Consolidated Financial Results
for the Three Months Ended June 30, 2017 [Japanese GAAP]

July 31, 2017

Company name: MIRAIT Holdings Corporation
Stock exchange listing: TSE
Code Number: 1417
URL: http://www.mirait.co.jp/
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Scheduled date for filing of quarterly report: August 7, 2017
Scheduled date for commencement of dividend payment: —
Supplementary briefing materials on quarterly results: Available
Quarterly results briefing: None

(Amounts are rounded down to the nearest one million)

1. Consolidated Financial Results for the Three Months Ended June 30, 2017
(April 1, 2017 to June 30, 2017)

(1) Consolidated Operating Results (cumulative)

(% indicates change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2017	60,064	28.7	966	−	1,423	−	564	−
Three months ended June 30, 2016	46,686	(9.7)	(1,541)	−	(1,538)	−	(1,336)	−

(Note) Comprehensive income: Three months ended June 30, 2017 1,255 million yen (−%)
Three months ended June 30, 2016 (1,318) million yen (−%)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2017	7.14	6.16
Three months ended June 30, 2016	(16.43)	−

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2017	206,450	128,816	60.1
As of March 31, 2017	218,053	128,837	56.9

(Reference) Equity: As of June 30, 2017 124,135 million yen
As of March 31, 2017 124,132 million yen

2. Dividends

	Annual dividends per share				
	End of 1Q	End of2Q	End of 3Q	Year-end	Total
	yen	yen	yen	yen	Yen
Fiscal year ended March 31, 2017	−	15.00	−	15.00	30.00
Fiscal year ending March 31, 2018	−				
Fiscal year ending March 31, 2018 (forecast)		15.00	−	15.00	30.00

(Note) Revision of dividend forecasts from recently announced figures: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018
(April 1, 2017 to March 31, 2018)

(% indicates change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Six months ending September 30, 2017	130,000	21.7	2,500	—	2,800	—	1,800	—	22.77
Full year ending March 31, 2018	310,000	9.4	12,500	24.2	13,000	22.7	8,000	24.3	101.22

(Note) Revision of financial results forecasts from recently announced figures: None

* Notes:

(1) Significant changes in subsidiaries during the period under review: None

(2) Application of specific accounting practices for preparing consolidated quarterly financial statements: Yes

(3) Changes in accounting principles and changes or restatements of accounting estimates:

1) Changes in accounting principles due to revision of accounting standards: None

2) Changes in accounting principles other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

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

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

June 30, 2017	85,381,866 shares	March 31, 2017	85,381,866 shares

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

June 30, 2017	6,344,476 shares	March 31, 2017	6,343,431 shares

3) Average number of shares outstanding during the period

June 30, 2017	79,037,966 shares	June 30, 2016	81,329,959 shares

* Implementation status of quarterly review processes

- This quarterly summary of consolidated financial results is not subject to the quarterly review procedures stipulated under the Financial Instruments and Exchange Act.

* Explanation regarding the appropriate use of performance forecasts, and other items warranting special mention

- The performance forecasts and other forward-looking statements in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Accordingly, actual performance may differ materially depending on various factors.

Table of Contents: Supplementary Materials

1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Period under Review

During the first three months of the current consolidated fiscal period (from April 1, 2017 to June 30, 2017), the Japanese economy continued to recover moderately on the back of the improvements in corporate earnings and labor market conditions, despite concerns such as the new US administration's policies on the global economy.

In the information and telecommunications sector, the "Hikari Collaboration Model" has made progress in the fixed communications area. In the mobile communications area, advancements have been witnessed in fourth-generation mobile telecommunication systems (4G), and services for new frequency bands have been launched. Moreover, the MIRAIT Group is facing changes in the business environment, given the growing demand for cloud, sensor, and office solutions in light of the approaching the era of IoT, and that to rebuild social infrastructure toward the year 2020, among other developments.

In an effort to take advantage of such changes in the social structure and telecommunications environment, the MIRAIT Group is enforcing initiatives to enhance the Group's corporate value and to achieve sustainable growth as a "Comprehensive Engineering & Service Company". Based on the new 4-year Mid-term Management Plan beginning FY2017 (the current fiscal year ending March 31, 2018), which targets net sales of 340 billion yen, operating income of 17 billion yen, and ROE of more than 8% by 2020, the MIRAIT Group will strive to expand the business domains, to restructure the business model, and to strengthen profit-oriented business management.

In the first three months, the MIRAIT Group expanded sales by focusing on growing orders for facility improvement proposals to telecommunication carriers, work for advanced 4G and new frequencies, solar power facilities work, work to lay power lines underground, and so on. At the same time, the Group promoted the completion of work carried over from the previous fiscal year, such as those for electric/ air conditioning facilities, PBX renewal, and resolving 700MHz TV reception interference.

The MIRAIT Group also benefited from the contribution of newly consolidated subsidiaries that were acquired during the previous fiscal year. As for the consolidated financial results for the first three months, the Group achieved growth in both sales and profits. Specifically, orders received increased by 36.7% year-on-year to 89,234 million yen, net sales increased by 28.7% year-on-year to 60,064 million yen, operating income came in at 966 million yen (operating loss was 1,541 million yen in the same period of the previous year), ordinary income came in at 1,423 million yen (ordinary loss was 1,538 million yen in the same period of the previous year), and net income attributable to owners of parent came in at 564 million yen (net loss attributable to owners of parent was 1,336 million yen in the same period of the previous year).

(2) Overview of Financial Position for the Period under Review

Total assets at the end of the first quarter of the current consolidated fiscal period amounted to 206,450 million yen, a decrease of 11,603 million yen from the end of the previous fiscal year. This was mainly due to the decrease in accounts receivables including those from completed construction contracts and other, which more than offset the increase in costs on uncompleted construction contracts and other.

Total liabilities decreased by 11,582 million yen from the end of the previous fiscal year, to 77,634 million yen. This was mainly due to the decrease in accounts payable for construction contracts and provision for bonuses, which more than offset the increase in advances received on uncompleted construction contracts.

Net assets decreased by 20 million yen to 128,816 million yen, owing to the dividend payout of 1,190 million yen during the first quarter, and despite the net income attributable to owners of parent of 564 million yen recorded in the first quarter.

As a result of the above, the equity ratio at the end of the first quarter stood at 60.1% (compared to 56.9% at the end of the previous fiscal year).

(3) Future Outlook

The consolidated financial results forecast for the fiscal year ending March 31, 2018, as announced on April 28, 2017, remains unchanged.

2. Notes to Summary Information (Explanatory Notes)

(1) Changes in Important Subsidiaries during the Period under Review

Not applicable.

(2) Application of Specific Accounting Practices for Preparing Consolidated Quarterly Financial Statements

Calculation of tax expense

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes for the current fiscal year, including the first quarter ended June 30, 2017, and then multiplying income before income taxes for the three months with the said estimated effective tax rate.

The statutory tax rate is applied if the tax expense calculated using the estimated effective tax rate lacks rationality to a significant degree.

(3) Changes in Accounting Principles and Changes or Restatements of Accounting Estimates

Not applicable.

3. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Three Months Ended June 30, 2017
Assets		
Current assets		
Cash and deposits	34,550	43,776
Notes receivable, accounts receivable from completed construction contracts and other	91,623	57,447
Securities	—	3,399
Costs on uncompleted construction contracts and other	17,607	25,547
Deferred tax assets	2,671	2,670
Other	4,915	6,205
Allowance for doubtful accounts	(45)	(7)
Total current assets	151,323	139,039
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,835	10,728
Land	18,643	18,560
Construction in progress	2,387	2,750
Other, net	2,743	2,744
Total property, plant and equipment	34,609	34,784
Intangible assets		
Goodwill	3,137	3,037
Customer related assets	2,289	2,249
Software	1,454	1,318
Other	82	76
Total intangible assets	6,963	6,681
Investments and other assets		
Investment securities	20,865	21,740
Net defined benefit asset	746	768
Deferred tax assets	731	731
Lease and guarantee deposits	1,272	1,258
Other	1,664	1,598
Allowance for doubtful accounts	(122)	(152)
Total investments and other assets	25,157	25,944
Total non-current assets	66,730	67,410
Total assets	218,053	206,450

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Three Months Ended June 30, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	40,772	29,866
Short-term loans payable	710	239
Income taxes payable	1,023	660
Advances received on uncompleted construction contracts	3,774	5,122
Provision for loss on construction contracts	800	779
Provision for bonuses	4,228	2,764
Provision for directors' bonuses	70	36
Provision for warranties for completed construction	4	5
Other	7,727	7,852
Total current liabilities	59,112	47,327
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	16,577	16,572
Long-term accounts payable - other	607	455
Deferred tax liabilities	3,556	3,875
Deferred tax liabilities for land revaluation	41	41
Provision for directors' retirement benefits	70	65
Provision for share-based compensation	52	73
Net defined benefit liability	8,444	8,429
Asset retirement obligations	76	76
Other	677	716
Total non-current liabilities	30,104	30,307
Total liabilities	89,216	77,634
Net assets		
Shareholders' equity		
Capital stock	7,000	7,000
Capital surplus	26,043	26,043
Retained earnings	92,679	92,040
Treasury shares	(5,299)	(5,300)
Total shareholders' equity	120,423	119,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,161	4,883
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(409)	(508)
Remeasurements of defined benefit plans	56	74
Total accumulated other comprehensive income	3,709	4,351
Non-controlling interests	4,704	4,680
Total net assets	128,837	128,816
Total liabilities and net assets	218,053	206,450

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Three Months Ended June 30, 2017

(Millions of yen)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2017
Net sales of completed construction contracts	46,686	60,064
Cost of sales of completed construction contracts	42,867	53,098
Gross profit on completed construction contracts	3,819	6,966
Selling, general and administrative expenses	5,360	5,999
Operating profit (loss)	(1,541)	966
Non-operating income		
Interest income	6	21
Dividend income	235	262
Foreign exchange gains	—	7
Insurance premiums refunded cancellation	5	39
Share of profit of entities accounted for using equity method	11	87
Other	41	66
Total non-operating income	300	485
Non-operating expenses		
Interest expenses	8	7
Foreign exchange losses	271	—
Other	17	21
Total non-operating expenses	297	28
Ordinary profit (loss)	(1,538)	1,423
Extraordinary income		
Other	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sales of non-current assets	0	50
Loss on retirement of non-current assets	5	2
Loss on sales of investment securities	—	13
Loss on valuation of investment securities	31	—
Office transfer expenses	43	—
Other	18	20
Total extraordinary losses	100	86
Profit (loss) before income taxes	(1,637)	1,338
Income taxes	(250)	729
Profit (loss)	(1,387)	609
Profit attributable to		
Profit (loss) attributable to owners of parent	(1,336)	564
Profit (loss) attributable to non-controlling interests	(50)	45

(Millions of yen)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2017
Other comprehensive income		
Valuation difference on available-for-sale securities	(50)	724
Deferred gains or losses on hedges	(65)	—
Foreign currency translation adjustment	206	(80)
Remeasurements of defined benefit plans, net of tax	(10)	18
Share of other comprehensive income of entities accounted for using equity method	(10)	(16)
Total other comprehensive income	68	646
Comprehensive income	(1,318)	1,255
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,265)	1,206
Comprehensive income attributable to non-controlling interests	(52)	49

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

First three months of the current consolidated fiscal period (from April 1, 2017 to June 30, 2017)

There were no significant changes to the amount of shareholders' equity from the end of the previous fiscal year.