

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 <under Japanese GAAP>

Name of the Listed Company: **Miraca Holdings Inc.**
 Listed Stock Exchanges: Tokyo Stock Exchange
 Securities Code: 4544
 URL: <https://www.miraca.com/>
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Scheduled date of ordinary general meeting of shareholders: June 23, 2017
 Scheduled date to commence dividend payments: June 5, 2017
 Scheduled date to submit Securities Report: June 23, 2017
 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, 2017

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	204,245	(3.5)	28,057	7.7	26,385	10.9	333	—
March 31, 2016	211,743	3.5	26,050	(3.6)	23,782	(10.5)	(5,081)	—

Note: Comprehensive income
 Fiscal year ended March 31, 2017: ¥(1,418) million [—%]
 Fiscal year ended March 31, 2016: ¥(10,806) million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
March 31, 2017	5.84	5.84	0.2	11.7	13.7
March 31, 2016	(89.21)	—	(3.1)	9.5	12.3

Reference: Share of profit (loss) of entities accounted for using equity method:
 Fiscal year ended March 31, 2017: ¥(1,346) million
 Fiscal year ended March 31, 2016: ¥(1,444) 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, 2017	213,926	148,087	69.1	2,592.04
March 31, 2016	237,296	155,700	65.5	2,727.81

Reference: Equity
 As of March 31, 2017: ¥147,839 million As of March 31, 2016: ¥155,475 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, 2017	36,436	(8,599)	(23,138)	35,547
March 31, 2016	29,316	(11,965)	(12,115)	31,745

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, 2016	–	55.00	–	55.00	110.00	6,268	–	3.8
Fiscal year ended March 31, 2017	–	57.00	–	57.00	114.00	6,500	1,952.1	4.3
Fiscal year ending March 31, 2018 (Forecast)	–	65.00	–	65.00	130.00		74.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		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, 2017	105,500	2.8	11,100	(24.6)	10,600	(20.0)	6,700	–	117.47
Fiscal year ending March 31, 2018	211,500	3.6	21,300	(24.1)	20,200	(23.4)	10,000	–	175.33

* 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, 2017	57,287,166 shares
As of March 31, 2016	57,246,866 shares

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

As of March 31, 2017	251,376 shares
As of March 31, 2016	250,435 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2017	57,012,805 shares
Fiscal year ended March 31, 2016	56,964,401 shares

Reference: Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2017

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	9,840	(41.1)	7,540	(49.6)	7,288	(49.6)	7,340	(49.6)
March 31, 2016	16,699	(16.3)	14,954	(17.7)	14,454	(18.5)	14,561	(20.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2017	128.75	128.64
March 31, 2016	255.62	255.24

(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, 2017	140,913	94,913	67.2	1,659.76
March 31, 2016	145,046	93,488	64.3	1,636.29

Reference: Equity

As of March 31, 2017: ¥94,665 million

As of March 31, 2016: ¥93,262 million

* Financial results reports are not required to be audited.

* 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, May 11, 2017, 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, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	31,756	26,558
Notes and accounts receivable - trade	36,954	36,565
Lease investment assets	499	486
Securities	–	9,000
Merchandise and finished goods	4,629	4,764
Work in process	5,159	4,875
Raw materials and supplies	5,048	4,638
Deferred tax assets	2,148	2,268
Other	9,225	5,383
Allowance for doubtful accounts	(1,394)	(1,776)
Total current assets	94,027	92,763
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,977	52,023
Accumulated depreciation	(35,626)	(36,238)
Buildings and structures, net	16,351	15,785
Machinery, equipment and vehicles	15,770	14,491
Accumulated depreciation	(12,557)	(11,827)
Machinery, equipment and vehicles, net	3,213	2,663
Tools, furniture and fixtures	42,025	40,362
Accumulated depreciation	(37,372)	(35,979)
Tools, furniture and fixtures, net	4,653	4,383
Land	9,106	9,065
Leased assets	9,544	8,677
Accumulated depreciation	(5,625)	(5,150)
Leased assets, net	3,918	3,527
Construction in progress	3,034	2,630
Total property, plant and equipment	40,277	38,055
Intangible assets		
Goodwill	31,738	25,347
Customer-related intangible assets	27,483	25,203
Software	8,760	1,693
Leased assets	155	116
Other	7,270	4,354
Total intangible assets	75,409	56,716
Investments and other assets		
Investment securities	15,242	13,118
Deferred tax assets	5,512	6,500
Other	6,846	6,787
Allowance for doubtful accounts	(20)	(15)
Total investments and other assets	27,581	26,391
Total non-current assets	143,269	121,163
Total assets	237,296	213,926

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,740	9,273
Electronically recorded obligations - operating	1,421	1,086
Current portion of bonds	10,000	–
Current portion of long-term loans payable	5,999	1,999
Lease obligations	730	641
Accounts payable - other	5,829	7,410
Income taxes payable	1,039	2,821
Deferred tax liabilities	37	40
Provision for bonuses	4,928	5,128
Provision for loss on litigation	2,420	–
Other	7,754	8,775
Total current liabilities	49,903	37,179
Non-current liabilities		
Long-term loans payable	6,299	4,299
Lease obligations	3,514	3,311
Deferred tax liabilities	8,889	7,962
Net defined benefit liability	4,262	2,555
Asset retirement obligations	621	615
Other	8,105	9,914
Total non-current liabilities	31,692	28,659
Total liabilities	81,596	65,839
Net assets		
Shareholders' equity		
Capital stock	8,877	8,962
Capital surplus	24,599	24,684
Retained earnings	94,392	88,341
Treasury shares	(1,221)	(1,226)
Total shareholders' equity	126,646	120,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	278
Foreign currency translation adjustment	28,921	27,138
Remeasurements of defined benefit plans	(490)	(339)
Total accumulated other comprehensive income	28,828	27,077
Subscription rights to shares	225	248
Total net assets	155,700	148,087
Total liabilities and net assets	237,296	213,926

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	211,743	204,245
Cost of sales	130,333	124,561
Gross profit	81,409	79,683
Selling, general and administrative expenses	55,359	51,625
Operating profit	26,050	28,057
Non-operating income		
Interest income	30	45
Dividend income	40	27
Dividend income of insurance	131	144
Rent income	44	44
Fiduciary obligation fee	102	131
Other	179	203
Total non-operating income	529	596
Non-operating expenses		
Interest expenses	607	484
Rent expenses	44	46
Share of loss of entities accounted for using equity method	1,444	1,346
Other	701	390
Total non-operating expenses	2,797	2,267
Ordinary profit	23,782	26,385
Extraordinary income		
Gain on sales of non-current assets	3	36
Gain on sales of investment securities	183	127
Gain on reversal of subscription rights to shares	9	10
Compensation income	3,168	114
Other	27	7
Total extraordinary income	3,392	296
Extraordinary losses		
Loss on retirement of non-current assets	81	1,311
Impairment loss	22,952	3,332
Loss on liquidation of project	-	14,587
Other	542	3,013
Total extraordinary losses	23,576	22,244
Profit before income taxes	3,598	4,438
Income taxes - current	11,307	6,236
Income taxes - deferred	(2,627)	(2,131)
Total income taxes	8,680	4,105
Profit (loss)	(5,081)	333
Profit (loss) attributable to owners of parent	(5,081)	333

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit (loss)	(5,081)	333
Other comprehensive income		
Valuation difference on available-for-sale securities	(208)	(119)
Foreign currency translation adjustment	(5,277)	(1,782)
Remeasurements of defined benefit plans, net of tax	(238)	150
Total other comprehensive income	(5,724)	(1,751)
Comprehensive income	(10,806)	(1,418)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(10,806)	(1,418)

(3) Consolidated statement of changes in equity

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

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,877	24,599	94,392	(1,221)	126,646
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	85	85			171
Dividends of surplus			(6,384)		(6,384)
Profit (loss) attributable to owners of parent			333		333
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	85	85	(6,051)	(4)	(5,884)
Balance at end of current period	8,962	24,684	88,341	(1,226)	120,761

	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	397	28,921	(490)	28,828	225	155,700
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares						171
Dividends of surplus						(6,384)
Profit (loss) attributable to owners of parent						333
Purchase of treasury shares						(4)
Disposal of treasury shares						-
Net changes of items other than shareholders' equity	(119)	(1,782)	150	(1,751)	22	(1,728)
Total changes of items during period	(119)	(1,782)	150	(1,751)	22	(7,613)
Balance at end of current period	278	27,138	(339)	27,077	248	148,087

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	3,598	4,438
Depreciation	11,287	10,499
Impairment loss	22,952	3,332
Loss on liquidation of project	-	14,587
Compensation income	(3,168)	(114)
Amortization of goodwill	3,706	2,623
Increase (decrease) in provision for bonuses	373	207
Increase (decrease) in provision for loss on litigation	2,580	(2,328)
Increase (decrease) in net defined benefit liability	(440)	(1,482)
Increase (decrease) in allowance for doubtful accounts	(936)	376
Interest and dividend income	(71)	(73)
Share of (profit) loss of entities accounted for using equity method	1,444	1,346
Interest expenses	607	484
Loss on retirement of non-current assets	81	1,311
Foreign exchange losses (gains)	1,325	802
Decrease (increase) in notes and accounts receivable - trade	1,007	416
Increase (decrease) in notes and accounts payable - trade	(602)	(775)
Increase (decrease) in accrued consumption taxes	(2,251)	704
Decrease (increase) in other current assets	(2,959)	1,916
Increase (decrease) in other current liabilities	1,085	(906)
Increase (decrease) in other non-current liabilities	(334)	1,644
Other, net	403	87
Subtotal	39,687	39,098
Interest and dividend income received	70	48
Interest expenses paid	(619)	(504)
Income taxes paid	(9,822)	(2,205)
Net cash provided by (used in) operating activities	29,316	36,436
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,702)	(4,384)
Purchase of intangible assets	(6,568)	(3,770)
Proceeds from sales of investment securities	218	516
Payments of loans receivable	(13)	(1,051)
Other, net	98	91
Net cash provided by (used in) investing activities	(11,965)	(8,599)
Cash flows from financing activities		
Proceeds from long-term loans payable	2,949	-
Repayments of long-term loans payable	(8,800)	(6,039)
Repayments of finance lease obligations	(778)	(775)
Cash dividends paid	(5,742)	(6,374)
Redemption of bonds	-	(10,000)
Proceeds from issuance of common shares	355	147
Other, net	(100)	(95)
Net cash provided by (used in) financing activities	(12,115)	(23,138)
Effect of exchange rate change on cash and cash equivalents	(778)	(896)
Net increase (decrease) in cash and cash equivalents	4,456	3,802
Cash and cash equivalents at beginning of period	27,288	31,745
Cash and cash equivalents at end of period	31,745	35,547