

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 <under Japanese GAAP>

Name of the Listed Company: **Miraca Holdings Inc.**
 Listed Stock Exchanges: Tokyo Stock Exchange
 Securities Code: 4544
 URL: <http://www.miraca-holdings.co.jp/>
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Scheduled date of ordinary general meeting of shareholders: June 24, 2016
 Scheduled date to commence dividend payments: June 2, 2016
 Scheduled date to submit Securities Report: June 24, 2016
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2016

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2016	211,743	3.5	26,050	(3.6)	23,782	(10.5)	(5,081)	—
March 31, 2015	204,667	0.6	27,012	1.1	26,566	(2.0)	16,002	4.4

Note: Comprehensive income

Fiscal year ended March 31, 2016: ¥(10,806) million [— %]

Fiscal year ended March 31, 2015: ¥28,224 million [13.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2016	(89.21)	—	(3.1)	9.5	12.3
March 31, 2015	274.82	274.32	9.7	10.5	13.2

Reference: Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2016: ¥(1,444) million

Fiscal year ended March 31, 2015: ¥(286) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2016	237,296	155,700	65.5	2,727.81
March 31, 2015	262,203	171,851	65.5	3,016.78

Reference: Equity

As of March 31, 2016: ¥155,475 million

As of March 31, 2015: ¥171,624 million

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2016	29,316	(11,965)	(12,115)	31,745
March 31, 2015	29,261	(27,874)	(9,980)	27,288

2. Cash dividends

	Annual dividends					Total dividend payments (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2015	–	46.00	–	46.00	92.00	5,319	33.5	3.2
Fiscal year ended March 31, 2016	–	55.00	–	55.00	110.00	6,268	–	3.8
Fiscal year ending March 31, 2017 (Forecast)	–	57.00	–	57.00	114.00		48.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	104,000	(1.9)	12,700	(7.8)	11,750	(8.8)	6,300	(3.5)	110.53
Fiscal year ending March 31, 2017	208,000	(1.8)	26,300	1.0	24,850	4.5	13,500	–	236.86

* Notes

- (1) Changes in significant subsidiaries during the current period under review (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None
- (3) Number of shares issued (common shares)
 - a. Total number of shares issued at the end of the period (including treasury shares)

As of March 31, 2016	57,246,866 shares
As of March 31, 2015	57,137,966 shares

- b. Number of treasury shares at the end of the period

As of March 31, 2016	250,435 shares
As of March 31, 2015	248,069 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2016	56,964,401 shares
Fiscal year ended March 31, 2015	58,226,335 shares

Reference: Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2016

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2016	16,699	(16.3)	14,954	(17.7)	14,454	(18.5)	14,561	(20.1)
March 31, 2015	19,961	17.5	18,166	19.3	17,730	15.2	18,216	18.5

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2016	255.62	255.24
March 31, 2015	312.86	312.28

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2016	145,046	93,488	64.3	1,636.29
March 31, 2015	142,412	84,273	59.0	1,477.35

Reference: Equity

As of March 31, 2016: ¥93,262 million

As of March 31, 2015: ¥84,046 million

* Indication regarding execution of audit procedures

This financial results report is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for the consolidated financial statements are in progress.

* Proper use of earnings forecasts, and other special matters

(Note regarding the forecast figures)

The forecasts stated above are based on information available to the Company as of the date of announcement of this report and assumptions as of the same date on many uncertain factors that could affect the future performance of the Company. Actual results may differ substantially from the forecasts due to various factors in the future.

(How to access supplementary materials on financial results and the details of financial results presentation meeting)

The Company is scheduled to hold a financial results presentation meeting for institutional investors and analysts on Thursday, April 28, 2016, and to post the materials used in the meeting, on the Company's website immediately after the meeting.

Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	27,300	31,756
Notes and accounts receivable - trade	38,734	36,954
Lease investment assets	622	499
Merchandise and finished goods	4,790	4,629
Work in process	5,026	5,159
Raw materials and supplies	5,096	5,048
Deferred tax assets	3,050	2,148
Other	7,868	9,225
Allowance for doubtful accounts	(2,413)	(1,394)
Total current assets	90,075	94,027
Non-current assets		
Property, plant and equipment		
Buildings and structures	53,588	51,977
Accumulated depreciation	(35,785)	(35,626)
Buildings and structures, net	17,803	16,351
Machinery, equipment and vehicles	14,568	15,770
Accumulated depreciation	(11,900)	(12,557)
Machinery, equipment and vehicles, net	2,668	3,213
Tools, furniture and fixtures	41,402	42,025
Accumulated depreciation	(36,223)	(37,372)
Tools, furniture and fixtures, net	5,179	4,653
Land	8,920	9,106
Leased assets	9,956	9,544
Accumulated depreciation	(5,303)	(5,625)
Leased assets, net	4,653	3,918
Construction in progress	3,313	3,034
Total property, plant and equipment	42,537	40,277
Intangible assets		
Goodwill	59,428	31,738
Customer-related intangible assets	31,467	27,483
Software	2,416	8,760
Leased assets	197	155
Other	10,478	7,270
Total intangible assets	103,989	75,409
Investments and other assets		
Investment securities	17,869	15,242
Deferred tax assets	3,321	5,512
Other	4,426	6,846
Allowance for doubtful accounts	(17)	(20)
Total investments and other assets	25,600	27,581
Total non-current assets	172,127	143,269
Total assets	262,203	237,296

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,374	9,740
Electronically recorded obligations - operating	1,437	1,421
Current portion of bonds	–	10,000
Current portion of long-term loans payable	6,000	5,999
Lease obligations	749	730
Accounts payable - other	5,868	5,829
Income taxes payable	4,075	1,039
Deferred tax liabilities	47	37
Provision for bonuses	4,638	4,928
Provision for loss on litigation	–	2,420
Other	9,687	7,754
Total current liabilities	42,879	49,903
Non-current liabilities		
Bonds payable	10,000	–
Long-term loans payable	12,150	6,299
Lease obligations	4,135	3,514
Deferred tax liabilities	10,729	8,889
Net defined benefit liability	4,345	4,262
Asset retirement obligations	887	621
Other	5,223	8,105
Total non-current liabilities	47,471	31,692
Total liabilities	90,351	81,596
Net assets		
Shareholders' equity		
Capital stock	8,666	8,877
Capital surplus	24,388	24,599
Retained earnings	105,224	94,392
Treasury shares	(1,209)	(1,221)
Total shareholders' equity	137,071	126,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	606	397
Foreign currency translation adjustment	34,198	28,921
Remeasurements of defined benefit plans	(251)	(490)
Total accumulated other comprehensive income	34,553	28,828
Subscription rights to shares	227	225
Total net assets	171,851	155,700
Total liabilities and net assets	262,203	237,296

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	204,667	211,743
Cost of sales	124,272	130,333
Gross profit	80,395	81,409
Selling, general and administrative expenses	53,382	55,359
Operating income	27,012	26,050
Non-operating income		
Interest income	21	30
Dividend income	47	40
Dividend income of insurance	148	131
Rent income	50	44
Fiduciary obligation fee	69	102
Foreign exchange gains	777	–
Other	234	179
Total non-operating income	1,349	529
Non-operating expenses		
Interest expenses	589	607
Rent expenses	52	44
Share of loss of entities accounted for using equity method	286	1,444
Advisory fee	770	–
Foreign exchange losses	–	628
Other	96	73
Total non-operating expenses	1,796	2,797
Ordinary income	26,566	23,782
Extraordinary income		
Gain on sales of non-current assets	1,477	3
Gain on reversal of subscription rights to shares	9	9
Compensation income	–	3,168
Other	155	211
Total extraordinary income	1,642	3,392
Extraordinary losses		
Loss on retirement of non-current assets	116	81
Business structure improvement expenses	932	429
Impairment loss	2,596	22,952
Other	231	112
Total extraordinary losses	3,877	23,576
Profit before income taxes	24,331	3,598
Income taxes - current	10,603	11,307
Income taxes - deferred	(2,273)	(2,627)
Total income taxes	8,329	8,680
Profit (loss)	16,002	(5,081)
Profit (loss) attributable to owners of parent	16,002	(5,081)

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit (loss)	16,002	(5,081)
Other comprehensive income		
Valuation difference on available-for-sale securities	(469)	(208)
Foreign currency translation adjustment	12,408	(5,277)
Remeasurements of defined benefit plans, net of tax	283	(238)
Total other comprehensive income	12,222	(5,724)
Comprehensive income	28,224	(10,806)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	28,224	(10,806)

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,433	24,155	102,727	(541)	134,775
Cumulative effects of changes in accounting policies			1,068		1,068
Restated balance	8,433	24,155	103,796	(541)	135,843
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	233	233			467
Dividends of surplus			(5,226)		(5,226)
Profit (loss) attributable to owners of parent			16,002		16,002
Purchase of treasury shares				(10,016)	(10,016)
Retirement of treasury shares		(0)	(9,348)	9,348	-
Net changes of items other than shareholders' equity					
Total changes of items during period	233	233	1,427	(667)	1,227
Balance at end of current period	8,666	24,388	105,224	(1,209)	137,071

	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	1,075	21,790	(535)	22,330	242	157,348
Cumulative effects of changes in accounting policies						1,068
Restated balance	1,075	21,790	(535)	22,330	242	158,417
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares						467
Dividends of surplus						(5,226)
Profit (loss) attributable to owners of parent						16,002
Purchase of treasury shares						(10,016)
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	(469)	12,408	283	12,222	(15)	12,207
Total changes of items during period	(469)	12,408	283	12,222	(15)	13,434
Balance at end of current period	606	34,198	(251)	34,553	227	171,851

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,666	24,388	105,224	(1,209)	137,071
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	210	210			420
Dividends of surplus			(5,750)		(5,750)
Profit (loss) attributable to owners of parent			(5,081)		(5,081)
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	210	210	(10,832)	(12)	(10,424)
Balance at end of current period	8,877	24,599	94,392	(1,221)	126,646

	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	606	34,198	(251)	34,553	227	171,851
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares						420
Dividends of surplus						(5,750)
Profit (loss) attributable to owners of parent						(5,081)
Purchase of treasury shares						(12)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	(208)	(5,277)	(238)	(5,724)	(1)	(5,726)
Total changes of items during period	(208)	(5,277)	(238)	(5,724)	(1)	(16,150)
Balance at end of current period	397	28,921	(490)	28,828	225	155,700

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	24,331	3,598
Depreciation	11,203	11,287
Impairment loss	2,596	22,952
Compensation income	–	(3,168)
Amortization of goodwill	4,039	3,706
Increase (decrease) in provision for bonuses	266	373
Increase (decrease) in provision for loss on litigation	–	2,580
Increase (decrease) in net defined benefit liability	(206)	(440)
Increase (decrease) in allowance for doubtful accounts	35	(936)
Interest and dividend income	(68)	(71)
Share of (profit) loss of entities accounted for using equity method	286	1,444
Interest expenses	589	607
Foreign exchange losses (gains)	(923)	1,325
Decrease (increase) in notes and accounts receivable - trade	(958)	1,007
Increase (decrease) in notes and accounts payable - trade	411	(602)
Increase (decrease) in accrued consumption taxes	2,013	(2,251)
Decrease (increase) in other current assets	176	(2,959)
Increase (decrease) in other current liabilities	(960)	1,085
Increase (decrease) in other non-current liabilities	26	(334)
Other, net	(1,035)	484
Subtotal	41,823	39,687
Interest and dividend income received	66	70
Interest expenses paid	(613)	(619)
Income taxes paid	(12,015)	(9,822)
Net cash provided by (used in) operating activities	29,261	29,316
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,122)	(5,702)
Purchase of intangible assets	(6,829)	(6,568)
Purchase of investment securities	(15,967)	–
Other, net	2,044	304
Net cash provided by (used in) investing activities	(27,874)	(11,965)
Cash flows from financing activities		
Proceeds from long-term loans payable	10,150	2,949
Repayments of long-term loans payable	(4,250)	(8,800)
Repayments of finance lease obligations	(937)	(778)
Cash dividends paid	(5,220)	(5,742)
Redemption of bonds	(25)	–
Proceeds from issuance of common shares	393	355
Payments of money held in trust for purchase of treasury shares	(10,018)	–
Proceeds from money held in trust for purchase of treasury shares	13	–
Other, net	(85)	(100)
Net cash provided by (used in) financing activities	(9,980)	(12,115)
Effect of exchange rate change on cash and cash equivalents	211	(778)
Net increase (decrease) in cash and cash equivalents	(8,382)	4,456
Cash and cash equivalents at beginning of period	35,671	27,288
Cash and cash equivalents at end of period	27,288	31,745