

Summary of Consolidated Financial Results For the First Quarter of Fiscal Year Ending March 31, 2020 [Japan GAAP]

Company: Hibiya Engineering, Ltd.

Stock exchange listing: Tokyo Stock Exchange (First Section)

Stock code: 1982

URL: <http://www.hibiya-eng.co.jp/English>

Representative Director: Yoshiharu Nishimura, President

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Date of filing of quarterly securities report: August 6, 2019 (tentative)

Date of commencement of dividend payment: -

Supplementary explanatory documents: No

Earnings presentation: No

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

1. Financial results for the first quarter of the fiscal year ending March 2020 (April 1, 2019 – June 30, 2019)

(1) Result of operations (Consolidated, year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 2019	11,134	(15.0)	(529)	-	(535)	-	(431)	-
First quarter ended June 2018	13,106	(9.1)	(390)	-	(357)	-	(311)	-

Note: Comprehensive income: First quarter of FY3/2020: (1,370) million yen [-%], First quarter of FY3/2019: 97 million yen [-98.3%]

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First quarter ended June 2019	(17.95)		-	
First quarter ended June 2018	(12.77)		-	

(2) Financial Position (Consolidated)

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2019	72,970		57,690		77.3		2,340.91	
As of March 31, 2019	82,396		60,026		71.3		2,441.23	

Reference: Shareholders' equity

As of June 30, 2019: 56,431 million yen

As of March 31, 2019: 58,727 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen				
Fiscal year ended March 2019	-	40.00	-	40.00	80.00
Fiscal year ending March 2020	-				
Fiscal year ending March 2020 (estimate)		40.00	-	40.00	80.00

Note 1: Change in the estimation of dividend from the latest announcement: No

3. Forecast for the fiscal year ending March 2020 (Consolidated, April 1, 2019 to March 31, 2020)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	75,000	7.1	4,000	95.2	5,000	55.6	3,000	10.6	124.71

Note: Change in the forecast from the latest announcement: No

*** Notes**

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): No
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: No
- (3) Changes in accounting principles and estimates, and retrospective restatement
- (a) Changes due to revision of accounting standards: No
 - (b) Changes other than in (a): No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatement: No
- (4) Number of shares outstanding (common shares)
- (a) Shares outstanding (including treasury shares)

As of June 30, 2019:	25,006,321	As of March 31, 2019:	25,006,321
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 - (b) Treasury shares

As of June 30, 2019:	899,503	As of March 31, 2019:	949,918
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended June 30, 2019:	24,060,248	Period ended June 30, 2018:	24,415,353
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Forward-looking statements, important notes, etc.

This report is exempt from the audit review by certified public accountant or audit firm.

These materials contain forward-looking statements that are based on information available to management as of the date of this report. Actual results may be materially different from the above forecasts for a number of reasons.

This is an English translation of the captioned report. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.

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1. Results of Operations

(1) Analysis of results of operations

In the first quarter of the fiscal year ending March 2020, the slow recovery of the Japanese economy continued along with improvements in corporate earnings, the labor market and personal income. However, the outlook remains unclear due to concerns about international trade issues and financial market movements.

In Japan's construction industry, public-sector expenditures were steady but the business climate was still challenging because of the continuing increase in the cost of raw materials and labor.

There were many activities during the first quarter based on the key strategies of the Sixth Medium-term Management Plan, which will end in March 2020. One goal is securing orders for renovation projects by submitting proposals for the maintenance and replacement of equipment (a source of consistent revenue) that reflect the life cycles of buildings that Hibiya Engineering constructed. Another goal is supplying even more advanced life cycle total solutions with rigorous safety and quality management programs and stronger relationships with partner companies. Working style reforms are also a priority. Hibiya Engineering received Eruboshi (L Star) certification concerning support for female participation and career advancement in the workplace and is using the cloud and other ICT to enable people to do their jobs more efficiently.

In the first quarter, orders received were 14,511 million yen, down 14.2% from one year earlier. Sales decreased 15.0% to 11,134 million yen. There was an operating loss of 529 million yen compared with loss of 390 million yen one year earlier and an ordinary loss of 535 million yen compared with a 357 million yen loss one year earlier. The loss attributable to owners of parent was 431 million yen compared with a loss of 311 million yen one year earlier.

(2) Analysis of financial condition

Assets

Total assets decreased 9,425 million yen from the end of the previous fiscal year to 72,970 million yen. Current assets decreased 8,227 million yen to 41,000 million yen and noncurrent assets decreased 1,198 million yen to 31,970 million yen. The major reason for the decline in assets was a decrease of 13,301 million yen in notes receivable, accounts receivable from completed construction contracts and other, although there was an increase of 3,246 million yen in cash and deposits.

Liabilities

Liabilities decreased 7,089 million yen to 15,280 million yen. The main reason was a decrease of 7,048 million yen in notes payable, accounts payable for construction contracts and other.

Net assets

(3) Net assets were 57,690 million yen at the end of the first quarter because of the 431 million yen loss attributable to owners of parent and other reasons.

(4) Forecast for fiscal year ending in March 2020

There is no change in the forecast for consolidated results of operations that was announced on May 10, 2019.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2019 (As of March 31, 2019)	First quarter ended June 2019 (As of June 30, 2019)
ASSETS		
Current assets		
Cash and deposits	17,641	20,887
Notes receivable, accounts receivable from completed construction contracts and other	29,311	16,010
Securities	299	1,300
Costs on uncompleted construction contracts and other	669	1,122
Other	1,322	1,681
Allowance for doubtful accounts	(16)	(1)
Total current assets	49,227	41,000
Noncurrent assets		
Property, plant and equipment	681	662
Intangible assets	237	221
Investments and other assets		
Investment securities	28,878	27,266
Other	3,398	3,848
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	32,249	31,086
Total noncurrent assets	33,169	31,970
Total assets	82,396	72,970

(Million yen)

	Fiscal year ended March 2019 (As of March 31, 2019)	First quarter ended June 2019 (As of June 30, 2019)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	16,221	9,172
Income taxes payable	826	48
Advances received on uncompleted construction contracts	379	883
Provision for bonuses	456	356
Provision for warranties for completed construction	125	138
Provision for loss on construction contracts	751	701
Other	1,403	1,855
Total current liabilities	20,163	13,156
Noncurrent liabilities		
Net defined benefit liability	1,038	1,459
Other	1,168	664
Total noncurrent liabilities	2,206	2,124
Total liabilities	22,370	15,280
NET ASSETS		
Shareholder's equity		
Capital stock	5,753	5,753
Capital surplus	6,028	6,028
Retained earnings	43,495	42,049
Treasury shares	(2,055)	(1,949)
Total shareholder's equity	53,222	51,882
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	6,228	5,246
Remeasurements of defined benefit plans	(723)	(696)
Total accumulated other comprehensive income	5,505	4,549
Subscription rights to shares	204	148
Non-controlling interests	1,095	1,110
Total net assets	60,026	57,690
Total liabilities and net assets	82,396	72,970

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(For the first quarter)

(Million yen)

	First quarter ended June 2018 (April 1, 2018 – June 30, 2018)	First quarter ended June 2019 (April 1, 2019 – June 30, 2019)
Net sales	13,106	11,134
Cost of sales	11,584	9,796
Gross profit	1,522	1,338
Selling, general and administrative expenses	1,912	1,868
Operating profit (loss)	(390)	(529)
Non-operating income		
Interest income	8	6
Dividend income	117	132
Other	34	35
Total non-operating income	160	174
Non-operating expenses		
Share of loss of entities accounted for using equity method	119	178
Other	6	1
Total non-operating expenses	126	179
Ordinary profit (loss)	(357)	(535)
Profit (loss) before income taxes	(357)	(535)
Income taxes-current	73	15
Income taxes-deferred	(115)	(115)
Total income taxes	(41)	(100)
Profit (loss)	(315)	(434)
Profit (loss) attributable to non-controlling interests	(3)	(3)
Profit (loss) attributable to owners of parent	(311)	(431)

(Quarterly consolidated statements of comprehensive income)
(For the first quarter)

(Million yen)

	First quarter ended June 2018 (April 1, 2018 – June 30, 2018)	First quarter ended June 2019 (April 1, 2019 – June 30, 2019)
Profit (loss)	(315)	(434)
Other comprehensive income		
Valuation difference on available-for-sale securities	415	(974)
Remeasurements of defined benefit plans, net of tax	22	22
Share of other comprehensive income of entities accounted for using equity method	(24)	15
Total other comprehensive income	413	(935)
Comprehensive income	97	(1,370)
Comprehensive income attributable to owners of the parent	74	(1,387)
Comprehensive income attributable to non-controlling interests	23	16

- (3) Notes to quarterly consolidated financial statements
(Going concern assumptions)
No
- (Notes on significant change in shareholders' equity)
No