

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 11, 2017

Company name: MIMAKI ENGINEERING CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6638 URL <http://ir.mimaki.com/>
 Representative: President Kazuaki Ikeda
 Executive General Manager Administration
 Inquiries: Division Hiroshi Miyake TEL 0268-80-0058
 Scheduled date of ordinary general meeting of shareholders: June 27, 2017
 Scheduled date to file Securities Report: June 28, 2017
 Scheduled date to commence dividend payments: June 28, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	48,331	1.0	2,049	(35.8)	1,746	(36.7)	1,250	(23.4)
Year ended March 31, 2016	47,840	2.6	3,194	(28.9)	2,756	(26.5)	1,631	(35.3)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	41.32	–	7.9	3.7	4.2
Year ended March 31, 2016	52.06	–	10.6	6.2	6.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	49,207	16,049	32.6	534.26
As of March 31, 2016	46,132	15,642	33.9	501.68

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	2,264	(3,349)	32	10,010
Year ended March 31, 2016	3,433	(2,493)	3,386	10,992

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	5.00	–	5.00	10.00	352	19.2	2.0
Year ended March 31, 2017	–	5.00	–	5.00	10.00	306	24.2	1.9
Year ending March 31, 2018 (Forecast)	–	5.00	–	5.00	10.00		28.8	

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	23,650	3.3	500	(55.0)	350	(62.8)	250	(35.7)	8.26
Full year	50,050	3.6	1,850	(9.7)	1,550	(11.2)	1,050	(16.0)	34.70

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2017	32,040,000 shares	As of March 31, 2016	32,040,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	1,999,790 shares	As of March 31, 2016	859,790 shares
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Average number of shares during the period

Year ended March 31, 2017	30,260,626 shares	Year ended March 31, 2016	31,337,680 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	11,034,884	10,054,884
Notes and accounts receivable - trade	7,888,065	8,493,326
Merchandise and finished goods	10,895,330	10,498,680
Work in process	266,208	548,187
Raw materials and supplies	3,306,227	3,876,383
Deferred tax assets	833,948	887,346
Other	1,578,485	2,066,389
Allowance for doubtful accounts	(122,553)	(234,917)
Total current assets	35,680,596	36,190,281
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,346,076	7,443,364
Accumulated depreciation	(3,363,219)	(3,656,447)
Buildings and structures, net	3,982,856	3,786,916
Machinery, equipment and vehicles	698,349	1,066,537
Accumulated depreciation	(450,670)	(648,040)
Machinery, equipment and vehicles, net	247,678	418,496
Tools, furniture and fixtures	6,397,370	6,977,698
Accumulated depreciation	(4,868,310)	(5,376,113)
Tools, furniture and fixtures, net	1,529,059	1,601,585
Land	2,876,214	2,799,264
Leased assets	1,258,114	1,211,441
Accumulated depreciation	(976,923)	(990,862)
Leased assets, net	281,191	220,578
Construction in progress	55,570	515,446
Total property, plant and equipment	8,972,570	9,342,289
Intangible assets		
Goodwill	–	1,470,247
Other	392,891	630,761
Total intangible assets	392,891	2,101,008
Investments and other assets		
Investment securities	110,276	168,895
Deferred tax assets	246,337	231,338
Other	851,906	1,332,732
Allowance for doubtful accounts	(121,697)	(158,991)
Total investments and other assets	1,086,822	1,573,975
Total non-current assets	10,452,284	13,017,272
Total assets	46,132,881	49,207,554

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,867,713	3,622,288
Electronically recorded obligations - operating	–	3,747,459
Short-term loans payable	6,469,851	6,917,376
Current portion of long-term loans payable	2,757,416	2,882,684
Lease obligations	100,131	81,262
Accounts payable - other	1,162,253	1,357,073
Income taxes payable	106,116	299,105
Provision for bonuses	700,491	670,203
Provision for directors' bonuses	43,678	32,703
Provision for product warranties	414,740	470,168
Other	2,504,262	2,832,294
Total current liabilities	21,126,656	22,912,620
Non-current liabilities		
Long-term loans payable	8,721,797	9,492,384
Lease obligations	136,177	150,802
Deferred tax liabilities	6,628	13,835
Net defined benefit liability	311,532	450,455
Asset retirement obligations	52,685	52,870
Other	134,868	85,364
Total non-current liabilities	9,363,689	10,245,712
Total liabilities	30,490,345	33,158,333
Net assets		
Shareholders' equity		
Capital stock	4,357,456	4,357,456
Capital surplus	4,269,686	4,269,686
Retained earnings	7,803,163	8,746,923
Treasury shares	(201,831)	(804,308)
Total shareholders' equity	16,228,475	16,569,757
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(981)	5,603
Foreign currency translation adjustment	(605,640)	(551,924)
Remeasurements of defined benefit plans	20,683	25,783
Total accumulated other comprehensive income	(585,939)	(520,536)
Total net assets	15,642,535	16,049,220
Total liabilities and net assets	46,132,881	49,207,554

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	47,840,383	48,331,564
Cost of sales	25,234,731	26,789,640
Gross profit	22,605,651	21,541,924
Selling, general and administrative expenses	19,411,081	19,492,442
Operating profit	3,194,570	2,049,481
Non-operating income		
Interest income	42,442	57,244
Dividend income	804	750
Insurance income	13,090	20,424
Insurance return	22,002	14,862
Subsidy income	8,105	19,110
Other	39,690	33,438
Total non-operating income	126,135	145,830
Non-operating expenses		
Interest expenses	118,697	155,949
Sales discounts	108,465	111,529
Foreign exchange losses	200,290	133,718
Share of loss of entities accounted for using equity method	98,141	21,708
Other	38,123	26,381
Total non-operating expenses	563,718	449,288
Ordinary profit	2,756,986	1,746,023
Extraordinary income		
Gain on sales of non-current assets	16,476	64,780
Gain on reversal of subscription rights to shares	212	–
Total extraordinary income	16,689	64,780
Extraordinary losses		
Loss on sales of non-current assets	2,729	2,453
Total extraordinary losses	2,729	2,453
Profit before income taxes	2,770,946	1,808,350
Income taxes - current	559,208	620,631
Income taxes - deferred	580,403	(62,642)
Total income taxes	1,139,611	557,988
Profit	1,631,335	1,250,361
Profit attributable to owners of parent	1,631,335	1,250,361

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	1,631,335	1,250,361
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,647)	6,585
Foreign currency translation adjustment	(762,206)	59,880
Remeasurements of defined benefit plans, net of tax	(30,456)	5,100
Share of other comprehensive income of entities accounted for using equity method	54,373	(6,163)
Total other comprehensive income	(751,936)	65,402
Comprehensive income	879,398	1,315,764
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	879,398	1,315,764

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,357,456	4,266,585	6,524,218	(124,759)	15,023,500
Changes of items during period					
Dividends of surplus			(352,389)		(352,389)
Profit attributable to owners of parent			1,631,335		1,631,335
Purchase of treasury shares				(88,107)	(88,107)
Exercise of subscription rights to shares		3,100		11,036	14,137
Net changes of items other than shareholders' equity					
Total changes of items during period	-	3,100	1,278,945	(77,071)	1,204,974
Balance at end of current period	4,357,456	4,269,686	7,803,163	(201,831)	16,228,475

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	12,665	102,192	51,139	165,997	3,724	15,193,221
Changes of items during period						
Dividends of surplus						(352,389)
Profit attributable to owners of parent						1,631,335
Purchase of treasury shares						(88,107)
Exercise of subscription rights to shares						14,137
Net changes of items other than shareholders' equity	(13,647)	(707,833)	(30,456)	(751,936)	(3,724)	(755,660)
Total changes of items during period	(13,647)	(707,833)	(30,456)	(751,936)	(3,724)	449,314
Balance at end of current period	(981)	(605,640)	20,683	(585,939)	-	15,642,535

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,357,456	4,269,686	7,803,163	(201,831)	16,228,475
Changes of items during period					
Dividends of surplus			(306,602)		(306,602)
Profit attributable to owners of parent			1,250,361		1,250,361
Purchase of treasury shares				(602,477)	(602,477)
Net changes of items other than shareholders' equity					
Total changes of items during period			943,759	(602,477)	341,282
Balance at end of current period	4,357,456	4,269,686	8,746,923	(804,308)	16,569,757

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	(981)	(605,640)	20,683	(585,939)	15,642,535
Changes of items during period					
Dividends of surplus					(306,602)
Profit attributable to owners of parent					1,250,361
Purchase of treasury shares					(602,477)
Net changes of items other than shareholders' equity	6,585	53,716	5,100	65,402	65,402
Total changes of items during period	6,585	53,716	5,100	65,402	406,685
Balance at end of current period	5,603	(551,924)	25,783	(520,536)	16,049,220

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	2,770,946	1,808,350
Depreciation	1,540,070	1,545,428
Amortization of goodwill	–	26,464
Increase (decrease) in allowance for doubtful accounts	(35,882)	108,983
Increase (decrease) in provision for bonuses	(41,664)	(31,401)
Increase (decrease) in provision for directors' bonuses	(11,681)	(10,975)
Increase (decrease) in provision for product warranties	(30,323)	48,710
Increase (decrease) in net defined benefit liability	11,012	5,131
Interest and dividend income	(43,246)	(57,994)
Insurance income	(13,090)	(20,424)
Interest expenses	118,697	155,949
Share of (profit) loss of entities accounted for using equity method	98,141	21,708
Gain on reversal of subscription rights to shares	(212)	–
Foreign exchange losses (gains)	299,862	100,897
Loss (gain) on sales of fixed assets	(13,747)	(62,326)
Decrease (increase) in notes and accounts receivable - trade	11,298	(763,591)
Decrease (increase) in inventories	918,947	(656,839)
Increase (decrease) in notes and accounts payable - trade	(627,874)	316,700
Decrease (increase) in consumption taxes refund receivable	152,932	(79,113)
Increase (decrease) in accounts payable - other	(57,247)	106,512
Other, net	(191,092)	(132)
Subtotal	4,855,847	2,562,038
Interest and dividend income received	41,396	56,934
Proceeds from insurance income	13,090	20,424
Interest expenses paid	(118,043)	(149,801)
Income taxes paid	(1,374,126)	(419,068)
Income taxes refund	15,804	193,861
Net cash provided by (used in) operating activities	3,433,969	2,264,389
Cash flows from investing activities		
Net decrease (increase) in time deposits	2,100	16,366
Purchase of property, plant and equipment	(2,339,066)	(1,585,763)
Proceeds from sales of property, plant and equipment	95,195	222,456
Purchase of intangible assets	(251,106)	(265,451)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(471,878)
Payments for transfer of business	–	(651,539)
Payments of short-term loans receivable	–	(243,601)
Other, net	(509)	(370,455)
Net cash provided by (used in) investing activities	(2,493,387)	(3,349,867)

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	511,820	239,826
Proceeds from long-term loans payable	6,050,000	3,700,000
Repayments of long-term loans payable	(2,632,527)	(2,885,330)
Proceeds from exercise of share options	10,626	–
Purchase of treasury shares	(88,107)	(602,477)
Repayments of lease obligations	(113,924)	(113,120)
Cash dividends paid	(351,390)	(306,237)
Net cash provided by (used in) financing activities	3,386,495	32,660
Effect of exchange rate change on cash and cash equivalents	(323,407)	70,417
Net increase (decrease) in cash and cash equivalents	4,003,669	(982,399)
Cash and cash equivalents at beginning of period	6,989,214	10,992,884
Cash and cash equivalents at end of period	10,992,884	10,010,484