Consolidated Financial Results
for the Fiscal Year Ended March 31, 2018
[Japanese GAAP]

April 27, 2018

Company name: MIRAIT Holdings Corporation
Stock exchange listing: TSE
Code number: 1417
URL: http://www.mirait.co.jp/
Representative: Masatoshi Suzuki, President and CEO
Contact: Manabu Kiriyama, Director and CFO
Phone: +81-3-6807-3124
Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2018
Scheduled date of commencing dividend payments: June 27, 2018
Scheduled date of filing annual securities report: June 27, 2018
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, 2018 (April 1, 2017 to March 31, 2018)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2018	312,967	10.5	16,715	66.1	17,838	68.4	11,504	78.7
Fiscal year ended March 31, 2017	283,236	5.1	10,061	64.2	10,590	57.2	6,437	77.3

(Note) Comprehensive income: Fiscal year ended March 31, 2018: 14,241 million yen (118.0%)
Fiscal year ended March 31, 2017: 6,534 million yen (124.9%)

	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, 2018	145.41	126.05	8.8	7.8	5.3
Fiscal year ended March 31, 2017	79.81	69.39	5.2	5.1	3.6

(Reference)
Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2018: 250 million yen
Fiscal year ended March 31, 2017: 152 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, 2018	236,480	140,744	58.0	1,733.14
Fiscal Year Ended March 31, 2017	218,053	128,837	56.9	1,570.53

(Reference)
Equity: Fiscal year ended March 31, 2018: 137,257 million yen
Fiscal year ended March 31, 2017: 124,132 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, 2018	12,562	(10,021)	(3,686)	32,218
Fiscal year ended March 31, 2017	4,767	(11,140)	10,499	33,169

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, 2017	—	15.00	—	15.00	30.00	2,416	37.6	1.9
Fiscal year ended March 31, 2018	—	15.00	—	20.00	35.00	2,783	24.1	2.1
Fiscal year ending March 31, 2019 (Forecast)	—	20.00	—	20.00	40.00		28.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	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
First half	140,000	5.8	4,500	(0.1)	4,900	(4.1)	3,000	10.9	37.72
Full year	320,000	2.2	16,000	(4.3)	16,800	(5.8)	11,000	(4.4)	138.29

* Notes:

(1) Changes in significant 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) 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.: No

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

3) Changes in accounting estimates: No

4) Corrections of errors: No

(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, 2018	85,381,866 shares	March 31, 2017	85,381,866 shares

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

March 31, 2018	6,185,984 shares	March 31, 2017	6,343,431 shares

3) Average number of shares outstanding during the period:

March 31, 2018	79,119,019 shares	March 31, 2017	80,652,978 shares

(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.

* 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.

*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 Wednesday, May 9, 2018. 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.

○ Table of Contents: Supplementary Materials

1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2018

During the fiscal year ended March 31, 2018, 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 artificial intelligence (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 response to the structural changes in the society and the telecommunications environment, the MIRAIT Group launched a new four-year Medium-term Management Plan starting in the fiscal year ended March 31, 2018 (target: net sales of 340.0 billion yen, operating income of 17.0 billion yen, and ROE of more than 8% by fiscal year ending March 31, 2021). Under the new management plan, the Group is striving to expand its business domains, to restructure the business model, and to drive profit-oriented business operations with the aim to enhance its corporate value and to achieve sustainable growth as a "Comprehensive Engineering & Services Company".

In the NTT business, work for optical line connections increased on the back of the penetration of the "Hikari Collaboration Model". The Group also made efforts to enhance profitability through initiatives to improve productivity, including the strengthening of in-house work capabilities at the subsidiaries.

In the Multi-carrier business, mobile-related work increased as work for advancements in 4G and new frequency bands gained momentum. Meanwhile, the Group enhanced work efficiency by smoothing workload and promoting group-oriented operations, among other initiatives.

In the Environmental & Social Innovation business, both orders and sales increased for solar power and civil engineering/ conduit work. The Group strived to enhance profitability by adopting stringent standards for the pre-assessment and on-going management of projects.

In the ICT Solutions business, the MIRAIT Group strengthened cooperative sales activities in Japan and overseas with Lantrovision(S)Ltd, the entity in Singapore which became a consolidated subsidiary in June 2016, and increased work to resolve 700MHz TV reception interference. At the same time, the Group strived to enhance profitability by adopting stringent standards for the pre-assessment and on-going management of projects.

The MIRAIT Group also cultivated new businesses in view of the medium- to long-term, including the full-scale launch of the drone business in October 2017.

Meanwhile, the Group acquired full ownership of Nisshin Tsuko Co., Ltd. to enhance mobile work capabilities in the Hokkaido and Tohoku areas. Furthermore, Lantrovision(S)Ltd was merged with Mirait Singapore Pte.Ltd. and MIRAIT Information Systems Co., Ltd. was merged with MIS Kyushu Corp. in order to realize group synergies.

As for the consolidated financial results for the fiscal year ended March 31, 2018, orders received increased by 0.9% year-on-year to 326,326 million yen, net sales increased by 10.5% year-on-year to 312,967 million yen, operating income increased by 66.1% year-on-year to 16,715 million yen, ordinary income increased by 68.4% year-on-year to 17,838 million yen, and net income attributable to owners of parent increased by 78.7% year-on-year to 11,504 million yen.

[Business Results of MIRAIT]

As a “Comprehensive Engineering & Services Company”, MIRAIT Corporation (“MIRAIT”) has actively engaged in initiatives to achieve growth in orders and sales, and a recovery in profits. More specifically, MIRAIT made efforts to expand the “frontier domains”, to develop human resources to support its operations, and to enforce the safety and quality of its services.

In the NTT business, MIRAIT secured sales and profits by expanding work for optical line connections in line with the penetration of the “Hikari Collaboration Model”, by engaging in proactive proposal-based sales efforts and by improving productivity by strengthening in-house work capabilities at the subsidiaries, among other measures.

In the Multi-carrier business, MIRAIT witnessed growth in orders for mobile-related work such as those for LTE-advanced and carrier aggregation, as work for advancements in 4G and new frequency bands gained momentum. Meanwhile, sales and profits increased given the completion of construction projects carried over from the previous year, among other factors.

In the Environmental & Social Innovation business, a roof-top solar power project was cancelled, but sales increased given the completion of construction projects carried over from the previous year and other factors.

In the ICT Solutions business, sales and profits increased due to the growth in work to resolve 700MHz TV reception interference and PBX/LAN cabling work, among others.

As for the consolidated financial results for the fiscal year ended March 31, 2018, orders received decreased by 4.7% year-on-year to 193,318 million yen, net sales increased by 13.1% year-on-year to 197,997 million yen, and operating income increased by 86.0% year-on-year to 13,623 million yen.

[Business Results of MIRAIT Technologies]

MIRAIT Technologies Corporation (“MIRAIT Technologies”) focused on initiatives to stabilize and strengthen the “base domains”, to expand the “frontier domains”, to develop human resources to support its operations, to strengthen its technological capabilities, and to enforce the safety and quality of its services.

In the NTT business, MIRAIT Technologies secured sales and profits through proactive proposal-based sales efforts, completion of projects at hand such as those for utility pole renewals, and improved operational efficiency.

In the Multi-carrier business, both sales and profits decreased slightly despite the increase in orders for base station work and other mobile work. In the global business, MIRAIT Technologies continued with its initiatives to stabilize operations at overseas subsidiaries including Australia and Myanmar.

In the Environmental & Social Innovation business, MIRAIT Technologies won orders for a large-scale solar power project and engaged in initiatives to enhance the profitability of existing solar power projects.

In the ICT Solutions business, MIRAIT Technologies secured sales and profits by expanding the software business, among other measures. The company also cultivated new businesses, including the full-scale launch of the drone business in October 2017.

As for the consolidated financial results for the fiscal year ended March 31, 2018, orders received increased by 10.5% year-on-year to 126,008 million yen, net sales increased by 1.5% year-on-year to 107,308 million yen, and operating income increased by 40.4% year-on-year to 2,224 million yen.

[Business Results of Lantrovision]

The Lantrovison(S)Ltd Group (“Lantrovision”) is Asia’s largest company engaged in design, construction and maintenance of LAN cabling and others. Its network spans across 28 cities in 13 countries/regions, including Singapore. In the fiscal year ended March 31, 2018, Lantrovision actively engaged in generating synergies within the MIRAIT Group, such as through cross-referrals of customers (Japanese companies entering the Asian markets and multinationals with offices in Japan). Lantrovision also expanded into new businesses, including the launch of Innovative Energy Systems & Technology Pte.Ltd, which offers fire detection systems in Singapore. Meanwhile, Lantrovision made efforts to reduce costs by acquiring Mirait Singapore Pte.Ltd. in an absorption-type merger in June 2017.

As for the consolidated financial results for the fiscal year ended March 31, 2018, orders received increased by 3.5% year-on-year to 15,935 million yen and net sales increased by 32.0% year-on-year to 15,911 million yen. However, operating income decreased by 26.9% year-on-year to 569 million yen due to the negative impact of an unprofitable project.

[Business Results of MIRAIT Holdings Corporation]

The MIRAIT Holdings Corporation (“the Company”), as a holding company, handles the Group’s planning functions including management strategy, and administrative functions such as finance, IR and general affairs. The Company engages in business management and the promotion of business strategies, among other operations, for the entire MIRAIT Group, and in return receives management fees and dividends from the Group’s business companies. The Company's operating revenue for the fiscal year ended March 31, 2018 was 4,198 million yen (down 0.3% year-on-year) and operating income was 2,571 million yen (down 1.4% year-on-year).

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2018

Total assets at the end of the fiscal year ended March 31, 2018 amounted to 236,480 million yen, an increase of 18,426 million yen from the end of the previous fiscal year. This consisted of an increase in current assets of 6,023 million yen and an increase in non-current assets of 12,403 million yen. This was mainly attributable to the increase in costs on uncompleted construction contracts and other, accounts receivable such as accounts receivable from completed construction contracts, and construction in progress.

Total liabilities increased by 6,519 million yen to 95,736 million yen. The increase consisted of an increase in current liabilities of 4,535 million yen and an increase in non-current liabilities of 1,983 million yen. This was mainly attributable to the increase in income taxes payable due to the increase in net income, as well as the increase in advances received on uncompleted construction contracts.

Net assets increased by 11,907 million yen to 140,744 million yen. This was mainly attributable to the increase of 9,110 million yen in retained earnings, reflecting the net income attributable to owners of parent amounting to 11,504 million yen for the fiscal year.

As a result of the above, the equity ratio at the end of the fiscal year ended March 2018 was 58.0% (compared to 56.9% at the end of the previous fiscal year), and net assets per share was 1,733.14 yen.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2018

In the fiscal year ended March 31, 2018, cash and cash equivalents (hereinafter referred to as “funds”) decreased by 951 million yen from the previous fiscal year to 32,218 million yen.

Cash flows by business activity and the underlying factors are described below.

① Cash flow from operating activities

Net cash inflow from operating activities was 12,562 million yen (inflow of 4,767 million yen in the previous fiscal year). This was mainly attributable to income before income taxes of 17,570 million yen, which more than offset the decrease in funds from income taxes paid of an amount of 2,088 million yen.

② Cash flow from investment activities

Net cash outflow from investment activities was 10,021 million yen (outflow of 11,140 million yen in the previous fiscal year). This was mainly attributable to the decrease in funds due to purchases of stock in subsidiaries of a total of 698 million yen, property, plant and equipment amounting to 10,014 million yen, and intangible assets of 377 million yen.

③ Cash flow from financing activities

Net cash outflow from financing activities was 3,686 million yen (inflow of 10,499 million yen in the previous fiscal year). This was mainly attributable to the outflow of 2,382 million yen due to dividend payments.

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

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Equity ratio	63.0	63.8	63.1	56.9	58.0
Marked-to-market equity ratio	41.8	56.7	37.4	39.6	56.7
Ratio of cash flow to interest-bearing debt	5.5	2.1	7.4	32.8	19.5
Interest coverage ratio	817.8	902.7	1,584.7	100.4	342.2

(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 are 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 shares outstanding as at the end of the fiscal year (after deducting treasury stock).

4. Cash flow used for the purposes of the calculation is the cash flow from operating activities as reported in the Consolidated Statement of Cash Flows.

5. Interest-bearing debt includes all liabilities reported in the Consolidated Balance Sheets for which interest is paid. Interest payment is the amount of interest paid as reported in the Consolidated Statement of Cash Flows.

(4) Future Outlook

As for the consolidated financial performance in the fiscal year ending March 31, 2019, contribution from large-scale solar power projects and new businesses, such as the data center business, is expected to expand. Meanwhile, utility pole renewals and other access-related work in the NTT business, as well as work for 700MHz reception interference, are expected to decrease. The forecast for orders received is 315,000 million yen (down 3.5% year-on-year), net sales is 320,000 million yen (up 2,2% year-on-year), operating income is 16,000 million yen (down 4.3% year-on-year), ordinary income is 16,800 million yen (down 5.8% year-on-year), and net income is 11,000 million yen (down 4.4% year-on-year). The MIRAIT Group will continue to strengthen its group-oriented management structure and to promote profit-oriented business operations.

(5) Basic Policy for Earnings Distribution and Dividend Payment for the Fiscal Year Ended March 31, 2018 and the Fiscal Year Ending March 31, 2019

The Company’s basic policy is to pay dividends consistently based on its total shareholder return target of more than 30%, while taking into consideration the Company’s business results and cash position. It is the Company’s policy to use internal reserves to reinforce its financial position and to invest in businesses that will enhance the corporate value of the Company.

Dividends from retained earnings are basically paid twice a year, in the form of an interim dividend and a year-end dividend. The Board of Directors is the decision-making body for interim dividends, and the General Meeting of Shareholders is that for year-end dividends. 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.

Based on a comprehensive decision in light of the business performance outlook and other factors, the Company has decided to increase the year-end dividend scheduled for the fiscal year ended March 31, 2018 by 5 yen per share, to 20 yen. Accordingly, the annual dividend including the interim dividend of 15 yen per share is 35 yen per share.

The Company expects to pay 40 yen per share (interim and year-end dividends of 20 yen each) in the fiscal year ending March 31, 2019.

(6) Business Risks

The MIRAIT Group is exposed to the following risks that could affect 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, 2018.

1) Risks associated with excessive dependence on particular clients

The main clients of MIRAIT Group are telecommunications carriers such as the NTT Group. Owing to the fact that they account for a large portion of net sales, their capital expenditures or technological breakthroughs and other factors could affect the Group’s business results.

2) Risks associated with safety and quality issues

The MIRAIT Group is wholly committed to ensuring safety and quality controls needed to deliver quality engineering and services that deserve customers’ trust and appreciation, by leveraging the integrated safety and quality management system operated by its business companies.

However, in the event of serious accidents, quality issues or other contingencies, there may be severe social consequences which may result in the loss of clients’ confidence and restrictions on the Group’s operating activities, affecting its business results.

3) Risks associated with the management of critical information

In handling critical information, such as technical data and personal information provided by 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 business companies.

In the event of unforeseen information leakage, however, the Group may suffer liability for damages with potential impact on its financial results. Such event may also result in the loss of client’s confidence, affecting the Group’s business results.

4) Risks associated with uncertainties regarding clients’ credit quality

The MIRAIT Group adopts measures to avoid credit risks, such as the use of external credit agencies for client credit risk management, and contract document reviews by the legal section.

However, if uncertainties arise regarding the credit quality of a client, the Group may not be able to collect fees for engineering work or may be forced to delay construction work, which could affect 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 that are required for operational purposes. Significant fluctuation of the fair values thereof could affect the Group’s business results.

6) Risks associated with natural disasters

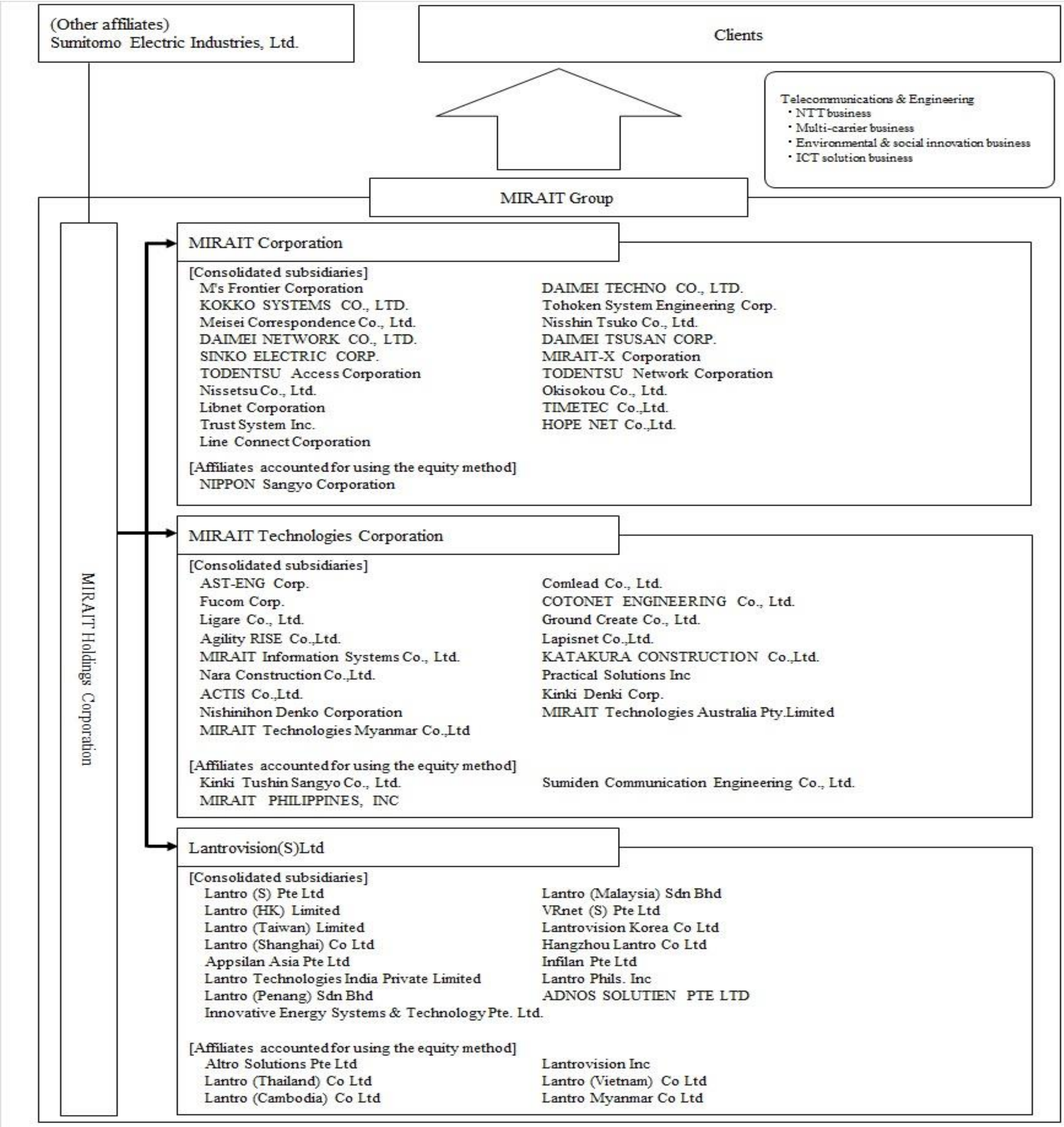
The MIRAIT Group has adopted countermeasures against events such as natural disasters including earthquakes, but the occurrence of contingencies such as shortages of electricity, fuel or materials resulting from such events may affect the Group's business results.

2. Overview of Corporate Group

The MIRAIT Group comprises MIRAIT Holdings Corporation as the holding company, and 54 consolidated subsidiaries including MIRAIT Corporation, MIRAIT Technologies Corporation, and Lantrovision(S)Ltd. The main businesses operated by the Group are NTT business, Multi-carrier business, Environmental & Social Innovation business, and ICT Solutions business.

The Group's operational structure is as follows.

(As of March 31, 2018)



(Notes) 1. Nishinihon Denko Corporation became a consolidated subsidiary of MIRAIT Technologies Corporation, following the acquisition of all of its outstanding shares by MIRAIT Technologies Corporation.
2. Innovative Energy Systems & Technology Pte. Ltd. is s newly incorporated and consolidated subsidiary of Lantrovision(S)Ltd.
3. Line Connect Corporation is a newly incorporated and consolidated subsidiary of TODENTSU Access Corporation.
4. Mirait Singapore Pte. Ltd., previously a consolidated subsidiary, was dissolved following the merger with Lantrovision(S)Ltd.
5. MIS Kyushu Corp., previously a consolidated subsidiary, was dissolved following the merger with MIRAIT Information Systems Co., Ltd.
6. Acro Holdings Corporation, previously an equity-method affiliate, was removed from the scope of affiliates accounted for using the equity method given the decrease in ownership following the partial sale of its shares.

3. Management Policy

(1) Basic Management Policy

The MIRAIT Group aims to enhance its corporate value and to achieve sustained growth by:

(i) Striving to be a leading Japanese corporation that realizes the highest levels of customer satisfaction and trust as a "Comprehensive Engineering & Services Company" that continually creates new value centered on the field of information and telecommunications;

(ii) Contributing to the realization of an enriched and comfortable society by placing value on safety and quality and offering the highest level of services.

(iii) Continuing to be an enterprise that coexists and mutually prospers with people and society, fulfilling its corporate social responsibility and respecting humanity.

(2) Targeted Management Benchmarks

The MIRAIT Group will strive to achieve its target (net sales of 340.0 billion yen, operating income of 17.0 billion yen, and ROE of more than 8% by fiscal year ending March 31, 2021) set forth in the new Mid-term Management Plan starting in the fiscal year ending March 31, 2018 and reflecting the Group’s vision for the medium-term.

(3) Medium- to Long-term Management Strategy

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 improving efficiency in existing businesses and expanding businesses that will drive future growth.

(4) Issues to be Addressed

The business environment surrounding the MIRAIT Group is at a turning point. The information and telecommunications sector has witnessed the penetration of the “Hikari Collaboration Model” in the fixed communications area, as well as the advancements in fourth-generation (4G) mobile communication systems and the launch of services in new frequency bands in the mobile communications area.

Moreover, the business environment for the MIRAIT Group is expected to continue to change dramatically, with the rise in demand for new cloud, sensor and office solutions that apply big data and artificial intelligence (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.

Against this backdrop, the MIRAIT Group must aggressively expand its business in the “frontier domains” such as cloud, stock business, Wi-Fi, software, environment/ energy, and global. The Group must also implement measures to enhance its construction work capabilities and to strengthen the customer base, while strengthening its group-oriented management structure and promoting profit-oriented business operations.

Furthermore, on the back of the progressive shortage of workers and the aging society, the MIRAIT Group must take initiatives to provide a comfortable and safe working environment for all staff, including those at subcontractors, in order to secure sufficient human resources to support its business. The Group should also be proactive in efforts to change workstyles, such as by leveraging IoT.

In light of the above, the MIRAIT Group will take initiatives to achieve the following:

① Profit-oriented business operations
・Allocate resources flexibly in response to customers’ capital investment activities.
・Improve profitability by streamlining operational processes and smoothing construction workload.
・Resolve the issue of unprofitable projects by adopting stringent standards for managing projects.

② Strengthening of the management base
・Promote workstyle reform initiatives.
・Develop human resources (qualified staff) to execute business in the “frontier domains”.
・Enhance MIRAIT’s brand recognition through ESG initiatives and stronger corporate governance.

4. Basic Approach Concerning the Selection of Accounting Policies

The MIRAIT Group operates is businesses primarily in Japan. Hence, the policy of the Company is to prepare its consolidated financial statements based on Japanese accounting standards for the time being. The Company will respond appropriately based on developments of its overseas businesses and the situation with other Japanese companies in applying IFRS (International Financial Reporting Standards).

<Notes>

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

As such, actual business results could be significantly different from those stated in this document due to changes in the various underlying conditions. Thus, please be advised that the Company cannot guarantee the accuracy of the forward-looking statements in this document into the future.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Assets		
Current assets		
Cash and deposits	34,550	33,748
Notes receivable - trade	1,409	1,384
Accounts receivable from completed construction contracts	86,883	89,367
Accounts receivable - trade	3,330	3,358
Costs on uncompleted construction contracts and other	17,607	21,398
Deferred tax assets	2,671	2,760
Prepaid expenses	569	728
Accounts receivable - other	1,188	1,440
Other	3,157	3,167
Allowance for doubtful accounts	(45)	(7)
Total current assets	151,323	157,346
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,617	24,564
Machinery, vehicles, tools, furniture and fixtures	10,655	11,580
Land	18,643	20,277
Leased assets	1,280	3,091
Construction in progress	2,387	8,878
Accumulated depreciation	(21,974)	(23,515)
Total property, plant and equipment	34,609	44,876
Intangible assets		
Customer related assets	2,289	2,274
Goodwill	3,137	3,064
Software	1,454	1,118
Other	82	59
Total intangible assets	6,963	6,516
Investments and other assets		
Investment securities	20,865	21,911
Net defined benefit asset	746	2,261
Deferred tax assets	731	783
Lease and guarantee deposits	1,272	1,235
Other	1,664	1,692
Allowance for doubtful accounts	(122)	(143)
Total investments and other assets	25,157	27,740
Total non-current assets	66,730	79,133
Total assets	218,053	236,480

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Liabilities		
Current liabilities		
Notes payable - trade	289	508
Accounts payable for construction contracts	40,483	38,891
Short-term loans payable	710	124
Accounts payable - other	3,107	3,029
Income taxes payable	1,023	4,725
Advances received on uncompleted construction contracts	3,774	5,610
Provision for loss on construction contracts	800	489
Provision for bonuses	4,228	4,846
Provision for directors' bonuses	70	78
Provision for warranties for completed construction	4	6
Other	4,619	5,337
Total current liabilities	59,112	63,648
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	16,577	16,560
Long-term accounts payable - other	607	377
Deferred tax liabilities	3,556	4,367
Deferred tax liabilities for land revaluation	41	41
Provision for directors' retirement benefits	70	77
Provision for share-based compensation	52	110
Net defined benefit liability	8,444	8,626
Asset retirement obligations	76	96
Other	677	1,829
Total non-current liabilities	30,104	32,087
Total liabilities	89,216	95,736
Net assets		
Shareholders' equity		
Capital stock	7,000	7,000
Capital surplus	26,043	27,563
Retained earnings	92,679	101,789
Treasury shares	(5,299)	(5,168)
Total shareholders' equity	120,423	131,184
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,161	4,836
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(409)	327
Remeasurements of defined benefit plans	56	1,009
Total accumulated other comprehensive income	3,709	6,073
Non-controlling interests	4,704	3,486
Total net assets	128,837	140,744
Total liabilities and net assets	218,053	236,480

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales of completed construction contracts	283,236	312,967
Cost of sales of completed construction contracts	249,699	273,206
Gross profit on completed construction contracts	33,536	39,761
Selling, general and administrative expenses	23,475	23,046
Operating profit	10,061	16,715
Non-operating income		
Interest income	84	107
Dividend income	464	529
Insurance premiums refunded cancellation	131	290
Share of profit of entities accounted for using equity method	152	250
Other	170	215
Total non-operating income	1,004	1,394
Non-operating expenses		
Interest expenses	52	36
Commission fee	257	—
Foreign exchange losses	87	171
Other	78	63
Total non-operating expenses	475	271
Ordinary profit	10,590	17,838
Extraordinary income		
Gain on sales of golf memberships	11	—
Gain on step acquisitions	49	—
Gain on sales of non-current assets	2	3
Gain on sales of investment securities	4	18
Other	7	0
Total extraordinary income	76	23
Extraordinary losses		
Compensation for damage	65	14
Loss on sales of non-current assets	1	65
Loss on retirement of non-current assets	114	41
Business restructuring expenses	54	33
litigation cost	50	—
Other	92	135
Total extraordinary losses	377	290
Profit before income taxes	10,288	17,570

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Income taxes - current	2,420	5,802
Income taxes - deferred	1,087	(103)
Total income taxes	3,507	5,698
Profit	6,781	11,872
Profit attributable to		
Profit attributable to non-controlling interests	344	367
Profit attributable to owners of parent	6,437	11,504
Other comprehensive income		
Valuation difference on available-for-sale securities	376	674
Deferred gains or losses on hedges	(65)	—
Revaluation reserve for land	(0)	—
Foreign currency translation adjustment	(397)	747
Remeasurements of defined benefit plans, net of tax	(139)	953
Share of other comprehensive income of entities accounted for using equity method	(20)	(6)
Total other comprehensive income	(247)	2,369
Comprehensive income	6,534	14,241
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,193	13,869
Comprehensive income attributable to non-controlling interests	340	372

(3) Consolidated Statement of Changes in Net Assets

Previous fiscal year (From April 1, 2016 to 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	7,000	25,936	88,691	(2,630)	118,997
Changes of items during period					
Dividends of surplus			(2,445)		(2,445)
Profit attributable to owners of parent			6,437		6,437
Purchase of treasury shares				(2,898)	(2,898)
Disposal of treasury shares		159		229	389
Decrease by merger		(45)			(45)
Change of scope of consolidation			(4)		(4)
Changes by share exchanges					—
Change in ownership interest of parent due to transactions with non-controlling interests		(7)			(7)
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	107	3,987	(2,668)	1,425
Balance at end of current period	7,000	26,043	92,679	(5,299)	120,423

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,786	65	(98)	3	195	3,952	3,649	126,599
Changes of items during period								
Dividends of surplus								(2,445)
Profit attributable to owners of parent								6,437
Purchase of treasury shares								(2,898)
Disposal of treasury shares								389
Decrease by merger								(45)
Change of scope of consolidation								(4)
Changes by share exchanges								—
Change in ownership interest of parent due to transactions with non-controlling interests								(7)
Change of scope of equity method								—
Net changes of items other than shareholders' equity	374	(65)	(0)	(412)	(139)	(243)	1,054	811
Total changes of items during period	374	(65)	(0)	(412)	(139)	(243)	1,054	2,237
Balance at end of current period	4,161	—	(98)	(409)	56	3,709	4,704	128,837

Previous fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,000	26,043	92,679	(5,299)	120,423
Changes of items during period					
Dividends of surplus			(2,381)		(2,381)
Profit attributable to owners of parent			11,504		11,504
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				13	13
Decrease by merger		(0)			(0)
Change of scope of consolidation					—
Changes by share exchanges		1,275		119	1,394
Change in ownership interest of parent due to transactions with non-controlling interests		244			244
Change of scope of equity method			(11)		(11)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	1,519	9,110	130	10,761
Balance at end of current period	7,000	27,563	101,789	(5,168)	131,184

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,161	—	(98)	(409)	56	3,709	4,704	128,837
Changes of items during period								
Dividends of surplus								(2,381)
Profit attributable to owners of parent								11,504
Purchase of treasury shares								(3)
Disposal of treasury shares								13
Decrease by merger								(0)
Change of scope of consolidation								—
Changes by share exchanges								1,394
Change in ownership interest of parent due to transactions with non-controlling interests								244
Change of scope of equity method								(11)
Net changes of items other than shareholders' equity	674	—	—	736	953	2,364	(1,218)	1,146
Total changes of items during period	674	—	—	736	953	2,364	(1,218)	11,907
Balance at end of current period	4,836	—	(98)	327	1,009	6,073	3,486	140,744

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	10,288	17,570
Depreciation	2,805	3,007
Amortization of goodwill	394	381
Share of loss (profit) of entities accounted for using equity method	(152)	(250)
Increase (decrease) in allowance for doubtful accounts	(33)	(17)
Increase (decrease) in provision for bonuses	(54)	617
Increase (decrease) in provision for loss on construction contracts	(2,521)	(304)
Increase (decrease) in other provision	47	54
Remeasurements of defined benefit plans	(139)	953
Increase (decrease) in net defined benefit asset and liability	(46)	(1,334)
Interest and dividend income	(549)	(636)
Interest expenses	52	36
Foreign exchange losses (gains)	99	167
Loss (gain) on sales of investment securities	(4)	(4)
Loss (gain) on sales and retirement of non-current assets	113	103
Decrease (increase) in notes and accounts receivable - trade	(4,185)	(2,164)
Decrease (increase) in costs on uncompleted construction contracts and other	258	(3,699)
Increase (decrease) in notes and accounts payable - trade	241	(1,603)
Increase (decrease) in advances received on uncompleted construction contracts	1,256	1,747
Increase (decrease) in accrued consumption taxes	653	38
Decrease (increase) in consumption taxes refund receivable	120	(177)
Increase/decrease in other assets/liabilities	(1,767)	(166)
Other, net	(78)	(299)
Subtotal	6,799	14,017
Interest and dividend income received	564	670
Interest expenses paid	(47)	(36)
Income taxes paid	(2,548)	(2,088)
Net cash provided by (used in) operating activities	4,767	12,562

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Payments into time deposits	(729)	(1,075)
Proceeds from withdrawal of time deposits	1,182	1,136
Purchase of property, plant and equipment	(3,604)	(10,014)
Proceeds from sales of property, plant and equipment	12	57
Purchase of intangible assets	(389)	(377)
Purchase of investment securities	(290)	(5)
Proceeds from sales of investment securities	60	200
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,561)	(698)
Net decrease (increase) in short-term loans receivable	0	319
Proceeds from cancellation of insurance funds	295	381
Other, net	(114)	53
Net cash provided by (used in) investing activities	(11,140)	(10,021)
Cash flows from financing activities		
Increase in short-term loans payable	14,647	90
Decrease in short-term loans payable	(13,987)	(640)
Repayments of long-term loans payable	(1,544)	(30)
Proceeds from issuance of bonds	16,582	—
Purchase of treasury shares	(2,899)	(3)
Proceeds from sales of treasury shares	389	0
Commision fee paid	(21)	—
Cash dividends paid	(2,444)	(2,382)
Dividends paid to non-controlling interests	(65)	(128)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(42)	(10)
Repayments of finance lease obligations	(113)	(573)
Other, net	(1)	(8)
Net cash provided by (used in) financing activities	10,499	(3,686)
Effect of exchange rate change on cash and cash equivalents	(268)	194
Net increase (decrease) in cash and cash equivalents	3,858	(951)
Cash and cash equivalents at beginning of period	29,121	33,169
Increase in cash and cash equivalents from newly consolidated subsidiary	108	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	80	—
Cash and cash equivalents at end of period	33,169	32,218

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting principles)

Not applicable.

(Segment information)

[Segment information]

1. Description of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Company are individual units for which separate financial information is available, and that are subject to a periodic review by the Board of Directors for the purposes of determining the allocation of management resources and evaluating performance.

Under the guidance of the Company as the holding company of the MIRAIT Group, the business groups, which are centered on the business companies, form comprehensive strategies and engage in activities for their respective businesses.

Hence, the three reportable segments of the Company are “MIRAIT”, “MIRAIT Technologies” and “Lantrovision”.

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

“MIRAIT”, “MIRAIT Technologies” and “Lantrovision” are primarily engaged in telecommunication engineering, electrical facility work, and air conditioning and sanitation work, among others.

(3) Realignment of reportable segments

The name of the reportable segment “Mirait Singapore” has been changed to “Lantrovision”, given that Mirait Singapore Pte. Ltd. was dissolved following the absorption-type merger with Lantrovision (S) Ltd.

The segment information for the previous fiscal year also reflects the change in reportable segment.

2. Method of calculating sales, income, assets and other items for each reportable segment

Accounting methods applied to the reportable business segments are generally in line with those applied to the consolidated financial statements.

Segment income reflects the operating income for each reportable segment.

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

3. Sales and income, assets and other items by reportable segment

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustments (Note 2)	Amount in Consolidated Financial Statements (Note 3)
	MIRAIT	MIRAIT Technologies	Lantrovision	Total				
Net sales								
Net sales to external customers	173,933	97,248	12,052	283,234	1	283,236	―	283,236
Inter-segment sales or transfers	1,149	8,437	―	9,587	4,211	13,798	(13,798)	―
Total	175,082	105,686	12,052	292,821	4,213	297,035	(13,798)	283,236
Segment income	7,323	1,584	779	9,687	2,607	12,295	(2,234)	10,061
Segment assets	133,066	75,785	19,502	228,354	102,876	331,231	(113,177)	218,053
Other items								
Depreciation and amortization	1,494	958	337	2,790	15	2,805	―	2,805
Increase in property, plant and equipment and intangible assets	2,203	2,278	177	4,659	6	4,666	―	4,666

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

2. The amounts adjusted are as follows:

(1) Adjustments for segment income in the amount of (2,234) million yen include adjustments for dividends in the amount of (2,562) million yen and adjustments for retirement benefits in the amount of 303 million yen, respectively.

(2) Adjustments for segment assets in the amount of (113,177) million yen include the netting of investments and capital in the amount of (80,935) million yen and the netting of receivables in the amount of (29,592) million yen.

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

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(million yen)

	Reportable segment				Other (Note 1)	Total MIRAIT	Adjustme nts (Note 2) MIRAIT Technolog ies	Amount in Consolidated Financial Statements (Note 3) Lantrovision
	MIRAIT	MIRAIT Technologies	Lantrovision	Total				
Net sales								
Net sales to external customers	196,840	100,213	15,911	312,965	1	312,967	—	312,967
Inter-segment sales or transfers	1,156	7,095	—	8,251	4,196	12,448	(12,448)	—
Total	197,997	107,308	15,911	321,217	4,198	325,416	(12,448)	312,967
Segment income	13,623	2,224	569	16,418	2,571	18,989	(2,273)	16,715
Segment assets	145,584	84,165	20,584	250,334	106,886	357,221	(120,740)	236,480
Other items								
Depreciation and amortization	1,892	863	238	2,994	12	3,007	—	3,007
Increase in property, plant and equipment and intangible assets	4,802	5,988	268	11,059	1	11,060	—	11,060

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

2. The amounts adjusted are as follows:

(1) Adjustments for segment income in the amount of (2,273) million yen include adjustments for dividends in the amount of (2,561) million yen and adjustments for retirement benefits in the amount of 254 million yen, respectively.

(2) Adjustments for segment assets in the amount of (120,740) million yen include the netting of investments and capital in the amount of (80,418) million yen and the netting of receivables in the amount of (36,975) million yen.

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

(Associated information)

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

1. Information for individual products and services

Information for individual products and services is omitted given that telecommunication engineering and electrical facility work account for more than 90% of net sales reported in the Consolidated Statement of Income and Comprehensive Income.

2. Information for individual regions

(1) Net sales

Information on net sales for individual regions is omitted given that sales to domestic external customers account for more than 90% of net sales reported in the Consolidated Statement of Income and Comprehensive Income.

(2) Property, plant and equipment

Information on property, plant and equipment for individual regions is omitted given that domestic assets represent more than 90% of property, plant and equipment as reported in the Consolidated Balance Sheet.

3. Information regarding major customers

(million yen)

Name of customer	Net sales	Associated business segments
Nippon Telegraph and Telephone East Corporation	61,950	MIRAIT MIRAIT Technologies
NTT DOCOMO, INC.	36,971	MIRAIT MIRAIT Technologies

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Information for individual products and services

Information for individual products and services is omitted given that telecommunication engineering and electrical facility work account for more than 90% of net sales reported in the Consolidated Statement of Income and Comprehensive Income.

2. Information for individual regions

(1) Net sales

Information on net sales for individual regions is omitted given that sales to domestic external customers account for more than 90% of net sales reported in the Consolidated Statement of Income and Comprehensive Income.

(2) Property, plant and equipment

Information on property, plant and equipment for individual regions is omitted given that domestic assets represent more than 90% of property, plant and equipment as reported in the Consolidated Balance Sheet.

3. Information regarding major customers

(million yen)

Name of customer	Net sales	Associated business segments
Nippon Telegraph and Telephone East Corporation	61,810	MIRAIT MIRAIT Technologies
NTT DOCOMO, INC.	40,370	MIRAIT MIRAIT Technologies

(Segment information for impairment of non-current assets)

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Not applicable.

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Not applicable.

(Segment information for amortized and outstanding amounts of goodwill)

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(million yen)

	Reportable segment				Others	Corporate and elimination	Total
	MIRAIT	MIRAIT Technologies	Lantrovision	Total			
(Goodwill) Amortized amount	275	33	85	394	—	0	394
Balance at end of current period	819	25	2,291	3,137	—	0	3,137

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(million yen)

	Reportable segment				Others	Corporate and elimination	Total
	MIRAIT	MIRAIT Technologies	Lantrovision	Total			
(Goodwill) Amortized amount	205	56	119	381	—	0	381
Balance at end of current period	603	184	2,276	3,064	—	—	3,064

(Segment information on gain on negative goodwill)

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Not applicable.

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net assets per share	1,570.53yen	1,733.14yen
Net income per share	79.81yen	145.41yen
Diluted net income per share	69.39yen	126.05yen

(Note) The basis for calculating net income per share and diluted net income per share is as follows:

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net income per share		
Net income attributable to owners of parent (million yen)	6,437	11,504
Net income not attributable to common shareholders (million yen)	—	—
Net income attributable to owners of parent attributable to common stock (million yen)	6,437	11,504
Average number of outstanding shares of common stock during the fiscal year (thousand shares)	80,652	79,119
Diluted net income per share	69.39	126.05
Net income attributable to owners of parent (million yen)	(3)	(11)
(of which, interest paid to bondholders (after tax)) (million yen)	(3)	(11)
Increase in common stock (number of shares)	12,061,403	12,061,403
(of which, convertible bonds (number of shares))	(12,061,403)	(12,061,403)
Dilutive shares not included in the calculation of diluted net income per share given their non-dilutive nature	—	—

(Note) In calculating net income per share and diluted net income per share, treasury shares held in trust accounted for in shareholder’s equity are included in the number of own shares which is deducted from the average number of outstanding shares of common stock for the fiscal year. For the fiscal year ended March 31, 2018, the average number of own shares outstanding deducted for the purposes of calculating net income per share and diluted net income per share was 349,401. The average number of own shares at the end of the fiscal year ended March 31, 2017 was 358,100.

(Significant subsequent events)

Not applicable.