

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: 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, 2017	85,381,866 shares	March 31, 2017	85,381,866 shares
--------------------	-------------------	----------------	-------------------

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

September 30, 2017	6,332,175 shares	March 31, 2017	6,343,431 shares
--------------------	------------------	----------------	------------------

- 3) Average number of shares outstanding during the period

September 30, 2017	79,042,308 shares	September 30, 2016	81,329,708 shares
--------------------	-------------------	--------------------	-------------------

* Implementation status of quarterly review processes

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

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

- The Company plans to hold a briefing session for analysts and institutional investors on Thursday, November 2, 2017.
- 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	P. 2
(1) Overview of Operating Results for the Period under Review	P. 2
(2) Overview of Financial Position for the Period under Review	P. 3
(3) Future Outlook	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
3. Consolidated Quarterly Financial Statements and Notes	P. 4
(1) Consolidated Quarterly Balance Sheets	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. 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, 2017 to September 30, 2017), the Japanese economy continued to recover moderately on the back of the improved labor market conditions and corporate earnings, despite concerns such as the policy agenda under the new US administration and global political uncertainties.

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

In an effort to take advantage of such changes in the social structure and telecommunications environment, the MIRAITS 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 MIRAITS Group will strive to expand the business domains, to restructure the business model, and to strengthen profit-oriented business management.

In the first six months of the current consolidated period, the MIRAITS Group strived to expand sales by increasing optical work in line with the wider adoption of the “Hikari Collaboration” model, and mobile work as demand for advancements in 4G and new frequencies gained full momentum. In addition, the Group made efforts to complete projects for air conditioning work and those to resolve 700MHz TV reception issues, among others.

Moreover, as further steps to strengthen the Group’s integrated business operations, the MIRAITS Group acquired Nishinohdenko Corporation to boost electrical work capabilities in the Kyushu region, and 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 through the merger of Lantrovision(S)Ltd and Mirait Singapore Pte.Ltd., and MIRAITS Information Systems Co.,Ltd. and MIS Kyushu Corp..

Consequently, in the consolidated business performance during the six months ended September 2017, orders received increased by 5.9% year-on-year to 156,958 million yen, net sales increased by 23.8% year-on-year to 132,291 million yen, operating income came in at 4,502 million yen (operating loss was 942 million yen in the same period of the previous year), ordinary income came in at 5,110 million yen (ordinary loss was 1,138 million yen in the same period of the previous year), and net income attributable to owners of parent came in at 2,704 million yen (net loss attributable to owners of parent was 1,433 million yen in the same period of the previous year).

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

Total assets at the end of the second quarter of the current consolidated fiscal period amounted to 212,415 million yen, a decrease of 5,638 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 8,390 million yen from the end of the previous fiscal year, to 80,826 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 2,752 million yen to 131,589 million yen, despite the dividend payout of 1,190 million yen during the first quarter, and owing to the net income attributable to owners of parent of 2,704 million yen recorded in the first six months of the current consolidated period.

As a result of the above, the equity ratio at the end of the second quarter stood at 59.6% (compared to 56.9% at the end of the previous fiscal year).

(3) Future Outlook

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

2. Notes to Summary Information (Explanatory Notes)

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

Not applicable.

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

Calculation of tax expense

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes for the current fiscal year, including the second quarter ended September 30, 2017, 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

Not applicable.

3. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Six Months Ended September 30, 2017
Assets		
Current assets		
Cash and deposits	34,550	44,635
Notes receivable, accounts receivable from completed construction contracts and other	91,623	61,470
Costs on uncompleted construction contracts and other	17,607	28,313
Deferred tax assets	2,671	2,672
Other	4,915	6,316
Allowance for doubtful accounts	(45)	(8)
Total current assets	151,323	143,400
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,835	10,570
Land	18,643	18,630
Construction in progress	2,387	3,254
Other, net	2,743	3,100
Total property, plant and equipment	34,609	35,556
Intangible assets		
Goodwill	3,137	3,179
Customer related assets	2,289	2,246
Software	1,454	1,199
Other	82	71
Total intangible assets	6,963	6,697
Investments and other assets		
Investment securities	20,865	22,382
Net defined benefit asset	746	776
Deferred tax assets	731	837
Lease and guarantee deposits	1,272	1,280
Other	1,664	1,633
Allowance for doubtful accounts	(122)	(149)
Total investments and other assets	25,157	26,760
Total non-current assets	66,730	69,014
Total assets	218,053	212,415

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Six Months Ended September 30, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	40,772	29,863
Short-term loans payable	710	41
Income taxes payable	1,023	1,875
Advances received on uncompleted construction contracts	3,774	6,556
Provision for loss on construction contracts	800	864
Provision for bonuses	4,228	4,706
Provision for directors' bonuses	70	32
Provision for warranties for completed construction	4	5
Other	7,727	6,059
Total current liabilities	59,112	50,006
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	16,577	16,568
Long-term accounts payable - other	607	450
Deferred tax liabilities	3,556	4,216
Deferred tax liabilities for land revaluation	41	41
Provision for directors' retirement benefits	70	67
Provision For Share Based Compensation	52	79
Net defined benefit liability	8,444	8,499
Asset retirement obligations	76	95
Other	677	801
Total non-current liabilities	30,104	30,820
Total liabilities	89,216	80,826
Net assets		
Shareholders' equity		
Capital stock	7,000	7,000
Capital surplus	26,043	26,043
Retained earnings	92,679	94,180
Treasury shares	(5,299)	(5,287)
Total shareholders' equity	120,423	121,937
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,161	5,194
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(409)	(396)
Remeasurements of defined benefit plans	56	68
Total accumulated other comprehensive income	3,709	4,768
Non-controlling interests	4,704	4,884
Total net assets	128,837	131,589
Total liabilities and net assets	218,053	212,415

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Six Months Ended September 30, 2017

(Millions of yen)

	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017
Net sales of completed construction contracts	106,852	132,291
Cost of sales of completed construction contracts	96,539	116,017
Gross profit on completed construction contracts	10,312	16,274
Selling, general and administrative expenses	11,255	11,771
Operating profit (loss)	(942)	4,502
Non-operating income		
Interest income	38	45
Dividend income	240	268
Insurance premiums refunded cancellation	14	72
Share of profit of entities accounted for using equity method	70	147
Other	82	108
Total non-operating income	446	642
Non-operating expenses		
Interest expenses	32	10
Foreign exchange losses	315	0
Commission fee	263	—
Other	29	23
Total non-operating expenses	642	34
Ordinary profit (loss)	(1,138)	5,110
Extraordinary income		
Gain on sales of non-current assets	2	2
Gain on sales of golf memberships	4	—
Gain on sales of investment securities	—	3
Total extraordinary income	6	5
Extraordinary losses		
Loss on sales of non-current assets	4	60
Loss on retirement of non-current assets	84	21
litigation cost	50	—
Other	128	73
Total extraordinary losses	267	155
Profit (loss) before income taxes	(1,398)	4,959
Income taxes	30	2,142
Profit (loss)	(1,428)	2,817
Profit attributable to		
Profit (loss) attributable to owners of parent	(1,433)	2,704
Profit attributable to non-controlling interests	4	113

(Millions of yen)

	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017
Other comprehensive income		
Valuation difference on available-for-sale securities	361	1,035
Deferred gains or losses on hedges	(65)	—
Revaluation reserve for land	(0)	—
Foreign currency translation adjustment	(1,181)	31
Remeasurements of defined benefit plans, net of tax	(5)	12
Share of other comprehensive income of entities accounted for using equity method	(38)	(16)
Total other comprehensive income	(930)	1,063
Comprehensive income	(2,359)	3,880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,348)	3,763
Comprehensive income attributable to non-controlling interests	(10)	117

(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, 2017 to September 30, 2017)

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