

Consolidated Financial Results
for the Six Months Ended September 30, 2018
<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 7, 2018
Scheduled date to commence dividend payments: December 4, 2018
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, 2018

(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, 2018	89,664	(13.7)	7,023	(45.6)	5,832	(52.1)	4,473	–
September 30, 2017	103,905	1.2	12,909	(12.3)	12,175	(8.1)	(5,071)	–

Note: Comprehensive income
Six months ended September 30, 2018: ¥6,582 million [–%]
Six months ended September 30, 2017: ¥(9,803) million [–%]

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2018	78.35	78.32
September 30, 2017	(88.89)	–

(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, 2018	197,979	116,158	58.6	2,030.72
March 31, 2018	176,068	113,225	64.2	1,979.78

Reference: Equity
As of September 30, 2018: ¥115,967 million As of March 31, 2018: ¥113,008 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, 2018	–	65.00	–	65.00	130.00
Fiscal year ending March 31, 2019	–	65.00			
Fiscal year ending March 31, 2019 (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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	190,000	(2.8)	19,000	7.7	16,000	(3.4)	10,500	–	183.89

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 SRL(Hong Kong) Limited
- (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: None
 - c. Changes in accounting estimates: None
 - 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, 2018	57,359,735 shares
As of March 31, 2018	57,334,183 shares

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

As of September 30, 2018	253,319 shares
As of March 31, 2018	253,080 shares

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

Six months ended September 30, 2018	57,091,736 shares
Six months ended September 30, 2017	57,055,731 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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 Thursday, November 1, 2018, 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, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	20,455	38,503
Notes and accounts receivable - trade	31,896	32,570
Merchandise and finished goods	4,881	5,191
Work in process	4,573	5,265
Raw materials and supplies	5,087	5,076
Other	8,600	6,517
Allowance for doubtful accounts	(160)	(134)
Total current assets	75,334	92,990
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,326	16,502
Tools, furniture and fixtures, net	12,579	17,732
Land	9,710	10,633
Other, net	13,191	9,436
Total property, plant and equipment	48,807	54,304
Intangible assets		
Goodwill	2,192	1,815
Customer-related intangible assets	1,249	1,219
Software	2,641	4,306
Other	5,284	5,432
Total intangible assets	11,368	12,773
Investments and other assets		
Investment securities	14,274	13,944
Other	26,306	23,987
Allowance for doubtful accounts	(22)	(20)
Total investments and other assets	40,558	37,910
Total non-current assets	100,733	104,988
Total assets	176,068	197,979

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,368	7,944
Electronically recorded obligations - operating	1,194	2,617
Short-term loans payable	–	10,000
Current portion of long-term loans payable	1,999	6,190
Accounts payable - other	14,834	7,335
Income taxes payable	1,122	1,286
Provision for bonuses	5,237	4,908
Other	7,681	8,459
Total current liabilities	41,439	48,742
Non-current liabilities		
Long-term loans payable	2,299	18,813
Net defined benefit liability	3,117	3,009
Asset retirement obligations	618	639
Provision for compensation loss	10,395	7,690
Other	4,972	2,924
Total non-current liabilities	21,403	33,078
Total liabilities	62,842	81,821
Net assets		
Shareholders' equity		
Capital stock	9,066	9,109
Capital surplus	24,788	24,831
Retained earnings	81,637	82,400
Treasury shares	(1,235)	(1,235)
Total shareholders' equity	114,257	115,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	310	376
Foreign currency translation adjustment	(756)	1,227
Remeasurements of defined benefit plans	(803)	(743)
Total accumulated other comprehensive income	(1,248)	860
Share acquisition rights	217	191
Total net assets	113,225	116,158
Total liabilities and net assets	176,068	197,979

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

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	103,905	89,664
Cost of sales	63,234	58,277
Gross profit	40,671	31,387
Selling, general and administrative expenses	27,761	24,363
Operating profit	12,909	7,023
Non-operating income		
Interest income	28	47
Dividend income	11	20
Other	159	179
Total non-operating income	199	246
Non-operating expenses		
Interest expenses	210	92
Share of loss of entities accounted for using equity method	492	1,172
Other	230	172
Total non-operating expenses	933	1,437
Ordinary profit	12,175	5,832
Extraordinary income		
Gain on sales of non-current assets	4	0
Gain on sales of investment securities	3	225
Gain on reversal of share acquisition rights	7	22
Reversal of provision for compensation loss	–	656
Other	59	4
Total extraordinary income	74	910
Extraordinary losses		
Loss on retirement of non-current assets	23	32
Provision for compensation loss	–	942
Impairment loss	27,900	–
Other	67	0
Total extraordinary losses	27,990	976
Profit (loss) before income taxes	(15,740)	5,767
Income taxes - current	4,165	1,140
Income taxes - deferred	(14,834)	153
Total income taxes	(10,668)	1,294
Profit (loss)	(5,071)	4,473
Profit (loss) attributable to owners of parent	(5,071)	4,473

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit (loss)	(5,071)	4,473
Other comprehensive income		
Valuation difference on available-for-sale securities	(8)	65
Foreign currency translation adjustment	(4,798)	1,983
Remeasurements of defined benefit plans, net of tax	74	60
Total other comprehensive income	(4,732)	2,109
Comprehensive income	(9,803)	6,582
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(9,803)	6,582

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit (loss) before income taxes	(15,740)	5,767
Depreciation	4,060	4,023
Impairment loss	27,900	–
Amortization of goodwill	1,261	503
Provision for compensation loss	–	942
Reversal of provision for compensation loss	–	(656)
Increase (decrease) in provision for bonuses	(573)	(352)
Increase (decrease) in net defined benefit liability	(29)	(76)
Increase (decrease) in allowance for doubtful accounts	875	(30)
Interest and dividend income	(40)	(67)
Interest expenses	210	92
Foreign exchange losses (gains)	(635)	(141)
Share of loss (profit) of entities accounted for using equity method	492	1,172
Decrease (increase) in notes and accounts receivable - trade	(2,775)	(624)
Decrease (increase) in inventories	(492)	(786)
Increase (decrease) in notes and accounts payable - trade	(84)	(52)
Increase (decrease) in accrued consumption taxes	(204)	490
Decrease (increase) in other current assets	63	(803)
Increase (decrease) in other current liabilities	(574)	(509)
Other, net	612	111
Subtotal	14,326	9,000
Interest and dividend income received	16	142
Interest expenses paid	(210)	(69)
Income taxes (paid) refund	(3,774)	1,744
Net cash provided by (used in) operating activities	10,358	10,818
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,353)	(15,811)
Purchase of intangible assets	(940)	(2,595)
Proceeds from sales of investment securities	4	872
Payments of loans receivable	–	(773)
Payments for transfer of business	–	(517)
Other, net	(779)	(285)
Net cash provided by (used in) investing activities	(7,069)	(19,111)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	10,000
Repayments of finance lease obligations	(381)	(876)
Proceeds from long-term loans payable	–	21,662
Repayments of long-term loans payable	(999)	(999)
Proceeds from issuance of common shares	120	18
Cash dividends paid	(3,247)	(3,706)
Other, net	(54)	(17)
Net cash provided by (used in) financing activities	(4,563)	26,080
Effect of exchange rate change on cash and cash equivalents	886	259
Net increase (decrease) in cash and cash equivalents	(386)	18,047
Cash and cash equivalents at beginning of period	35,547	20,444
Cash and cash equivalents at end of period	35,160	38,492