Consolidated Financial Results
for the Six Months Ended September 30, 2018 [Japanese GAAP]

November 1, 2018

Company name: MIRAIT Holdings Corporation
Stock exchange listing: TSE
Code Number: 1417
URL: https://www.mirait.co.jp/
Representative: Masatoshi Suzuki, President and CEO
Contact: Manabu Kiriyama, Director and CFO
Phone +81-3-6807-3124
Scheduled date for filing of quarterly report: November 7, 2018
Scheduled date for commencement of dividend payment: November 30, 2018
Supplementary briefing materials on quarterly results: Available
Quarterly results briefing: scheduled (for analysts and institutional investors)

(Amounts are rounded down to the nearest one million)

1. Consolidated Financial Results for the Six Months Ended September 30, 2018
(April 1, 2018 to September 30, 2018)

(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	%
Six months ended September 30, 2018	140,358	6.1	5,006	11.2	5,688	11.3	3,600	33.1
Six months ended September 30, 2017	132,291	23.8	4,502	－	5,110	－	2,704	－

(Note) Comprehensive income: Six months ended September 30, 2018 4,900 million yen (26.3%)
Six months ended September 30, 2017 3,880 million yen (－%)

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2018	45.42	39.34
Six months ended September 30, 2017	34.22	29.63

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2018	227,724	143,858	61.9
As of March 31, 2018	234,489	140,744	58.5

(Reference) Equity: As of September 30, 2018 140,928 million yen
As of March 31, 2018 137,257 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, 2018	－	15.00	－	20.00	35.00
Fiscal year ending March 31, 2019	－	20.00			
Fiscal year ending March 31, 2019 (forecast)			－	20.00	40.00

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

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

(% 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, 2019	365,000	16.6	18,5000	10.7	19,700	10.4	13,200	14.7	151.61

(Note) Revision of financial results forecasts from recently announced figures: Yes

It should be noted that the Company is currently reviewing the market value of the assets and liabilities of the aforementioned companies, and therefore, the accounting of negative goodwill that is expected with the management integration is not reflected in the forecast.

* 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):

September 30, 2018	85,381,866 shares	March 31, 2018	85,381,866 shares

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

September 30, 2018	6,015,529 shares	March 31, 2018	6,185,984 shares

3) Average number of shares outstanding during the period

September 30, 2018	79,279,364 shares	September 30, 2017	79,042,308 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.

* 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 six months of the current consolidated period (from April 1, 2018 to September 30, 2018), the Japanese economy continued to recover moderately on the back of the growth in corporate earnings and the improvement in labor market conditions, despite concerns such as the implications of the US administration's trade policy on the global economy and the impact of natural disasters that occurred across Japan on the domestic economy.

In the information and telecommunications sector, in which the MIRAIT Group operates its mainstay businesses, the "Hikari Collaboration Model" that offers various services in combination with optical line connection has penetrated in the fixed communications area. Meanwhile, in the mobile communications area, we have witnessed advancements in fourth-generation mobile telecommunication systems (4G) and the launch of services offered through new frequency bands. Moreover, the business environment for the MIRAIT Group is changing dramatically in light of the increase in demand for IT-related work such as LAN, servers, network creation and Wi-Fi, as well as that for construction work to rebuild social infrastructure toward the year 2020.

In response to the structural changes in the society and the telecommunications environment, the MIRAIT Group is striving to enhance its corporate value and to achieve sustainable growth as a "Comprehensive Engineering and Services Company". Specifically, the MIRAIT Group is taking steps to expand the "frontier domains" such as the stock, environment/ energy and global businesses, and to strengthen the business base by enhancing work capabilities, bolstering the client base and promoting profit-oriented business operations, among other measures.

During the first six months, the MIRAIT Group continued to pursue sales growth by focusing on facility improvement proposals for telecommunications carriers in the NTT fixed communications business, as well as advancements in 4G and launch of services offered through new frequencies in the mobile-related business. The Group also strived to complete construction projects for solar power generation facilities, civil engineering, and PBX/LAN wiring, and to expand the "frontier domains" including the commencement of Osaka No.1 Datacenter operations.

Meanwhile, the MIRAIT Group took further steps to enhance its business base and to achieve sustainable growth in corporate value through the management integration of companies that primarily engage in domestic telecommunications construction work, namely TTK Co., Ltd. (effective October 2018), SOLCOM Co., Ltd. and Shikokutsuken Co., Ltd. (both effective January 2019). Furthermore, the Group made Nissetsu Co., Ltd. (air-conditioning facilities business, effective July 2018) and Hopenet Co., Ltd. (engineer staffing business, effective October 2018) wholly-owned subsidiaries in an effort to strengthen its group-oriented management structure.

As for the consolidated financial results for the six months ended September 2018, orders received increased by 1.8% year-on-year to 159,771 million yen. Meanwhile, both sales and profits increased from the same period of the previous year. Specifically, net sales increased by 6.1% year-on-year to 140,358 million yen, operating income increased by 11.2% year-on-year to 5,006 million yen, ordinary income increased by 11.3% year-on-year to 5,688 million yen, and net income attributable to owners of parent increased by 33.1% year-on-year to 3,600 million yen.

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

Total assets at the end of the second quarter of the current consolidated fiscal period amounted to 227,724 million yen, a decrease of 6,764 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 property, plant and equipment such as buildings and structures due to the completion of the datacenter, among other factors.

Total liabilities decreased by 9,879 million yen from the end of the previous fiscal year, to 83,865 million yen. This was mainly due to the decrease in accounts payable for construction contracts and income taxes payable, which more than offset the increase in advances received on uncompleted construction contracts.

Net assets increased by 3,114 million yen to 143,858 million yen despite the dividend payout of 1,590 million yen during the first quarter, owing to the net income attributable to owners of parent of 3,600 million yen recorded in the quarter and the increase in other comprehensive income.

As a result of the above, the equity ratio at the end of the second quarter stood at 61.9% (compared to 58.5% at the end of the previous fiscal year).

(3) Future Outlook

The Company has revised the consolidated results forecast for the fiscal year ending March 31, 2019, to reflect the steady progress in the NTT fixed communications business and Lantrovision Group's overseas business, and the impact of the management integration with TTK Co., Ltd. effective October 1, 2019, as well as with SOLCOM Co., Ltd. and Shikokutsuken Co., Ltd. effective January 1, 2019.

It should be noted that the Company is currently reviewing the market value of the assets and liabilities of the aforementioned companies, and therefore, the accounting of negative goodwill that is expected with the management integration is not reflected in the forecast.

The results of the assessment on negative goodwill will be announced as appropriate when confirmed.

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

	Net sales	Operating income	Ordinary income	Net Income attributable to owners of parent	Net income per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	320,000	16,000	16,800	11,000	138.29
Revised forecast (B)	365,000	18,500	19,700	13,200	151.61
Change (B-A)	45,000	2,500	2,900	2,200	—
Change (%)	14.1%	15.6%	17.3%	20.0%	—
(Reference) Actual (Fiscal year ended March 2018)	312,967	16,715	17,838	11,504	145.41

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 Second quarter ended September 30, 2018, and then multiplying income before income taxes for the six 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. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2018	Six Months Ended September 30, 2018
Assets		
Current assets		
Cash and deposits	33,748	30,533
Notes receivable, accounts receivable from completed construction contracts and other	94,111	66,581
Costs on uncompleted construction contracts and other	21,398	30,581
Other	5,336	5,274
Allowance for doubtful accounts	(7)	(4)
Total current assets	154,586	132,967
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,151	28,710
Land	20,277	21,142
Construction in progress	8,878	1,893
Other, net	4,568	4,965
Total property, plant and equipment	44,876	56,712
Intangible assets		
Goodwill	3,064	2,782
Customer related assets	2,274	2,115
Software	1,118	1,167
Other	59	48
Total intangible assets	6,516	6,113
Investments and other assets		
Investment securities	21,911	24,941
Net defined benefit asset	2,261	2,324
Deferred tax assets	1,552	1,882
Lease and guarantee deposits	1,235	1,258
Other	1,692	1,670
Allowance for doubtful accounts	(143)	(145)
Total investments and other assets	28,509	31,931
Total non-current assets	79,903	94,757
Total assets	234,489	227,724

(Millions of yen)

	Fiscal Year Ended March 31, 2018	Six Months Ended September 30, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,400	31,007
Short-term loans payable	124	73
Income taxes payable	4,725	1,808
Advances received on uncompleted construction contracts	5,610	6,305
Provision for loss on construction contracts	489	610
Provision for bonuses	4,846	5,131
Provision for directors' bonuses	78	34
Provision for warranties for completed construction	6	5
Other	8,366	7,805
Total current liabilities	63,647	52,783
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	16,560	16,552
Long-term accounts payable - other	377	77
Deferred tax liabilities	2,376	3,551
Deferred tax liabilities for land revaluation	41	41
Provision for directors' retirement benefits	77	71
Provision for share based compensation	110	155
Net defined benefit liability	8,626	8,830
Asset retirement obligations	96	96
Other	1,829	1,705
Total non-current liabilities	30,097	31,082
Total liabilities	93,745	83,865
Net assets		
Shareholders' equity		
Capital stock	7,000	7,000
Capital surplus	27,563	27,832
Retained earnings	101,789	103,799
Treasury shares	(5,168)	(5,027)
Total shareholders' equity	131,184	133,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,836	6,991
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	327	(497)
Remeasurements of defined benefit plans	1,009	929
Total accumulated other comprehensive income	6,073	7,323
Non-controlling interests	3,486	2,930
Total net assets	140,744	143,858
Total liabilities and net assets	234,489	227,724

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Six Months Ended September 30, 2018

(Millions of yen)

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018
Net sales of completed construction contracts	132,291	140,358
Cost of sales of completed construction contracts	116,017	123,589
Gross profit on completed construction contracts	16,274	16,768
Selling, general and administrative expenses	11,771	11,762
Operating profit	4,502	5,006
Non-operating income		
Interest income	45	44
Dividend income	268	292
Insurance premiums refunded cancellation	72	66
Share of profit of entities accounted for using equity method	147	182
Other	108	134
Total non-operating income	642	720
Non-operating expenses		
Interest expenses	10	2
Other	23	35
Total non-operating expenses	34	38
Ordinary profit	5,110	5,688
Extraordinary income		
Gain on sales of non-current assets	2	38
Gain on sales of investment securities	3	496
Other	—	15
Total extraordinary income	5	551
Extraordinary losses		
Loss on sales of non-current assets	60	—
Loss on retirement of non-current assets	21	37
Loss on change in equity	—	62
Other	73	60
Total extraordinary losses	155	160
Profit before income taxes	4,959	6,078
Income taxes	2,142	2,394
Profit	2,817	3,683
Profit attributable to		
Profit attributable to owners of parent	2,704	3,600
Profit attributable to non-controlling interests	113	83

(Millions of yen)

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018
Other comprehensive income		
Valuation difference on available-for-sale securities	1,035	2,131
Foreign currency translation adjustment	31	(803)
Remeasurements of defined benefit plans, net of tax	12	(79)
Share of other comprehensive income of entities accounted for using equity method	(16)	(31)
Total other comprehensive income	1,063	1,216
Comprehensive income	3,880	4,900
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,763	4,826
Comprehensive income attributable to non-controlling interests	117	73

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

Not applicable.

(Additional information)

The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 dated February 16, 2018) etc. from the first quarter of the current consolidated fiscal period. Deferred tax assets are classified as investments and other assets, and deferred tax liabilities are classified as non-current liabilities.