Consolidated Financial Results
for the Fiscal Year Ended March 31, 2014
[Japanese GAAP]

May 9, 2014

Company name: MIRAIT Holdings Corporation
Stock exchange listing: TSE
Code number: 1417
URL: http://www.mirait.co.jp/
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Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2014
Scheduled date of commencing dividend payments: June 27, 2014
Scheduled date of filing annual securities report: June 27, 2014
Availability of supplementary briefing material on annual results: available
Schedule of quarterly results briefing session: scheduled (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Consolidated Operating Results (% indicates changes from the previous period.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2014	277,720	2.5	11,454	5.6	12,267	4.3	7,186	71.1
Fiscal year ended March 31, 2013	271,018	14.8	10,842	105.8	11,765	90.3	4,200	29.2

(Note) Comprehensive income: Fiscal year ended March 31, 2014: 8,664 million yen (66.5%)
Fiscal year ended March 31, 2013: 5,204 million yen (47.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2014	87.30	—	6.7	7.0	4.1
Fiscal year ended March 31, 2013	50.97	—	4.1	7.2	4.0

(Reference)
Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2014: (40 million yen)
Fiscal year ended March 31, 2013: 26 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal Year Ended March 31, 2014	175,992	114,173	63.0	1,362.61
Fiscal year ended March 31, 2013	172,756	106,630	60.0	1,257.67

(Reference)
Equity: Fiscal year ended March 31, 2014: 110,827 million yen
Fiscal year ended March 31, 2013: 103,640 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2014	9,073	(2,712)	(3,546)	16,788
Fiscal year ended March 31, 2013	(1,683)	(1,511)	(2,487)	13,974

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2013	—	10.00	—	10.00	20.00	1,648	39.2	1.6
Fiscal year ended March 31, 2014	—	10.00	—	10.00	20.00	1,637	22.9	1.5
Fiscal year ending March 31, 2015 (Forecast)	—	10.00	—	10.00	20.00		19.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	120,000	0.2	3,000	8.3	3,300	5.8	2,200	25.7	27.05
Full year	285,000	2.6	13,000	13.5	13,600	10.9	8,300	15.5	102.05

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc.: Yes

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

For further details, see "(5) Notes to Consolidated Financial Statements, Changes in Accounting Policies" on page 19 of the Appendix.

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

March 31, 2014	85,381,866 shares	March 31, 2013	85,381,866 shares

2) Total number of treasury stock at the end of the period:

March 31, 2014	4,046,553 shares	March 31, 2013	2,975,014 shares

3) Average number of shares outstanding during the period:

March 31, 2014	82,316,434 shares	March 31, 2013	82,407,297 shares

* Status of execution of the audit of financial statements

- This consolidated financial report is not subject to the audit of the financial statements under the Financial Instruments and Exchange Act. The procedures for said audit have been executed at the time of disclosing this report.

*Explanation for the appropriate use of financial forecasts and other special notes

- The Company plans to hold a briefing session for analysts and institutional investors on Friday, May 16, 2014. The briefing material on earnings distributed at this briefing session will be promptly published on the Company's website after the briefing session is held.

While descriptions in this report regarding financial prospects and other future events are based on the information available at the time this report was prepared, and based on certain assumptions considered to be reasonable. Accordingly our actual business performance may differ significantly from the prospects due to a number of factors. For the assumptions as the basis for the financial forecasts and notes regarding the effective use of the financial forecasts, please refer to “Analysis of Operating Results and Financial Position” on page 2 of the Appendix.

Contents of Appendix

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

The Japanese economy during the fiscal year ended March 31, 2014 showed signs of gradual improvement such as improved employment conditions due to the growth strategies and monetary policies implemented by the government and the Bank of Japan, and increasing capital investment in the private sector, despite a downswing in the global economy caused by a slowing of growth in emerging economies and a substantial trade deficit caused by factors such as the depreciation of the yen. Although the decrease in consumer spending after the hike in the consumption tax rate is cause for concern, the government's growth strategy and the 2020 Tokyo Olympics are expected to bolster the economy.

In the telecommunications sector, while growth in the fixed broadband services market matured, the spread of smartphones and tablets has led to the expansion of services such as new applications and content provided by the telecommunications carriers that are MIRAIT's main customers. Furthermore, in order to respond to rapidly increasing traffic, these carriers are further expanding their efforts to create and establish broadband mobile networks through measures such as LTE[*1] and Wi-Fi[*2] access points.

In such a business climate, although there has been a decrease on optical work in the NTT network engineering business, the MIRAIT Group expanded its facility management services and pole renewal work, in addition to merging and reorganizing access subsidiaries last October. Efforts were made to reform the business operation structure such as an ongoing shift of personnel to growth areas. In the mobile business, the Group strengthened support for a high volume of small-scale projects, and expanded LTE work and work to support new frequencies. Moreover, amid growing expectations for the rebuilding of social infrastructure and the advancement of social innovation, the Group expanded nationwide business in the ICT/civil engineering business by implementing measures such as the construction of solar power facilities and the installation of EV charging equipment, the creation of Wi-Fi access points and large-scale network projects. In addition, the Group worked to expand its business domains with the aim of becoming a "Comprehensive Engineering & Service Company." The software business was strengthened by making Practical Solutions Inc., Fukuoka Systemtechno Inc. and Timetec Co., Ltd.[*3] into subsidiaries and the solutions business was strengthened through business alliances with Daiko Denshi Tsushin, Ltd. and Techfirm Inc. Also, active efforts were made to strengthen the Group's overall management structure such as unifying wage systems and pension systems, standardizing operations by deploying the unified core system (MINCS) in subsidiaries, and reducing indirect expenses.

Consequently, in the consolidated business performance at the end of current fiscal year, orders received amounted to 282,026 million yen (1.4% increase year-on-year) and net sales were 277,720 million yen (2.5% increase year-on-year). In terms of profit, increased net sales in the ICT/ civil engineering business and a reduction in indirect expenses resulted in operating income of 11,454 million yen (5.6% increase year-on-year) and ordinary income of 12,267 million yen (4.3% increase year-on-year). Due to the impact of the extraordinary loss associated with business restructuring being minor, net income increased significantly to 7,186 million yen (71.1% increase year-on-year).

*1 LTE: Long Term Evolution. A high-speed data communication standard that is an evolution of the third generation mobile phone system.

*2 Wi-Fi: Brand name for wireless LAN standard and wireless LAN related devices; registered trademark of Wi-Fi Alliance.

*3 Timetec Co., Ltd. became a subsidiary of MIRAIT Corporation on April 1, 2014 based on a share assignment agreement concluded on February 12, 2014.

[Business Results of MIRAIT]

MIRAIT has proactively engaged in the creation and preparation of all types of networks aimed at the diversification and advancement of services, regardless of whether in fixed line communications or mobile communications. Although there has been a decrease in optical work in the NTT network engineering business, MIRAIT worked to expand facility management services, and also improved productivity and efficiency by implementing mergers and reorganization of access subsidiaries with overlapping coverage last October. In the mobile business, the Company strengthened support for a high volume of small-scale projects, and worked to expand LTE work and work to support new frequencies. In the ICT/civil engineering business, efforts were made to expand business in the environment and energy areas such as the construction and maintenance of solar power facilities, and the installation of EV charging equipment. In addition, sales of the "ee-TAB*" information service for hotel guests using tablets placed in guest rooms began in January, and the MIRAIT Tochigi Onodera Solar Power Plant was completed and began selling power in March. MIRAIT also worked to strengthen its operating base to become a "Comprehensive Engineering & Service Company" through business alliances with Daiko Denshi Tsushin, Ltd. and Techfirm Inc. aimed at the expansion of the solution business, and newly acquired subsidiaries such as Timetec Co., Ltd., which performs software development and system integration, operation and maintenance.

As a result of the above, in the consolidated business performance at the end of current fiscal year, orders received amounted to 185,707 million yen (3.7% decrease year-on-year), net sales were 184,960 million yen (2.4% decrease year-on-year), and net sales were 9,053 million yen (3.1% decrease year-on-year).

[Business Results of MIRAIT Technologies]

MIRAIT Technologies, placing the highest priority on ensuring safety, improving quality and thorough compliance, was actively engaged in establishing the foundation for a transition to a path of sustained growth, including measures such as expansion of new business and growing business through the enhancement of solutions, ensuring profitability through the reduction of work costs and general and administrative expenses, and strengthening personnel and reviewing assignments of engineers, etc., to support growing businesses.

As investment in optical facilities tapered off in NTT network business, the Company actively worked to secure profits by merging and reorganizing access subsidiaries, consolidating technical centers and improving efficiency of personnel assignments, in addition to supporting work across a wide area such as strengthening of the organization for facility management services, post-earthquake reconstruction work and pole renewal. In the mobile business, although there were delays in the establishment of the work structure associated with the increase investment in LTE facilities, the business operation structure was strengthened by improving efficiency through the review of the work and management structure and areas covered. In the ICT/civil engineering business, efforts were made to expand business in a wide range of areas such as the rapidly expanding area of construction, maintenance and operation of solar power facilities, environmental and energy-saving businesses such as BEMS[*4], cloud computing such as data center work and server monitoring, water and sewage work associated with measures to address aging infrastructure. Furthermore, MIRAIT Technologies strengthened the software business by making Practical Solutions Inc. and Fukuoka Systemtechno Inc. into subsidiaries, and actively engaging in global business such as participation in Australia's NBN[*5] project and expanding offshore sites in the software business.

As a result of the above, in the consolidated business performance at the end of current fiscal year, orders received amounted to 110,563 million yen (22.4% increase year-on-year), net sales were 103,383 million yen (19.4% increase year-on-year), and net sales were 2,086 million yen (72.1% increase year-on-year).

*4 Building and Energy Management System. It is an energy management system for "visualizing" the amount of power used in buildings, etc.

*5 NBN (National Broadband Network) project. A nationwide broadband network project in Australia.

[Business Results of the Company (Holding Company)]

As a holding company that handles planning functions including the Group's management strategy, along with finance, IR and general affairs functions, the Company has been engaged in business management and promotion of business strategies for the whole Group in return for management fees and dividends from the two operating companies. As a result, the Company's operating revenue was 3,420 million yen (32.4% decrease year-on-year) and operating income was 1,774 million yen (46.8% decrease year-on-year).

(Outlook for Next Fiscal Year)

Although there are concerns about the continued downward swing of the overseas economy, and the impact of the increased consumption tax rate on consumer spending, the recovery of the economy is to be certain due to the economic policies implemented by the government. Furthermore, moves to rebuild social infrastructure are expected to expand due to the full-scale reconstruction following the Great East Japan Earthquake, and environmental and energy issues, along with the Olympics being held in Tokyo.

In the telecommunications sector, although demand for optical services is growing slowly due to the maturing of the fixed broadband market, smartphones and tablets are becoming increasingly popular, facilitating the expansion of a wide range of services through the convergence of fixed and mobile communications, and that of telecommunication and broadcasting. Especially in mobile communications, efforts such as the continuation of investment in LTE, further expansion of Wi-Fi access points and the commencement of services on new frequency bands as measures to address rapidly increasing communication traffic are expected to have an impact. Furthermore, demand for cloud and office solutions is expanding in ICT, and demand in environmental and energy is also increasing in areas such as solar power and EMS.

Under such circumstances, the MIRAIT Group has established a new medium-term management plan beginning in fiscal year 2014, and will strive to actively expand business areas and establish management structure as a "Comprehensive Engineering and Service Company."

For the forecast of the consolidated business results in the next fiscal year, we are expecting 290,000 million yen in orders received (2.8% increase year-on-year), 285,000 million yen in net sales (2.6% increase year-on-year), 13,000 million yen in operating income (13.5% increase year on year), 13,600 million yen in ordinary income (10.9% increase year-on-year) and 8,300 million yen in net income (15.5% increase year-on-year).

(2) Analysis of Financial Position

(Assets, Liabilities and Net Assets)

Total assets at the end of the current fiscal year amounted to 175,992 million yen, an increase of 3,235 million yen from the previous fiscal year end. This consisted of a decrease in current assets by 532 million yen and an increase in noncurrent assets by 3,768 million yen from the previous fiscal year end. This was primarily due to a decrease in accounts receivable-trade such as accounts receivable from completed construction contracts, and an increase in investment securities due to the rise in share prices.

Total liabilities at the end of the current fiscal year increased from the previous fiscal year end by 4,307 million yen to 61,818 million yen. This consisted of a decrease in current liabilities by 4,239 million yen and a decrease in noncurrent assets by 68 million yen from the previous fiscal year end. This was primarily due to decreases in accounts payable for construction contracts and long-term loans payable.

Net assets at the end of the current fiscal year increased from the previous fiscal year end by 7,543 million yen to 114,173 million yen. This was primarily due to the increase in retained earnings by 5,317 million yen resulting from posting net income in the amount of 7,186 million yen.

As a result, equity ratio was 63.0% and net assets per share amounted to 1,362.61 yen.

(Cash Flows)

Cash and cash equivalents (hereinafter referred to as “cash”) in the current fiscal year increased by 2,813 million yen from the previous fiscal year to 16,788 million yen.

Cash flows in each area of activities and the circumstances behind them were as follows.

1) Net cash provided by (used in) operating activities

Net cash provided by operating activities was 9,073 million yen (1,683 million yen was used in the previous fiscal year). This was mainly attributable to income before income taxes totaling 12,224 million yen despite notes and accounts payable-trade decreasing by 4,033 million yen and income taxes paid totaling 4,826 million yen.

2) Net cash provided by (used in) investing activities

Net cash used in investing activities was 2,712 million yen (1,511 million yen was used in the previous fiscal year) due to the purchase of property, plant and equipment totaling 1,571 million yen and purchase of intangible assets totaling 964 million yen.

3) Net cash provided by (used in) financing activities

Net cash used in financing activities was 3,546 million yen (2,487 million yen was used in the previous fiscal year) due to factors such as the stock repurchase totaling 1,001 million yen and cash dividends paid totaling 1,682 million yen.

(Reference) Trends in the Group's cash flow indicators

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Equity ratio (%)	66.5	65.3	60.0	63.0
Marked-to-market equity ratio (%)	37.4	32.3	46.2	41.8
Ratio of cash flow to interest-bearing debt (%)	—	10.6	—	5.5
Interest coverage ratio (multiple)	—	772.8	—	817.8

(Notes) 1. Calculation methods for each indicator are as follows:
Equity ratio: Equity / Total assets
Marked-to-market equity ratio: Total market capitalization / Total assets
Ratio of cash flow to interest-bearing debt: Interest-bearing debt / Cash flows
Interest coverage ratio: Cash flows / Interest payment
2. All indicators have been calculated based on consolidated financial data.
3. Total market capitalization is calculated by multiplying the closing share price as at the end of the fiscal year by the number of issued shares as at the end of the fiscal year (after deducting treasury stock).
4. Cash flows refer to net cash provided by (used in) operating activities on the Consolidated Statement of Cash Flows.
5. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. Interest payment refers to the amount of interest paid on the Consolidated Statement of Cash Flows.
6. The ratio of cash flow to interest-bearing debt and the interest coverage ratio for the fiscal year ended March 31, 2011 are not presented here because cash flows in operating activities in said fiscal year turned out to be negative.

(3) Basic Policy of Appropriation of Profits and Dividend Payment for Current Fiscal Year and Next Fiscal Year

The Company makes it a basic policy to pay dividends consistently commensurate to its latest business performance and the trend of dividend payout ratio. Its internal reserve is used for reinforcing its financial position and for investing in the business development that can enhance its corporate value.

Dividends from surplus are basically paid out twice a year in the form of an interim dividend and a year-end dividend, and the organ determining the dividend is the Board of Directors for the interim dividend and the General Meeting of Shareholders for the year-end dividend. Payment of interim dividends as stipulated under Article 454, Paragraph 5 of the Companies Act has been specified by the Articles of Incorporation of the Company.

In line with the above policy, the Company is scheduled to pay 10 yen per share as year-end dividend for the fiscal year ended March 31, 2014. Accordingly, the annual dividend including the interim dividend of 10 yen per share is 20 yen per share. In addition, the Company also repurchased 1,060,000 shares for 999 million yen during the current fiscal year to enhance shareholder returns and enable the execution of a flexible capital policy in response to changes in the business environment.

As for the next fiscal year, 20 yen per share (10 yen each for interim dividend and year-end dividend) is scheduled.

(4) Business Risks

The MIRAIT Group is exposed to the following risks that could have impact on its operating results and financial position. Forward-looking statements contained herein are based on the Group’s judgment as at the end of the fiscal year ended March 31, 2014.

1) Risks associated with excessive dependence on particular clients

Principal clients of MIRAIT Group are telecommunications carriers such as the NTT Group, and owing to the fact that they account for a large portion of net sales, their capital expenditures or technological breakthroughs and other factors could have an impact on the Group’s business performance.

2) Risks associated with safety and quality issues

The MIRAIT Group is wholly committed to the safety and quality control over its engineering works to deliver quality engineering and services that deserve customers’ trust and appreciation by making use of the safety and quality management system operated by the two operating companies.

However, in the event serious accidents or other contingencies occur, these could have serious social consequences and result in the loss of clients’ confidence and restriction on the Group’s operating activities, and have an impact on its business results.

3) Risks associated with the management of critical information

In handling the critical information such as technical data and personal information from the clients, the MIRAIT Group is wholly committed to the prevention of leakage of classified information through the use of ISMS (information security management system) operated by the two operating companies.

In the event of unforeseen information leakage, however, the Group may suffer liability for damages with potential impact on its financial results, let alone loss of the clients’ confidence, which could have an impact on the Group’s business results.

4) Risks associated with the clients’ credit uncertainty

The MIRAIT Group is adopting measures to avoid credit risks by using external credit agencies for credit management regarding clients and the contract review by the legal section.

However, in the event the credit of clients is uncertain, the Group might not be able to collect fees for engineering works or may be forced to delay works, which could have an impact on the Group's business results.

5) Risks associated with assets held by the Group

The MIRAIT Group holds assets such as real estate and securities due to operational requirements, and significant fluctuation of the fair values thereof could have an impact on the Group’s business results.

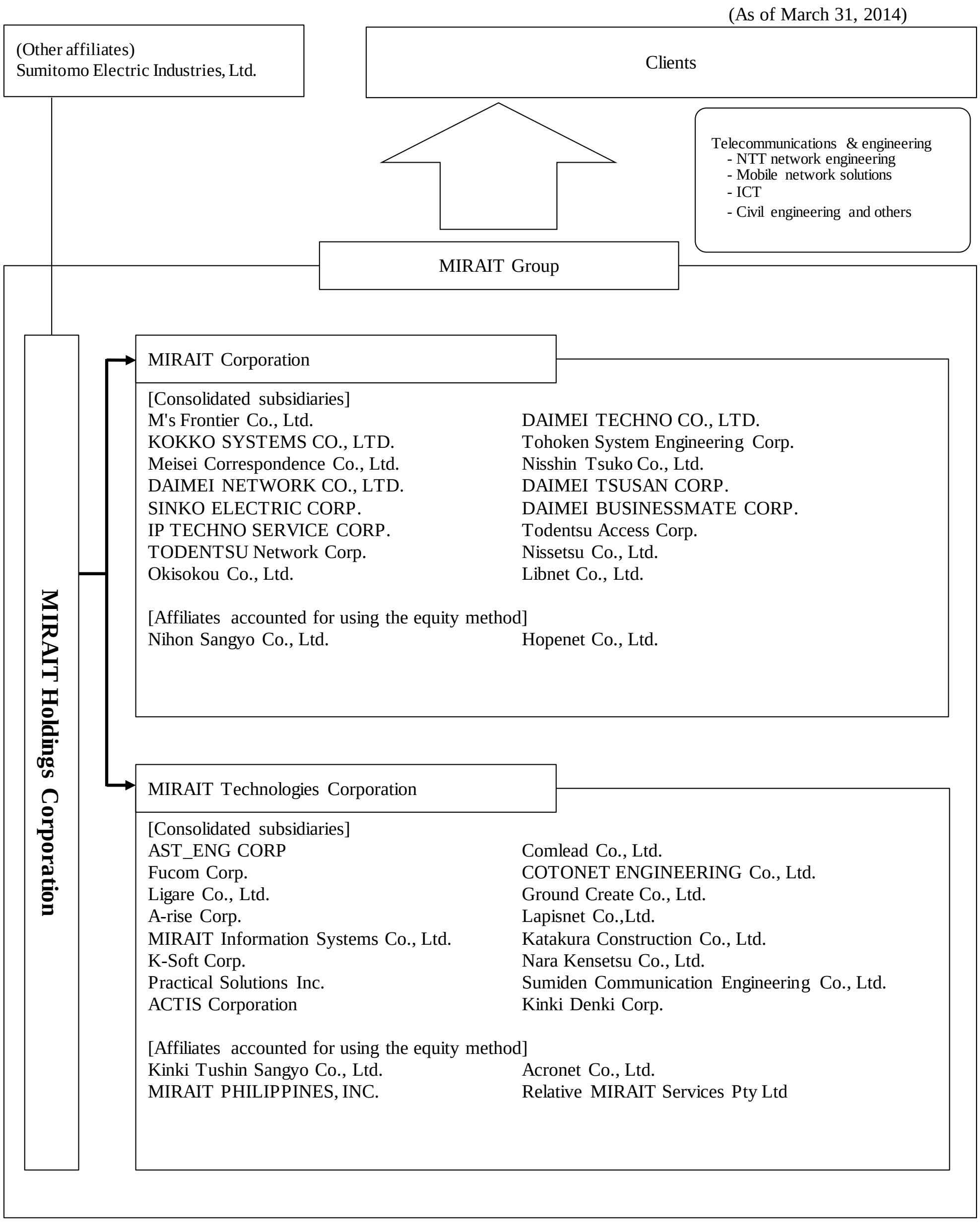
6) Risks associated with natural disasters

The MIRAIT Group has adopted countermeasures against events such as natural disasters including earthquakes, but the occurrence of contingencies such as shortages of electricity, fuel or materials resulting from such events could have an impact on the Group's business results.

2. Overview of the Corporate Group

The MIRAIT Group comprises the Company as a holding company, two operating companies, namely, MIRAIT Corporation and MIRAIT Technologies Corporation, and 34 consolidated subsidiaries. The four main businesses operated by the Group are the NTT network engineering, mobile network solutions, ICT, and civil engineering.

The Group's operational structure is as follows.



(Notes) 1. M's Frontier Co., Ltd. is a company established through the merger and change of name of Daimei Next Co., Ltd. and Renat Tokyo Co., Ltd. on October 1, 2013.

2. AST_ENG CORP. is a company established through the merger and change of name of Renat Kansai Co., Ltd., Daimei Engineering Corp. and Todentsu Engineering West Japan Corp. on October 1, 2013.

3. MIRAIT Technologies Corporation received third-party allocation of new shares of Practical Solutions Inc. and made it a subsidiary on October 2, 2013.

4. Relative MIRAIT Services Pty Ltd. was included in the scope of application of the equity method from the first quarter of the consolidated fiscal year.

3. Management Policies

(1) Basic Management Policies

With the purpose of accelerating structural transformation into a "Comprehensive Engineering & Services Company," the MIRAIT Group will be pursuing the following strategies to maximize its corporate value:

(i) Expansion of drivers for future growth through the implementation of a growth strategy

(ii) Promotion of improved efficiency in existing business

(iii) Developing the corporate brand by ensuring safety, quality and compliance, and strengthening CSR efforts

(2) Targeted Management Benchmarks

The MIRAIT Group has established a medium-term management plan (targeting net sales of 310,000 million yen, operating income of 17,000 million yen, operating income ratio of 5.5%, and ROE of 8% or more in the fiscal year ending March 31, 2017) developed from a medium-term perspective and aims to attain these targets.

(3) Medium- to Long-term Management Strategies

The Group will accelerate the transformation of the business structure to respond to changes in the external environment, and work to achieve sustained growth as a "Comprehensive Engineering & Service Company" by focusing on improving efficiency in existing businesses and expanding drivers for future growth.

(4) Issues to be Addressed

The business environment surrounding the MIRAIT Group has reached a turning point. New communications services and new ICT markets are quickly expanding with the spread of smartphones and tablets. Furthermore, the promotion of growth strategies involving the public and private sectors working together, and the advancement and utilization of ICT provide the impetus for social innovation, and create new growth markets. Under such business conditions, the Group needs to strengthen its technological capability and ability to provide solutions, and work to restructure its business portfolio by actively expanding into many growth areas such as cloud computing, office solutions, environment & energy, and stock businesses.

Meanwhile, in the NTT network engineering business, it is necessary to work to further improve productivity and operational efficiency to respond to the decline in demand for optical related work associated with the maturing of the fixed broadband market. Furthermore, in the mobile business further cost reductions and improvements in work efficiency need to be made due to the intensification of service competition among telecommunications carriers and the reduction in scale of projects undertaken.

Under these circumstances, the MIRAIT Group will bring together the combined strength of the group to take on the following challenges with the aim of attaining targets in the Medium-term Management Plan.

(i) Promotion of structural reforms and strengthening of business management

- Increased sales and income through sustained and efficient promotion of existing businesses and the expansion of drivers for future growth

(ii) Establishment of business infrastructure for strengthening business capacity

- Strengthening the group formation (such as strengthening collaboration inside and outside the Group)
- Establishment of a nationwide installation and maintenance structure aimed at the drivers for future growth
- Improvement of our work platform (such as system support matching changes in work methods)

(iii) Strengthening of human resources supporting the business

- Implementation of training, securing and utilization of human resources
- Implementation of a dynamic shift of personnel to support growing areas

(iv) Transformation of corporate culture

- Establishment of MIRAIT Quality
- More proactive corporate communication and information disclosure
- Implementation of CSR

<Notes>

This document contains forward-looking statements based on the plans, outlooks, management strategies and policies of the Company as of the time of its issuance. Such forward-looking statements describe management judgments and assumptions based on information available at this point in time.

As such, actual business results could be significantly different from which stated in this document due to changes in conditions. Thus, please be advised that we will not be able to guarantee the accuracy of the forward-looking statements in this document in the future.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	14,850	17,627
Notes receivable-trade	711	1,021
Accounts receivable from completed construction contracts	82,708	78,647
Accounts receivable-trade	4,120	3,627
Costs on uncompleted construction contracts and others	19,063	19,851
Deferred tax assets	2,725	2,550
Prepaid expenses	484	492
Accounts receivable-other	1,280	1,436
Other	647	784
Allowance for doubtful accounts	(48)	(28)
Total current assets	126,542	126,009
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	20,770	21,044
Machinery, vehicles, tools, furniture and fixtures	9,320	8,959
Land	17,508	17,615
Lease assets	603	680
Construction in progress	52	44
Accumulated depreciation	(19,030)	(18,785)
Total property, plant and equipment	29,225	29,559
Intangible assets		
Goodwill	784	598
Software	2,496	2,796
Other	227	187
Total intangible assets	3,507	3,583
Investments and other assets		
Investment securities	7,370	9,409
Long-term loans receivable	567	147
Net defined benefit asset	—	3,243
Deferred tax assets	2,696	1,562
Lease and guarantee deposits	1,120	1,093
Other	1,927	1,616
Allowance for doubtful accounts	(201)	(233)
Total investments and other assets	13,481	16,839
Total noncurrent assets	46,214	49,982
Total assets	172,756	175,992

(Millions of yen)

	Previous fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Liabilities		
Current liabilities		
Notes payable-trade	586	742
Construction in progress	38,109	33,919
Short-term loans payable	262	—
Current portion of long-term loans payable	226	64
Accounts payable-other	1,554	1,717
Income taxes payable	2,881	2,959
Advances received on uncompleted construction contracts	1,341	1,388
Provision for loss on construction contracts	380	450
Provision for bonuses	4,136	4,278
Provision for directors' bonuses	62	78
Provision for warranties for completed construction	7	14
Other	4,263	3,961
Total current liabilities	53,814	49,575
Noncurrent liabilities		
Long-term loans payable	321	60
Deferred tax liabilities	453	778
Deferred tax liabilities for land revaluation	44	44
Provision for retirement benefits	9,811	—
Provision for directors' retirement benefits	473	175
Net defined benefit liability	—	9,926
Asset retirement obligations	62	59
Negative goodwill	540	268
Long-term accounts payable-other	146	329
Other	458	600
Total noncurrent liabilities	12,312	12,243
Total liabilities	66,126	61,818
Net assets		
Shareholders' equity		
Capital stock	7,000	7,000
Capital surplus	25,947	25,947
Retained earnings	71,457	76,775
Treasury stock	(1,622)	(2,623)
Total shareholders' equity	102,783	107,098
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	946	1,971
Revaluation reserve for land	(101)	(101)
Foreign currency translation adjustment	12	56
Remeasurements of defined benefit plans	—	1,802
Total accumulated other comprehensive income	857	3,729
Minority interests	2,989	3,345
Total net assets	106,630	114,173
Total liabilities and net assets	172,756	175,992

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net sales of completed construction contracts	271,018	277,720
Cost of sales of completed construction contracts	241,678	247,743
Gross profit on completed construction contracts	29,340	29,976
Selling, general and administrative expenses	18,497	18,521
Operating income	10,842	11,454
Non-operating income		
Interest income	25	18
Dividends income	181	182
Amortization of negative goodwill	271	271
Real estate rent	55	63
Surrender value of insurance	138	317
Equity in earnings of affiliates	26	—
Foreign exchange gains	45	—
Miscellaneous income	257	127
Total non-operating income	1,002	980
Non-operating expenses		
Interest expenses	10	10
Foreign exchange losses	—	28
Rent expenses on real estates	—	46
Equity in losses of affiliates	—	40
Miscellaneous expenses	68	42
Total non-operating expenses	79	167
Ordinary income	11,765	12,267
Extraordinary income		
Gain on sales of noncurrent assets	257	92
Gain on sales of investment securities	12	2
Gain on liquidation of investment securities	26	—
Gain on negative goodwill	5	—
Return on liquidation of mutual association	—	159
Other	21	46
Total extraordinary income	323	300
Extraordinary loss		
Loss on sales of noncurrent assets	17	3
Loss on retirement of noncurrent assets	68	155
Impairment loss	302	20
Loss on sales of investment securities	4	0
Loss on valuation of investment securities	14	12
Restructuring expenses	3,878	80
Loss on specific construction contracts	248	16
Litigation expenses	40	2
Loss on step acquisitions	16	—
Other	162	52
Total extraordinary loss	4,755	344
Income before income taxes	7,333	12,224

(Millions of yen)

	Previous fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Income taxes-current	3,412	4,657
Income taxes-deferred	(598)	(24)
Total income taxes	2,814	4,633
Income before minority interests	4,519	7,590
Minority interests in income	319	404
Net income	4,200	7,186
Minority interests in income	319	404
Income before minority interests	4,519	7,590
Other comprehensive income		
Valuation difference on available-for-sale securities	659	1,029
Share of other comprehensive income of associates accounted for using equity method	24	43
Total other comprehensive income	684	1,073
Comprehensive income:	5,204	8,664
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,884	8,254
Comprehensive income attributable to minority interests	319	409

(3) Consolidated Statement of Changes in Net Assets

Previous fiscal year (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of the period	7,000	25,947	68,905	(1,622)	100,230
Change during the period					
Dividends from surplus			(1,648)		(1,648)
Net income			4,200		4,200
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		0		1	1
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	2,552	0	2,553
Balance at end of the period	7,000	25,947	71,457	(1,622)	102,783

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at start of the period	286	(101)	(11)	—	173	2,513	102,917
Change during the period							
Dividends from surplus							(1,648)
Net income							4,200
Purchase of treasury stock							(1)
Disposal of treasury stock							1
Net changes of items other than shareholders' equity	659	—	24	—	684	475	1,159
Total changes of items during the period	659	—	24	—	684	475	3,712
Balance at end of the period	946	(101)	12	—	857	2,989	106,630

Current fiscal year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of the period	7,000	25,947	71,457	(1,622)	102,783
Change during the period					
Dividends from surplus			(1,648)		(1,648)
Net income			7,186		7,186
Purchase of treasury stock				(1,001)	(1,001)
Disposal of treasury stock		0		0	0
Change of scope of equity method			(220)		(220)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	5,317	(1,001)	4,315
Balance at end of the period	7,000	25,947	76,775	(2,623)	107,098

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at start of the period	946	(101)	12	—	857	2,989	106,630
Change during the period							
Dividends from surplus							(1,648)
Net income							7,186
Purchase of treasury stock							(1,001)
Disposal of treasury stock							0
Change of scope of equity method							(220)
Net changes of items other than shareholders' equity	1,024	—	43	1,802	2,871	356	3,227
Total changes of items during the period	1,024	—	43	1,802	2,871	356	7,543
Balance at end of the period	1,971	(101)	56	1,802	3,729	3,345	114,173

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	7,333	12,224
Depreciation and amortization	2,511	2,285
Amortization of goodwill and negative goodwill	(116)	(71)
Impairment loss	302	20
Gain on negative goodwill	(5)	—
Equity in (earnings) losses of affiliates	(26)	40
Increase (decrease) in allowance for doubtful accounts	(7)	(151)
Increase (decrease) in provision for bonuses	1,863	142
Increase (decrease) in provision for retirement benefits	(301)	—
Decrease (increase) in net defined benefit asset	—	123
Increase (decrease) in net defined benefit liability	—	17
Increase (decrease) in provision for loss on construction contracts	244	70
Increase (decrease) in other provision	(9)	(275)
Interest and dividends income	(207)	(201)
Interest expenses	10	10
Foreign exchange losses (gains)	(44)	20
Loss (gain) on sales of investment securities	(7)	(2)
Loss (gain) on valuation of investment securities	14	12
Loss (gain) on sales and retirement of property, plant and equipment	(170)	66
Decrease (increase) in notes and accounts receivable-trade	(16,554)	4,233
Decrease (increase) in costs on uncompleted construction contracts and others	(4,901)	(798)
Increase (decrease) in notes and accounts payable-trade	6,683	(4,033)
Increase (decrease) in advances received on uncompleted construction contracts	496	(103)
Increase/decrease in other assets/liabilities	1,428	(1,434)
Increase (decrease) in accrued consumption taxes	181	24
Decrease (increase) in consumption taxes refund receivable	109	169
Other	701	1,313
Subtotal	(470)	13,702
Interest and dividends income received	208	211
Interest expenses paid	(10)	(11)
Litigation expenses	(40)	(2)
Income taxes paid	(1,371)	(4,826)
Net cash provided by (used in) operating activities	(1,683)	9,073

(Millions of yen)

	Previous fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) investing activities		
Payments into time deposits	(703)	(509)
Proceeds from withdrawal of time deposits	656	546
Purchase of property, plant and equipment	(1,115)	(1,571)
Proceeds from sales of property, plant and equipment	407	118
Purchase of intangible assets	(1,392)	(964)
Purchase of investment securities	(257)	(111)
Proceeds from sales of investment securities	114	33
Purchase of investments in subsidiaries	—	(428)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(87)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	608	6
Net decrease (increase) in short-term loans receivable	281	(118)
Payments of loans receivable	(362)	(102)
Collection of loans receivable	65	126
Proceeds from cancellation of insurance funds	138	358
Other	134	(95)
Net cash provided by (used in) investing activities	(1,511)	(2,712)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(466)	(205)
Repayment of long-term loans payable	(227)	(479)
Purchase of treasury stock	(1)	(1,001)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock by consolidated subsidiaries	—	(15)
Cash dividends paid	(1,649)	(1,643)
Cash dividends paid to minority shareholders	(19)	(39)
Repayments of finance lease obligations	(123)	(161)
Net cash provided by (used in) financing activities	(2,487)	(3,546)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	(5,683)	2,813
Cash and cash equivalents at beginning of period	19,657	13,974
Cash and cash equivalents at end of period	13,974	16,788

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not Applicable.

(Changes in Accounting Policies)

(Application of Accounting Standards on Defined Benefit Plans)

The Accounting Standard for Retirement Benefits (ASBJ Statement No.26 dated May 17, 2012) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 dated May 17, 2012) have been applied from the current consolidated fiscal year (excluding, however, the provisions shown in the main text of Section 35 of the Accounting Standard for Retirement Benefits and the main text of Section 67 of the Guidance on Accounting Standard for Retirement Benefits), changing to a method of posting the amount obtained by deducting pension assets from retirement benefit liabilities as the net defined benefit liability or net defined benefit assets, and posting actuarial gains and losses and past service costs to net defined benefit liability or net defined benefit assets.

The application of the Accounting Standard for Retirement Benefits is governed by the provisional treatment specified in Section 37 of the Accounting Standard for Retirement Benefits, and the impact associated with the change is taken into account in re-measurements of defined benefit plans under accumulated other comprehensive income.

As a result, net defined benefit assets were 3,243 million yen, and defined benefit liabilities were 9,926 million yen. Furthermore, other comprehensive income increased by 1,802 million yen.

The impact per share is shown for each area.

(Additional Information)

(Change in the retirement benefits system)

In order to make a transition from a defined benefit pension and lump sum retirement payment system to a defined benefit corporate pension system, defined contribution pension system and lump sum retirement payment system in some consolidated subsidiaries, the "Accounting of Transitions Between Retirement Benefit Systems" (Guidance on Accounting Standard for Retirement Benefit No. 1 dated January 31, 2002) and the "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (PITF No.2 dated February 7, 2007) are scheduled to be applied.

As a result, extraordinary income of 566 million yen is scheduled to be posted in the following consolidated fiscal year.

(Segment Information, etc.)

[Segment Information]

1. Overview of Segment Information

(1) Method of determining reporting segments

The reportable segments of the Company refer to the components of the Company whose separate financial information is available, and which are regularly reviewed by the Board of Directors in order to determine allocation of management resources and evaluate performance.

Under the guidance of the Company, which is the MIRAIT Group's holding company, groups centered on two business companies draw up comprehensive strategies and engage in activities relating to the businesses for which each group is responsible.

Therefore the business segments (consolidated basis) of the Company consists of two reportable segments, namely, the "MIRAIT" and "MIRAIT Technologies."

(2) Types of products and services attributable to each reportable segment

MIRAIT and MIRAIT Technologies mainly conduct telecommunication engineering, electrical facility work and air conditioning and sanitation work.

2. Method of calculation of amounts of sales, income, assets and other items by reportable segment

The methods of accounting for reportable business segments are the same as those shown in "Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements."

Income for the reportable segments are figures based on operating income.

Internal revenue and transfers between segments are based on actual market prices.

3. Information regarding the amounts of sales and income, assets and other items by reportable segment

Previous fiscal year (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable Segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated Financial Statements Amount (Note 3)
	MIRAIT	MIRAIT Technologies	Total				
Net sales							
Net sales to external customers	188,379	82,639	271,018	―	271,018	―	271,018
Inter-segment sales or transfers	1,071	3,961	5,032	5,061	10,094	(10,094)	―
Total	189,450	86,600	276,051	5,061	281,112	(10,094)	271,018
Segment income	9,343	1,212	10,556	3,334	13,891	(3,048)	10,842
Segment assets	115,118	64,700	179,819	77,387	257,206	(84,450)	172,756
Other items							
Depreciation and amortization	1,518	964	2,482	29	2,511	―	2,511
Increase in property, plant and equipment and intangible assets	2,233	683	2,917	35	2,953	―	2,953

(Notes) 1. The "Other" segment refers to the Company (pure holding company) which is not part of any business segment.

2. The amounts in adjustments are as follows.

(1) Adjustments for segment income in the amount of (3,048) million yen include adjustments for dividends, retirement benefits and goodwill in the amount of (3,286) million yen, 201 million yen and 73 million yen, respectively.

(2) Adjustments for segment assets in the amount of (84,450) million yen include the netting of investments and capital in the amount of (64,955) million yen, the netting of receivables in the amount of (16,111) million yen, and adjustments for tax effect accounting in the amount of (2,755) million yen.

3. Segment income is adjusted to the operating income in the Consolidated Statement of Income and Comprehensive Income.

Current fiscal year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable Segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated Financial Statements Amount (Note 3)
	MIRAIT	MIRAIT Technologies	Total				
Net sales							
Net sales to external customers	180,761	96,957	277,718	1	277,720	―	277,720
Inter-segment sales or transfers	4,198	6,426	10,624	3,418	14,043	(14,043)	―
Total	184,960	103,383	288,343	3,420	291,764	(14,043)	277,720
Segment income	9,053	2,086	11,140	1,774	12,915	(1,460)	11,454
Segment assets	116,776	70,013	186,790	79,873	266,663	(90,671)	175,992
Other items							
Depreciation and amortization	1,290	968	2,258	26	2,285	―	2,285
Increase in property, plant and equipment and intangible assets	1,815	1,426	3,241	23	3,264	―	3,264

(Notes)

1. The "Other" segment refers to the Company (pure holding company) which is not part of any business segment.
2. The amounts in adjustments are as follows.
   (1) Adjustments for segment income in the amount of (1,460) million yen include adjustments for dividends, retirement benefits and goodwill in the amount of (1,707) million yen, 137 million yen and 65 million yen, respectively.
   (2) Adjustments for segment assets in the amount of (90,671) million yen include the netting of investments and capital in the amount of (64,955) million yen, the netting of receivables in the amount of (21,464) million yen, and adjustments for tax effect accounting in the amount of (2,814) million yen.
3. Segment income is adjusted to the operating income in the Consolidated Statement of Income and Comprehensive Income.

(Per Share Information)

	Previous fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net assets per share	1,257.67 yen	1,362.61 yen
Net income per share	50.97 yen	87.30 yen

(Notes)

1. Diluted net income per share is not stated since there are no dilutive shares.
2. As stated in "Changes in Accounting Policies," the Accounting Standard for Retirement Benefits has been applied, and provisional treatment stipulate din Section 37 of the Accounting Standard for Retirement Benefits is being followed. As a result, net assets per share increased by 22.16 yen in the current fiscal year.
3. The basis for calculation of the net income per share is shown below.

	Previous fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net income (million yen)	4,200	7,186
Net income not attributable to common shareholders (million yen)	—	—
Net income related to common stocks (million yen)	4,200	7,186
Average number of common stocks during the fiscal year (thousand shares)	82,407	82,316

(Significant Subsequent Events)

Not Applicable.