



**Summary of Consolidated Financial Results for the
Second Quarter of the Fiscal Year Ending September 30, 2019
(Six Months Ended March 31, 2019)**

May 13, 2019

[Japanese GAAP]

Company name: IMV CORPORATION

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 7760

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Scheduled date of filing of Quarterly Report:

May 15, 2019

Scheduled date of payment of dividend:

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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 (October 1, 2018 – March 31, 2019) of the Fiscal Year Ending September 30, 2019

(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, 2019	6,343	12.3	701	5.5	682	3.7	511	11.7
Six months ended Mar. 31, 2018	5,647	(2.3)	665	(22.2)	658	(31.1)	457	(30.9)

Note: Comprehensive income (million yen)

Six months ended Mar. 31, 2019: 501 (up 5.9%)

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

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Mar. 31, 2019	31.54		-	
Six months ended Mar. 31, 2018	28.24		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Mar. 31, 2019	15,940		6,777		41.7	
As of Sep. 30, 2018	15,356		6,407		40.7	

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2019: 6,652

As of Sep. 30, 2018: 6,256

Note: Starting with the beginning of the first quarter of the current fiscal year, IMV CORPORATION is applying "Partial

Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Figures as of September 30, 2018 have been adjusted retroactively.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Sep. 30, 2018	-	0.00	-	8.00	8.00
Fiscal year ending Sep. 30, 2019	-	0.00			
Fiscal year ending Sep. 30, 2019 (forecasts)			-	8.00	8.00

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

**3. Consolidated Forecast for the Fiscal Year Ending September 30, 2019
(October 1, 2018 – September 30, 2019)**

(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	12,000	8.6	1,200	39.8	1,200	30.7	780	34.9	48.08	

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, 2019:	16,957,016 shares	As of Sep. 30, 2018:	16,957,016 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2019:	735,798 shares	As of Sep. 30, 2018:	735,598 shares
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3) Average number of shares issued during the period

Six months ended Mar. 31, 2019:	16,221,399 shares	Six months ended Mar. 31, 2018:	16,214,125 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

Cautionary statement with respect to forecasts

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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” regarding preconditions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Quarterly Consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
3. Others	10
Production, Orders and Sales	10

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the current fiscal year, the Japanese economy recovered at a moderate pace along with improvements in the labor market, personal income and other areas. However, there were some signs of weakness involving manufacturing, primarily involving capital expenditures. The outlook for the global economy continues to be unclear because of concerns about how increasing U.S.-China trade friction and slowing economic growth in China will affect the global economy and financial markets.

In the automobile industry, there is an increasing volume of activity worldwide concerning new technologies and mobility, a category known as CASE (connected, autonomous, shared & services, electric). For example, Japanese and U.S. automakers have established a consortium for the determination of safety standards for self-driving cars by utilizing collaboration that encompasses many companies.

In Southeast Asia, where subsidiary IMV Techno Vietnam was established in the previous fiscal year, the IMV Group started sales of dynamic simulation systems, the Group's core product, maintenance services and outsourced testing services. Prospects for growth are excellent in this region. In Japan, operations started in December 2018 at e-Test Centre Japan (e-TCJ), which is located in the city of Iruma in Saitama prefecture and performs advanced reliability assessments. e-TCJ offers a lineup of services that is not limited to dynamic simulation tests for conventional automobiles and automotive parts. This center can also perform tests involving the new environmental testing standard (ISO19453) for components used in electric vehicles. Overall, this new center conducted a variety of activities to establish relationships with more customers. In addition, the Kasugai Test Laboratory, which is in the city of Kasugai in Aichi prefecture, started operations in January 2019. Sales activities are under way at this new laboratory to provide outsourced testing services to customers in this region of Japan.

As a result, net sales increased 12.3% year on year to 6,343 million yen. Ordinary profit increased 3.7% to 682 million yen mainly because of the effects of increased revenue, although there were foreign exchange losses and increases in personnel expenses and depreciation. Profit attributable to owners of parent increased 11.7%, to 511 million yen.

Business results by product category were as follows:

Dynamic Simulation Systems

In Japan, there were strong sales of thermostatic chambers, which have an excellent reputation among customers, and composite testing equipment, which incorporate the EM-series of dynamic simulation systems with fully automated energy-efficient operation. Sales of composite testing equipment were higher primarily to manufacturers of automobiles and automotive devices, aerospace companies, and public-sector testing and research institutions. Sales in this category also include sales of large multi-axis dynamic simulation systems to companies in the electrical machinery and electronics industries.

In other countries, there were sales of large dynamic simulation systems in Europe, the United States and China because of the very strong demand for performing tests involving electric vehicles. In Southeast Asia, sales of energy-saving dynamic simulation systems increased.

As a result, category sales increased by 9.1% year on year to 4,601 million yen.

Test and Solution Services

There was an increase in tests using large equipment at the Uenohara Advanced Testing Center along with the increasing size of items that undergo tests. Sales growth in this category is also attributable to the start of operations of e-TCJ in December 2018 and the Kasugai Test Laboratory in January 2019.

As a result, category sales increased by 26.6% year on year to 1,121 million yen.

Measuring Systems

Sales in Japan of large vibration monitoring systems used by electric power utilities and factories were higher and there were strong sales of seismometers overseas, chiefly in the Philippines. Overall, category sales increased by 13.8% year on year to 620 million yen.

(2) Explanation of Financial Position

Assets

Total assets increased by 584 million yen from the end of the previous fiscal year to 15,940 million yen at the end of the second quarter of the current fiscal year. Current assets increased by 403 million yen to 9,333 million yen. This was mainly attributable to a 377 million yen increase in electronically recorded monetary claims-operating, 336 million yen increase in cash and deposits, and a 140 million yen decrease in work in process. Non-current assets increased by 180 million yen to 6,607 million yen. This was mainly attributable to an 86 million yen increase in buildings and structures.

Liabilities

Total liabilities increased by 215 million yen from the end of the previous fiscal year to 9,163 million yen at the end of the second quarter of the current fiscal year. Current liabilities increased by 222 million yen to 7,462 million yen. This was mainly attributable to a 220 million yen increase in electronically recorded obligations-operating. Non-current liabilities decreased by 7 million yen to 1,701 million yen. This was mainly attributable to a 19 million yen increase in long-term loans payable and a 23 million yen decrease in provision for share-based compensation.

Net assets

Net assets increased by 369 million yen from the end of the previous fiscal year to 6,777 million yen at the end of the second quarter of the current fiscal year. This was mainly attributable to a 381 million yen increase in retained earnings. As a result, the equity ratio increased 1.0 percentage point to 41.7%.

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

There are no revisions to the full-year consolidated forecast disclosed on November 14, 2018 under the Summary of Consolidated Financial Results for the Fiscal Year Ended September 30, 2018.

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

	(Thousands of yen)	
	FY9/18 (As of Sep. 30, 2018)	Second quarter of FY9/19 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	1,672,116	2,008,209
Notes and accounts receivable-trade	4,091,387	4,037,263
Electronically recorded monetary claims-operating	256,647	634,003
Finished goods	252,559	295,428
Work in process	1,565,558	1,424,642
Raw materials	767,244	765,475
Other	332,720	176,917
Allowance for doubtful accounts	(8,613)	(8,565)
Total current assets	8,929,622	9,333,374
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,504,102	2,590,444
Land	1,944,323	1,944,323
Other, net	1,064,643	1,197,359
Total property, plant and equipment	5,513,069	5,732,128
Intangible assets		
Goodwill	303,685	275,644
Other	61,808	66,780
Total intangible assets	365,494	342,425
Investments and other assets	547,958	532,952
Total non-current assets	6,426,522	6,607,505
Total assets	15,356,145	15,940,880
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,725,076	1,690,784
Electronically recorded obligations-operating	960,455	1,181,455
Short-term loans payable	2,870,000	2,890,000
Current portion of long-term loans payable	381,572	361,404
Accounts payable-other	436,410	369,220
Accrued expenses	326,728	231,605
Income taxes payable	108,524	256,787
Accrued consumption taxes	14,250	50,276
Provision for product warranties	90,000	84,000
Provision for share-based compensation	-	32,260
Other	326,442	314,548
Total current liabilities	7,239,460	7,462,342
Non-current liabilities		
Long-term loans payable	1,332,550	1,351,848
Long-term accounts payable-other	192,169	192,169
Asset retirement obligations	48,408	46,717
Provision for share-based compensation	23,576	-
Other	112,302	110,480
Total non-current liabilities	1,709,006	1,701,215
Total liabilities	8,948,467	9,163,558

	(Thousands of yen)	
	FY9/18 (As of Sep. 30, 2018)	Second quarter of FY9/19 (As of Mar. 31, 2019)
Net assets		
Shareholders' equity		
Capital stock	464,817	464,817
Capital surplus	563,437	563,437
Retained earnings	5,308,745	5,690,613
Treasury shares	(159,282)	(159,282)
Total shareholders' equity	6,177,717	6,559,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92,253	79,895
Foreign currency translation adjustment	(13,433)	12,928
Total accumulated other comprehensive income	78,820	92,823
Non-controlling interests	151,139	124,912
Total net assets	6,407,677	6,777,321
Total liabilities and net assets	15,356,145	15,940,880

(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 FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)
Net sales	5,647,071	6,343,898
Cost of sales	3,705,078	4,358,674
Gross profit	1,941,992	1,985,223
Selling, general and administrative expenses	1,276,708	1,283,367
Operating profit	665,284	701,855
Non-operating income		
Interest income	112	455
Dividend income	2,401	2,904
Rent income	21,060	21,000
Insurance income	-	30,000
Miscellaneous income	10,670	16,880
Total non-operating income	34,243	71,241
Non-operating expenses		
Interest expenses	8,114	9,529
Foreign exchange losses	30,013	72,879
Miscellaneous loss	2,970	7,747
Total non-operating expenses	41,098	90,157
Ordinary profit	658,429	682,940
Extraordinary income		
Insurance income	-	55,133
Total extraordinary income	-	55,133
Extraordinary losses		
Loss on retirement of non-current assets	105	0
Total extraordinary losses	105	0
Profit before income taxes	658,324	738,074
Income taxes-current	139,893	237,939
Income taxes-deferred	50,607	10,784
Total income taxes	190,500	248,724
Profit	467,823	489,349
Profit (loss) attributable to non-controlling interests	9,870	(22,289)
Profit attributable to owners of parent	457,953	511,639

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

(Thousands of yen)

	First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)
Profit	467,823	489,349
Other comprehensive income		
Valuation difference on available-for-sale securities	13,326	(12,358)
Foreign currency translation adjustment	(7,464)	24,589
Total other comprehensive income	5,861	12,231
Comprehensive income	473,685	501,580
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	466,037	525,642
Comprehensive income attributable to non-controlling interests	7,648	(24,061)

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	658,324	738,074
Depreciation	215,142	265,472
Amortization of goodwill	20,619	19,786
Increase (decrease) in allowance for doubtful accounts	(6,029)	(47)
Increase (decrease) in provision for share-based compensation	14,616	8,684
Increase (decrease) in provision for product warranties	(37,917)	(6,000)
Interest and dividend income	(2,513)	(3,360)
Rent income	(21,060)	(21,000)
Interest expenses	8,114	9,529
Foreign exchange losses (gains)	10,601	25,832
Loss on retirement of non-current assets	105	0
Decrease (increase) in notes and accounts receivable-trade	(795,467)	(343,519)
Decrease (increase) in inventories	(92,126)	77,531
Increase (decrease) in notes and accounts payable-trade	229,375	264,074
Other, net	(47,990)	65,181
Subtotal	153,792	1,100,239
Interest and dividend income received	2,527	3,361
Interest expenses paid	(8,178)	(9,222)
Income taxes paid	(252,939)	(115,972)
Income taxes refund	3,148	-
Net cash provided by (used in) operating activities	(101,649)	978,406
Cash flows from investing activities		
Purchase of investment securities	(8,584)	(9,052)
Purchase of property, plant and equipment	(1,009,539)	(507,358)
Purchase of intangible assets	(4,945)	(35,337)
Payments into time deposits	(6,009)	(9)
Proceeds from withdrawal of time deposits	-	42,189
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(123,502)	-
Other, net	20,574	23,638
Net cash provided by (used in) investing activities	(1,132,006)	(485,930)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	780,000	20,000
Proceeds from long-term loans payable	790,000	200,000
Repayments of long-term loans payable	(458,134)	(200,870)
Repayments of lease obligations	(513)	(419)
Purchase of treasury shares	(582)	-
Cash dividends paid	(161,984)	(127,017)
Net cash provided by (used in) financing activities	948,785	(108,307)
Effect of exchange rate change on cash and cash equivalents	(238)	(5,895)
Net increase (decrease) in cash and cash equivalents	(285,109)	378,273
Cash and cash equivalents at beginning of period	1,757,905	1,374,292
Cash and cash equivalents at end of period	1,472,796	1,752,565

(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 FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)		First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	3,945,417	73.2	4,475,306	72.0	113.4
Test and Solution Services	891,632	16.6	1,116,721	18.0	125.2
Measuring Systems	552,030	10.2	621,223	10.0	112.5
Total	5,389,080	100.0	6,213,251	100.0	115.3

Orders

	First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)		First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	4,631,894	74.3	4,065,168	68.5	87.8
Test and Solution Services	870,732	14.0	1,202,187	20.3	138.1
Measuring Systems	729,413	11.7	664,654	11.2	91.1
Total	6,232,040	100.0	5,932,011	100.0	95.2

Order backlog

	First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)		First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	2,819,383	84.9	3,462,547	86.5	122.8
Test and Solution Services	175,033	5.2	257,371	6.4	147.0
Measuring Systems	327,894	9.9	281,062	7.1	85.7
Total	3,322,311	100.0	4,000,981	100.0	120.4

Sales

	First six months of FY9/18 (Oct. 1, 2017 – Mar. 31, 2018)		First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	4,216,173	74.7	4,601,759	72.5	109.1
Test and Solution Services	885,749	15.7	1,121,665	17.7	126.6
Measuring Systems	545,148	9.6	620,473	9.8	113.8
Total	5,647,071	100.0	6,343,898	100.0	112.3

* 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.