

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

October 25, 2017

Company name: MITANI SANGYO CO., LTD.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 8285 URL: <http://www.mitani.co.jp/>  
 Representative: President & CEO Tadateru Mitani  
 Inquiries: Senior Managing Director & CFO Seiji Nishino TEL 076-233-2151  
 Scheduled date to file Quarterly Securities Report: November 6, 2017  
 Scheduled date to commence dividend payments: December 4, 2017  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

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                         | %    |
| Six months ended September 30, 2017 | 37,552          | 25.9  | 746              | 42.3 | 1,005           | 32.6 | 621                                     | 30.8 |
| Six months ended September 30, 2016 | 29,833          | (0.1) | 524              | 0.5  | 758             | 29.9 | 475                                     | 91.9 |

|                                     | Earnings per share |  | Diluted earnings per share |  |
|-------------------------------------|--------------------|--|----------------------------|--|
|                                     | Yen                |  | Yen                        |  |
| Six months ended September 30, 2017 | 10.92              |  | -                          |  |
| Six months ended September 30, 2016 | 8.50               |  | -                          |  |

(2) Consolidated financial position

|                          | Total assets    | Net assets      | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
|                          | Millions of yen | Millions of yen | %            | Yen                  |
| As of September 30, 2017 | 70,315          | 31,659          | 40.7         | 502.45               |
| As of March 31, 2017     | 58,216          | 29,091          | 47.5         | 485.04               |

2. Cash dividends

|                                       | Annual dividends per share |                 |                 |                 |       |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|
|                                       | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
|                                       | Yen                        |                 |                 |                 |       |
| Year ended March 31, 2017             | -                          | 3.00            | -               | 4.00            | 7.00  |
| Year ending March 31, 2018            | -                          | 4.00            | -               | -               | -     |
| Year ending March 31, 2018 (Forecast) | -                          | -               | -               | 4.00            | 8.00  |

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                |
| 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 six months ended September 30, 2017  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

|                          |                   |                      |                   |
|--------------------------|-------------------|----------------------|-------------------|
| As of September 30, 2017 | 57,176,000 shares | As of March 31, 2017 | 57,176,000 shares |
|--------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

|                          |                |                      |                |
|--------------------------|----------------|----------------------|----------------|
| As of September 30, 2017 | 200,265 shares | As of March 31, 2017 | 200,225 shares |
|--------------------------|----------------|----------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                                     |                   |                                     |                   |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Six months ended September 30, 2017 | 56,975,755 shares | Six months ended September 30, 2016 | 55,976,097 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

|   | As of March 31, 2017 | As of September 30, 2017 |
|---|----------------------|--------------------------|
| Assets  |                      |                          |
| Current assets  |                      |                          |
| Cash and deposits   | 5,541                | 6,214                    |
| Notes and accounts receivable - trade                     | 16,754               | 18,921                   |
| Accounts receivable from completed construction contracts | 2,988                | 4,268                    |
| Merchandise and finished goods                            | 1,758                | 2,177                    |
| Work in process   | 1,501                | 4,403                    |
| Costs on uncompleted construction contracts               | 20                   | 54                       |
| Raw materials and supplies                                | 674                  | 1,410                    |
| Other   | 1,232                | 1,578                    |
| Allowance for doubtful accounts                           | (1)                  | (1)                      |
| Total current assets                                      | 30,470               | 39,025                   |
| Non-current assets  |                      |                          |
| Property, plant and equipment                             |                      |                          |
| Buildings and structures, net                             | 6,975                | 7,620                    |
| Land  | 3,856                | 3,940                    |
| Other, net  | 2,074                | 3,733                    |
| Total property, plant and equipment                       | 12,907               | 15,294                   |
| Intangible assets   |                      |                          |
| Software  | 675                  | 720                      |
| Other   | 162                  | 224                      |
| Total intangible assets                                   | 838                  | 945                      |
| Investments and other assets                              |                      |                          |
| Investment securities                                     | 11,870               | 13,003                   |
| Other   | 2,129                | 2,046                    |
| Allowance for doubtful accounts                           | (0)                  | (0)                      |
| Total investments and other assets                        | 14,000               | 15,049                   |
| Total non-current assets                                  | 27,746               | 31,289                   |
| Total assets  | 58,216               | 70,315                   |

(Millions of yen)

|   | As of March 31, 2017 | As of September 30, 2017 |
|---|----------------------|--------------------------|
| <b>Liabilities</b>                                    |                      |                          |
| <b>Current liabilities</b>                            |                      |                          |
| Notes and accounts payable - trade                    | 10,602               | 12,740                   |
| Accounts payable for construction contracts           | 1,353                | 1,816                    |
| Short-term loans payable                              | 9,775                | 12,839                   |
| Income taxes payable                                  | 338                  | 294                      |
| Provision for directors' bonuses                      | 106                  | 19                       |
| Provision for loss on order received                  | 3                    | 2                        |
| Provision for warranties for completed construction   | 23                   | 23                       |
| Provision for shareholder benefit program             | 19                   | 19                       |
| Other   | 2,646                | 5,864                    |
| <b>Total current liabilities</b>                      | <b>24,868</b>        | <b>33,620</b>            |
| <b>Non-current liabilities</b>                        |                      |                          |
| Long-term loans payable                               | 784                  | 622                      |
| Provision for directors' retirement benefits          | 571                  | 584                      |
| Net defined benefit liability                         | 211                  | 505                      |
| Asset retirement obligations                          | 165                  | 173                      |
| Other   | 2,523                | 3,150                    |
| <b>Total non-current liabilities</b>                  | <b>4,256</b>         | <b>5,035</b>             |
| <b>Total liabilities</b>                              | <b>29,125</b>        | <b>38,656</b>            |
| <b>Net assets</b>                                     |                      |                          |
| <b>Shareholders' equity</b>                           |                      |                          |
| Capital stock   | 4,018                | 4,018                    |
| Capital surplus                                       | 3,018                | 2,996                    |
| Retained earnings                                     | 17,329               | 17,723                   |
| Treasury shares                                       | (42)                 | (42)                     |
| <b>Total shareholders' equity</b>                     | <b>24,322</b>        | <b>24,695</b>            |
| <b>Accumulated other comprehensive income</b>         |                      |                          |
| Valuation difference on available-for-sale securities | 3,762                | 4,314                    |
| Deferred gains or losses on hedges                    | (0)                  | 8                        |
| Foreign currency translation adjustment               | (418)                | (365)                    |
| Remeasurements of defined benefit plans               | (30)                 | (25)                     |
| <b>Total accumulated other comprehensive income</b>   | <b>3,312</b>         | <b>3,932</b>             |
| <b>Non-controlling interests</b>                      | <b>1,455</b>         | <b>3,031</b>             |
| <b>Total net assets</b>                               | <b>29,091</b>        | <b>31,659</b>            |
| <b>Total liabilities and net assets</b>               | <b>58,216</b>        | <b>70,315</b>            |

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

|   | Six months ended<br>September 30, 2016 | Six months ended<br>September 30, 2017 |
|---|--|--|
| Net sales   | 29,833                                 | 37,552                                 |
| Cost of sales   | 24,170                                 | 31,216                                 |
| Gross profit  | 5,662                                  | 6,335                                  |
| Selling, general and administrative expenses                  | 5,138                                  | 5,589                                  |
| Operating profit  | 524                                    | 746                                    |
| Non-operating income  |  |  |
| Interest income   | 5                                      | 10                                     |
| Dividend income   | 76                                     | 88                                     |
| Share of profit of entities accounted for using equity method | 170                                    | 99                                     |
| Rent income on real estate and facilities                     | 77                                     | 82                                     |
| Foreign exchange gains  | –                                      | 26                                     |
| Other   | 60                                     | 76                                     |
| Total non-operating income                                    | 390                                    | 383                                    |
| Non-operating expenses  |  |  |
| Interest expenses   | 29                                     | 36                                     |
| Rent expenses on real estate and facilities                   | 55                                     | 59                                     |
| Foreign exchange losses                                       | 25                                     | –                                      |
| Other   | 45                                     | 27                                     |
| Total non-operating expenses                                  | 156                                    | 124                                    |
| Ordinary profit   | 758                                    | 1,005                                  |
| Extraordinary income  |  |  |
| Gain on sales of non-current assets                           | 2                                      | 0                                      |
| Gain on sales of investment securities                        | 8                                      | 0                                      |
| Gain on liquidation of subsidiaries and associates            | –                                      | 2                                      |
| Gain on sales of land use rights                              | –                                      | 4                                      |
| Total extraordinary income                                    | 11                                     | 8                                      |
| Extraordinary losses  |  |  |
| Loss on sales of non-current assets                           | 0                                      | 2                                      |
| Loss on retirement of non-current assets                      | 4                                      | 52                                     |
| Loss on valuation of investment securities                    | 4                                      | 0                                      |
| Total extraordinary losses                                    | 9                                      | 55                                     |
| Profit before income taxes                                    | 760                                    | 957                                    |
| Income taxes  | 205                                    | 308                                    |
| Profit  | 554                                    | 649                                    |
| Profit attributable to non-controlling interests              | 78                                     | 27                                     |
| Profit attributable to owners of parent                       | 475                                    | 621                                    |

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

|  | Six months ended<br>September 30, 2016 | Six months ended<br>September 30, 2017 |
|--|--|--|
| Profit   | 554                                    | 649                                    |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                | (91)                                   | 552                                    |
| Deferred gains or losses on hedges   | 0                                      | 9                                      |
| Foreign currency translation adjustment  | (178)                                  | 101                                    |
| Share of other comprehensive income of entities accounted<br>for using equity method | 3                                      | 4                                      |
| Total other comprehensive income   | (264)                                  | 668                                    |
| Comprehensive income   | 289                                    | 1,317                                  |
| Comprehensive income attributable to   |  |  |
| Comprehensive income attributable to owners of parent                                | 221                                    | 1,241                                  |
| Comprehensive income attributable to non-controlling<br>interests                    | 68                                     | 76                                     |

## Consolidated statements of cash flows

(Millions of yen)

|  | Six months ended<br>September 30, 2016 | Six months ended<br>September 30, 2017 |
|--|--|--|
| Cash flows from operating activities                                 |  |  |
| Profit before income taxes   | 760                                    | 957                                    |
| Depreciation   | 731                                    | 815                                    |
| Amortization of goodwill   | –                                      | 3                                      |
| Share of (profit) loss of entities accounted for using equity method | (170)                                  | (99)                                   |
| Loss (gain) on investments in partnership                            | 7                                      | 2                                      |
| Loss (gain) on valuation of investment securities                    | 4                                      | 0                                      |
| Increase (decrease) in allowance for doubtful accounts               | (1)                                    | (0)                                    |
| Increase (decrease) in provision for directors' bonuses              | (21)                                   | (86)                                   |
| Increase (decrease) in provision for directors' retirement benefits  | (2)                                    | 12                                     |
| Increase (decrease) in net defined benefit liability                 | 51                                     | 1                                      |
| Increase (decrease) in provision for loss on order received          | (13)                                   | (1)                                    |
| Interest and dividend income   | (81)                                   | (98)                                   |
| Interest expenses  | 29                                     | 36                                     |
| Loss (gain) on sales of investment securities                        | (8)                                    | (0)                                    |
| Loss (gain) on sales of non-current assets                           | (2)                                    | 1                                      |
| Loss on retirement of non-current assets                             | 4                                      | 52                                     |
| Loss (gain) on sales of land use rights                              | –                                      | (4)                                    |
| Loss (gain) on liquidation of subsidiaries and associates            | –                                      | (2)                                    |
| Decrease (increase) in notes and accounts receivable - trade         | 3,692                                  | (1,594)                                |
| Decrease (increase) in inventories                                   | (1,181)                                | (2,690)                                |
| Increase (decrease) in notes and accounts payable - trade            | (893)                                  | 1,273                                  |
| Other, net   | 965                                    | 1,912                                  |
| Subtotal   | 3,869                                  | 493                                    |
| Interest and dividend income received                                | 94                                     | 110                                    |
| Interest expenses paid   | (28)                                   | (38)                                   |
| Income taxes paid  | (592)                                  | (350)                                  |
| Net cash provided by (used in) operating activities                  | 3,342                                  | 216                                    |

(Millions of yen)

|  | Six months ended<br>September 30, 2016 | Six months ended<br>September 30, 2017 |
|--|--|--|
| Cash flows from investing activities                               |  |  |
| Payments into time deposits  | (15)                                   | (0)                                    |
| Proceeds from withdrawal of time deposits                          | 1                                      | 14                                     |
| Purchase of property, plant and equipment                          | (401)                                  | (1,216)                                |
| Proceeds from sales of property, plant and equipment               | 9                                      | 8                                      |
| Purchase of intangible assets                                      | (87)                                   | (132)                                  |
| Proceeds from sales of land use rights                             | –                                      | 166                                    |
| Purchase of investment securities                                  | (108)                                  | (249)                                  |
| Proceeds from sales of investment securities                       | 14                                     | 0                                      |
| Payments for investments in capital of subsidiaries and associates | –                                      | (590)                                  |
| Collection of loans receivable                                     | 10                                     | 2                                      |
| Other, net   | (213)                                  | (68)                                   |
| Net cash provided by (used in) investing activities                | (791)                                  | (2,065)                                |
| Cash flows from financing activities                               |  |  |
| Net increase (decrease) in short-term loans payable                | (2,315)                                | 3,103                                  |
| Repayments of finance lease obligations                            | (143)                                  | (112)                                  |
| Repayments of long-term loans payable                              | (255)                                  | (210)                                  |
| Repayments of installment payables                                 | –                                      | (52)                                   |
| Cash dividends paid  | (167)                                  | (227)                                  |
| Dividends paid to non-controlling interests                        | (4)                                    | (0)                                    |
| Purchase of treasury shares  | –                                      | (0)                                    |
| Net cash provided by (used in) financing activities                | (2,886)                                | 2,500                                  |
| Effect of exchange rate change on cash and cash equivalents        | (94)                                   | 35                                     |
| Net increase (decrease) in cash and cash equivalents               | (431)                                  | 686                                    |
| Cash and cash equivalents at beginning of period                   | 5,420                                  | 5,222                                  |
| Cash and cash equivalents at end of period                         | 4,989                                  | 5,909                                  |