

Consolidated Financial Results
for the Nine Months Ended December 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/>
Representative: Shigekazu Takeuchi, President and CEO
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Scheduled date to submit Quarterly Securities Report: February 10, 2017
Scheduled date to commence dividend payments: —
Preparation of supplementary materials on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the nine months ended December 31, 2016

(1) Consolidated operating results (cumulative) (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	%
Nine months ended								
December 31, 2016	153,856	(3.5)	22,407	8.7	21,091	8.9	212	—
December 31, 2015	159,382	3.4	20,616	(3.7)	19,365	(9.3)	(9,960)	—

Note: Comprehensive income
Nine months ended December 31, 2016: ¥1,609 million [—%]
Nine months ended December 31, 2015: ¥(9,198) million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2016	3.72	3.72
December 31, 2015	(174.87)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2016	231,074	151,027	65.3	2,644.47
March 31, 2016	237,296	155,700	65.5	2,727.81

Reference: Equity
As of December 31, 2016: ¥150,777 million As of March 31, 2016: ¥155,475 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	–	55.00	–	55.00	110.00
Fiscal year ending March 31, 2017	–	57.00	–		
Fiscal year ending March 31, 2017 (Forecast)				57.00	114.00

Note: Revisions to the cash dividend forecasts most recently announced: None

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
Fiscal year ending March 31, 2017	204,500	(3.4)	27,800	6.7	25,500	7.2	3,000	–	52.62

Note: Revisions to the earnings forecasts most recently announced: None

* 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) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) 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

(4) Number of shares issued (common shares)

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

As of December 31, 2016	57,267,166 shares
As of March 31, 2016	57,246,866 shares

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

As of December 31, 2016	250,961 shares
As of March 31, 2016	250,435 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2016	57,007,915 shares
Nine months ended December 31, 2015	56,956,859 shares

* Indication regarding execution of quarterly review procedures

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

Supplementary materials on quarterly financial results will be posted on the Company's website on Thursday, February 2, 2017.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	31,756	30,505
Notes and accounts receivable - trade	36,954	38,482
Securities	–	11,000
Merchandise and finished goods	4,629	4,546
Work in process	5,159	5,073
Raw materials and supplies	5,048	5,176
Other	11,873	7,825
Allowance for doubtful accounts	(1,394)	(2,288)
Total current assets	94,027	100,321
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,351	16,015
Tools, furniture and fixtures, net	4,653	4,136
Land	9,106	9,068
Other, net	10,166	8,773
Total property, plant and equipment	40,277	37,994
Intangible assets		
Goodwill	31,738	30,474
Customer-related intangible assets	27,483	26,734
Software	8,760	1,617
Other	7,426	4,611
Total intangible assets	75,409	63,438
Investments and other assets		
Investment securities	15,242	14,300
Other	12,359	15,046
Allowance for doubtful accounts	(20)	(26)
Total investments and other assets	27,581	29,319
Total non-current assets	143,269	130,753
Total assets	237,296	231,074

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,740	8,324
Electronically recorded obligations - operating	1,421	1,743
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	5,999	1,999
Accounts payable - other	5,829	5,813
Income taxes payable	1,039	1,723
Provision for bonuses	4,928	2,974
Provision for loss on litigation	2,420	–
Provision for loss on liquidation of project	–	2,213
Other	8,523	11,479
Total current liabilities	49,903	46,271
Non-current liabilities		
Long-term loans payable	6,299	5,299
Net defined benefit liability	4,262	3,913
Asset retirement obligations	621	613
Provision for loss on litigation	–	3,318
Other	20,509	20,631
Total non-current liabilities	31,692	33,775
Total liabilities	81,596	80,047
Net assets		
Shareholders' equity		
Capital stock	8,877	8,916
Capital surplus	24,599	24,638
Retained earnings	94,392	88,220
Treasury shares	(1,221)	(1,224)
Total shareholders' equity	126,646	120,551
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	333
Foreign currency translation adjustment	28,921	30,283
Remeasurements of defined benefit plans	(490)	(390)
Total accumulated other comprehensive income	28,828	30,226
Subscription rights to shares	225	249
Total net assets	155,700	151,027
Total liabilities and net assets	237,296	231,074

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

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	159,382	153,856
Cost of sales	97,308	93,296
Gross profit	62,074	60,559
Selling, general and administrative expenses	41,458	38,152
Operating income	20,616	22,407
Non-operating income		
Interest income	19	33
Dividend income	40	26
Dividend income of insurance	131	143
Other	227	300
Total non-operating income	418	504
Non-operating expenses		
Interest expenses	466	363
Share of loss of entities accounted for using equity method	1,077	1,117
Other	124	340
Total non-operating expenses	1,669	1,821
Ordinary income	19,365	21,091
Extraordinary income		
Gain on sales of non-current assets	3	3
Gain on reversal of subscription rights to shares	9	10
Compensation income	3,159	84
Other	27	11
Total extraordinary income	3,199	109
Extraordinary losses		
Loss on retirement of non-current assets	47	52
Provision for loss on litigation	-	2,950
Loss on liquidation of project	-	14,582
Other	22,859	1,268
Total extraordinary losses	22,906	18,854
Profit (loss) before income taxes	(341)	2,346
Income taxes - current	9,690	5,260
Income taxes - deferred	(71)	(3,126)
Total income taxes	9,618	2,134
Profit (loss)	(9,960)	212
Profit (loss) attributable to owners of parent	(9,960)	212

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit (loss)	(9,960)	212
Other comprehensive income		
Valuation difference on available-for-sale securities	110	(63)
Foreign currency translation adjustment	597	1,361
Remeasurements of defined benefit plans, net of tax	54	99
Total other comprehensive income	761	1,397
Comprehensive income	(9,198)	1,609
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(9,198)	1,609

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Cash flows from operating activities		
Profit (loss) before income taxes	(341)	2,346
Depreciation	8,135	7,962
Loss on liquidation of project	–	14,582
Amortization of goodwill	3,011	1,987
Increase (decrease) in provision for bonuses	(1,908)	(1,976)
Increase (decrease) in provision for loss on litigation	2,611	745
Increase (decrease) in net defined benefit liability	(235)	(197)
Increase (decrease) in allowance for doubtful accounts	(110)	790
Interest and dividend income	(60)	(60)
Interest expenses	466	363
Foreign exchange losses (gains)	45	491
Share of (profit) loss of entities accounted for using equity method	1,077	1,117
Decrease (increase) in notes and accounts receivable - trade	328	(1,399)
Decrease (increase) in inventories	(691)	(263)
Decrease (increase) in other current assets	389	1,680
Increase (decrease) in notes and accounts payable - trade	(615)	(1,085)
Increase (decrease) in accrued consumption taxes	(2,173)	1,026
Increase (decrease) in other current liabilities	4,182	1,581
Other, net	17,146	198
Subtotal	31,260	29,889
Interest and dividend income received	48	43
Interest expenses paid	(472)	(364)
Income taxes paid	(9,376)	(2,176)
Net cash provided by (used in) operating activities	21,458	27,392
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,707)	(2,808)
Purchase of intangible assets	(5,229)	(2,346)
Other, net	30	(75)
Net cash provided by (used in) investing activities	(8,906)	(5,230)
Cash flows from financing activities		
Proceeds from long-term loans payable	150	–
Repayments of long-term loans payable	(5,000)	(5,039)
Repayments of finance lease obligations	(572)	(590)
Proceeds from issuance of common shares	291	67
Cash dividends paid	(5,734)	(6,366)
Other, net	(77)	(68)
Net cash provided by (used in) financing activities	(10,943)	(11,997)
Effect of exchange rate change on cash and cash equivalents	21	(416)
Net increase (decrease) in cash and cash equivalents	1,631	9,748
Cash and cash equivalents at beginning of period	27,288	31,745
Cash and cash equivalents at end of period	28,919	41,493