Account item
Net sales	102,549	-	(224)	102,324	Revenue
Cost of sales	60,865	-	(689)	60,176	Cost of revenue
Gross profit	41,683	-	464	42,148	Gross profit
Selling, general and administrative expenses	31,105	94	(952)	30,247	Selling, general and administrative expenses
	-	929	(306)	622	Other income
	-	147	(25)	121	Other expenses
Operating profit	10,577	686	1,136	12,401	Operating profit
	-	492	4	497	Finance income
	-	18	(18)	0	Finance costs
Non-operating profit	1,378	(1,378)	-	-	
Non-operating expenses	42	(42)	-	-	
Extraordinary profit	6	(6)	-	-	
Extraordinary loss	86	(86)	-	-	
Profit before income taxes	11,833	(94)	1,159	12,898	Profit before income taxes
Income taxes	3,657	(94)	338	3,901	Income tax expenses
Profit	8,175	-	821	8,996	Profit
Other comprehensive income					Other comprehensive income
Valuation difference on available-for-sale securities	(1,251)	-	(4)	(1,256)	Financial assets measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	896	-	(1,644)	(748)	Remeasurements of defined benefit plans
Foreign currency translation adjustment	(103)	-	46	(56)	Translation adjustments of foreign operations
Total other comprehensive income	(458)	-	(1,603)	(2,061)	Other comprehensive income(loss), net of tax
Comprehensive income	7,717	-	(782)	6,934	Comprehensive income(loss)

(Note) "Differences in recognition and measurement" include the effect from the difference in scope of consolidated subsidiaries between Japanese GAAP and IFRS.