November 5, 2018

Consolidated Financial Results for the Six Months Ended September 30, 2018 (IFRS)

Company name:	MIURA CO.,LTD.
Stock exchange listing:	Tokyo Stock Exchange
Stock code:	6005
URL:	http://www.miuraz.co.jp
Representative:	Daisuke Miyauchi, President & CEO
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Scheduled date for filing of quarterly securities report:	November 14, 2018
Scheduled date of commencement of dividend payment:	November 22, 2018
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, 2018 (April 1, 2018 – September 30, 2018)

(1) Consolidated Operating Results (cumulative)

(Percentages show year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2018	65,632	19.0	8,022	21.4	8,310	21.7	5,972	25.9
September 30, 2017	55,156	17.9	6,610	14.4	6,827	20.5	4,743	23.7

	Profit attributable to owners of parent		Comprehensive income (loss)		Basic earnings per share	Diluted earnings per share
Six months ended	Million yen	%	Million yen	%	Yen	Yen
September 30, 2018	5,933	25.9	5,995	11.6	52.72	52.58
September 30, 2017	4,712	22.8	5,374	619.9	41.87	41.77

(Note) In the third quarter of the fiscal year ended March 31, 2018, the Miura Group finalized the tentative accounting treatment for business combinations, which has accordingly been applied to figures related to the second quarter of the fiscal year ended March 31, 2018.

(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
As of	Million yen	Million yen	Million yen	%
September 30, 2018	169,121	121,820	121,787	72.0
March 31, 2018	167,083	117,723	117,482	70.3

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	11.00	—	17.00	28.00
Fiscal year ending March 31, 2019	—	14.00			
Fiscal year ending March 31, 2019 (Forecasts)			—	17.00	31.00

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

With regard to interim dividend for the fiscal year ending March 31, 2019, please refer to the "Notice regarding the revision of full-year consolidated earnings forecasts and revision of interim and annual dividend forecasts" announced separately today (November 5, 2018).

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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	137,000	9.7	15,200	9.6	15,700	10.7	11,300	9.0	100.41

(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
Excluded consolidated company: 1 Inax Inamoto Holdings Co., Ltd.
Inax Inamoto Holding Co., Ltd. was merged into Inax Corporation, the surviving company, as of 1 April 2018 and was out of scope of consolidation.

(2) Changes in Accounting Policies and Accounting Estimates
(i) Changes in accounting policies required by IFRS: Yes
(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, 2018: 125,291,112 shares
As of March 31, 2018: 125,291,112 shares
(ii) Number of treasury shares at the end of the period
As of September 30, 2018: 12,716,566 shares
As of March 31, 2018: 12,751,387 shares
(iii) Weighted-average number of common shares outstanding for the period
Six months ended September 30, 2018: 112,557,719 shares
Six months ended September 30, 2017: 112,546,642 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, 2018, (2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements" on page 3 of the attached materials.

Attached Materials

Index

1. Qualitative Information Regarding Results for the Six Months Ended September 30, 2018

(1) Explanation of Operating Results

Looking back on the state of the Japanese economy during the six months ended September 30, 2018, its domestic demand such as capital investment and personal spending has made a gradual recovery, despite some impact on production activities due to earthquakes and heavy rain as well as the moderate slowdown in inbound demand. However, a state of uncertainty is intensifying due to the spread of protectionism in each country and the possibility of downward pressure on the global economy caused by the escalating trade friction between the U.S. and China.
The Japanese domestic market to which the Miura Group is related sees a stable growth in the demand for capital investment in maintaining or renewing existing facilities in many industries. Despite a decline in demand from tourists visiting Japan due to natural disasters, the demand for capital investment shows a strong growth fueled by an increasing demand for new facilities in plants, with the expectations for a growing inbound demand as well as a need for labor-saving and automation associated with staff shortages. As for the overseas market, the demand for capital investment is steadily growing driven by the awareness of saving energy and minimizing the burden to the environment, and economic growth in the emerging countries. Some industries in China showed a moderate slowdown in capital investment due to the trade friction with the U.S., but the demand for capital investment remains strong.

In these circumstances, we are stepping up efforts to offer total solutions that further solidify trust with customers by enhancing collaborations among engineering, sales, and maintenance divisions even more to provide the one-stop service that leverages their consolidated capabilities. Specifically, we set the goal of "expanding what Miura can offer to each customer" and aim to turn the ideal situation conceived by our customers (or what they desire to be) into a reality. To this goal, we are making proposals including not only utility facilities but also production facilities in order to find solutions to the management issues including labor-saving and automation as well as optimization of energy. In July 2018, the Cabinet approved the 5th Strategic Energy Plan. Some leading companies have already taken steps to minimize the burden to the environment and announced their CO2 reduction policies with concrete numerical targets to be achieved by 2030. The Miura Group will continue to go all out to attain the customers' goal of achieving energy saving and lower carbon emission.

For the six months ended September 30, 2018, each business experienced strong growth such as the Domestic Laundry business operated by Inax Inamoto Holdings Co., Ltd., which became one of our group companies in the second quarter of the fiscal year ended March 31, 2018. Further, sales of boilers by our overseas subsidiaries marked strong growth, as a result of which revenue increased to ¥65,632 million, up 19.0% from the same period of the previous fiscal year, operating profit increased to ¥8,022 million, up 21.4% from the same period of the previous fiscal year, profit before income taxes amounted to ¥8,310 million, up 21.7% from the same period of the previous fiscal year, and profit attributable to owners of parent stood at ¥5,933 million, up 25.9% from the same period of the previous fiscal year, reaching a record high respectively.
Operating results for each business segment is as follows.

(i) Domestic Manufacturing and Sales of Products

In the Domestic Manufacturing and Sales of Products business, sales of small once-through boilers were strong mainly in the field of food production and in chemical industries, supported by the demand for maintenance and renewal of existing facilities and for the expansion of plants. Further, sales of ballast water management systems in marine equipment were also strong. As a result, revenue in this business was ¥27,466 million, up 4.9% from the same period of the previous fiscal year. In terms of segment profit, the segment saw an increase in personnel expenses attributable to a rise in pay-scale and higher numbers of employees, as well as an increase in trial costs for obtaining USCG (United States Coast Guard) compliance certification for our ballast water management systems, IoT related expenses, and showroom construction related costs, leading to a profit of ¥1,604 million, down 21.6% from the same period of the previous fiscal year.

(ii) Domestic Maintenance

In the Domestic Maintenance business, sales grew due to an increase in the number of boiler installations, larger-capacity boilers, and aggressive activity to secure paid maintenance contracts. As a result, revenue in this business was ¥15,320 million, up 5.5% from the same period of the previous fiscal year. Segment profit was ¥4,343 million, up 4.2% from the same period of the previous fiscal year.

(iii) Domestic Laundry

In the Domestic Laundry business, sales of tunnel washer—a major product—boasted strong performance due to aggressive investment in large-scale projects for building new plants and refitting facilities made in response to inbound demand and an increasing demand for labor-saving and automation, which continued from the previous quarter. As a result, revenue in this business was ¥10,446 million, while segment profit came to ¥840 million after the segment disposed of intangible assets. As this segment was newly added from the second quarter of the fiscal year ended March 31, 2018, the comparison with the same period of the previous fiscal year is omitted.

(iv) Overseas Manufacturing and Sales of Products

The Overseas Manufacturing and Sales of Products business improved its earnings due in large part to China's continuing shift in demand from coal-fired boilers to the more efficient gas-fired boilers. Sales in ASEAN nations and the Americas were also strong. As a result, revenue in this business was ¥9,763 million, up 24.8% from the same period of the previous fiscal year. In terms of segment profit, although expenses rose following higher personnel expenses (partly due to an increase in employees) and costs associated with expanding the sales network in China, the increase in sales resulted in profit of ¥883 million, up 216.0% from the same period of the previous fiscal year.

(v) Overseas Maintenance

The Overseas Maintenance business made aggressive efforts to develop the maintenance network and secure paid maintenance contracts, resulting in higher contracts acquisition rates in all target countries compared to the previous fiscal year. As a result, revenue in this business was ¥2,605 million, up 5.5% from the same period of the previous fiscal year. In terms of segment profit, although expenses rose following higher personnel expenses (partly due to an increase in employees) and costs associated with expanding the maintenance network in China, the increase in sales resulted in profit of ¥174 million, up 15.3% from the same period of the previous fiscal year.

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

For the full-year consolidated earnings forecasts, the Miura Group has revised the figures announced on May 15, 2018 as follows, in consideration of the financial results of the six months ended September 30, 2018 and recent order trends in Laundry business and Overseas business.

Revised figures of the consolidated forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

	Revenue	Operating Profit	Profit before income taxes	Profit attributable to owners of parent	Basic earnings per share
Previous forecasts (A)	Million Yen 135,000	Million Yen 14,800	Million Yen 15,000	Million Yen 10,700	Yen 95.08
Revised forecasts (B)	137,000	15,200	15,700	11,300	100.41
Increase (decrease) (B-A)	2,000	400	700	600	-
Rate of change (%)	1.5	2.7	4.7	5.6	-
(Reference) Results of the previous fiscal year (Fiscal year ended March 31, 2018)	124,883	13,868	14,183	10,363	92.09

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Million yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	26,699	30,012
Trade and other receivables	40,066	38,480
Other financial assets	9,897	7,938
Inventories	18,656	19,843
Other current assets	663	710
Total current assets	95,983	96,984
Non-current assets		
Property, plant and equipment	39,645	41,159
Goodwill and intangible assets	14,348	14,175
Other financial assets	12,910	12,613
Net defined benefit asset	1,336	1,364
Deferred tax assets	2,462	2,427
Other non-current assets	396	397
Total non-current assets	71,099	72,137
Total assets	167,083	169,121

(Million yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	13,632	13,045
Other financial liabilities	4,561	4,707
Income taxes payable	2,594	2,441
Provisions	1,103	1,019
Contract liabilities	—	10,658
Other current liabilities	21,790	10,288
Total current liabilities	43,682	42,160
Non-current liabilities		
Other financial liabilities	2,715	2,292
Net defined benefit liability	393	402
Provisions	1	1
Deferred tax liabilities	2,179	2,091
Other non-current liabilities	388	351
Total non-current liabilities	5,678	5,140
Total liabilities	49,360	47,301
Equity		
Capital stock	9,544	9,544
Capital surplus	10,489	10,731
Retained earnings	101,905	105,926
Treasury shares	(7,019)	(6,998)
Other components of equity	2,562	2,584
Total equity attributable to owners of parent	117,482	121,787
Non-controlling interests	241	32
Total equity	117,723	121,820
Total liabilities and equity	167,083	169,121

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

(Million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Revenue	55,156	65,632
Cost of revenue	32,651	39,913
Gross profit	22,505	25,718
Selling, general and administrative expenses	16,280	18,146
Other income	416	489
Other expenses	31	38
Operating profit	6,610	8,022
Finance income	226	304
Finance costs	9	16
Profit before income taxes	6,827	8,310
Income tax expenses	2,084	2,337
Profit	4,743	5,972
Profit attributable to:		
Owners of parent	4,712	5,933
Non-controlling interests	30	39
Profit	4,743	5,972
Earnings per share		
Basic (Yen)	41.87	52.72
Diluted (Yen)	41.77	52.58

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	4,743	5,972
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	453	(94)
Total items that will not be reclassified to profit or loss	453	(94)
Items that will be reclassified to profit or loss		
Translation adjustments of foreign operations	177	117
Total items that will be reclassified to profit or loss	177	117
Other comprehensive income (loss), net of taxes	630	22
Comprehensive income (loss)	5,374	5,995
Comprehensive income (loss) attributable to		
Owners of parent	5,343	5,955
Non-controlling interests	31	39
Comprehensive income (loss)	5,374	5,995

(3) Condensed Consolidated Statements of Changes in Equity

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

(Million yen)

	Equity attributable to owners of parent				
					Other components of equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Financial assets measured at FVTOCI
As of April 1, 2017	9,544	10,406	93,859	(7,020)	1,950
Profit	–	–	4,712	–	–
Other comprehensive income (loss)	–	–	–	–	453
Comprehensive income (loss)	–	–	4,712	–	453
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	97,221	(7,020)	2,403

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

(Million yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Translation adjustments of foreign operations	Total			
As of April 1, 2017	(55)	1,894	108,685	203	108,888
Profit	—	—	4,712	30	4,743
Other comprehensive income (loss)	177	630	630	0	630
Comprehensive income (loss)	177	630	5,343	31	5,374
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	121	2,525	112,715	230	112,946

For the Six Months Ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(Million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity: Financial assets measured at FVTOCI
As of April 1, 2018	9,544	10,489	101,905	(7,019)	2,906
Profit	—	—	5,933	—	—
Other comprehensive income (loss)	—	—	—	—	(94)
Comprehensive income (loss)	—	—	5,933	—	(94)
Compensation costs related to stock options	—	41	—	—	—
Sales of treasury shares upon exercise of stock options	—	(15)	—	15	—
Dividends	—	—	(1,913)	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	207	—	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	9	—	5	—
Total transactions with the owners	—	242	(1,913)	21	—
As of September 30, 2018	9,544	10,731	105,926	(6,998)	2,811

For the Six Months Ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(Million yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Translation adjustments of foreign operations	Total			
As of April 1, 2018	(343)	2,562	117,482	241	117,723
Profit	—	—	5,933	39	5,972
Other comprehensive income (loss)	116	21	21	0	22
Comprehensive income (loss)	116	21	5,955	39	5,995
Compensation costs related to stock options	—	—	41	—	41
Sales of treasury shares upon exercise of stock options	—	—	0	—	0
Dividends	—	—	(1,913)	(3)	(1,916)
Changes in the ownership interest in subsidiaries without loss of control	—	—	207	(253)	(46)
Acquisition of treasury shares	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	15	7	22
Total transactions with the owners	—	—	(1,649)	(248)	(1,898)
As of September 30, 2018	(227)	2,584	121,787	32	121,820

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.

Accordingly, the Miura 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, Domestic Laundry, Overseas Manufacturing and Sales of Products, and Overseas Maintenance as our reporting 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, 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	(38)	279	151	6,606	20	6,627	(17)	6,610
Finance income	－	－	－	－	－	－	－	－	－	226
Finance costs	－	－	－	－	－	－	－	－	－	9
Profit before income taxes	－	－	－	－	－	－	－	－	－	6,827

(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 "Laundry" segment in "Domestic" category includes the establishment-related expenses of MLE Co.,Ltd (28 Million Yen), the acquisition-related costs (122 Million Yen) and the depreciation cost of acquired intangible assets (196 Million Yen).
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 and so on.
4. Adjustment of segment profit (loss) include the elimination of internal transactions among segments.

For the Six Months Ended September 30, 2018 (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	27,466	15,320	10,446	9,763	2,605	65,602	29	65,632	－	65,632
Intersegment revenue and transfers	1,629	87	6	131	24	1,878	233	2,112	(2,112)	－
Total	29,096	15,408	10,452	9,894	2,629	67,481	263	67,744	(2,112)	65,632
Segment profit	1,604	4,343	840	883	174	7,846	35	7,881	140	8,022
Finance income	－	－	－	－	－	－	－	－	－	304
Finance costs	－	－	－	－	－	－	－	－	－	16
Profit before income taxes	－	－	－	－	－	－	－	－	－	8,310

(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 and so on.
3. Adjustment of segment profit include the elimination of internal transactions among segments.