



## Summary of Consolidated Financial Results for the Fiscal Year Ended September 30, 2017

November 14, 2017

[Japanese GAAP]

Company name: IMV CORPORATION

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 7760

URL: <http://www.imv.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders:

December 22, 2017

Scheduled date of filing of Annual Securities Report:

December 25, 2017

Scheduled date of payment of dividend:

December 25, 2017

Preparation of supplementary materials for financial results:

None

Holding of financial results meeting:

Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2017 (Oct. 1, 2016 – Sep. 30, 2017)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Sep. 30, 2017	10,898	5.0	1,158	7.3	1,389	45.5	942	61.7
Fiscal year ended Sep. 30, 2016	10,374	13.1	1,080	(21.6)	954	(31.8)	583	(35.4)

Note: Comprehensive income (million yen)

Fiscal year ended Sep. 30, 2017: 941 (up 47.3%)

Fiscal year ended Sep. 30, 2016: 638 (down 29.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2017	58.02	-	17.3	11.2	10.6
Fiscal year ended Sep. 30, 2016	35.68	-	12.1	8.4	10.4

Reference: Equity in income of affiliates (million yen) Fiscal year ended Sep. 30, 2017: -

Fiscal year ended Sep. 30, 2016: -

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2017	13,116	5,996	44.6	360.85
As of Sep. 30, 2016	11,649	5,072	43.5	310.37

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2017: 5,848

As of Sep. 30, 2016: 5,072

#### (3) Consolidated cash flow position

	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 Sep. 30, 2017	1,201	(696)	(235)	1,757
Fiscal year ended Sep. 30, 2016	784	(126)	(566)	1,444

### 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Sep. 30, 2016	Yen -	Yen 0.00	Yen -	Yen 7.00	Yen 7.00	Million yen 114	% 19.6	% 2.4
Fiscal year ended Sep. 30, 2017	Yen -	Yen 0.00	Yen -	Yen 10.00	Yen 10.00	Million yen 162	% 17.2	% 2.9
Fiscal year ending Sep. 30, 2018 (forecasts)	Yen -	Yen 0.00	Yen -	Yen 7.50	Yen 7.50		% 15.6	

Note: Breakdown of dividends for FY ended Sep. 30, 2017:

Ordinary dividend: 7.50 yen; 60th anniversary commemorative dividend: 2.50 yen

### 3. Consolidated Forecast for the Fiscal Year Ending September 30, 2018 (Oct. 1, 2017 – Sep. 30, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	5,800	0.3	600	(29.8)	600	(37.3)	390	(41.1)	24.06
Full year	11,500	5.5	1,200	3.5	1,200	(13.6)	780	(17.3)	48.12

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Newly added: 1 1G DYNAMICS LIMITED Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None  
 2) Changes in accounting policies other than 1) above: None  
 3) Changes in accounting-based estimates: None  
 4) Restatements: None

(3) Number of shares issued (common shares)

1) Number of shares issued (including treasury shares) at the end of the period  
 As of Sep. 30, 2017: 16,957,016 shares As of Sep. 30, 2016: 16,957,016 shares  
 2) Number of treasury shares at the end of the period  
 As of Sep. 30, 2017: 748,430 shares As of Sep. 30, 2016: 614,788 shares  
 3) Average number of shares issued during the period  
 Fiscal year ended Sep. 30, 2017: 16,248,315 shares Fiscal year ended Sep. 30, 2016: 16,342,401 shares

**(For reference) Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2017 (Oct. 1, 2016 – Sep. 30, 2017)**

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Sep. 30, 2017	9,094	(3.1)	1,073	88.3	1,290	152.1	902	422.9
Fiscal year ended Sep. 30, 2016	9,387	4.9	570	(59.8)	511	(65.4)	172	(82.9)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Sep. 30, 2017	55.54	-
Fiscal year ended Sep. 30, 2016	10.56	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2017	11,309	5,464	48.3	337.16
As of Sep. 30, 2016	10,287	4,664	45.3	285.41

Reference: Shareholders' equity (million yen) As of Sep. 30, 2017: 5,464 As of Sep. 30, 2016: 4,664

Note 1: The current financial report is not subject to audit procedures.

Note 2: Cautionary statement with respect to forecasts and other matters

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" regarding preconditions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year that ended on September 30, 2017, the Japanese economy continued to recover slowly backed by a gradual recovery of consumer spending as employment improved and by an upturn in the manufacturing sector. In Europe, the economy continued to recover at a moderate pace even though the outlook is uncertain because of geopolitical risk and other reasons. In the United States as well, the economy is recovering slowly.

The IMV Group conducted extensive sales activities for two major products during the fiscal year. One is the A-series of high-grade dynamic simulation systems, which was developed as the successor to our core product i-series. The other is a compact high-performance vibration measuring system that has a simultaneous three-axis measuring capability for low-frequency vibrations and minute vibrations. In addition, the Group promoted capital investment in the Tokyo Test Lab's Uenohara Advanced Testing Center, which is located in the city of Uenohara in Yamanashi prefecture, to acquire new client companies. There were many other activities as well during the fiscal year. One significant event was the establishment of 1G DYNAMICS LIMITED in Britain. This new company improves our ability to provide maintenance services for dynamic simulation systems, our core product, in Britain and other regions of Europe and worldwide.

As a result, net sales increased 523 million yen, or 5.0% to 10,898 million yen. Ordinary profit increased 434 million yen, or 45.5%, to 1,389 million yen mainly because of the effects of increased revenue and foreign currency exchange impact due to the depreciation in the yen. Profit attributable to owners of parent increased 359 million yen, or 61.7%, to 942 million yen.

Business results by product category were as follows:

#### Dynamic Simulation Systems

In this product category, temperature, humidity & vibration combined environmental simulation systems consistently performed well, mainly in the automobile industry and electric/electronic industry, although there was a decrease in the number of large orders. Sales of energy-saving dynamic simulation systems were also strong.

Overall, category sales increased by 265 million yen, or 3.3%, year on year to 8,261 million yen.

#### Test and Solution Services

Although performance was negatively affected by a decrease in sales at the Nagoya Test Lab, due to the entry of new entrants into the market in the Tokai region, the Osaka Test Lab and the Uenohara Advanced Testing Center performed well. As a result, total sales were higher than one year earlier.

As a result, category sales increased by 157 million yen, or 11.0%, year on year to 1,586 million yen.

#### Measuring Systems

Sales of seismic monitoring instruments using highly accurate high-speed sensor modules in the Philippines have begun to deliver firm growth. In addition, in the Japanese market, sales benefited from the start of OEM supply of vibration measuring systems and the high-priced projects for electric power companies. As a result, total sales were higher than one year earlier.

Overall, category sales increased by 101 million yen, or 10.7%, year on year to 1,050 million yen.

## (2) Financial Position

### Assets

Total assets increased by 1,466 million yen from the end of the previous fiscal year to 13,116 million yen (up 12.6% year on year) at the end of the current fiscal year. Current assets increased by 865 million yen to 8,190 million yen (up 11.8%). This was mainly attributable to a 325 million yen increase in cash and deposits and a 196 million yen increase in notes and accounts receivable-trade. Non-current assets increased by 600 million yen to 4,926 million yen (up 13.9%). This was mainly attributable to a 310 million yen increase in goodwill from purchase of shares of subsidiaries resulting in change in scope of consolidation and a 129 million yen increase in construction in progress.

### Liabilities

Total liabilities increased by 542 million yen from the end of the previous fiscal year to 7,120 million yen (up 8.2% year on year) at the end of the current fiscal year. Current liabilities increased by 422 million yen to 5,644 million yen (up 8.1%). This was mainly attributable to a 139 million yen increase in electronically recorded obligations-operating, a 112 million yen increase in notes and accounts payable-trade and a 112 million yen increase in income taxes payable. Non-current liabilities increased by 120 million yen to 1,475 million yen (up 8.9%). This was mainly attributable to a 219 million yen increase in other non-current liabilities while there was a 120 million yen decrease in long-term loans payable.

### Net assets

Net assets increased by 924 million yen from the end of the previous fiscal year to 5,996 million yen (up 18.2% year on year) at the end of the current fiscal year. This was mainly attributable to an 828 million yen increase in retained earnings. As a result, the equity ratio increased 1.1 percentage point to 44.6%. Net assets per share increased from 310.37 yen at the end of the previous fiscal year to 369.96 yen.

## (3) Cash Flows

Net cash provided by operating activities was 1,201 million yen (784 million yen provided in the previous fiscal year). Positive factors include profit before income taxes of 1,384 million yen and depreciation of 376 million yen, which offset negative factors including an increase in inventories of 235 million yen.

Net cash used in investing activities was 696 million yen (126 million yen used in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of 582 million yen.

Net cash used in financing activities was 235 million yen (566 million yen used in the previous fiscal year). Negative factors include repayments of long-term loans payable of 394 million yen, which offset positive factors including proceeds from long-term loans payable of 270 million yen.

Cash and cash equivalents at the end of the current fiscal year increased 313 million yen, from 1,444 million yen at the end of the previous fiscal year, to 1,757 million yen.

## Reference: Cash flow indicators

	FY9/13	FY9/14	FY9/15	FY9/16	FY9/17
Equity ratio (%)	39.8	39.9	41.3	43.5	44.6
Equity ratio based on market prices (%)	85.5	102.4	71.6	39.3	87.1
Interest-bearing debt to cash flow ratio (years)	9.5	6.0	2.7	3.8	2.4
Interest coverage ratio (times)	22.8	30.2	64.8	54.0	77.8

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

\* All indicators are calculated based on consolidated figures.

\* Market capitalization is calculated by multiplying the closing price at the end of period by the number of shares outstanding at the end of period (excluding treasury shares).

\* Cash flows are the figures for operating cash flows in the consolidated statement of cash flows. Interest-bearing debt include all liabilities on the consolidated balance sheet that incur interest. Interests paid on the consolidated statement of cash flows are used as interest payments.

#### (4) Outlook

The Japanese economy is expected to continue to recover slowly in the fiscal year ending on September 30, 2018 as improvements in personal income and employment continue. However, there is a possibility of a global economic downturn caused by uncertainty about the overseas economy, volatility in financial and capital markets or some other event.

For dynamic simulation systems, we expect continuous growth in domestic and overseas sales, mainly in the automobile industry. We will continue to strengthen sales of the A-series of high-grade dynamic simulation systems.

We are using the start of full-scale operations at 1G DYNAMICS LIMITED for a variety of activities. Most significant is the enhancement of maintenance services of dynamic simulation systems, our core product, for customers worldwide.

In the test and solution services category, plans include expansion of the lineup of services, activities for more advances and expansion involving vibration technologies, and other measures that can differentiate our services from those of competitors.

In the measuring systems category, we will continue to play a role in social infrastructure projects by making extensive use of our highly accurate high-speed sensor modules.

We anticipate an increase in expenses because of the substantial investments in our operations that are essential to continue growing. For example, there are recruiting expenses for overseas operations, large expenditures for equipment and R&D activities, and higher depreciation expenses resulting from expansion of facilities in the test and solution services sector.

Based on this outlook, we forecast consolidated net sales of 11,500 million yen (up 5.5% year on year), ordinary profit of 1,200 million yen (down 13.6%) and profit attributable to owners of parent of 780 million yen (down 17.3%) in the fiscal year ending on September 30, 2018.

The exchange rate assumptions for this forecast are 121.2 yen to the euro, 3.2 yen to the Thai baht and 111.4 yen to the U.S. dollar.

These projections are based on information available at the time of release of this report. Actual results may differ from projections due to a variety of factors.

**(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years**

Returning profits to shareholders is one of the highest priorities of IMV. The basic policy is to make stable and consistent dividend payments while taking into consideration the need to retain earnings for future business operations and building a sounder base of operations.

Retained earnings are used for capital investments and R&D programs in order to strengthen development and manufacturing operations. The aim is to achieve more growth and to build a sound foundation through an effective use of retained earnings.

Based on this policy, the dividend applicable to the fiscal year that ended on September 30, 2017 was 10 yen (including a commemorative dividend of 2.50 yen) per share. We plan to pay an annual dividend of 7.50 yen per share for the fiscal year ending on September 30, 2018.

**2. Basic Approach to the Selection of Accounting Standards**

The IMV Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY9/16 (As of Sep. 30, 2016)	FY9/17 (As of Sep. 30, 2017)
Assets		
Current assets		
Cash and deposits	1,712,457	2,037,713
Notes and accounts receivable-trade	3,251,985	3,448,219
Electronically recorded monetary claims-operating	108,303	84,891
Finished goods	152,641	236,072
Work in process	1,231,947	1,354,658
Raw materials	496,767	638,472
Deferred tax assets	176,528	148,834
Consumption taxes receivable	4,434	54,131
Other	201,344	201,140
Allowance for doubtful accounts	(12,148)	(13,994)
Total current assets	7,324,262	8,190,140
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,172,336	3,221,732
Accumulated depreciation	(1,269,296)	(1,410,665)
Buildings and structures, net	1,903,039	1,811,067
Machinery, equipment and vehicles	383,444	525,833
Accumulated depreciation	(264,093)	(304,404)
Machinery, equipment and vehicles, net	119,350	221,428
Tools, furniture and fixtures	1,560,774	1,828,472
Accumulated depreciation	(1,250,073)	(1,447,520)
Tools, furniture and fixtures, net	310,701	380,952
Land	1,624,965	1,624,965
Leased assets	3,888	3,888
Accumulated depreciation	(842)	(1,620)
Leased assets, net	3,045	2,268
Construction in progress	19,927	149,195
Total property, plant and equipment	3,981,029	4,189,877
Intangible assets		
Goodwill	37,665	348,497
Software	30,508	22,911
Other	5,583	5,481
Total intangible assets	73,757	376,891
Investments and other assets		
Investment securities	158,609	243,234
Deferred tax assets	14,046	12,211
Long-term time deposits	36,183	37,655
Other	61,870	66,552
Total investments and other assets	270,710	359,654
Total non-current assets	4,325,496	4,926,422
Total assets	11,649,759	13,116,562



	(Thousands of yen)	
	FY9/16	FY9/17
	(As of Sep. 30, 2016)	(As of Sep. 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,508,074	1,620,864
Electronically recorded obligations-operating	665,960	805,309
Short-term loans payable	1,515,000	1,570,000
Current portion of long-term loans payable	387,300	383,528
Accounts payable-other	261,989	283,126
Accrued expenses	292,435	381,344
Income taxes payable	160,434	273,185
Accrued consumption taxes	140,307	1,689
Provision for product warranties	111,275	114,917
Other	179,213	210,340
<b>Total current liabilities</b>	<b>5,221,990</b>	<b>5,644,304</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,038,650	918,283
Deferred tax liabilities	17,894	37,411
Long-term accounts payable-other	192,169	192,169
Asset retirement obligations	43,539	44,762
Other	63,324	283,134
<b>Total non-current liabilities</b>	<b>1,355,578</b>	<b>1,475,761</b>
<b>Total liabilities</b>	<b>6,577,569</b>	<b>7,120,066</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	464,817	464,817
Capital surplus	557,563	557,563
Retained earnings	4,064,368	4,892,647
Treasury shares	(110,659)	(161,707)
<b>Total shareholders' equity</b>	<b>4,976,088</b>	<b>5,753,320</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	32,352	96,243
Foreign currency translation adjustment	63,748	(743)
<b>Total accumulated other comprehensive income</b>	<b>96,101</b>	<b>95,500</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>147,675</b>
<b>Total net assets</b>	<b>5,072,189</b>	<b>5,996,496</b>
<b>Total liabilities and net assets</b>	<b>11,649,759</b>	<b>13,116,562</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

	(Thousands of yen)	
	FY9/16	FY9/17
	(Oct. 1, 2015 – Sep. 30, 2016)	(Oct. 1, 2016 – Sep. 30, 2017)
Net sales	10,374,651	10,898,345
Cost of sales	6,923,816	7,225,889
Gross profit	3,450,834	3,672,455
Selling, general and administrative expenses		
Advertising expenses	83,700	74,943
Sales commission	106,781	103,001
Provision for product warranties	111,275	114,917
Directors' compensations	198,243	205,309
Salaries and allowances	446,869	494,100
Bonuses	112,379	107,158
Retirement benefit expenses	18,355	18,935
Welfare expenses	87,695	88,698
Rents	49,160	52,200
Rent expenses	21,887	25,470
Traveling and transportation expenses	123,695	129,070
Depreciation	51,643	53,428
Research and development expenses	486,954	511,559
Amortization of goodwill	4,185	15,860
Provision of allowance for doubtful accounts	(9,665)	1,826
Other	477,624	517,083
Total selling, general and administrative expenses	2,370,785	2,513,564
Operating profit	1,080,049	1,158,891
Non-operating income		
Interest income	525	367
Dividend income	3,602	5,617
Foreign exchange gains	-	183,410
Rent income	43,065	42,120
Seminar income	9,015	8,926
Miscellaneous income	11,817	16,575
Total non-operating income	68,024	257,016
Non-operating expenses		
Interest expenses	15,505	15,573
Cost of lease revenue	1,619	1,504
Seminar expenses	5,471	6,912
Foreign exchange losses	168,543	-
Miscellaneous loss	2,038	2,476
Total non-operating expenses	193,178	26,466
Ordinary profit	954,895	1,389,441
Extraordinary losses		
Loss on retirement of non-current assets	3,905	1,046
Loss on step acquisitions	-	4,025
Total extraordinary losses	3,905	5,072
Profit before income taxes	950,989	1,384,369
Income taxes-current	386,140	419,212
Income taxes-deferred	(18,295)	22,318
Total income taxes	367,844	441,531
Profit	583,145	942,838
Profit attributable to non-controlling interests	-	163
Profit attributable to owners of parent	583,145	942,675

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY9/16	FY9/17
	(Oct. 1, 2015 – Sep. 30, 2016)	(Oct. 1, 2016 – Sep. 30, 2017)
Profit	583,145	942,838
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,975)	63,891
Foreign currency translation adjustment	57,824	(65,178)
Total other comprehensive income	55,848	(1,286)
Comprehensive income	638,994	941,551
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	638,994	942,075
Comprehensive income attributable to non-controlling interests	-	(523)

**(3) Consolidated Statement of Changes in Equity**

FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	464,817	557,563	3,587,448	(110,597)	4,499,231
Changes of items during period					
Dividends of surplus			(106,225)		(106,225)
Profit attributable to owners of parent			583,145		583,145
Purchase of treasury shares				(61)	(61)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	476,919	(61)	476,857
Balance at end of current period	464,817	557,563	4,064,368	(110,659)	4,976,088

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	34,327	5,924	40,252	-	4,539,483
Changes of items during period					
Dividends of surplus					(106,225)
Profit attributable to owners of parent					583,145
Purchase of treasury shares					(61)
Net changes of items other than shareholders' equity	(1,975)	57,824	55,848	-	55,848
Total changes of items during period	(1,975)	57,824	55,848	-	532,706
Balance at end of current period	32,352	63,748	96,101	-	5,072,189

FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	464,817	557,563	4,064,368	(110,659)	4,976,088
Changes of items during period					
Dividends of surplus			(114,395)		(114,395)
Profit attributable to owners of parent			942,675		942,675
Purchase of treasury shares				(51,047)	(51,047)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	828,279	(51,047)	777,231
Balance at end of current period	464,817	557,563	4,892,647	(161,707)	5,753,320

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	32,352	63,748	96,101	-	5,072,189
Changes of items during period					
Dividends of surplus					(114,395)
Profit attributable to owners of parent					942,675
Purchase of treasury shares					(51,047)
Net changes of items other than shareholders' equity	63,891	(64,491)	(600)	147,675	147,075
Total changes of items during period	63,891	(64,491)	(600)	147,675	924,306
Balance at end of current period	96,243	(743)	95,500	147,675	5,996,496

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)
Cash flows from operating activities		
Profit before income taxes	950,989	1,384,369
Depreciation	337,412	376,976
Amortization of goodwill	4,185	15,860
Increase (decrease) in allowance for doubtful accounts	(9,685)	1,845
Increase (decrease) in provision for product warranties	39,275	3,642
Interest and dividend income	(4,127)	(5,985)
Rent income	(43,065)	(42,120)
Interest expenses	15,505	15,573
Foreign exchange losses (gains)	9,869	(7,295)
Loss on retirement of non-current assets	3,905	1,046
Decrease (increase) in notes and accounts receivable-trade	(271,382)	56,938
Decrease (increase) in inventories	251,177	(235,332)
Increase (decrease) in notes and accounts payable-trade	(184,230)	46,035
Other, net	194,027	(30,976)
Subtotal	1,293,856	1,580,578
Interest and dividend income received	4,123	6,000
Interest expenses paid	(14,532)	(15,434)
Income taxes paid	(498,816)	(382,432)
Income taxes refund	-	12,537
Net cash provided by (used in) operating activities	784,631	1,201,250
Cash flows from investing activities		
Purchase of investment securities	(14,860)	(15,956)
Purchase of property, plant and equipment	(571,994)	(582,928)
Proceeds from sales of property, plant and equipment	429,519	1,530
Purchase of intangible assets	(6,890)	(4,963)
Payments into time deposits	(48,223)	(13,507)
Proceeds from cancellation of insurance funds	739	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	41,662	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(120,044)
Other, net	43,268	39,397
Net cash provided by (used in) investing activities	(126,777)	(696,471)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(45,000)	55,000
Proceeds from long-term loans payable	-	270,000
Repayments of long-term loans payable	(412,373)	(394,139)
Repayments of lease obligations	(2,521)	(1,379)
Purchase of treasury shares	(61)	(51,047)
Cash dividends paid	(106,128)	(114,097)
Net cash provided by (used in) financing activities	(566,084)	(235,663)
Effect of exchange rate change on cash and cash equivalents	(46,648)	44,106
Net increase (decrease) in cash and cash equivalents	45,120	313,221
Cash and cash equivalents at beginning of period	1,399,563	1,444,684
Cash and cash equivalents at end of period	1,444,684	1,757,905

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Accounting Policies in the Preparation of Consolidated Financial Statements**

Scope of consolidation

All subsidiaries are included in the consolidation.

Number of consolidated subsidiaries: 11

Name of major consolidated subsidiaries:

Nitto Seiki Co., Ltd.

Data Tecno Co., Ltd.

Shinken Co., Ltd.

IMV (THAILAND) CO., LTD.

IMV EUROPE LIMITED

IMV America, Inc.

1G DYNAMICS LIMITED

1G DYNAMICS LIMITED and its consolidated subsidiaries were included in the consolidation from the current fiscal year due to the acquisition of 1G DYNAMICS shares by the Company.

**Additional Information**

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the current fiscal year, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

**Segment Information**

No segment information is shown because all operations of the Company and its consolidated subsidiaries belong to the single business associated with vibrations. Operations include the manufacture and sale of vibration simulation and measurement systems and vibration testing for other companies and organizations.

**Per Share Information**

(Yen)

Item	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)
Net assets per share	310.37	360.85
Net income per share	35.68	58.02

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive securities in FY9/16 and FY9/17.

2. The basis of calculating the net income per share is as follows:

(Thousands of yen)

Item	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)
Profit attributable to owners of parent	583,145	942,675
Amount not available to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	583,145	942,675
Average number of common shares outstanding during the period (Shares)	16,342,401	16,248,315

**Material Subsequent Events**

Not applicable.

**4. Others****(1) Changes in Directors**

Not applicable.

**(2) Production, Orders and Sales****Production**

	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)		FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	7,710,055	76.4	8,177,710	75.7	106.1
Test and Solution Services	1,429,969	14.2	1,580,019	14.6	110.5
Measuring Systems	948,055	9.4	1,042,888	9.7	110.0
Total	10,088,081	100.0	10,800,618	100.0	107.1

**Orders**

	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)		FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	7,929,666	76.3	6,949,844	72.2	87.6
Test and Solution Services	1,512,395	14.6	1,646,087	17.1	108.8
Measuring Systems	941,470	9.1	1,030,525	10.7	109.5
Total	10,383,532	100.0	9,626,457	100.0	92.7

**Order backlog**

	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)		FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	3,648,642	90.8	2,403,662	87.8	65.9
Test and Solution Services	213,754	5.3	190,050	6.9	88.9
Measuring Systems	155,715	3.9	143,629	5.2	92.2
Total	4,018,112	100.0	2,737,342	100.0	68.1

**Sales**

	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)		FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	7,996,192	77.0	8,261,349	75.8	103.3
Test and Solution Services	1,429,023	13.8	1,586,418	14.6	111.0
Measuring Systems	949,435	9.2	1,050,576	9.6	110.7
Total	10,374,651	100.0	10,898,345	100.0	105.0

\* This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.