

For the Fiscal Year Ended March 31, 2017

Annual Select[®] 2017

MIMAKI ENGINEERING CO., LTD.

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(Securities Code: 6638)

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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)

	38 th term Fiscal year ended March 31, 2013	39 th term Fiscal year ended March 31, 2014	40 th term Fiscal year ended March 31, 2015	41 st term Fiscal year ended March 31, 2016	42 nd term Fiscal year ended March 31, 2017
Net sales (Thousands of yen)	31,090,072	40,362,991	46,637,613	47,840,383	48,331,564
Ordinary profit (Thousands of yen)	79,675	1,668,581	3,753,072	2,756,986	1,746,023
Profit attributable to owners of parent (Thousands of yen)	132,779	884,467	2,522,706	1,631,335	1,250,361
Comprehensive income (Thousands of yen)	435,758	1,429,589	2,680,135	879,398	1,315,764
Net assets (Thousands of yen)	6,495,069	7,879,322	15,193,221	15,642,535	16,049,220
Total assets (Thousands of yen)	29,691,916	32,067,725	43,479,615	46,132,881	49,207,554
Net assets per share (Yen)	484.07	292.68	485.38	501.68	534.26
Basic earnings per share (Yen)	9.95	33.02	92.94	52.06	41.32
Diluted earnings per share (Yen)	9.95	32.78	92.74	–	–
Equity ratio (%)	21.8	24.5	34.9	33.9	32.6
Return on equity (ROE) (%)	2.1	12.4	21.9	10.6	7.9
Price earnings ratio (PER) (Times)	39.9	18.6	25.6	12.8	15.6
Net cash provided by (used in) operating activities (Thousands of yen)	(1,754,687)	1,802,249	(2,145,605)	3,433,969	2,163,194
Net cash provided by (used in) investing activities (Thousands of yen)	(839,994)	(1,235,706)	(2,738,553)	(2,493,387)	(3,248,671)
Net cash provided by (used in) financing activities (Thousands of yen)	1,054,804	739,068	6,642,424	3,386,495	32,660
Cash and cash equivalents at end of period (Thousands of yen)	3,351,701	4,869,902	6,989,214	10,992,884	10,010,484
Number of employees [Separately, average number of temporary employees] (Persons)	1,065 [102]	1,202 [99]	1,378 [173]	1,449 [144]	1,580 [188]

- Notes:
1. Consumption taxes are not included in net sales.
 2. Diluted earnings per share for the 41st and 42nd terms are not presented here due to an absence of potential shares.
 3. 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, 17 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, MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI, Mimaki La Meccanica S.p.A, Mimaki Lithuania, UAB) and two other companies (MIMAKI KANPHOR INDIA PRIVATE LIMITED, etc.), total 20 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.

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 Mimaki La Meccanica S.p.A, and some production of inks is also carried out by MIMAKI IJ TECHNOLOGY CO., Ltd., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., and Mimaki Lithuania, UAB. 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 EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI (Turkey), Mimaki Lithuania, UAB (Lithuania), 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]

[Products for SG market]

Refers to products for the Sign Graphics market involving advertisements, signboards, etc.

Major products

Inkjet Printers

- 500 Series for SG market
- UJV500-160

- UJV55-320
- JV150 Series
- JV34-260
- JV400SUV Series
- CJV300 Series
- UJV-160
- JV300 Series
- SIJ-320UV
- JV400LX Series
- JV5 Series
- CJV150 Series

Cutting Plotters

- CG-FX II Series
- CG-SR III Series

Software

- Raster Link 6
- Raster Link Pro5 SG
- Fine Cut 8
- Simple Studio

Ink

- Eco-solvent inks
- Solvent UV inks
- Water-based latex inks
- Water-based sublimation inks

[Products for IP market]

Refers to products for the Industrial Products market, used at sites where industrial products are manufactured, etc.

Major products

Flatbed Inkjet Printers

- 500 Series for IP market
- JFX500-2131

- UJF-6042MkII
- JFX200-2531
- JFX200-2513
- UJF-6042HG
- UJF-3042MkII
- UJF-7151plus
- UJF-6042
- UJF-3042FX

Cutting Plotters

- CFL-605RT
- CF2 Series
- CF3 Series

Software

- Raster Link 6
- Raster Link Pro5 IP
- Fine Cut 8
- Ittobori

Ink

- Hard UV-curable inks
- Flexible UV-curable inks

[Products for TA market]

Refers to products for the Textile & Apparel market that are capable of printing to cloth materials

Major products

Inkjet Printers

- 500 Series for TA market
- Tx500P-3200DS
- TS500-1800
- Tx500-1800DS
- TS500P-3200
- Tx500-1800B

- Tx300P-1800B
- Tx300P-1800
- TS34-1800A
- Tx2-1600
- TS30-1300
- TS300P-1800
- TS5-1600AMF

Cutting Plotters

- APC-130

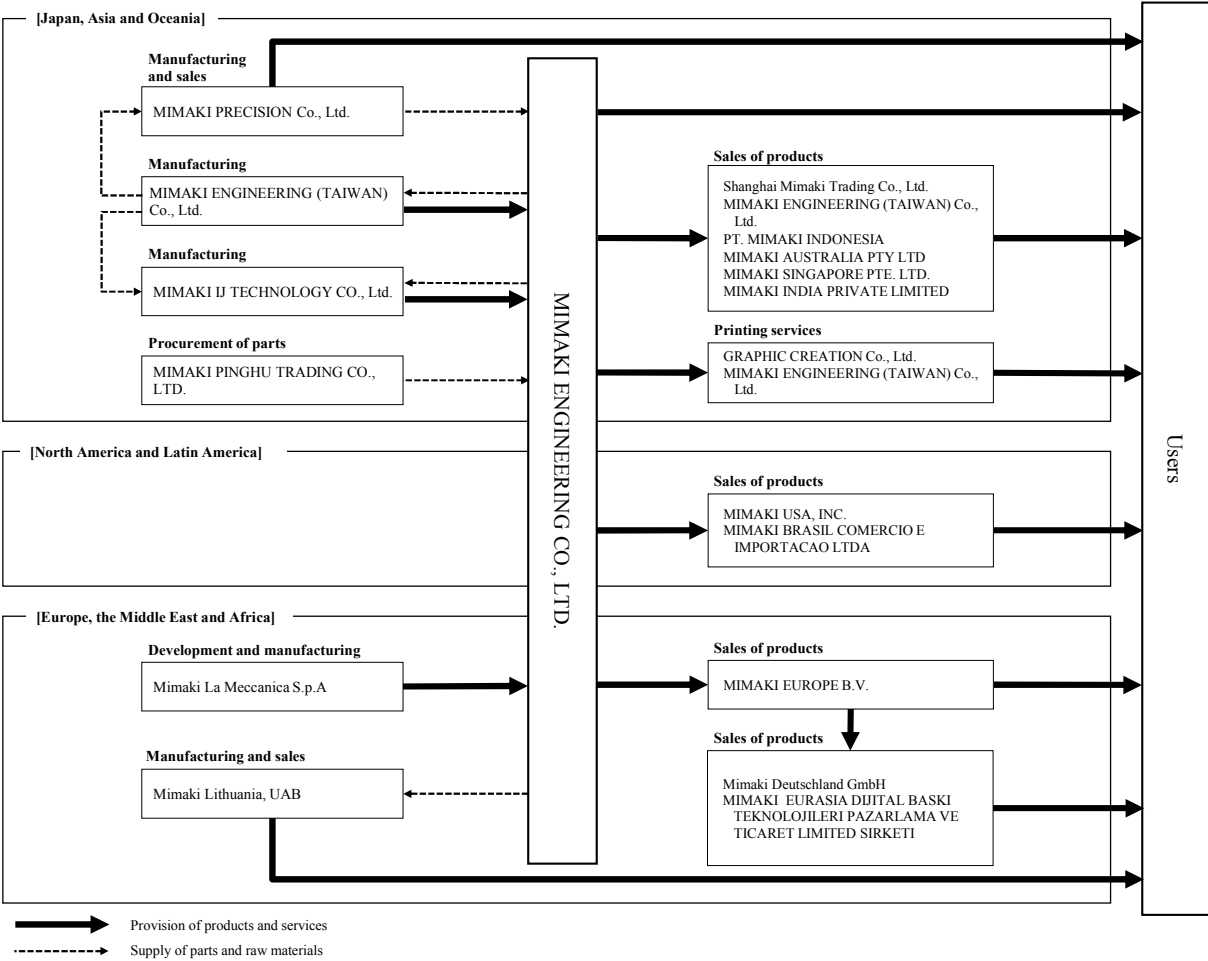
Software

- Raster Link 6
- Raster Link Pro5 TA
- Tx Link 3

Ink

- Reactive dye inks
- Acid dye inks
- Water-based sublimation inks
- Textile pigment inks

[Overview of the Group Business]



(Note) Except the Company, all companies shown are consolidated subsidiaries.

III. Overview of Business Performance

(1) Business Performance

With respect to the global economy during the fiscal year under review, business conditions held steady amid a scenario of no substantial turmoil in Europe despite the Brexit referendum in June having come out in favor of the UK's withdrawal from the EU. Moreover, despite the largely unexpected presidential election victory of Donald Trump, the U.S. economy staged moderate expansion against a backdrop of labor market recovery. Nevertheless, a lack of signs that would suggest subsiding geopolitical risk in East Asia, the Middle East and Europe has given rise to cause for concern. The Japanese economy has continued to recover moderately despite weakness in consumer spending apparent over the latter half of the fiscal year.

Amid these circumstances, the Group has been focusing its efforts on cultivating the Industrial Products (IP) and Textile & Apparel (TA) markets, both of which are expected to achieve substantial growth as they increasingly shift to use of digital technologies going forward. In our efforts geared to the IP market, as announced in our news release titled, "Mimaki introduces Flatbed UV-LED inkjet printers 'UJF-3042MkII' and 'UJF-6042MkII'," on August 31, 2016, we have launched the new models of printers for the small-sized flatbed UV inkjet printer market, which we have been developing. The models deliver superior productivity, print quality, and adaptability for various application needs. In our efforts geared to the TA market, we have acquired Italian development and manufacturing firm Mimaki La Meccanica S.p.A, as announced in our news release titled, "Announcement on the Stock Acquisition of Italy's La Meccanica (Subsidiary Acquisition) by a Subsidiary Company of Mimaki and the Change in that Company's Corporate Name," on October 19, 2016. With this acquisition, Mimaki La Meccanica's high-speed models have been added to our product lineup, thereby enabling us to cover the entire TA market from points of consumption to points of production.

As a result, consolidated net sales for the fiscal year ended March 31, 2017 totaled 48,331 million yen, up 1.0% year on year, operating profit was 2,049 million yen, down 35.8%, ordinary profit was 1,746 million yen, down 36.7%, and profit attributable to owners of parent was 1,250 million yen, down 23.4%.

With respect to exchange rates of major currencies during the fiscal year under review, the Japanese yen was 108.41 per U.S. dollar and 118.83 per euro (in comparison with 120.14 yen and 132.57 yen, respectively, in the previous fiscal year).

Performance by business segment is shown below.

(Japan, Asia and Oceania)

Net sales in the Japan, Asian and Oceania region amounted to 21,887 million yen, down 0.0% year on year. They slightly decreased overall, amid a situation where net sales in China decreased year on year, yet that decrease was covered by net sales in other areas, including those in Japan.

(North America and Latin America)

Net sales in the North America and Latin America region amounted to 10,668 million yen, up 0.2% year on year. They remained largely unchanged year on year on a yen basis, but increased significantly year on year calculated on a local currency basis (U.S. dollars, etc.).

(Europe, the Middle East and Africa)

Net sales in the Europe, the Middle East and Africa region amounted to 15,775 million yen, up 3.1% year on year. They were slightly higher year on year on a yen basis, but increased significantly year on year calculated on a local currency basis (the euro).

Net sales by market for the fiscal year ended March 31, 2017 are as follows.

	Net sales (millions of yen)	Percentage of net sales (%)	Year on year (%)
SG market	20,855	43.2	91.6
IP market	16,292	33.7	111.0
TA market	5,620	11.6	105.2
Spare parts	3,639	7.5	107.2
Others	1,924	4.0	116.4
Total	48,331	100.0	101.0

(SG market)

With our mainstay entry model products, net sales converted to yen decreased substantially due to intensifying competition and the appreciating yen. On the other hand, unit sales of the new LED-UV-curable inkjet printer products launched in April 2016 have been increasing, particularly in developed nations. This resulted in net sales of 20,855 million yen, down 8.4% year on year.

(IP market)

Meanwhile, we have achieved growth with respect to our large flatbed models, which are now mainstay products, leading to increasing unit sales. In addition, we have achieved increases in unit sales of our high precision printers which were launched in November 2015 and our new small-sized flatbed printers which went on sale in October 2016, as a result of those products having been well received. This resulted in net sales of 16,292 million yen, up 11.0% year on year.

(TA market)

Entry models that we launched in July 2015 have grown into mainstay products. In addition, our new large-model dye sublimation printer launched in February 2016 also contributed to higher sales. This resulted in net sales of 5,620 million yen, up 5.2% year on year.

(2) Cash Flow

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2017 totaled 10,010 million yen, a decrease of 982 million yen compared with March 31, 2016, owing to repayments of long-term loans payable, purchase of property, plant and equipment, etc., partially offset by proceeds from long-term loans payable, profit before income taxes, etc.

The cash flows for the fiscal year ended March 31, 2017 and factors contributing to those amounts are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities totaled 2,163 million yen (down 1,270 million yen year on year). This is primarily due to profit before income taxes of 1,808 million yen and depreciation of 1,545 million yen, despite an outflow of increase in notes and accounts receivable - trade totaling 763 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 3,248 million yen (up 755 million yen year on year). This is mainly attributable to purchase of property, plant and equipment totaling 1,484 million yen and payments for transfer of business totaling 651 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities totaled 32 million yen (down 3,353 million yen year on year). This is mainly due to proceeds from long-term loans payable totaling 3,700 million yen, partially offset by repayments of long-term loans payable totaling 2,885 million yen and purchase of treasury shares totaling 602 million yen.

IV. Consolidated Financial Statements

(1) 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

**(2) 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

(3) 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

(4) 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 non-current 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)	(101,328)
Subtotal	4,855,847	2,460,842
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	2,163,194
Cash flows from investing activities		
Net decrease (increase) in time deposits	2,100	16,366
Purchase of property, plant and equipment	(2,339,066)	(1,484,567)
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)	(3,248,671)

(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

V. Corporate Data (as of March 31, 2017)

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:	1,580 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 EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI Mimaki La Meccanica S.p.A Mimaki Lithuania, UAB MIMAKI PRECISION Co., Ltd. GRAPHIC CREATION Co., Ltd.

Directors and Corporate Auditors (as of June 27, 2017)

Executive Chairman	Akira Ikeda
President	Kazuaki Ikeda
Executive Vice President	Sakae Sagane
Executive Director	Kazuyuki Takeuchi
Director	Hiroshi Miyake
Director	Yasuhiro Haba
Director	Koji Shimizu
Counselor for Director	Noriyuki Tanaka
Director*	Makoto Tanaka
Director*	Hisamitsu Arai
Auditor (Full-Time)**	Yoh Zenno
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:	5,369

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	2,024,000	6.32
MIMAKI ENGINEERING Employee Stock Ownership	1,585,200	4.95
Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	1,524,000	4.75
Japan Trustee Services Bank, Ltd.	1,221,600	3.81
THE HACHIJUNI BANK, LTD. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	840,000	2.62
Akira Ikeda	833,200	2.60
EPSON AVASYS CORPORATION	720,000	2.25
The Master Trust Bank of Japan, Ltd.	634,400	1.98

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

Japan Trustee Services Bank, Ltd.	1,221,600 shares
The Master Trust Bank of Japan, Ltd.	634,400 shares

2. In addition to shares described above, the Company holds 1,999,790 shares as treasury shares.

* 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.