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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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July 31, 2019

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2020 <under Japanese GAAP>

Company name: **MEISEI INDUSTRIAL CO., LTD.**
 Listing: First Section of Tokyo Securities Exchange
 Securities code: 1976
 URL: <http://www.meisei-kogyo.co.jp/en/ir/report/index.html>
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Scheduled date to file quarterly securities report: August 9, 2019
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results presentation meeting: None

(Note: Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to June 30, 2019)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2019	10,490	(10.4)	922	(24.0)	1,011	(25.2)	685	(24.0)
June 30, 2018	11,713	7.4	1,212	64.1	1,352	66.9	901	63.4

Note: Comprehensive income
 Three months ended June 30, 2019: ¥699 million [(18.9) %]
 Three months ended June 30, 2018: ¥862 million [52.1 %]

	Basic net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2019	13.13	—
June 30, 2018	17.37	17.33

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2019	64,634	48,382	74.4	920.06
March 31, 2019	66,533	48,716	72.7	927.08

Reference: Shareholders' equity
 As of June 30, 2019: ¥48,060 million
 As of March 31, 2019: ¥48,399 million

2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended March 31, 2019	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2020	–	10.00	–	20.00	30.00
Fiscal year ending March 31, 2020 (Forecast)	–	10.00	–	10.00	20.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	25,000	(0.6)	2,400	(26.3)	2,500	(29.0)	1,650	(30.7)	31.61
Fiscal year ending March 31, 2020	53,000	0.4	5,200	(28.5)	5,350	(29.0)	3,500	(30.9)	67.04

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatements of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

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

As of June 30, 2019	59,386,718 shares
As of March 31, 2019	59,386,718 shares

b. Number of treasury shares at end of period

As of June 30, 2019	7,150,108 shares
As of March 31, 2019	7,179,817 shares

c. Average number of outstanding shares during period

Three months ended June 30, 2019	52,227,633 shares
Three months ended June 30, 2018	51,917,403 shares

Note: The figures stated for the number of treasury shares at end of period include shares of the Company that are held by a trust established to distribute shares to officers (Officers' Share Distribution Trust). The calculation used to calculate the average number of outstanding shares during period excludes treasury shares, which include shares of the Company held by the Officers' Share Distribution Trust.

* The quarterly financial results are not subject to quarterly review.

* Proper use of earnings forecasts and other special notes

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport to be a promise by the Company to realize such statements. Actual business and other results may differ substantially due to various factors.

Please refer to the section of “1. Qualitative Information Regarding Results for the First Three Months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 3 of the attached materials for the matters regarding earnings forecasts.

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1. Qualitative Information Regarding Results for the First Three Months

(1) Explanation of operating results

During the three months ended June 30, 2019, while the Japanese economy maintained a trend of gradual recovery supported by domestic demand, the uncertainty of the economic outlook intensified due to unstable factors such as concern about an escalation of trade friction between the United States and China, the stagnation of exports due to slowdown of the Chinese economy, and increasing cost burden.

Under these economic conditions, the Meisei Group recorded total construction orders received for the three months ended June 30, 2019 of ¥11,306 million (a year-on-year decrease of 30.6%), reflecting factors such as a decline in orders for large projects in Japan and overseas, in spite of aggressive sales activities. The Group recorded net sales of ¥10,490 million (a year-on-year decrease of 10.4%), reflecting the progression and completion of large-scale projects during the previous fiscal year, despite new construction projects in the Boiler Business and steady progress in maintenance-related projects in the Construction Business.

Additionally, in terms of profit, in line with the decrease in net sales, operating profit totaled ¥922 million (a year-on-year decrease of 24.0%), ordinary profit amounted to ¥1,011 million (a year-on-year decrease of 25.2%) and profit attributable to owners of parent totaled ¥685 million (a year-on-year decrease of 24.0%).

Results by segment are as follows.

(i) Construction Business

Net sales in the Construction Business totaled ¥9,377 million (a year-on-year decrease of 12.0%), reflecting the progression and completion of large-scale projects in Japan and overseas during the previous fiscal year, despite solid progress in maintenance-related and other projects in Japan. In line with the decrease in net sales, segment profit amounted to ¥915 million (a year-on-year decrease of 22.7%).

(ii) Boiler Business

Net sales in the Boiler Business totaled ¥1,113 million (a year-on-year increase of 5.5%), reflecting steady progress in new construction projects. In line with the increase in selling, general and administrative expenses, segment profit amounted to ¥4 million (a year-on-year decrease of 43.9%).

(2) Explanation of financial position

Assets

Total current assets as of June 30, 2019 amounted to ¥43,159 million, a decrease of ¥1,881 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in costs on uncompleted construction contracts of ¥1,473 million, a decrease in notes receivable, accounts receivable from completed construction contracts and other of ¥3,275 million, and a decrease in cash and deposits of ¥152 million. Total non-current assets amounted to ¥21,474 million, a decrease of ¥17 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in property, plant and equipment of ¥12 million, and a decrease in investment securities of ¥47 million.

As a result, total assets amounted to ¥64,634 million, a decrease of ¥1,898 million compared with the end of the previous fiscal year.

Liabilities

Total current liabilities as of June 30, 2019 amounted to ¥12,017 million, a decrease of ¥1,580 million compared with the end of the previous fiscal year. Principal contributory factors included an increase in advances received on uncompleted construction contracts of ¥854 million, a decrease in income taxes payable of ¥1,047 million, and a decrease in notes payable, accounts payable for construction contracts and other of ¥774 million. Total non-current liabilities amounted to ¥4,234 million, an increase of ¥16 million compared with the end of the previous fiscal year. The principal contributory factor was an increase of ¥7 million in provision for directors' stock payment.

As a result, total liabilities amounted to ¥16,251 million, a decrease of ¥1,564 million compared with the end of the previous fiscal year.

Net assets

Total net assets as of June 30, 2019 amounted to ¥48,382 million, a decrease of ¥334 million compared with the end of the previous fiscal year. Principal contributory factors were an increase in profit attributable to owners of parent of ¥685 million, and a decrease of ¥1,047 million due to dividends of surplus.

As a result, the equity-to-asset ratio was 74.4% (72.7% at the end of the previous fiscal year).

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts are unchanged from the forecasts for the six months ending September 30, 2019 and the fiscal year ending March 31, 2020 announced in the financial results report released on May 10, 2019.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	20,862	20,710
Notes receivable, accounts receivable from completed construction contracts and other	21,785	18,509
Securities	300	300
Costs on uncompleted construction contracts	1,347	2,820
Merchandise and finished goods	285	274
Raw materials and supplies	270	315
Other	275	315
Allowance for doubtful accounts	(86)	(86)
Total current assets	45,040	43,159
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,654	9,875
Machinery and vehicles	4,705	4,737
Land	11,160	11,160
Other	1,428	1,281
Accumulated depreciation	(11,676)	(11,769)
Total property, plant and equipment	15,272	15,285
Intangible assets	72	70
Investments and other assets		
Investment securities	3,335	3,288
Real estate for investment	2,145	2,134
Retirement benefit asset	10	17
Deferred tax assets	172	178
Other	519	537
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	6,146	6,118
Total non-current assets	21,492	21,474
Total assets	66,533	64,634

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,175	6,401
Accounts payable - trade	740	442
Short-term loans payable	310	310
Income taxes payable	1,357	310
Advances received on uncompleted construction contracts	1,342	2,196
Provision for bonuses	474	719
Provision for directors' bonuses	80	—
Provision for warranties for completed construction	48	51
Provision for loss on construction contracts	—	3
Other	2,068	1,583
Total current liabilities	13,598	12,017
Non-current liabilities		
Long-term loans payable	710	710
Net defined benefit liability	636	618
Provision for directors' retirement benefits	136	141
Provision for directors' stock payment	23	31
Deferred tax liabilities	1,811	1,813
Deferred tax liabilities for land revaluation	483	483
Asset retirement obligations	16	16
Other	399	420
Total non-current liabilities	4,218	4,234
Total liabilities	17,816	16,251
Net assets		
Shareholders' equity		
Capital stock	6,889	6,889
Capital surplus	1,166	1,179
Retained earnings	40,914	40,552
Treasury shares	(2,574)	(2,571)
Total shareholders' equity	46,396	46,050
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	732	697
Revaluation reserve for land	958	958
Foreign currency translation adjustment	355	395
Remeasurements of defined benefit plans	(43)	(42)
Total accumulated other comprehensive income	2,003	2,010
Share acquisition rights	1	—
Non-controlling interests	315	321
Total net assets	48,716	48,382
Total liabilities and net assets	66,533	64,634

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income (cumulative)

	(Millions of yen)	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales of completed construction contracts	11,713	10,490
Cost of sales of completed construction contracts	9,359	8,425
Gross profit on completed construction contracts	2,354	2,064
Selling, general and administrative expenses	1,141	1,142
Operating profit	1,212	922
Non-operating income		
Interest income	14	12
Dividend income	74	72
Real estate rent	55	58
Foreign exchange gains	10	—
Other	29	11
Total non-operating income	184	155
Non-operating expenses		
Interest expenses	5	1
Rent cost of real estate	34	36
Foreign exchange losses	—	25
Other	4	2
Total non-operating expenses	44	65
Ordinary profit	1,352	1,011
Profit before income taxes	1,352	1,011
Income taxes - current	456	309
Income taxes - deferred	(16)	10
Total income taxes	440	319
Profit	912	692
Profit attributable to non-controlling interests	10	6
Profit attributable to owners of parent	901	685

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	912	692
Other comprehensive income		
Valuation difference on available-for-sale securities	13	(34)
Foreign currency translation adjustment	(66)	40
Remeasurements of defined benefit plans, net of tax	2	1
Total other comprehensive income	(49)	7
Comprehensive income	862	699
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	852	692
Comprehensive income attributable to non-controlling interests	10	6

(3) Notes to quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information, etc.**<Segment Information>****I. Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)**

Information on sales and income on each reportable segment

(Millions of yen)

	Construction	Boiler	Total	Adjustment (Note 1)	Amounts on the consolidated statement of income (Note 2)
Net sales:					
(1) Sales to third parties	10,658	1,055	11,713	—	11,713
(2) Intersegment sales or transfers	21	50	71	(71)	—
Total	10,680	1,105	11,785	(71)	11,713
Segment profit	1,184	8	1,192	20	1,212

Notes:

1. Adjustment for segment profit represents eliminations of intersegment sales or transfers.
2. Segment profit is adjusted to be consistent with operating profit in the consolidated statements of income.

II. Three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

Information on sales and income on each reportable segment

(Millions of yen)

	Construction	Boiler	Total	Adjustment (Note 1)	Amounts on the consolidated statement of income (Note 2)
Net sales:					
(1) Sales to third parties	9,377	1,113	10,490	—	10,490
(2) Intersegment sales or transfers	27	48	76	(76)	—
Total	9,404	1,162	10,566	(76)	10,490
Segment profit	915	4	919	2	922

Notes:

1. Adjustment for segment profit represents eliminations of intersegment sales or transfers.
2. Segment profit is adjusted to be consistent with operating profit in the consolidated statements of income.

3. Supplementary Information

(1) Status of orders received, sales and balance of orders

a. Orders received

Segment	Three months ended June 30, 2018		Three months ended June 30, 2019		Increase (decrease)	Fiscal year ended March 31, 2019	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	12,483	76.7	9,919	87.7	(2,563)	49,418	88.0
Boiler	3,798	23.3	1,387	12.3	(2,410)	6,746	12.0
Total	16,281	100.0	11,306	100.0	(4,974)	56,165	100.0

b. Net sales

Segment	Three months ended June 30, 2018		Three months ended June 30, 2019		Increase (decrease)	Fiscal year ended March 31, 2019	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	10,658	91.0	9,377	89.4	(1,281)	46,351	87.8
Boiler	1,055	9.0	1,113	10.6	57	6,459	12.2
Total	11,713	100.0	10,490	100.0	(1,223)	52,810	100.0

c. Balance of orders

Segment	Three months ended June 30, 2018		Three months ended June 30, 2019		Increase (decrease)	Fiscal year ended March 31, 2019	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Construction	14,053	59.6	15,838	68.3	1,784	15,296	68.4
Boiler	9,517	40.4	7,335	31.7	(2,181)	7,061	31.6
Total	23,570	100.0	23,173	100.0	(396)	22,357	100.0