Consolidated Financial Results
for the Nine Months Ended December 31, 2017 [Japanese GAAP]

February 2, 2018

Company name: MIRAIT Holdings Corporation
Stock exchange listing: TSE
Code Number: 1417
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Scheduled date for filing of quarterly report: February 7, 2018
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 Nine Months Ended December 31, 2017
(April 1, 2017 to December 31, 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	%
Nine months ended December 31, 2017	206,602	20.4	8,653	592.0	9,664	545.3	5,800	—
Nine months ended December 31, 2016	171,584	(0.7)	1,250	—	1,497	198.4	298	—

(Note) Comprehensive income: Nine months ended December 31, 2017 7,719million yen (—%)
Nine months ended December 31, 2016 (1,015)million yen (—%)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2017	73.33	63.53
Nine months ended December 31, 2016	3.67	3.19

(Note) Profit attributable to owners of parent for the nine months ended December 31, 2017 increased by more than 1,000% from the same period of the previous fiscal year, and therefore indicated as"—".

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2017	216,611	134,214	60.3
As of March 31, 2017	218,053	128,837	56.9

(Reference) Equity: As of December 31, 2017 130,693million yen
As of March 31, 2017 124,132million 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	–	15.00	–		
Fiscal year ending March 31, 2018 (forecast)				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
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: Yes

(Changes in specified subsidiaries associated with changes in the scope of consolidation)

1 company excluded: Mirait Singapore Pte. Ltd.

(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):

December 31, 2017	85,381,866 shares	March 31, 2017	85,381,866 shares

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

December 31, 2017	6,185,774shares	March 31, 2017	6,343,431 shares

3) Average number of shares outstanding during the period

December 31, 2017	79,093,841 shares	December 31, 2016	81,180,054shares

(Note) Total number of treasury stock includes the Company's stock held by the Board Incentive Plan trust under the Company's performance-linked stock remuneration program for directors and executive officers.

* 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.

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1. Overview of Operating Results and Financial Position

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

During the first nine months of the current consolidated fiscal period (from April 1, 2017 to December 31, 2017), the Japanese economy continued to recover moderately on the back of the growth in corporate earnings and capital investments, as well as the improvement in labor conditions, despite concerns such as the US policy agenda and global political uncertainties.

In the information and telecommunications sector, the “Hikari Collaboration Model” has penetrated in the fixed communications area, while advancements in fourth-generation mobile telecommunication systems (4G) and the launch of services for new frequency bands have been witnessed in the in the mobile communications area. Moreover, the business environment for the MIRAIT Group has changed dramatically, with the rise in demand for new cloud, sensor and office solutions that apply big data and AI in light of the full-fledged era of IoT, and that for construction work to rebuild social infrastructure toward the year 2020, among others.

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 nine months of the current consolidated period, the MIRAIT Group strived to expand orders and sales by increasing mobile work as advancements in 4G and new frequencies gained full momentum, and by increasing work to resolve 700MHz TV reception issues. The Group also continued to make efforts to expand optical work in line with the wider adoption of the “Hikari Collaboration Model”, and increased work for solar power facilities, civil engineering and utility conduit work, and so on. In addition, the Group actively engaged in cultivating new businesses from a medium- to long-term perspective, such as the drone business launched in October 2017.

Meanwhile, as further steps to strengthen the Group’s integrated business operations, the MIRAIT Group made Nisshin Tsuko Co.,Ltd. a wholly-owned subsidiary to enhance the mobile business in the Hokkaido and Tohoku regions. The Group also streamlined operations by merging MIRAIT Information Systems Co.,Ltd. and MIS Kyushu Corp.

Consequently, in the consolidated business performance during the nine months ended December 2017, orders received increased by 6.1% year-on-year to 246,068 million yen, net sales increased by 20.4% year-on-year to 206,602 million yen, operating income increased by 592.0% year-on-year to 8,653 million yen, ordinary income increased by 545.3% year-on-year to 9,664 million yen, and net income attributable to owners of parent increased by 5,501 million yen year-on-year to 5,800 million yen.

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

Total assets at the end of the third quarter of the current consolidated fiscal period amounted to 216,611 million yen, a decrease of 1,442 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 6,820 million yen from the end of the previous fiscal year, to 82,396 million yen. This was mainly due to the decrease in accounts payable for construction contracts and other, which more than offset the increase in advances received on uncompleted construction contracts.

Net assets increased by 5,377 million yen to 134,214 million yen, despite the dividend payout, and owing to the net income attributable to owners of parent of 5,800 million yen recorded in the first nine months of the current consolidated period.

As a result of the above, the equity ratio at the end of the third quarter stood at 60.3% (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

Mirait Singapore Pte.Ltd., previously a Special Subsidiary Company, was absorbed through the merger with Lantrovision(S)Ltd, also a Special Subsidiary Company. Mirait Singapore Pte.Ltd. was therefore eliminated from the scope of consolidation in the third quarter of the current consolidated fiscal period.

(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 third quarter ended December 31, 2017, and then multiplying income before income taxes for the nine 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	Nine Months Ended December 31, 2017
Assets		
Current assets		
Cash and deposits	34,550	28,028
Notes receivable, accounts receivable from completed construction contracts and other	91,623	63,296
Securities	—	6,999
Costs on uncompleted construction contracts and other	17,607	34,261
Deferred tax assets	2,671	2,727
Other	4,915	7,315
Allowance for doubtful accounts	(45)	(5)
Total current assets	151,323	142,624
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,835	11,255
Land	18,643	18,632
Construction in progress	2,387	7,125
Other, net	2,743	3,583
Total property, plant and equipment	34,609	40,597
Intangible assets		
Goodwill	3,137	3,128
Customer related assets	2,289	2,266
Software	1,454	1,115
Other	82	65
Total intangible assets	6,963	6,576
Investments and other assets		
Investment securities	20,865	22,829
Net defined benefit asset	746	781
Deferred tax assets	731	479
Lease and guarantee deposits	1,272	1,234
Other	1,664	1,630
Allowance for doubtful accounts	(122)	(142)
Total investments and other assets	25,157	26,813
Total non-current assets	66,730	73,986
Total assets	218,053	216,611

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Nine Months Ended December 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	40,772	30,451
Short-term loans payable	710	—
Income taxes payable	1,023	2,658
Advances received on uncompleted construction contracts	3,774	8,297
Provision for loss on construction contracts	800	650
Provision for bonuses	4,228	2,388
Provision for directors' bonuses	70	47
Provision for warranties for completed construction	4	6
Other	7,727	6,917
Total current liabilities	59,112	51,417
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	16,577	16,564
Long-term accounts payable - other	607	375
Deferred tax liabilities	3,556	4,017
Deferred tax liabilities for land revaluation	41	41
Provision for directors' retirement benefits	70	70
Provision for share based compensation	52	99
Net defined benefit liability	8,444	8,528
Asset retirement obligations	76	95
Other	677	1,185
Total non-current liabilities	30,104	30,978
Total liabilities	89,216	82,396
Net assets		
Shareholders' equity		
Capital stock	7,000	7,000
Capital surplus	26,043	27,318
Retained earnings	92,679	96,077
Treasury shares	(5,299)	(5,168)
Total shareholders' equity	120,423	125,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,161	5,519
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(409)	(16)
Remeasurements of defined benefit plans	56	62
Total accumulated other comprehensive income	3,709	5,466
Non-controlling interests	4,704	3,521
Total net assets	128,837	134,214
Total liabilities and net assets	218,053	216,611

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Nine Months Ended December 31, 2017

(Millions of yen)

	Nine Months Ended December 31, 2016	Nine Months Ended December 31, 2017
Net sales of completed construction contracts	171,584	206,602
Cost of sales of completed construction contracts	153,173	180,710
Gross profit on completed construction contracts	18,410	25,891
Selling, general and administrative expenses	17,159	17,237
Operating profit	1,250	8,653
Non-operating income		
Interest income	57	61
Dividend income	447	504
Insurance premiums refunded cancellation	22	154
Share of profit of entities accounted for using equity method	80	197
Other	104	162
Total non-operating income	712	1,081
Non-operating expenses		
Interest expenses	43	12
Foreign exchange losses	100	21
Commission fee	257	—
Other	64	36
Total non-operating expenses	465	70
Ordinary profit	1,497	9,664
Extraordinary income		
Gain on sales of non-current assets	3	2
Gain on sales of investment securities	4	17
Gain on step acquisitions	49	—
Other	9	—
Total extraordinary income	66	20
Extraordinary losses		
Loss on sales of non-current assets	4	65
Loss on retirement of non-current assets	90	24
Litigation cost	50	—
Other	138	170
Total extraordinary losses	283	261
Profit before income taxes	1,281	9,423
Income taxes	936	3,469
Profit	345	5,954
Profit attributable to		
Profit attributable to owners of parent	298	5,800
Profit attributable to non-controlling interests	46	154

(Millions of yen)

	Nine Months Ended December 31, 2016	Nine Months Ended December 31, 2017
Other comprehensive income		
Valuation difference on available-for-sale securities	480	1,361
Deferred gains or losses on hedges	(65)	—
Revaluation reserve for land	(0)	—
Foreign currency translation adjustment	(1,726)	415
Remeasurements of defined benefit plans, net of tax	0	6
Share of other comprehensive income of entities accounted for using equity method	(48)	(17)
Total other comprehensive income	(1,360)	1,765
Comprehensive income	(1,015)	7,719
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,051)	7,557
Comprehensive income attributable to non-controlling interests	36	162

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

Nine months of the current consolidated fiscal period (from April 1, 2017 to December 31, 2017)

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