

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017
(April 1, 2016 to March 31, 2017)

(% 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, 2017	280,000	3.9	10,000	63.2	10,500	55.9	6,800	87.3	83.61

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

* Notes:

(1) Changes in Important Subsidiaries during the period under review: Yes

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

Additions: 2 companies (Names) Mirait Singapore Pte.Ltd., Lantrovision(S)Ltd

(Note) Please refer to details on page 3 of the attached document under "Changes in Important Subsidiaries during the period under review".

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

(Note) Please refer to details on page 3 of the attached document under "Application of specific accounting treatments for preparing consolidated quarterly financial statements."

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

- 1) Changes in accounting principles due to revision of accounting standards: Yes
- 2) Changes in accounting principles other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(Note) Please refer to details on page 3 of the attached document under "Changes in accounting principles and changes or restatements of accounting estimates".

(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, 2016	85,381,866 shares	March 31, 2016	85,381,866 shares
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2) Total number of treasury stock at the end of the period

September 30, 2016	4,052,564 shares	March 31, 2016	4,051,769 shares
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3) Average number of shares outstanding during the period

September 30, 2016	81,329,708 shares	September 30, 2015	81,332,120 shares
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* 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. The quarterly review procedures are still in progress at the time of disclosure of this quarterly summary of consolidated financial results.

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

- The Company plans to hold a briefing session for analysts and institutional investors on Monday, November 7, 2016. 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.

- 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. Please refer to "Qualitative information on consolidated performance forecasts" on page 2 of the attached document for the assumptions behind the performance forecasts and precautions regarding the use of performance forecasts.

Table of Contents: Supplementary Materials

1. Qualitative Information on Consolidated Financial Results for the Period under Review	P.2
(1) Qualitative Information on Consolidated Operating Results	P.2
(2) Qualitative Information on Consolidated Financial Position	P.2
(3) Qualitative Information on Consolidated Financial Results Forecast	P.3
2. Notes to Summary Information (Explanatory Notes)	P.3
(1) Changes in Important Subsidiaries during the Period under Review	P.3
(2) Application of Specific Accounting Practices for Preparing Consolidated Quarterly Financial Statements	P.3
(3) Changes in Accounting Principles and Changes or Restatements of Accounting Estimates	P.3
(4) Additional Information	P.3
3. Consolidated Quarterly Financial Statements	P.4
(1) Consolidated Quarterly Financial Statements	P.4
(2) Consolidated Quarterly Statements of Income and Comprehensive Income	P.6
(3) Notes to Consolidated Financial Statements	P.8
(Notes on going concern assumption)	P.8
(Notes on significant changes to shareholders' equity)	P.8

1. Qualitative Information on Consolidated Financial Results for the Period under Review

(1) Qualitative Information on Consolidated Operating Results

During the first six months of the current consolidated period (from April 1, 2016 to September 30, 2016), the Japanese economy continued to recover moderately on the back of the improvement in labor market conditions and other developments. However, factors such as the impact of Brexit (UK's decision to leave the EU) and the slowdown of emerging markets on the global economy, as well as the appreciation of the Japanese yen, remain sources of concern.

Turning to the information and telecommunications sector, however, the “Hikari Collaboration Model” has made progress in the fixed communications area. Furthermore, in the mobile communications area, new technologies such as carrier aggregation and add-on cells have achieved faster transmission speeds, and services for new frequency bands have been launched.

The business environment for the MIRAIT Group has also changed significantly given the developments in the area of new energy, such as photovoltaic power, EV charging equipment and rechargeable batteries, and the rebuilding of social infrastructure in light of the 2020 Tokyo Olympic and Paralympic Games, among other developments.

Against this backdrop, the MIRAIT Group is reinforcing its medium- to long-term initiatives to promote the restructuring of the business portfolio and to strengthen the management base as a “Comprehensive Engineering & Service Company”.

In the first six months of the current consolidated period, the MIRAIT Group strived to enhance the management base by 1) expanding the overseas business by adding Singapore-listed Lantrovision(S)Ltd, Asia's largest company engaged in design, construction and maintenance of LAN cabling, as a consolidated subsidiary, and 2) expanding the engineer staffing business) by merging Daimei Business Mate Inc. (consolidated subsidiary) and Hope Net Co., Ltd. (equity-method affiliate) on October 1, 2016 (surviving company: Hope Net Co., Ltd.).

However, the consolidated financial results for the first six months of the current fiscal year suffered from a decrease in construction work completed during the first six months reflecting the decrease in construction work carried forward from the previous year for mobile-related work in the multi-carrier business and electrical/ air conditioning work in the environmental & social innovation business, which in turn was caused by the increase in construction work completed at the end of the previous fiscal year. As a result, orders received increased 19.1% year-on-year to 148,275 million yen, net sales decreased 4.7% year-on-year to 106,852 million yen, operating loss came in at 942 million yen (operating loss was 1,364 million yen in the same period of the previous year), ordinary loss came in at 1,138 million yen (ordinary loss was 1,147 million yen in the same period of the previous year), and net loss attributable to owners of the parent came in at 1,433 million yen (net loss attributable to owners of the parent was 1,223 million yen in the same period of the previous fiscal year).

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the second quarter of the current consolidated fiscal period amounted to 194,801 million yen, an decrease of 177 million yen from the end of the previous fiscal year. This was mainly due to the increase in cash on hand and costs on uncompleted construction contracts, as well as the goodwill recorded for the acquisitions of consolidated subsidiaries, which offset the decline in accounts receivables including those from completed construction contracts and others.

Total liabilities increased by 2,913 million yen from the end of the previous fiscal year to 71,291 million yen. This was mainly due to the increase in advances received on uncompleted construction contracts and the addition of short-term borrowings, which offset the decline in accounts payable for construction contracts, deferred taxes, and provision for loss on construction contracts.

Owing to the dividend payout and the net loss attributable to owners of the parent recorded during the six months of the current consolidated fiscal period, net assets decreased by 3,090 million yen to 123,509 million yen.

As a result of the above, the equity ratio at the end of the second quarter stood at 61.3% (compared to 63.1% at the end of the previous consolidated fiscal period).

(3) Qualitative Information on Consolidated Financial Results Forecast

The consolidated financial results forecast for the fiscal year ending March 31, 2017, as announced on October 27, 2016, remain unchanged.

2. Notes to Summary Information (Explanatory Notes)

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

(Changes in specified subsidiaries)

During the first quarter of the current consolidated financial period, Mirait Singapore Pte.Ltd. became a consolidated subsidiary given its increased importance following the capital increase. Lantrovision(S)Ltd also became a consolidated subsidiary in the first quarter of the current consolidated fiscal period following the acquisition of all of its outstanding shares by Mirait Singapore Pte.Ltd.

(Changes in subsidiaries other than specified subsidiaries)

During the first quarter of the current consolidated financial period, Trust-System Inc. became a consolidated subsidiary following the acquisition of all of its outstanding shares by MIRAIT Corporation. The 13 consolidated subsidiaries of Lantrovision(S)Ltd (Lantro(S)Pte Ltd and 12 other subsidiaries) also became consolidated subsidiaries due to the consolidation of Lantrovision(S)Ltd

(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, 2016, 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) Changes in Accounting Principles and Changes or Restatements of Accounting Estimates

Changes in accounting principles

In response to the revisions to the Corporate Tax Act, the Company and its domestic subsidiaries have adopted the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (ASBJ PITF No. 32 of June 17, 2016) from the second quarter of the current consolidated fiscal period. As a result, the depreciation method applied to facilities attached to buildings or structures acquired after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

The impact of the changes to operating loss, ordinary loss and net loss before income taxes for the second quarter of the current consolidated fiscal period is minimal.

(4) Additional Information

The Company has adopted the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Implementation Guidance No.26 of March 28, 2016) from the first quarter of the current consolidated fiscal period.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2016	Six Months Ended September 30, 2016
Assets		
Current assets		
Cash and deposits	30,284	41,922
Notes receivable, accounts receivable from completed construction contracts and other	82,158	48,316
Costs on uncompleted construction contracts and other	17,281	28,564
Deferred tax assets	3,451	4,404
Other	3,980	4,485
Allowance for doubtful accounts	(43)	(48)
Total current assets	137,112	127,645
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,880	11,131
Land	18,397	18,473
Construction in progress	322	2,520
Other, net	2,130	2,459
Total property, plant and equipment	31,730	34,584
Intangible assets		
Goodwill	159	3,154
Customer related assets	—	2,225
Software	1,841	1,631
Other	96	178
Total intangible assets	2,097	7,189
Investments and other assets		
Investment securities	19,927	20,919
Long-term loans receivable	8	8
Net defined benefit asset	984	993
Deferred tax assets	785	756
Lease and guarantee deposits	1,139	1,235
Other	1,304	1,574
Allowance for doubtful accounts	(113)	(106)
Total investments and other assets	24,036	25,380
Total non-current assets	57,865	67,155
Total assets	194,978	194,801

(Millions of yen)

	Fiscal Year Ended March 31, 2016	Six Months Ended September 30, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	38,670	28,673
Short-term loans payable	—	13,937
Current portion of long-term loans payable	20	15
Income taxes payable	1,028	623
Advances received on uncompleted construction contracts	2,225	3,750
Provision for loss on construction contracts	3,330	496
Provision for bonuses	4,164	4,386
Provision for directors' bonuses	71	28
Provision for warranties for completed construction	11	9
Other	5,987	6,195
Total current liabilities	55,511	58,116
Non-current liabilities		
Long-term loans payable	15	9
Deferred tax liabilities	2,810	3,404
Deferred tax liabilities for land revaluation	41	41
Provision for directors' retirement benefits	59	60
Net defined benefit liability	8,508	8,586
Asset retirement obligations	78	78
Long-term accounts payable - other	939	517
Other	413	475
Total non-current liabilities	12,866	13,174
Total liabilities	68,378	71,291
Net assets		
Shareholders' equity		
Capital stock	7,000	7,000
Capital surplus	25,936	26,095
Retained earnings	88,691	86,021
Treasury shares	(2,630)	(2,790)
Total shareholders' equity	118,997	116,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,786	4,148
Deferred gains or losses on hedges	65	—
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	3	(1,202)
Remeasurements of defined benefit plans	195	190
Total accumulated other comprehensive income	3,952	3,037
Non-controlling interests	3,649	4,145
Total net assets	126,599	123,509
Total liabilities and net assets	194,978	194,801

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Six Months Ended September 30, 2016

(Millions of yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Net sales of completed construction contracts	112,075	106,852
Cost of sales of completed construction contracts	103,583	96,539
Gross profit on completed construction contracts	8,492	10,312
Selling, general and administrative expenses	9,856	11,255
Operating loss	(1,364)	(942)
Non-operating income		
Interest income	21	38
Dividend income	211	240
Insurance premiums refunded cancellation	59	14
Share of profit of entities accounted for using equity method	63	70
Other	71	82
Total non-operating income	426	446
Non-operating expenses		
Interest expenses	7	32
Foreign exchange losses	181	315
Commission fee	—	263
Other	21	29
Total non-operating expenses	210	642
Ordinary loss	(1,147)	(1,138)
Extraordinary income		
Gain on sales of non-current assets	—	2
Gain on sales of golf memberships	—	4
Gain on sales of investment securities	12	—
Other	2	—
Total extraordinary income	14	6
Extraordinary losses		
Provision of allowance for investment loss	55	—
Loss on retirement of non-current assets	45	84
Loss on valuation of golf club membership litigation cost	16	—
Other	—	50
Other	22	132
Total extraordinary losses	140	267
Loss before income taxes	(1,273)	(1,398)
Income taxes	(138)	30
Loss	(1,134)	(1,428)
Profit attributable to		
Loss attributable to owners of parent	(1,223)	(1,433)
Profit attributable to non-controlling interests	88	4

(Millions of yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Other comprehensive income		
Valuation difference on available-for-sale securities	(220)	361
Deferred gains or losses on hedges	—	(65)
Revaluation reserve for land	(1)	(0)
Foreign currency translation adjustment	145	(1,181)
Remeasurements of defined benefit plans, net of tax	(54)	(5)
Share of other comprehensive income of entities accounted for using equity method	0	(38)
Total other comprehensive income	(129)	(930)
Comprehensive income	(1,264)	(2,359)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,347)	(2,348)
Comprehensive income attributable to non-controlling interests	82	(10)

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

Six months of the current consolidated fiscal period (from April 1, 2016 to September 30, 2016)

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