

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

April 28, 2017

Company name: MITANI SANGYO CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8285 URL <http://www.mitani.co.jp/>
 Representative: President & CEO Tatsuya Aiba
 Inquiries: Managing Director Seiji Nishino TEL 076-233-2151
 Scheduled date of ordinary general meeting of shareholders: June 16, 2017
 Scheduled date to file Securities Report: June 16, 2017
 Scheduled date to commence dividend payments: June 2, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	66,869	(1.3)	2,331	19.4	2,797	28.9	2,010	48.6
Year ended March 31, 2016	67,735	0.5	1,953	41.7	2,170	13.3	1,353	(17.2)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	35.87	–	7.7	4.8	3.5
Year ended March 31, 2016	24.18	–	5.5	3.7	2.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	58,216	29,091	47.5	485.04
As of March 31, 2016	57,593	25,952	42.9	441.66

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	4,298	(2,071)	(2,404)	5,222
Year ended March 31, 2016	2,936	(874)	(496)	5,420

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	3.00	–	3.00	6.00	335	24.8	1.4
Year ended March 31, 2017	–	3.00	–	4.00	7.00	395	19.5	1.5
Year ending March 31, 2018 (Forecast)	–	3.00	–	4.00	7.00		22.2	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	37,000	24.0	750	43.1	860	13.4	350	(26.4)	6.14
Full year	82,500	23.4	2,800	20.1	3,100	10.8	1,800	(10.5)	31.59

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	57,176,000 shares	As of March 31, 2016	56,176,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2017	200,225 shares	As of March 31, 2016	199,859 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2017	56,052,876 shares	Year ended March 31, 2016	55,976,212 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	5,699	5,541
Notes and accounts receivable - trade	16,949	16,754
Accounts receivable from completed construction contracts	3,395	2,988
Merchandise and finished goods	1,974	1,758
Work in process	1,818	1,501
Costs on uncompleted construction contracts	34	20
Raw materials and supplies	649	674
Deferred tax assets	312	310
Other	936	922
Allowance for doubtful accounts	(2)	(1)
Total current assets	31,768	30,470
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,989	15,480
Accumulated depreciation	(8,029)	(8,504)
Buildings and structures, net	6,959	6,975
Machinery, equipment and vehicles	3,818	4,072
Accumulated depreciation	(2,394)	(2,855)
Machinery, equipment and vehicles, net	1,424	1,217
Tools, furniture and fixtures	1,138	1,213
Accumulated depreciation	(891)	(957)
Tools, furniture and fixtures, net	246	256
Land	3,785	3,856
Leased assets	1,269	1,190
Accumulated depreciation	(708)	(703)
Leased assets, net	560	486
Construction in progress	185	113
Total property, plant and equipment	13,162	12,907
Intangible assets		
Software	569	675
Leased assets	145	95
Telephone subscription right	36	36
Other	36	31
Total intangible assets	787	838
Investments and other assets		
Investment securities	9,885	11,870
Guarantee deposits	1,134	1,155
Deferred tax assets	16	9
Other	839	963
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	11,874	14,000
Total non-current assets	25,825	27,746
Total assets	57,593	58,216

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,594	10,602
Accounts payable for construction contracts	1,001	1,353
Short-term loans payable	11,478	9,775
Lease obligations	285	252
Income taxes payable	535	338
Accrued consumption taxes	512	157
Advances received on uncompleted construction contracts	19	12
Provision for directors' bonuses	38	106
Provision for loss on order received	21	3
Provision for warranties for completed construction	22	23
Provision for shareholder benefit program	18	19
Other	2,708	2,223
Total current liabilities	27,238	24,868
Non-current liabilities		
Long-term loans payable	1,247	784
Deposit received for guarantee	134	134
Lease obligations	491	391
Deferred tax liabilities	1,670	1,997
Provision for directors' retirement benefits	550	571
Net defined benefit liability	153	211
Asset retirement obligations	154	165
Total non-current liabilities	4,403	4,256
Total liabilities	31,641	29,125
Net assets		
Shareholders' equity		
Capital stock	3,832	4,018
Capital surplus	2,832	3,018
Retained earnings	15,654	17,329
Treasury shares	(42)	(42)
Total shareholders' equity	22,275	24,322
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,887	3,762
Deferred gains or losses on hedges	(7)	(0)
Foreign currency translation adjustment	(391)	(418)
Remeasurements of defined benefit plans	(42)	(30)
Total accumulated other comprehensive income	2,446	3,312
Non-controlling interests	1,229	1,455
Total net assets	25,952	29,091
Total liabilities and net assets	57,593	58,216

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	67,735	66,869
Cost of sales	55,811	54,113
Gross profit	11,924	12,755
Selling, general and administrative expenses		
Commission Charges	807	908
Traveling and transportation expenses	537	514
Directors' compensations	437	438
Employees' salaries	3,066	3,150
Employees' bonuses	833	841
Retirement benefit expenses	159	164
Provision for directors' bonuses	36	105
Provision for directors' retirement benefits	49	47
Welfare expenses	909	964
Rent expenses	811	848
Depreciation	580	570
Provision of allowance for doubtful accounts	0	1
Provision for shareholder benefit program	18	0
Other	1,722	1,867
Total selling, general and administrative expenses	9,971	10,424
Operating profit	1,953	2,331
Non-operating income		
Interest income	14	20
Dividend income	153	154
Share of profit of entities accounted for using equity method	55	261
Purchase discounts	57	56
Rent income	155	155
Other	85	86
Total non-operating income	522	734
Non-operating expenses		
Interest expenses	75	60
Loss on investments in partnership	9	1
Rent expenses	112	111
Sales discounts	7	6
Foreign exchange losses	34	36
Other	65	53
Total non-operating expenses	305	268
Ordinary profit	2,170	2,797

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Extraordinary income		
Gain on sales of non-current assets	4	9
Gain on donation of non-current assets	6	–
Gain on sales of investment securities	92	9
Subsidy income	6	116
Gain on extinguishment of tie-in shares	16	–
Total extraordinary income	125	134
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	4	8
Loss on valuation of investment securities	2	4
Settlement package	33	–
Total extraordinary losses	39	14
Profit before income taxes	2,256	2,918
Income taxes - current	777	721
Income taxes - deferred	(13)	(46)
Total income taxes	763	675
Profit	1,492	2,243
Profit attributable to non-controlling interests	139	232
Profit attributable to owners of parent	1,353	2,010

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	1,492	2,243
Other comprehensive income		
Valuation difference on available-for-sale securities	(441)	866
Deferred gains or losses on hedges	(7)	6
Foreign currency translation adjustment	(156)	(29)
Share of other comprehensive income of entities accounted for using equity method	(26)	20
Total other comprehensive income	(631)	863
Comprehensive income	861	3,107
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	730	2,877
Comprehensive income attributable to non-controlling interests	130	230

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,832	2,832	14,636	(42)	21,258
Changes of items during period					
Issuance of new shares					–
Dividends of surplus			(335)		(335)
Profit attributable to owners of parent			1,353		1,353
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	0	1,017	(0)	1,017
Balance at end of current period	3,832	2,832	15,654	(42)	22,275

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,342	0	(242)	(31)	3,069	1,099	25,427
Changes of items during period							
Issuance of new shares							–
Dividends of surplus							(335)
Profit attributable to owners of parent							1,353
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	(455)	(7)	(149)	(10)	(622)	130	(492)
Total changes of items during period	(455)	(7)	(149)	(10)	(622)	130	525
Balance at end of current period	2,887	(7)	(391)	(42)	2,446	1,229	25,952

Fiscal year ended 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	3,832	2,832	15,654	(42)	22,275
Changes of items during period					
Issuance of new shares	186	186			372
Dividends of surplus			(335)		(335)
Profit attributable to owners of parent			2,010		2,010
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	186	186	1,674	(0)	2,046
Balance at end of current period	4,018	3,018	17,329	(42)	24,322

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,887	(7)	(391)	(42)	2,446	1,229	25,952
Changes of items during period							
Issuance of new shares							372
Dividends of surplus							(335)
Profit attributable to owners of parent							2,010
Purchase of treasury shares							(0)
Disposal of treasury shares							-
Net changes of items other than shareholders' equity	874	6	(26)	12	866	225	1,092
Total changes of items during period	874	6	(26)	12	866	225	3,138
Balance at end of current period	3,762	(0)	(418)	(30)	3,312	1,455	29,091

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	2,256	2,918
Depreciation	1,630	1,522
Share of (profit) loss of entities accounted for using equity method	(55)	(261)
Loss (gain) on investments in partnership	9	1
Loss (gain) on valuation of investment securities	2	4
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for directors' bonuses	9	67
Increase (decrease) in provision for directors' retirement benefits	51	21
Increase (decrease) in net defined benefit liability	32	58
Increase (decrease) in provision for loss on order received	(185)	(18)
Increase (decrease) in provision for shareholder benefit program	18	0
Interest and dividend income	(168)	(175)
Interest expenses	75	60
Loss (gain) on sales of investment securities	(92)	(9)
Loss (gain) on extinguishment of tie-in shares	(16)	–
Loss (gain) on sales of non-current assets	(4)	(9)
Loss on retirement of non-current assets	4	8
Settlement package	33	–
Decrease (increase) in notes and accounts receivable - trade	(599)	588
Decrease (increase) in inventories	1,287	517
Increase (decrease) in notes and accounts payable - trade	(449)	368
Other, net	(468)	(535)
Subtotal	3,370	5,128
Interest and dividend income received	177	186
Interest expenses paid	(74)	(57)
Settlement package paid	(33)	–
Income taxes paid	(503)	(959)
Net cash provided by (used in) operating activities	2,936	4,298
Cash flows from investing activities		
Payments into time deposits	(41)	(44)
Proceeds from withdrawal of time deposits	–	1
Purchase of property, plant and equipment	(621)	(1,081)
Proceeds from sales of property, plant and equipment	125	48
Purchase of intangible assets	(266)	(320)
Purchase of investment securities	(126)	(499)
Proceeds from sales of investment securities	139	15
Payments of loans receivable	(8)	–
Collection of loans receivable	4	13
Other, net	(80)	(202)
Net cash provided by (used in) investing activities	(874)	(2,071)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	740	(1,652)
Repayments of finance lease obligations	(341)	(293)
Proceeds from long-term loans payable	–	53
Repayments of long-term loans payable	(559)	(542)
Proceeds from issuance of common shares	–	370
Cash dividends paid by the parent company	(335)	(335)
Dividends paid to non-controlling interests	–	(4)
Purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury shares	0	–
Net cash provided by (used in) financing activities	(496)	(2,404)
Effect of exchange rate change on cash and cash equivalents	(108)	(19)
Net increase (decrease) in cash and cash equivalents	1,457	(197)
Cash and cash equivalents at beginning of period	3,940	5,420
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	22	–
Cash and cash equivalents at end of period	5,420	5,222