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
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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

- 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.

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