



**Summary of Consolidated Financial Results for the  
Second Quarter of the Fiscal Year Ending September 30, 2018  
(Six Months Ended March 31, 2018)**

May 10, 2018

[Japanese GAAP]

Company name: IMV CORPORATION

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 7760

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Management Planning Division

Scheduled date of filing of Quarterly Report:

May 14, 2018

Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results:

None

Holding of quarterly 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 Second Quarter (Oct. 1, 2017 – Mar. 31, 2018) of the Fiscal Year Ending September 30, 2018**

(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	%
Six months ended Mar. 31, 2018	5,647	(2.3)	665	(22.2)	658	(31.1)	457	(30.9)
Six months ended Mar. 31, 2017	5,781	5.8	855	1.3	956	18.0	662	27.2

Note: Comprehensive income (million yen)

Six months ended Mar. 31, 2018: 473 (down 26.4%)

Six months ended Mar. 31, 2017: 643 (up 18.0%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Mar. 31, 2018	28.24		-	
Six months ended Mar. 31, 2017	40.68		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Mar. 31, 2018	14,393		6,316		42.8	
As of Sep. 30, 2017	13,116		5,996		44.6	

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2018: 6,161

As of Sep. 30, 2017: 5,848

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Sep. 30, 2017	Yen -	Yen 0.00	Yen -	Yen 10.00	Yen 10.00
Fiscal year ending Sep. 30, 2018	-	0.00			
Fiscal year ending Sep. 30, 2018 (forecasts)			-	7.50	7.50

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. 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	
Full year	11,500	5.5	1,200	3.5	1,200	(13.6)	780	(17.3)	48.12	

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of shares issued (common shares)

1) Number of shares issued (including treasury shares) at the end of the period

As of Mar. 31, 2018:	16,957,016 shares	As of Sep. 30, 2017:	16,957,016 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2018:	735,397 shares	As of Sep. 30, 2017:	748,430 shares
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3) Average number of shares issued during the period

Six months ended Mar. 31, 2018:	16,214,125 shares	Six months ended Mar. 31, 2017:	16,286,779 shares
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Note 1: The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the current fiscal year, consumer spending in Japan recovered slowly as the labor market and personal income remained strong. The recovery in the manufacturing sector continued, too. However, the rising cost of crude oil and labor is creating the risk of an economic downturn in Japan. The outlook for the global economy is unclear because the worldwide upturn in asset prices is slowing down and geopolitical risk is creating concerns. But the U.S. manufacturing sector is strong and business sentiment is positive in Europe in the manufacturing and non-manufacturing sectors.

During the first half of the fiscal year, there were many activities to attract new customers. The IMV Group used 1G DYNAMICS LIMITED, which was established in Britain in the previous fiscal year, to expand and upgrade its maintenance service operations. Another significant event was the start of sales of new models of air-cooled dynamic simulation systems for the automobile industry and water-cooled dynamic simulation systems for the aerospace industry. Both models are the largest of their type in the world. In addition, these systems were installed at some of IMV's test laboratories.

Despite these measures, net sales decreased 2.3% to 5,647 million yen mainly because of lower sales of dynamic simulation systems. Ordinary profit decreased 31.1% to 658 million yen. The main causes were the decline in sales and a negative foreign currency exchange impact due to the yen's appreciation. Profit attributable to owners of parent decreased 30.9% to 457 million yen.

Business results by product category were as follows:

#### Dynamic Simulation Systems

There was a substantial volume of orders for temperature, humidity & vibration combined environmental simulation systems and multi-axis simulation systems, mainly from companies in the automobile and electric/electronic equipment industries. In Europe, energy-saving dynamic simulation systems contributed to sales. Overall, due partly to a brief downturn in new orders in the previous fiscal year, category sales decreased 2.9% from one year earlier to 4,216 million yen.

#### Test and Solution Services

Sales in this category benefited from a large volume of orders involving automobiles at the Nagoya Test Lab. Sales at the Osaka Test Lab were higher than one year earlier because of railway equipment tests. As a result, category sales increased by 2.6% year on year to 885 million yen.

#### Measuring Systems

Orders for large vibration monitoring systems used by electric power companies were strong in the first and second quarters, but first half sales were down from one year earlier due to lower sales of permanent vibration monitoring systems. Overall, category sales decreased by 5.4% year on year to 545 million yen.

### (2) Explanation of Financial Position

#### Assets

Total assets increased by 1,276 million yen from the end of the previous fiscal year to 14,393 million yen at the end of the second quarter of the current fiscal year. Current assets increased by 500 million yen to 8,690 million yen. This was mainly attributable to a 279 million yen decrease in cash and deposits and a 728 million yen increase in notes and accounts receivable-trade. Non-current assets increased by 776 million yen to 5,703 million yen. This was mainly attributable to a 319 million yen increase in land and a 314 million yen increase in construction in progress.

## Liabilities

Total liabilities increased by 956 million yen from the end of the previous fiscal year to 8,076 million yen at the end of the second quarter of the current fiscal year. Current liabilities increased by 749 million yen to 6,393 million yen. This was mainly attributable to a 780 million yen increase in short-term loans payable. Non-current liabilities increased by 207 million yen to 1,683 million yen. This was mainly attributable to a 331 million yen increase in long-term loans payable.

## Net assets

Net assets increased by 319 million yen from the end of the previous fiscal year to 6,316 million yen at the end of the second quarter of the current fiscal year. This was mainly attributable to a 295 million yen increase in retained earnings. As a result, the equity ratio decreased 1.8 percentage point to 42.8%.

### **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

There are no revisions to the full-year consolidated forecast disclosed on November 14, 2017 under the Summary of Consolidated Financial Results for the Fiscal Year Ended September 30, 2017.

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

(Thousands of yen)

	FY9/17 (As of Sep. 30, 2017)	Second quarter of FY9/18 (As of Mar. 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	2,037,713	1,758,613
Notes and accounts receivable-trade	3,448,219	4,176,869
Electronically recorded monetary claims-operating	84,891	143,471
Finished goods	236,072	192,694
Work in process	1,354,658	1,376,472
Raw materials	638,472	747,295
Deferred tax assets	148,834	96,280
Other	255,271	206,586
Allowance for doubtful accounts	(13,994)	(7,964)
Total current assets	8,190,140	8,690,318
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,811,067	1,798,527
Land	1,624,965	1,944,323
Other	753,844	1,217,914
Total property, plant and equipment	4,189,877	4,960,766
Intangible assets		
Goodwill	348,497	323,531
Other	28,393	30,603
Total intangible assets	376,891	354,135
Investments and other assets	359,654	388,162
Total non-current assets	4,926,422	5,703,063
Total assets	13,116,562	14,393,382
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,620,864	1,747,399
Electronically recorded obligations-operating	805,309	879,273
Short-term loans payable	1,570,000	2,350,000
Current portion of long-term loans payable	383,528	383,728
Accounts payable-other	283,126	280,821
Accrued expenses	381,344	241,553
Income taxes payable	273,185	147,270
Provision for product warranties	114,917	77,000
Other	212,029	286,340
Total current liabilities	5,644,304	6,393,385
Non-current liabilities		
Long-term loans payable	918,283	1,249,949
Deferred tax liabilities	37,411	40,364
Long-term accounts payable-other	192,169	192,169
Asset retirement obligations	44,762	45,125
Provision for share-based compensation	-	14,616
Other	283,134	141,374
Total non-current liabilities	1,475,761	1,683,599
Total liabilities	7,120,066	8,076,985

	(Thousands of yen)	
	FY9/17 (As of Sep. 30, 2017)	Second quarter of FY9/18 (As of Mar. 31, 2018)
Net assets		
Shareholders' equity		
Capital stock	464,817	464,817
Capital surplus	557,563	563,437
Retained earnings	4,892,647	5,188,515
Treasury shares	(161,707)	(159,281)
Total shareholders' equity	5,753,320	6,057,487
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	96,243	109,570
Foreign currency translation adjustment	(743)	(5,985)
Total accumulated other comprehensive income	95,500	103,585
Non-controlling interests	147,675	155,323
Total net assets	5,996,496	6,316,396
Total liabilities and net assets	13,116,562	14,393,382

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****For the Six-month Period**

(Thousands of yen)

	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)	First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)
Net sales	5,781,984	5,647,071
Cost of sales	3,719,086	3,705,078
Gross profit	2,062,898	1,941,992
Selling, general and administrative expenses	1,207,720	1,276,708
Operating profit	855,177	665,284
Non-operating income		
Interest income	181	112
Dividend income	3,339	2,401
Foreign exchange gains	79,808	-
Rent income	21,060	21,060
Miscellaneous income	9,022	10,670
Total non-operating income	113,412	34,243
Non-operating expenses		
Interest expenses	7,861	8,114
Foreign exchange losses	-	30,013
Miscellaneous loss	4,512	2,970
Total non-operating expenses	12,373	41,098
Ordinary profit	956,216	658,429
Extraordinary losses		
Loss on retirement of non-current assets	744	105
Total extraordinary losses	744	105
Profit before income taxes	955,472	658,324
Income taxes-current	229,328	139,893
Income taxes-deferred	63,673	50,607
Total income taxes	293,001	190,500
Profit	662,470	467,823
Profit attributable to non-controlling interests	-	9,870
Profit attributable to owners of parent	662,470	457,953



**Quarterly Consolidated Statement of Comprehensive Income****For the Six-month Period**

	(Thousands of yen)	
	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)	First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)
Profit	662,470	467,823
Other comprehensive income		
Valuation difference on available-for-sale securities	11,915	13,326
Foreign currency translation adjustment	(30,582)	(7,464)
Total other comprehensive income	(18,666)	5,861
Comprehensive income	643,803	473,685
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	643,803	466,037
Comprehensive income attributable to non-controlling interests	-	7,648

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)	First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	955,472	658,324
Depreciation	169,844	215,142
Amortization of goodwill	4,185	20,619
Increase (decrease) in allowance for doubtful accounts	2,531	(6,029)
Increase (decrease) in provision for share-based compensation	-	14,616
Increase (decrease) in provision for product warranties	(18,974)	(37,917)
Interest and dividend income	(3,521)	(2,513)
Rent income	(21,060)	(21,060)
Interest expenses	7,861	8,114
Foreign exchange losses (gains)	3,974	10,601
Loss on retirement of non-current assets	744	105
Decrease (increase) in notes and accounts receivable-trade	(965,090)	(795,467)
Decrease (increase) in inventories	(129,116)	(92,126)
Increase (decrease) in notes and accounts payable-trade	481,761	229,375
Other, net	(26,799)	(47,990)
Subtotal	461,812	153,792
Interest and dividend income received	3,537	2,527
Interest expenses paid	(8,018)	(8,178)
Income taxes paid	(163,563)	(252,939)
Income taxes refund	16,971	3,148
Net cash provided by (used in) operating activities	310,739	(101,649)
Cash flows from investing activities		
Purchase of investment securities	(7,834)	(8,584)
Purchase of property, plant and equipment	(339,270)	(1,009,539)
Proceeds from sales of property, plant and equipment	1,487	-
Purchase of intangible assets	(3,707)	(4,945)
Payments into time deposits	(6,021)	(6,009)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(123,502)
Other, net	20,040	20,574
Net cash provided by (used in) investing activities	(335,306)	(1,132,006)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	685,000	780,000
Proceeds from long-term loans payable	-	790,000
Repayments of long-term loans payable	(193,650)	(458,134)
Repayments of lease obligations	(72)	(513)
Purchase of treasury shares	(48,851)	(582)
Cash dividends paid	(113,697)	(161,984)
Net cash provided by (used in) financing activities	328,728	948,785
Effect of exchange rate change on cash and cash equivalents	16,259	(238)
Net increase (decrease) in cash and cash equivalents	320,421	(285,109)
Cash and cash equivalents at beginning of period	1,444,684	1,757,905
Cash and cash equivalents at end of period	1,765,105	1,472,796

**(4) Notes to Quarterly Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

### 3. Others

#### Production, Orders and Sales

##### Production

	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)		First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	4,377,725	75.4	3,945,417	73.2	90.1
Test and Solution Services	857,740	14.8	891,632	16.6	104.0
Measuring Systems	571,937	9.8	552,030	10.2	96.5
Total	5,807,402	100.0	5,389,080	100.0	92.8

##### Orders

	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)		First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	3,588,157	73.4	4,631,894	74.3	129.1
Test and Solution Services	781,546	16.0	870,732	14.0	111.4
Measuring Systems	521,499	10.6	729,413	11.7	139.9
Total	4,891,204	100.0	6,232,040	100.0	127.4

##### Order backlog

	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)		First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	2,894,594	92.6	2,819,383	84.9	97.4
Test and Solution Services	131,993	4.2	175,033	5.2	132.6
Measuring Systems	100,744	3.2	327,894	9.9	325.5
Total	3,127,332	100.0	3,322,311	100.0	106.2

##### Sales

	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)		First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	4,342,205	75.1	4,216,173	74.7	97.1
Test and Solution Services	863,308	14.9	885,749	15.7	102.6
Measuring Systems	576,471	10.0	545,148	9.6	94.6
Total	5,781,984	100.0	5,647,071	100.0	97.7

\* 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.