

## **Shareholder Information**

Business year	From April 1 to March 31
General meeting of shareholders	Within three months from the end of each business year
Record date	Annual meeting of shareholders March 31 Year-end dividend March 31 Interim dividend September 30 Or a date announced beforehand if necessary.
Share unit	100 shares
Shareholder registry administrator and account management institution for special accounts	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Department 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan Tel: 0120-232-711 (toll free)

Method of public Public notices are posted on our website (http:// www. mimaki.co.ip/). However, if an electronic public notice cannot be given due to unavoidable circumstances, it will be published in the Nihon Keizai Shimbun.

Tokyo Securities Exchange JASDAQ (Standard) Listings Securities Code: 6638

#### (Notes)

notice

- 1. For inquiries on address changes or other procedures pertaining to shares, please contact the account management institution (securities firm, etc.) with which your account is held. Please note that the shareholder registry administrator (Mitsubishi UFJ Trust Banking Corporation) cannot handle these procedures.
- 2. For procedures relating to shares registered in the special account, Mitsubishi UFJ Trust and Banking Corporation is our account management institution for special accounts. Please contact the above account management institution. In addition, any branches of Mitsubishi UFJ Trust and Banking Corporation in Japan can handle these procedures.
- 3. Unreceived dividends are paid at the head office of Mitsubishi UFJ Trust and Banking Corporation.

# BUSINESS REPORT Interim 2014

The Interim Financial Report for the 39th Term The contents are based on data as of September 30, 2013. April 1, 2013 – September 30, 2013

## Innovation.

## **Мітакі** MIMAKI ENGINEERING CO., LTD. Securities Code: 6638

## **Overview of MIMAKI ENGINEERING**

## **Creating Markets and Customers**

MIMAKI ENGINEERING is a **development-driven company** that offers integrated development, manufacturing, marketing, and maintenance services for products such as industrial inkjet printers, cutting plotters, and ink. We are pursuing a *global niche strategy* of creating new markets and customers worldwide by accurately perceiving diverse niche needs and quickly providing products that closely target those needs based on our unique market position.



We aim for a business model like a bunch of grapes containing many hit grapes collected from niches around the world.

## **To Our Shareholders**

Before going on to present the business report for the first half of our 39th term (April 1, 2013 to September 30, 2013), I would like to address a few words to our shareholders and particularly to express my sincere appreciation for your continued support.



Hisayuki Kobayashi President. MIMAKI ENGINEERING CO., LTD.

We launched into the first half of the current fiscal year under the slogan "M500 Start," expressing our newly set goal of achieving consolidated net sales of 50 billion yen. Our consolidated results for the half-year saw net sales increase 26.8% year on year to 18,967 million yen, while operating profit jumped 199.1% to 1,476 million yen, and ordinary profit rose 146.3% to 623 million yen. Net profit, meanwhile, decreased 20.3% to 138 million yen.

Aided by the tailwind of the progressive depreciation of the yen, all markets saw healthy growth in net sales, particularly of entry-level models. Demand expanded remarkably for on-demand printing in the IP and TA markets, which Mimaki in particular has taken the initiative to develop, on the back of strong sales performance for the UJF-6042 and the TS34-1800A, in contrast with the SG market, which is becoming increasingly mature. This big response suggests that digital on-demand printing will become a foundation of our new growth. We also focused on expanding our marketing and service bases around the world during the first half of the year. In Japan, we opened three sales offices in Western Japan (Kyoto, Kobe, and Takamatsu). Outside Japan, we established subsidiaries in Australia and Singapore and new sales bases in China, Turkey, and the U.S. In this way we worked to lay the basis for sales operations closely integrated with their regional communities.

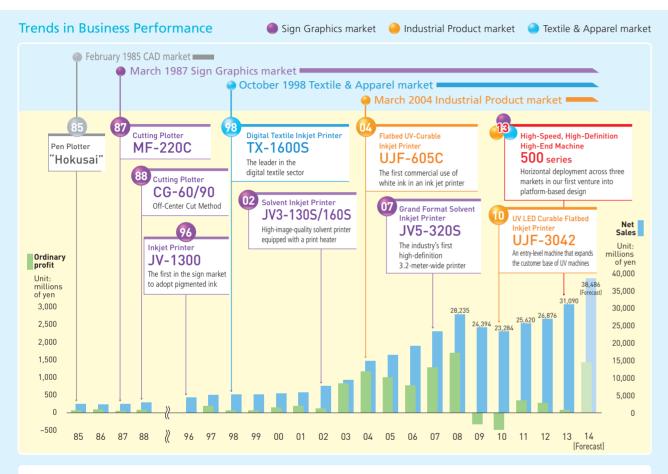
Meanwhile, we are facing new challenges as we globalize our business, including in emerging nations. Accordingly, we are developing a system for smoothly linking each process, from production to distribution to marketing, which will translate into lower costs, lower exchange rate risk, optimized inventory management, and greater earning power.

From the third quarter onward, we will pursue further improvements in business performance in each of the SG, IP, and TA markets, revolving around a full-scale marketing push for the 500 series.

We have set the interim dividend for the year at 3.50 yen per share, which we hope will be acceptable. I look forward to your ongoing support and encouragement. Thank you.

December 2013

## Trends in Business Performance



#### MIMAKI ENGINNERING aims to be a market-oriented, development-driven company that pursues the potential of on-demand production based on its inkjet and cutting technologies. Our aim is as follows.

VISION 1	Be a development-driven company supplying MIMAKI branded products to the world using our proprietary technologies.
Management VISION 2	Be <b>a company agile</b> enough to quickly provide products that satisfy customers.

Be an innovator that always provides innovation and a real difference to the market.

Have a business culture in which each employee can make full use of his or her individuality and capabilities.

## Financial Highlights

Consolidated Performance Highlights for the First Half of the Fiscal Year Ending March 2014

### Launch of M500 Project Targeting Consolidated Net Sales of 50 Billion Yen

We took the first step toward goal achievement by opening new sales bases around the world to further strengthen sales operations closely integrated with their regional communities.



### Net Sales

Healthy performances were returned by our main existing entry-level models in each of the SG, IP, and TA markets. Also helping to boost sales were high-end models in the 500 series offering high speed and high image guality and products for emerging nations. As a result, sales performance was strong for both machines and consumables such as ink, and net sales reached 18,967 million yen, a substantial increase of 26.8% year on year.

## Profits

Factors such as the effect of increased revenue and improvement in the cost of sales ratio resulted in a 199.1% year-on-year increase in operating profit to 1,476 million yen. After recording of the exchange rate loss and other items, this left an ordinary profit of 623 million yen (up 146.3% year on year). However, as the amount of profit for the parent company, MIMAKI ENGINEERING, greatly exceeded consolidated profit, the burden of corporate and other taxes was proportionately greater at the consolidated level, so that net profit was held to 138 million yen (down 20.3% year on year).

#### Forecast for Consolidated **Business Performance for** the Fiscal Year Ending March 2014

38,486 million yen (Up 23.8% year on year ≯)

Net sales

Ordinary profit Operating profit 2,415 million ven (Up 157.8% year on year ≯)

Net profit 1.413 million ven (Up 1.673.4% year on year 🗡)

759 million ven (Up 471.6% year on year ≯)

As we further accelerate the global expansion of the Group's business, including vigorous market entry in emerging nations, we will bring costs down, reduce exchange rate risk, and achieve appropriate inventory management by developing a system to smoothly interlock the production, distribution, and marketing processes, thereby shortening the production and sales lead time, which will translate into increased earning power. Moreover, we anticipate increased income and profit by taking a consistent Group-wide approach that seeks to identify needs from customers' actual circumstances and behaviors, allowing us to respond from the customer perspective.

Vision

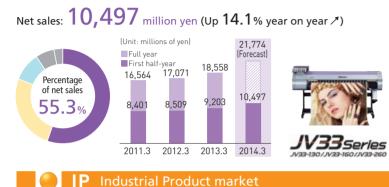
VISION 3

VISION 4

## • Financial Highlights

Performance Highlights by Market for the First Half of the Fiscal Year Ending March 2014

## **SG** Sign Graphics market

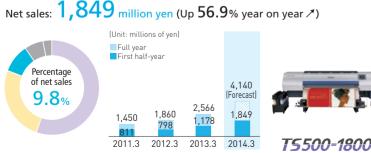


The products for this market are models aimed at the Sign Graphics market, such as advertisements and signboards. Among our existing main entry-level models, a particularly important contribution to sales came from the JV33 series, a long-selling product range that continued its solid sales growth thanks notably to the expansion of sales routes realized by the establishment of new sales subsidiaries in emerging nations. Furthermore, the SWJ-320, which has specifications for emerging nations, contributed to increased sales, which resulted in steady performance for both machines and consumables such as ink and net sales of 10.497 million ven (up 14.1% year on year).





## **TA** Textile & Apparel market



Spare parts 6.5%, The others 2.8%

The products for this market are used in the manufacture of Industrial Products. One strong performer was the high-end UJF-6042 model, which, with double the printing size of the leading UJF-3042HG model, delivers the finer print quality required in industrial printing. Having expanded our product lineup with the addition of the JFX500-2131, a large flatbed printer in the top-range 500 series, we targeted sales growth on the basis of an ability to meet the full range of on-demand needs. These efforts made a major contribution to increased sales, including of consumables such as ink, resulting in a 48.3% year-on-year rise in net sales to 4.860 million yen.

Products in this market are used in the textile industry (fabric before cutting and sewing) and apparel industry (ready-to-wear clothes such as T-shirts). Our successful promotion of sublimation-type printing, which offers both environmental and cost benefits by cutting out the post-printing washing process, led to sales unit growth for sublimation printers in both the TS series of existing entry-level models and the high-end 500 series. Specifically, the TS34-1800A performed especially well in Europe and in emerging markets. These factors made a large contribution to increased sales, including of consumables such as ink, resulting in a 56.9% year-on-year growth in net sales to 1.849 million ven.

## • Financial Highlights

Performance Highlights: Market Conditions by Region and Product Category for the First Half of the Fiscal Year Ending March 2014

## JAPAN

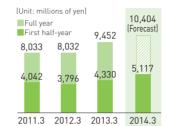
## Net sales: 5,117 million yen (Up 18.2% year on year )

Net sales: 5,553 million yen (Up 35.0% year on year ↗)

11.396

(Forecast)

5 553



EUROPE

8.481

4 114

2011.3 2012.3 2013.3 2014.3

(Unit: millions of ven)

8.297

4.326

Full vear

8.098

3.997

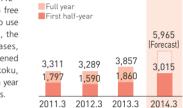
First half-year

workshops, where they were given free hands-on demonstrations of how to use our products profitably. In addition, the efforts made by our 13 sales bases. including the three new offices opened this year in Kyoto, Kobe, and Shikoku. helped push net sales higher year on year in each of the SG. IP. and TA markets. \*MAL = Mimaki Application Lab.

## NORTH AMERICA

## Net sales: 3,015 million yen (Up 62.1% year on year ↗)

(Unit: millions of ven) We invited customers to MAL\* Full year First half-year 3.311 3,289 1,797 .860



Entry-level models for the SG market and the UJE-6042 model and 500 series for the IP and TA markets contributed to increased sales, while the boost from a weaker ven and stronger dollar was also a factor in the strong year-on-year growth in sales. Meanwhile, we strengthened our net sales force by opening a new sales office in the U.S. in October 2013

## ASIA, OCEANIA, and OTHERS

## Net sales: 5,281 million yen (Up 13.6% year on year ↗)

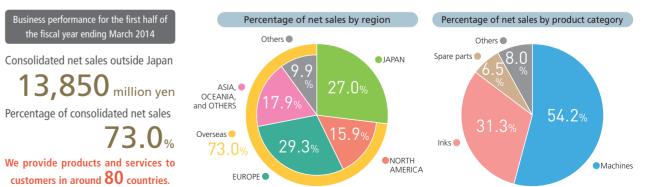
10.718

(Forecast)

5,281



With strong demand for the JV33 series, especially for sale to the SG market in China, we made strong progress in the Asia and Oceania region and posted year-onyear growth in sales. In other regions, despite a healthy showing by the JV33 series and the SWJ-320, which is geared toward emerging nations, the performance of other products was sluggish, resulting in lower net sales year on year.



**Мітакі** 7

## Product Development History





## **New Product News**

In October 2013 we launched the Tx500-1800B, which delivers a print speed of 60 m<sup>2</sup>/h, 1.6 times faster than conventional models.

The Tx500-1800B is a product in the 500 series. This range of models, which have a platform-based design sharing the common concept of a highend model featuring high speed and high image guality, was rolled out horizontally to each of the SG, IP, and TA markets. Employing a belt conveyor system that allows printing even on stretch fabric and can print on a wide range of fabrics such as silk, cotton, linen and rayon, the Tx500-1800B not only delivers high productivity but also requires no compromise in image guality, which tends to be a trade-off for print speed. Meanwhile, MIMAKI ENGINEERING's unique head control technology enables the printing of a wide range of gradations, delicate lines, and other features, enhancing finished fashion design products with high added value.

With the small-lot, high-mix production made possible by dispensing with blocks and its unprecedented productivity, the Tx500-1800B will open up new areas in the textile printing business.

## The Expanding MIMAKI Group Network

The MIMAKI Group sales and maintenance services are based on operations that are professional, detail-oriented, and closely integrated with their regional communities. Through ongoing reinforcement of this network in and outside Japan, we are working to further expand our market share.

500 series of high-speed, high-image-guality printer

(&)Appare

Belt-driven digital textile inkjet printer

Tx 500-1800B

**Fextile** 



## **Company Profile / Stock Information** (As of September 30, 2013)

#### **Corporate Profile**

Corporate name	MIMAKI ENGINEERING CO., LTD.
oundation	August 1975
Capital	2,015,160,000 yen
Businesses	Development, manufacturing, and
	sales of computer devices and
	software
Employees	1,163 (consolidated) /
	605 (parent company only)

### **Board Members**

**Executive Chairman** President Executive Vice President Sakae Sagane **Executive Director** Director Director Director Director Counselor for Director Auditor (Full-Time) Auditor Auditor Auditor

Hisayuki Kobayashi Masaaki Fuiita Yoshiro Sugimoto Shintaro Imada Kazuaki Ikeda Osamu Kobayashi Norivuki Tanaka Masayoshi Tsuchiya Masavoshi Imai Tomokazu Iwashita Yukio Tsuchiya

Hiroshima, Shikoku (Takamatsu), and Fukuoka

Akira Ikeda

#### Accounting Auditor

Deloitte Touche Tohmatsu LLC

#### **Business Locations**

Head office and headquarters	2182-3 Shigeno-Otsu, Tomi-shi, Nagano 389-0512, Japan
Kazawa Factory	1333-3 Kazawa, Tomi-shi, Nagano 389-0514, Japan
Nagano Development Center	520-1 Kitanagaike, Nagano-shi, Nagano 381-0025, Japan
Sales bases	Tokyo, Osaka, Sapporo, Sendai, Nagano, Saitama, Kanazawa, Nagoya, Kyoto, Kobe,

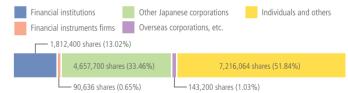
#### Stock Information

Total number of authorized shares 40.080.000 shares Total number of issued shares 13.920.000 shares Number of shareholders Major shareholders

Shareholder name	Number of shares held (shares)	Investment ratio (%)	
lkeda Holdings, Inc.	2,183,600	15.69	
Noriyuki Tanaka	1,257,600	9.03	
MIMAKI ENGINEERING Employee Stock Ownership	1,227,800	8.82	
Tanaka Kikaku Ltd.	1,200,000	8.62	
Japan Trustee Services Bank, Ltd.	774,600	5.56	
Tokyo Small Business Investment Co.	762,000	5.47	
Nomura Trust and Banking, Ltd.	433,600	3.11	
Hachijuni Bank, Ltd.	420,000	3.02	
Akira Ikeda	411,400	2.96	
AVASYS CORPORATION	360,000	2.59	

(Note) The Company holds 536,865 shares of treasury stock , which are excluded from the above list of major shareholders.

#### **Ownership Breakdown**



#### **Corporate Website**

In addition to the latest information, including press releases, our corporate website contains contents to give visitors a deeper understanding of MIMAKI ENGINEERING's business, products, and services. Please have a look.



1.917