

**For the Fiscal Year Ended March 31, 2016**

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## **Annual Select® 2016**

# **MIMAKI ENGINEERING CO., LTD.**

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### **Corporate Profile**



MIMAKI ENGINEERING CO., LTD. (“the Company”) has leveraged our unique technologies to create and open up the market for industrial inkjet printers, except those for printing on paper, since we released an inkjet printer for outdoor signage in 1996. Going forward, we will continue to tap our technologies associated with the Internet of Things (IoT) and 3D printers in order to ensure sustenance for achieving further growth, in pursuing our aim of acting as a global company that generates 100 billion yen in annual revenues.

Accordingly, our business philosophy encompasses the following.

- (1) We aspire to become a “Development-oriented Enterprise” holding our own technology and supplying our own brand products throughout the world.
- (2) We aim to become a company that can adapt and quickly provide the products that will satisfy the customers.
- (3) We strive to become an innovator always providing “something new, something different” in the market.
- (4) We aim at creating a corporate culture where our individual employees can exploit their personal characters and capability to the fullest extent.

## I. Summary of Selected Financial Data (Consolidated)

	37 <sup>th</sup> term Fiscal year ended March 31, 2012	38 <sup>th</sup> term Fiscal year ended March 31, 2013	39 <sup>th</sup> term Fiscal year ended March 31, 2014	40 <sup>th</sup> term Fiscal year ended March 31, 2015	41 <sup>st</sup> term Fiscal year ended March 31, 2016
Net sales (Thousands of yen)	26,876,650	31,090,072	40,362,991	46,637,613	47,840,383
Ordinary income (Thousands of yen)	274,485	79,675	1,668,581	3,753,072	2,756,986
Profit attributable to owners of parent (Thousands of yen)	214,499	132,779	884,467	2,522,706	1,631,335
Comprehensive income (Thousands of yen)	24,287	435,758	1,429,589	2,680,135	879,398
Net assets (Thousands of yen)	6,151,765	6,495,069	7,879,322	15,193,221	15,642,535
Total assets (Thousands of yen)	25,707,340	29,691,916	32,067,725	43,479,615	46,132,881
Net assets per share (Yen)	458.42	484.07	292.68	485.38	501.68
Basic earnings per share (Yen)	16.08	9.95	33.02	92.94	52.06
Diluted earnings per share (Yen)	—	9.95	32.78	92.74	—
Equity ratio (%)	23.8	21.8	24.5	34.9	33.9
Return on equity (ROE) (%)	3.5	2.1	12.4	21.9	10.6
Price earnings ratio (PER) (Times)	21.2	39.9	18.6	25.6	12.8
Net cash provided by (used in) operating activities (Thousands of yen)	2,049,303	(1,754,687)	1,802,249	(2,145,605)	3,433,969
Net cash provided by (used in) investing activities (Thousands of yen)	(333,927)	(839,994)	(1,235,706)	(2,738,553)	(2,493,387)
Net cash provided by (used in) financing activities (Thousands of yen)	762,036	1,054,804	739,068	6,642,424	3,386,495
Cash and cash equivalents at end of period (Thousands of yen)	4,794,121	3,351,701	4,869,902	6,989,214	10,992,884
Number of employees [Separately, average number of temporary employees] (Persons)	947 [90]	1,065 [102]	1,202 [99]	1,378 [173]	1,449 [144]

Notes: 1. Consumption taxes are not included in net sales.

2. Effective from the fiscal year under review, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), etc. and former “net income” is now presented as “profit attributable to owners of parent.”
3. Diluted earnings per share for the 37th term are not presented here due to an absence of potential shares with a dilutive effect. Diluted earnings per share for the 41st term are not presented here due to an absence of potential shares.
4. A two-hundred-for-one share split was carried out on April 1, 2012. The calculation of the price earnings ratio for the 37th term factors the share split ratio into the share price as of March 31, 2012, given that the share was trading ex-rights on that date.
5. A two-for-one share split was carried out on April 1, 2015. Net assets per share, basic earnings per share, and diluted earnings per share have been calculated on the assumption of the share split having been carried out on April 1, 2013. The calculation of the price earnings ratio for the 40th term factors the share split ratio into the share price as of March 31, 2015, given that the share was trading ex-rights on that date.

## **II. Business description**

The MIMAKI Group (“the Group”) consists of the Company, 14 consolidated subsidiaries (MIMAKI USA, INC., MIMAKI EUROPE B.V., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., MIMAKI PRECISION Co., Ltd., GRAPHIC CREATION Co., Ltd., MIMAKI IJ TECHNOLOGY CO., Ltd., Mimaki Deutschland GmbH, Shanghai Mimaki Trading Co., Ltd., MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA, MIMAKI PINGHU TRADING CO., LTD., PT. MIMAKI INDONESIA, MIMAKI AUSTRALIA PTY LTD, MIMAKI SINGAPORE PTE. LTD., MIMAKI INDIA PRIVATE LIMITED) and two other companies (MIMAKI KANPHOR INDIA PRIVATE LIMITED, etc.), total 17 companies. The Group’s reportable segments are categorized by geographic region given that it engages in development, manufacturing and sales of products such as industrial inkjet printers and cutting plotters primarily as a single business operation.

Sales of products such as industrial inkjet printers and cutting plotters are carried out in all of our segments, while development and manufacturing, as well as printing services and other such operations are carried out in the Japan, Asia and Oceania segment.

Also, the following describes the Group’s business operations classified by markets to which end users of our products belong.

### **(1) SG (Sign Graphics) market**

We develop, manufacture, and sell products for Sign Graphics market. The products for this market are models designed to produce visual communications, such as advertisements and signboards. This includes devices such as wide inkjet printers that selectively use ink according to specific applications and materials to be printed, and cutting plotters that perform contour cutting of alphanumeric characters, logos, illustrations and other shapes, all geared to the Sign Graphics market which is increasingly shifting to digital technologies as a result of a call for quicker response times, lower costs and higher resolutions.

### **(2) IP (Industrial Products) market**

For the Industrial Products market, we develop, manufacture, and sell industrial products, as well as products used on-site in facilities that produce merchandise, gifts, novelties, order-made goods and other products for general consumers. Our products here are designed to help users streamline production and cut costs, irrespective of industry, and include flatbed UV-curable inkjet printers that are capable of printing on a range of materials, as well as cutting plotters and other devices.

### **(3) TA (Textile & Apparel) market**

For the Textile & Apparel market, we develop, manufacture, and sell products that are capable of printing to textiles before the cutting and sewing process, cloth materials for ready-to-wear apparel and the like. Our products in this market include inkjet printers capable of dye sublimation printing to polyester materials and printing directly to fabrics such as those made of cotton, silk and other materials. With these products we serve users who must provide a quick response in operations that include producing samples and engaging in high-mix, low-volume production.

The Company carries out product development geared to the respective SG, IP, and TA markets described above. In addition to the Company with respect to manufacturing, some production of our mainstay products is also carried out by MIMAKI IJ TECHNOLOGY CO., Ltd., and some production of inks is also carried out by MIMAKI ENGINEERING (TAIWAN) Co., Ltd. Some of our parts and components are procured from MIMAKI PINGHU TRADING CO., LTD., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., and MIMAKI PRECISION Co., Ltd. With respect to sales, the Company carries out such operations in Japan, and in some

areas of the Asia and Oceania region. In our major geographic regions overseas, sales are carried out by MIMAKI USA, INC. (North America), MIMAKI EUROPE B.V. (Europe), Mimaki Deutschland GmbH (Germany), MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (Taiwan), Shanghai Mimaki Trading Co., Ltd. (China), MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (Brazil), MIMAKI INDIA PRIVATE LIMITED (India), PT. MIMAKI INDONESIA (Indonesia), MIMAKI AUSTRALIA PTY LTD (Australia), and MIMAKI SINGAPORE PTE. LTD. (Singapore).

#### (4) Spare parts

Spare parts include those parts and components needed for maintenance purposes when customers use our products. The Company manufactures and sells most such spare parts.

#### (5) Others

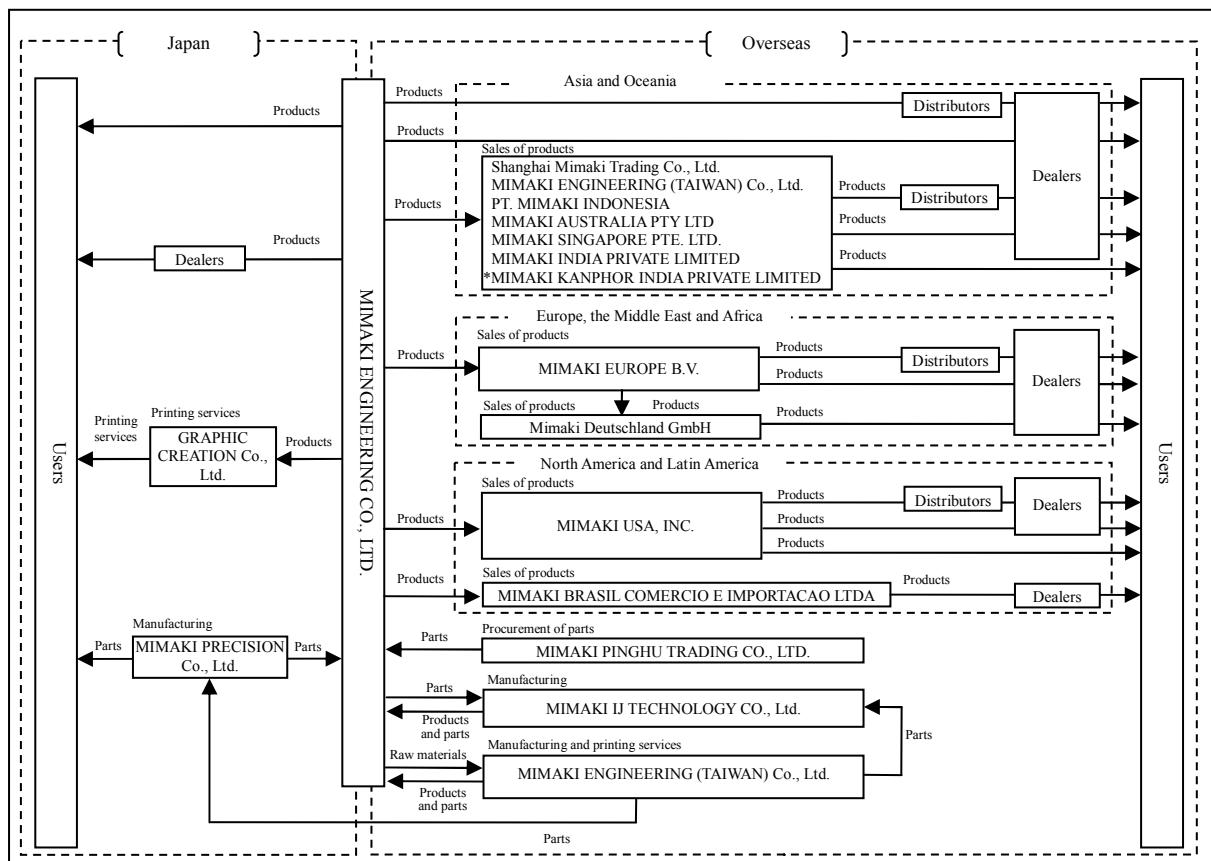
This area of business includes manufacture and sales of custom-made machines outside the scope of the aforementioned market categories, and also includes printing services.

Such custom-made machines are manufactured and sold by the Company, and printing services and other such business is carried out online by GRAPHIC CREATION Co., Ltd. and MIMAKI ENGINEERING (TAIWAN) Co., Ltd.

#### [Outline of Classification by Markets]

<b>[Products for SG market]</b> Refers to products for the Sign Graphics market involving advertisements, signboards, etc.	<b>[Products for IP market]</b> Refers to products for the Industrial Products market, used at sites where industrial products are manufactured, etc.	<b>[Products for TA market]</b> Refers to products for the Textile & Apparel market that are capable of printing to cloth materials
<p><b>Major products</b></p> <p><b>Inkjet Printers</b></p> <ul style="list-style-type: none"> <li>• 500 Series for SG market</li> <li>• UJV500-160</li> <li>• JV300 Series</li> <li>• JV150 Series</li> <li>• JV33 Series</li> <li>• JV34-260</li> <li>• CJV300 Series</li> <li>• CJV150 Series</li> <li>• CJV30 Series</li> <li>• JV5 Series</li> <li>• JV400LX Series</li> <li>• JV400SUV Series</li> <li>• SJ-320UV</li> <li>• UJV55-320</li> <li>• UJV-160</li> </ul> <p><b>Cutting Plotters</b></p> <ul style="list-style-type: none"> <li>• CG-FX II Series</li> <li>• CG-SR III Series</li> </ul> <p><b>Software</b></p> <ul style="list-style-type: none"> <li>• Raster Link 6</li> <li>• Raster Link Pro5 SG</li> <li>• Fine Cut 8</li> <li>• Simple Studio</li> </ul> <p><b>Ink</b></p> <ul style="list-style-type: none"> <li>• Eco-solvent inks</li> <li>• Solvent UV inks</li> <li>• Water-based latex inks</li> <li>• Water-based sublimation inks</li> </ul>	<p><b>Major products</b></p> <p><b>Flatbed Inkjet Printers</b></p> <ul style="list-style-type: none"> <li>• 500 Series for IP market</li> <li>• JFX500-2131</li> <li>• JFX200-2513</li> <li>• UJF-7151plus</li> <li>• UJF-6042</li> <li>• UJF-3042FX</li> <li>• UJF-3042HG</li> </ul> <p><b>Cutting Plotters</b></p> <ul style="list-style-type: none"> <li>• CFL-605RT</li> <li>• CF2 Series</li> <li>• CF3 Series</li> </ul> <p><b>Software</b></p> <ul style="list-style-type: none"> <li>• Raster Link 6</li> <li>• Raster Link Pro5 IP</li> <li>• Fine Cut 8</li> <li>• Ittobori/Zusaku</li> </ul> <p><b>Ink</b></p> <ul style="list-style-type: none"> <li>• Hard UV-curable inks</li> <li>• Flexible UV-curable inks</li> </ul>	<p><b>Major products</b></p> <p><b>Inkjet Printers</b></p> <ul style="list-style-type: none"> <li>• 500 Series for TA market</li> <li>• TS500-1800</li> <li>• Tx500-1800DS</li> <li>• Tx500-1800B</li> <li>• TS500P-3200</li> <li>• Tx400 Series</li> <li>• Tx300P-1800</li> <li>• TS300P-1800</li> <li>• TS34-1800A</li> <li>• TS30-130</li> <li>• TS5-1600AMF</li> <li>• TS3-1600</li> <li>• TPC-1000</li> <li>• DS Series</li> </ul> <p><b>Cutting Plotters</b></p> <ul style="list-style-type: none"> <li>• APC-130</li> </ul> <p><b>Software</b></p> <ul style="list-style-type: none"> <li>• Raster Link 6</li> <li>• Raster Link Pro5 TA</li> <li>• Tx Link 3</li> </ul> <p><b>Ink</b></p> <ul style="list-style-type: none"> <li>• Reactive dye inks</li> <li>• Acid dye inks</li> <li>• Water-based sublimation inks</li> <li>• Textile pigment inks</li> </ul>

[Overview of the Group]



Companies that are not marked are consolidated subsidiaries, while companies that are marked with an asterisk (\*) are equity-method affiliates and, as such, non-consolidated subsidiaries.

### **III. Overview of Business Performance**

#### **(1) Business Performance**

With respect to the global economy during the fiscal year under review, shifts in emerging and resource-rich nations which had been drivers of the worldwide economy became increasingly apparent. Such trends have been underpinned by negative factors including slowing business conditions in China, deteriorating economies in Latin America due to falling prices of crude oil and other natural resources, and growing geopolitical risks in the Middle East and Turkey. Meanwhile, in developed nations there have been ongoing uncertainties. That situation has been attributable to adverse factors that include Europe's inability to dispel deflationary concerns and monetary policy struggles in the U.S. with respect raising interest rates due to the potential macro-economic impact of such a move. On the domestic front, in Japan there have been a host of negative factors with respect to the future outlook, such that include the nation's fiscal circumstances and the prospect of overcoming deflation. Meanwhile, discussion on government policy continues with respect to matters such as the likelihood of a sustained scenario unfolding thus far of yen depreciation and rising equities, potential effects of negative interest rates, and timing with respect to a consumption tax hike.

Amid these circumstances, the Group has been working to reinforce its business foundations in order to ensure sustained growth, while also aggressively engaging in initiatives that lend support to the on-demand services of our customers.

As for specific strategies in this regard, in serving the SG (Sign Graphics) market we have been continuing with efforts that involve worldwide promotions of our mainstay products such as our JV300 Series inkjet printers which we began selling in the previous fiscal year, and in April 2015 we launched our SIJ-320UV grand-format LED-UV inkjet printer featuring a maximum printable width of 3.2 meters, primarily targeting demand involving production of large, high-quality signage in developing countries. For the IP (Industrial Products) market, in November 2015 we launched our new UJF-7151plus inkjet printer, designed with an exhaustive focus on producing fine image quality with one aim being that of serving needs for decorative applications such as printing of smartphone cases which have been a driver of equipment sales to this market, as well as gifts, novelties and other such items, and another aim being that of covering a more extensive range of inkjet printer applications with respect to industrial printing in fields such as consumer electronics and the automotive sector. For the TA (Textile & Apparel) market, in July 2015 we launched the TS300P-1800 entry-model dye sublimation inkjet printer equipped with a new printhead for accelerated printing speeds. Also, in February 2016, we launched our large-model dye sublimation printer TS500P-3200, featuring a maximum printable width of 3.2 meters to enable high-speed printing on extra-wide surfaces in the home furnishing textiles market.

As a result, consolidated net sales for the fiscal year ended March 31, 2016 totaled 47,840 million yen, up 2.6% year on year, operating income was 3,194 million yen, down 28.9%, ordinary income was 2,756 million yen, down 26.5%, and profit attributable to owners of parent was 1,631 million yen, down 35.3%.

Performance by business segment is shown below.

#### **(Japan, Asia and Oceania)**

In the Japanese market, net sales increased year on year largely due to growth in unit sales of JV Series and other mainstay products geared to the SG market and strong results from products targeting the IP and TA markets. In

the Asia and Oceania region, there was growth in business involving the IP market, but net sales of products for the Chinese SG and TA markets decreased year on year. Meanwhile, results were firm overall with respect to the SG, IP and TA markets in other countries. These resulted in net sales to external customers of 21,893 million yen, up 10.6% year on year.

(North America and Latin America)

In the North American region, we recognize the challenges of enhancing sales activities in the U.S., and have accordingly been forging ahead in efforts to develop promotions through mini-exhibitions\* designed to bring us closer to our customers, and renovating our sales channels. Despite sluggish sales of models for the SG market, net sales increased year on year partially due to robust sales mainly of the large-model JFX200-2513 and the new UJF-7151plus inkjet printers for the IP market, and also due to favorable effects of yen depreciation. In Latin America, net sales decreased year on year largely due to downturns in sales to Brazil's SG market and TA market. These resulted in net sales to external customers of 10,648 million yen, down 0.4% year on year.

\* A small-scale exhibition hosted by the Company, inviting customers.

(Europe, the Middle East and Africa)

In Europe, despite robust net sales in the IP market of the compact models UJF-3042HG and UJF-6042, and the large-model JFX200-2513, net sales overall decreased year on year due to factors that included intensifying competition faced by our mainstay products for the SG market, demand for high-end models for the TA market having run its course, and negative effects of yen appreciation. In the Middle East and Africa, net sales increased year on year due to steady sales of mainstay products for the SG market, such as the JV150 Series, and products for the IP market, such as UJF-3042HG. These resulted in net sales to external customers of 15,298 million yen, down 5.3% year on year.

Net sales by market for the fiscal year ended March 31, 2016 are as follows.

	Net sales (millions of yen)	Percentage of net sales (%)	Year on year (%)
SG market	22,773	47.6	95.7
IP market	14,675	30.6	117.4
TA market	5,344	11.2	93.1
Spare parts	3,393	7.1	103.7
Others	1,653	3.5	125.2
Total	47,840	100.0	102.6

(SG market)

While a robust increase was recorded in sales volume, primarily of the mainstay products such as the JV Series and CJV Series, unit prices fell due to intensified competition. This resulted in net sales of 22,773 million yen, down 4.3% year on year.

(IP market)

The compact models UJF-3042HG and UJF-6042 showed a robust increase in sales volume. Moreover, the

large-model JFX200-2513 grew in sales volume, becoming a mainstay product. In addition, the UJF-7151plus, a new product that was launched in November 2015, won a high evaluation from the market, contributing to a rise in net sales, if only for a short period. This resulted in net sales of 14,675 million yen, up 17.4% year on year.  
(TA market)

Entry models showed a good sales performance thanks to the contribution of the TS300P-1800, launched in July 2015, etc. In addition, the large-model dye sublimation printer TS500P-3200, which was launched in February 2016, boosted sales. However, high-end models saw a plunge in sales, primarily in Europe. This resulted in net sales of 5,344 million yen, down 6.9% year on year.

## (2) Cash Flow

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2016 totaled 10,992 million yen, an increase of 4,003 million yen compared with March 31, 2015, owing to proceeds from long-term loans payable, profit before income taxes, etc., partially offset by repayments of long-term loans payable, purchase of property, plant and equipment, etc.

The cash flows for the fiscal year ended March 31, 2016 and factors contributing to those amounts are as follows:

### (Cash flows from operating activities)

Net cash provided by operating activities totaled 3,433 million yen (net cash used in operating activities totaled 2,145 million yen in the previous fiscal year). This is primarily due to profit before income taxes of 2,770 million yen and depreciation of 1,540 million yen, despite an outflow of income taxes paid totaling 1,374 million yen.

### (Cash flows from investing activities)

Net cash used in investing activities totaled 2,493 million yen (down 245 million yen year on year). This is mainly attributable to purchase of property, plant and equipment totaling 2,339 million yen.

### (Cash flows from financing activities)

Net cash provided by financing activities totaled 3,386 million yen (down 3,255 million yen year on year). This is mainly due to proceeds from long-term loans payable totaling 6,050 million yen, partially offset by repayments of long-term loans payable totaling 2,632 million yen.

## IV. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,037,514	11,034,884
Notes and accounts receivable - trade	7,726,316	7,888,065
Merchandise and finished goods	12,034,781	10,895,330
Work in process	412,930	266,208
Raw materials and supplies	3,748,966	3,306,227
Deferred tax assets	1,384,295	833,948
Other	1,575,588	1,578,485
Allowance for doubtful accounts	(148,443)	(122,553)
<b>Total current assets</b>	<b>33,771,949</b>	<b>35,680,596</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	5,789,963	7,346,076
Accumulated depreciation	(3,111,119)	(3,363,219)
Buildings and structures, net	2,678,844	3,982,856
Machinery, equipment and vehicles	642,173	698,349
Accumulated depreciation	(411,662)	(450,670)
Machinery, equipment and vehicles, net	230,511	247,678
Tools, furniture and fixtures	5,871,365	6,397,370
Accumulated depreciation	(4,427,180)	(4,868,310)
Tools, furniture and fixtures, net	1,444,184	1,529,059
Land	2,872,063	2,876,214
Leased assets	1,203,327	1,258,114
Accumulated depreciation	(897,363)	(976,923)
Leased assets, net	305,963	281,191
Construction in progress	604,300	55,570
<b>Total property, plant and equipment</b>	<b>8,135,866</b>	<b>8,972,570</b>
Intangible assets		
Other	291,891	392,891
<b>Total intangible assets</b>	<b>291,891</b>	<b>392,891</b>
<b>Investments and other assets</b>		
Investment securities	129,826	110,276
Deferred tax assets	278,412	246,337
Other	1,016,105	851,906
Allowance for doubtful accounts	(144,436)	(121,697)
<b>Total investments and other assets</b>	<b>1,279,907</b>	<b>1,086,822</b>
<b>Total non-current assets</b>	<b>9,707,666</b>	<b>10,452,284</b>
<b>Total assets</b>	<b>43,479,615</b>	<b>46,132,881</b>

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	7,535,173	6,867,713
Short-term loans payable	6,157,523	6,469,851
Current portion of long-term loans payable	2,151,492	2,757,416
Lease obligations	105,432	100,131
Accounts payable - other	1,488,360	1,162,253
Income taxes payable	800,896	106,116
Provision for bonuses	745,478	700,491
Provision for directors' bonuses	55,360	43,678
Provision for product warranties	448,649	414,740
Other	2,275,917	2,504,262
<b>Total current liabilities</b>	<u>21,764,284</u>	<u>21,126,656</u>
<b>Non-current liabilities</b>		
Long-term loans payable	5,910,248	8,721,797
Lease obligations	167,698	136,177
Deferred tax liabilities	29,780	6,628
Net defined benefit liability	254,318	311,532
Asset retirement obligations	19,841	52,685
Other	140,222	134,868
<b>Total non-current liabilities</b>	<u>6,522,109</u>	<u>9,363,689</u>
<b>Total liabilities</b>	<u>28,286,394</u>	<u>30,490,345</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,357,456	4,357,456
Capital surplus	4,266,585	4,269,686
Retained earnings	6,524,218	7,803,163
Treasury shares	(124,759)	(201,831)
<b>Total shareholders' equity</b>	<u>15,023,500</u>	<u>16,228,475</u>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	12,665	(981)
Foreign currency translation adjustment	102,192	(605,640)
Remeasurements of defined benefit plans	51,139	20,683
<b>Total accumulated other comprehensive income</b>	<u>165,997</u>	<u>(585,939)</u>
Subscription rights to shares	3,724	–
<b>Total net assets</b>	<u>15,193,221</u>	<u>15,642,535</u>
<b>Total liabilities and net assets</b>	<u>43,479,615</u>	<u>46,132,881</u>

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

**(Consolidated Statements of Income)**

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	46,637,613	47,840,383
Cost of sales	23,769,235	25,234,731
Gross profit	22,868,377	22,605,651
Selling, general and administrative expenses	18,376,984	19,411,081
Operating income	4,491,393	3,194,570
Non-operating income		
Interest income	20,001	42,442
Dividend income	2,935	804
Insurance income	82,871	13,090
Insurance return	3,869	22,002
Other	51,484	47,795
Total non-operating income	161,163	126,135
Non-operating expenses		
Interest expenses	114,699	118,697
Sales discounts	115,557	108,465
Foreign exchange losses	454,827	200,290
Share of loss of entities accounted for using equity method	101,472	98,141
Other	112,925	38,123
Total non-operating expenses	899,483	563,718
Ordinary income	3,753,072	2,756,986
Extraordinary income		
Gain on sales of non-current assets	15,325	16,476
Gain on reversal of subscription rights to shares	1,276	212
Total extraordinary income	16,602	16,689
Extraordinary losses		
Loss on sales of non-current assets	3,006	2,729
Total extraordinary losses	3,006	2,729
Profit before income taxes	3,766,668	2,770,946
Income taxes - current	1,428,537	559,208
Income taxes - deferred	(184,576)	580,403
Total income taxes	1,243,961	1,139,611
Profit	2,522,706	1,631,335
Profit attributable to owners of parent	2,522,706	1,631,335

**(Consolidated Statements of Comprehensive Income)**

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	2,522,706	1,631,335
Other comprehensive income		
Valuation difference on available-for-sale securities	10,404	(13,647)
Foreign currency translation adjustment	161,858	(762,206)
Remeasurements of defined benefit plans, net of tax	22,083	(30,456)
Share of other comprehensive income of entities accounted for using equity method	(36,918)	54,373
Total other comprehensive income	<u>157,428</u>	<u>(751,936)</u>
Comprehensive income	<u>2,680,135</u>	<u>879,398</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,680,135	879,398

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2015

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,015,168	1,913,398	4,088,336	(163,494)	7,853,408
Cumulative effects of changes in accounting policies			61,138		61,138
Restated balance	2,015,168	1,913,398	4,149,474	(163,494)	7,914,546
Changes of items during period					
Issuance of new shares	2,342,287	2,342,287			4,684,575
Dividends of surplus			(147,962)		(147,962)
Profit attributable to owners of parent			2,522,706		2,522,706
Purchase of treasury shares				(61)	(61)
Exercise of subscription rights to shares		10,899		38,795	49,695
Net changes of items other than shareholders' equity					
Total changes of items during period	2,342,287	2,353,187	2,374,743	38,734	7,108,953
Balance at end of current period	4,357,456	4,266,585	6,524,218	(124,759)	15,023,500

	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	2,260	(22,747)	29,055	8,568	17,344	7,879,322
Cumulative effects of changes in accounting policies						61,138
Restated balance	2,260	(22,747)	29,055	8,568	17,344	7,940,460
Changes of items during period						
Issuance of new shares						4,684,575
Dividends of surplus						(147,962)
Profit attributable to owners of parent						2,522,706
Purchase of treasury shares						(61)
Exercise of subscription rights to shares						49,695
Net changes of items other than shareholders' equity	10,404	124,939	22,083	157,428	(13,620)	143,807
Total changes of items during period	10,404	124,939	22,083	157,428	(13,620)	7,252,761
Balance at end of current period	12,665	102,192	51,139	165,997	3,724	15,193,221

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
Cumulative effects of changes in accounting policies					—
Restated balance	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
Cumulative effects of changes in accounting policies						—
Restated balance	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

#### (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,766,668	2,770,946
Depreciation	1,482,868	1,540,070
Increase (decrease) in allowance for doubtful accounts	68,061	(35,882)
Increase (decrease) in provision for bonuses	160,914	(41,664)
Increase (decrease) in provision for directors' bonuses	41,467	(11,681)
Increase (decrease) in provision for product warranties	(17,139)	(30,323)
Increase (decrease) in net defined benefit liability	6,868	11,012
Interest and dividend income	(22,936)	(43,246)
Insurance income	(82,871)	(13,090)
Interest expenses	114,699	118,697
Share of (profit) loss of entities accounted for using equity method	101,472	98,141
Gain on reversal of subscription rights to shares	(1,276)	(212)
Foreign exchange losses (gains)	114,764	299,862
Loss (gain) on sales of non-current assets	(12,318)	(13,747)
Decrease (increase) in notes and accounts receivable - trade	(669,555)	11,298
Decrease (increase) in inventories	(6,349,344)	918,947
Increase (decrease) in notes and accounts payable - trade	1,404,014	(627,874)
Decrease (increase) in consumption taxes refund receivable	(227,963)	152,932
Increase (decrease) in accounts payable - other	(268,051)	(57,247)
Other, net	(232,985)	(191,092)
<b>Subtotal</b>	<b>(622,645)</b>	<b>4,855,847</b>
Interest and dividend income received	22,907	41,396
Proceeds from insurance income	82,871	13,090
Interest expenses paid	(115,541)	(118,043)
Income taxes paid	(1,524,867)	(1,374,126)
Income taxes refund	11,670	15,804
Net cash provided by (used in) operating activities	(2,145,605)	3,433,969
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	34,135	2,100
Purchase of property, plant and equipment	(2,760,363)	(2,339,066)
Proceeds from sales of property, plant and equipment	68,988	95,195
Purchase of intangible assets	(146,821)	(251,106)
Proceeds from sales of investment securities	170,000	-
Other, net	(104,492)	(509)
Net cash provided by (used in) investing activities	(2,738,553)	(2,493,387)

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	173,335	511,820
Proceeds from long-term loans payable	3,810,000	6,050,000
Repayments of long-term loans payable	(1,779,558)	(2,632,527)
Proceeds from issuance of common shares	4,684,575	–
Proceeds from exercise of share options	37,352	10,626
Purchase of treasury shares	(61)	(88,107)
Repayments of lease obligations	(131,229)	(113,924)
Cash dividends paid	(151,988)	(351,390)
Net cash provided by (used in) financing activities	6,642,424	3,386,495
Effect of exchange rate change on cash and cash equivalents	361,045	(323,407)
Net increase (decrease) in cash and cash equivalents	2,119,312	4,003,669
Cash and cash equivalents at beginning of period	4,869,902	6,989,214
Cash and cash equivalents at end of period	6,989,214	10,992,884

## V. Corporate Data (as of March 31, 2016)

### Basic Information

Trade name:	MIMAKI ENGINEERING CO., LTD.
Established:	August 1975
Listed market:	The First Section of Tokyo Stock Exchange (Securities Code: 6638)
Listed:	March 2015
Business year:	From April 1 to March 31
Capital stock:	4,357 million yen
Number of employees:	1,449 persons (Consolidated)
Head office:	2182-3 Shigeno-Otsu, Tomi-shi, Nagano
Telephone:	+81-268-64-2281
Consolidated subsidiaries:	MIMAKI USA, INC. MIMAKI EUROPE B.V. Mimaki Deutschland GmbH MIMAKI ENGINEERING (TAIWAN) Co., Ltd. MIMAKI IJ TECHNOLOGY CO., Ltd. MIMAKI PINGHU TRADING CO., LTD. Shanghai Mimaki Trading Co., Ltd. MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA PT. MIMAKI INDONESIA MIMAKI AUSTRALIA PTY LTD MIMAKI SINGAPORE PTE. LTD. MIMAKI INDIA PRIVATE LIMITED MIMAKI PRECISION Co., Ltd. GRAPHIC CREATION Co., Ltd.

### Directors and Corporate Auditors (as of June 22, 2016)

Executive Chairman	Akira Ikeda
President	Kazuaki Ikeda
Executive Vice President	Sakae Sagane
Executive Director	Kazuyuki Takeuchi
Director	Hiroshi Miyake
Director	Yasuhiro Haba
Counselor for Director	Noriyuki Tanaka
Director*	Makoto Tanaka
Director*	Hisamitsu Arai
Auditor (Full-Time)	Masayoshi Tsuchiya
Auditor**	Tomokazu Iwashita
Auditor**	Yukio Tsuchiya

\* Outside Director \*\* Outside Auditor

### Stock Status

Total number of shares authorized:	128,160,000 shares
Total number of shares issued:	32,040,000 shares
Number of shareholders:	6,430

### Major shareholders (Top 10)

Shareholder name	Number of shares held	Share-holding ratio (%)
Ikeda Holdings, Inc.	4,427,200	13.82
Tanaka Kikaku Ltd.	2,400,000	7.49
Noriyuki Tanaka	2,022,000	6.31
MIMAKI ENGINEERING Employee Stock Ownership	1,625,600	5.07
Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	1,524,000	4.76
Japan Trustee Services Bank, Ltd.	1,231,200	3.84
THE HACHIJUNI BANK, LTD. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	840,000	2.62
Akira Ikeda	827,000	2.58
The Master Trust Bank of Japan, Ltd.	811,300	2.53
EPSON AVASYS CORPORATION	720,000	2.25

Notes: 1. Of the above-mentioned shares held, the numbers of shares related to trust business are as follows:

Japan Trustee Services Bank, Ltd. 1,231,200 shares  
The Master Trust Bank of Japan, Ltd. 811,300 shares

2. In addition to shares described above, the Company holds 859,790 shares as treasury shares.

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\* Annual Select is an English-language disclosure format developed by ZAIHON, INC. to increase the level of convenience of investors outside Japan based on Japanese-language statutory disclosure material, timely disclosure material prescribed by securities exchanges and voluntarily disclosed IR material. Annual Select is a registered trademark of ZAIHON, INC. Reproduction or copying without prior permission is prohibited.

\* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.