

Consolidated Financial Results
for the Six Months Ended September 30, 2017
<under Japanese GAAP>

Name of the Listed Company: **Miraca Holdings Inc.**
Listed Stock Exchanges: Tokyo Stock Exchange
Securities Code: 4544
URL: <https://www.miraca.com/>
Representative: Shigekazu Takeuchi, President and CEO
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Scheduled date to submit Quarterly Securities Report: November 6, 2017
Scheduled date to commence dividend payments: December 4, 2017
Preparation of supplementary materials on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the six months ended September 30, 2017

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2017	103,905	1.2	12,909	(12.3)	12,175	(8.1)	(5,071)	—
September 30, 2016	102,653	(3.1)	14,712	6.9	13,244	2.8	(5,097)	—

Note: Comprehensive income
Six months ended September 30, 2017: ¥(9,803) million [—%]
Six months ended September 30, 2016: ¥(14,564) million [—%]

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2017	(88.89)	—
September 30, 2016	(89.43)	—

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2017	199,702	135,177	67.6	2,364.51
March 31, 2017	213,926	148,087	69.1	2,592.04

Reference: Equity
As of September 30, 2017: ¥134,949 million As of March 31, 2017: ¥147,839 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	–	57.00	–	57.00	114.00
Fiscal year ending March 31, 2018	–	65.00			
Fiscal year ending March 31, 2018 (Forecast)			–	65.00	130.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	199,500	(2.3)	22,600	(19.5)	21,500	(18.5)	16,500	–	289.15

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the current period under review (changes in specified subsidiaries resulting in change in scope of consolidation): Yes
New: 1 company Fujirebio Holdings, Inc.
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: Yes
 - c. Changes in accounting estimates: Yes
 - d. Restatement: None

- (4) Number of shares issued (common shares)

- a. Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2017	57,325,063 shares
As of March 31, 2017	57,287,166 shares

- b. Number of treasury shares at the end of the period

As of September 30, 2017	252,038 shares
As of March 31, 2017	251,376 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	57,055,731 shares
Six months ended September 30, 2016	57,004,244 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Proper use of earnings forecasts, and other special matters

(Note regarding the forecast figures)

The forecasts stated above are based on information available to the Company as of the date of announcement of this report and assumptions as of the same date on many uncertain factors that could affect the future performance of the Company. Actual results may differ substantially from the forecasts due to various factors in the future.

(How to access supplementary materials on quarterly financial results and the details of quarterly financial results presentation meeting)

The Company is scheduled to hold a quarterly financial results presentation meeting for institutional investors and analysts on Tuesday, October 31, 2017, and to post the materials used in the meeting, on the Company's website immediately after the meeting.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	26,558	26,171
Notes and accounts receivable - trade	36,565	39,165
Securities	9,000	9,000
Merchandise and finished goods	4,764	4,674
Work in process	4,875	4,800
Raw materials and supplies	4,638	4,986
Other	8,137	9,264
Allowance for doubtful accounts	(1,776)	(2,675)
Total current assets	92,763	95,387
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,785	15,207
Tools, furniture and fixtures, net	4,383	6,411
Land	9,065	9,061
Other, net	8,821	10,466
Total property, plant and equipment	38,055	41,146
Intangible assets		
Goodwill	25,347	2,746
Customer-related intangible assets	25,203	19,168
Software	1,693	1,800
Other	4,471	4,810
Total intangible assets	56,716	28,525
Investments and other assets		
Investment securities	13,118	13,012
Other	13,288	21,654
Allowance for doubtful accounts	(15)	(24)
Total investments and other assets	26,391	34,642
Total non-current assets	121,163	104,315
Total assets	213,926	199,702

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,273	8,687
Electronically recorded obligations - operating	1,086	1,637
Current portion of long-term loans payable	1,999	1,999
Accounts payable - other	7,410	7,399
Income taxes payable	2,821	3,019
Provision for bonuses	5,128	4,565
Other	9,458	9,876
Total current liabilities	37,179	37,185
Non-current liabilities		
Long-term loans payable	4,299	3,299
Net defined benefit liability	2,555	2,424
Asset retirement obligations	615	613
Other	21,188	21,001
Total non-current liabilities	28,659	27,338
Total liabilities	65,839	64,524
Net assets		
Shareholders' equity		
Capital stock	8,962	9,047
Capital surplus	24,684	24,769
Retained earnings	88,341	80,018
Treasury shares	(1,226)	(1,229)
Total shareholders' equity	120,761	112,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	278	270
Foreign currency translation adjustment	27,138	22,340
Remeasurements of defined benefit plans	(339)	(265)
Total accumulated other comprehensive income	27,077	22,345
Subscription rights to shares	248	228
Total net assets	148,087	135,177
Total liabilities and net assets	213,926	199,702

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	102,653	103,905
Cost of sales	62,204	63,234
Gross profit	40,449	40,671
Selling, general and administrative expenses	25,736	27,761
Operating profit	14,712	12,909
Non-operating income		
Interest income	24	28
Dividend income	16	11
Fiduciary obligation fee	41	45
Other	246	113
Total non-operating income	329	199
Non-operating expenses		
Interest expenses	246	210
Share of loss of entities accounted for using equity method	683	492
Other	867	230
Total non-operating expenses	1,797	933
Ordinary profit	13,244	12,175
Extraordinary income		
Gain on sales of non-current assets	1	4
Gain on reversal of subscription rights to shares	10	7
Compensation income	60	59
Other	8	3
Total extraordinary income	81	74
Extraordinary losses		
Loss on retirement of non-current assets	36	23
Impairment loss	–	27,900
Provision for loss on litigation	2,913	–
Loss on liquidation of project	14,683	–
Other	628	67
Total extraordinary losses	18,261	27,990
Loss before income taxes	(4,936)	(15,740)
Income taxes - current	4,624	4,165
Income taxes - deferred	(4,463)	(14,834)
Total income taxes	160	(10,668)
Loss	(5,097)	(5,071)
Loss attributable to owners of parent	(5,097)	(5,071)

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Loss	(5,097)	(5,071)
Other comprehensive income		
Valuation difference on available-for-sale securities	(158)	(8)
Foreign currency translation adjustment	(9,361)	(4,798)
Remeasurements of defined benefit plans, net of tax	53	74
Total other comprehensive income	(9,466)	(4,732)
Comprehensive income	(14,564)	(9,803)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(14,564)	(9,803)

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Loss before income taxes	(4,936)	(15,740)
Depreciation	5,497	4,060
Impairment loss	–	27,900
Loss on liquidation of project	14,683	–
Amortization of goodwill	1,314	1,261
Increase (decrease) in provision for bonuses	(390)	(573)
Increase (decrease) in provision for loss on litigation	3,223	–
Increase (decrease) in net defined benefit liability	(99)	(29)
Increase (decrease) in allowance for doubtful accounts	179	875
Interest and dividend income	(40)	(40)
Interest expenses	246	210
Foreign exchange losses (gains)	2,008	(635)
Share of (profit) loss of entities accounted for using equity method	683	492
Decrease (increase) in notes and accounts receivable - trade	(116)	(2,775)
Decrease (increase) in inventories	147	(492)
Increase (decrease) in notes and accounts payable - trade	(1,414)	(84)
Increase (decrease) in other current liabilities	118	(574)
Other, net	(920)	471
Subtotal	20,183	14,326
Interest and dividend income received	30	16
Interest expenses paid	(254)	(210)
Income taxes paid	(222)	(3,774)
Net cash provided by (used in) operating activities	19,736	10,358
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,098)	(5,353)
Purchase of intangible assets	(1,632)	(940)
Payments for guarantee deposits	(16)	(334)
Other, net	(83)	(441)
Net cash provided by (used in) investing activities	(3,830)	(7,069)
Cash flows from financing activities		
Repayments of long-term loans payable	(3,039)	(999)
Repayments of finance lease obligations	(402)	(381)
Proceeds from issuance of common shares	37	120
Cash dividends paid	(3,129)	(3,247)
Other, net	(43)	(54)
Net cash provided by (used in) financing activities	(6,577)	(4,563)
Effect of exchange rate change on cash and cash equivalents	(1,854)	886
Net increase (decrease) in cash and cash equivalents	7,473	(386)
Cash and cash equivalents at beginning of period	31,745	35,547
Cash and cash equivalents at end of period	39,219	35,160