

Summary of Consolidated Financial Results

For the First Quarter of Fiscal Year Ending March 31, 2015 [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>

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Date of filing of quarterly securities report: August 6, 2014 (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 2015 (April 1, 2014 – June 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 2014	11,666	(5.3)	(944)	-	(900)	-	(589)	-
First quarter ended June 2013	12,319	(13.1)	(587)	-	(355)	-	38	(71.2)

Note: Comprehensive income: First quarter of FY3/2015: - 171 million yen (-%), First quarter of FY3/2014: 426 million yen (-%)

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First quarter ended June 2014	(19.54)		-	
First quarter ended June 2013	1.24		1.24	

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2014	76,710	56,318	71.1	1,809.24
As of March 31, 2014	83,531	57,068	66.2	1,828.81

Notes: Shareholders' equity

As of June 30, 2014: 54,532 million yen

As of March 31, 2014: 55,256 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2014	-	15.00	-	15.00	30.00
Fiscal year ending March 2015	-				
Fiscal year ending March 2015 (estimate)		16.00	-	16.00	32.00

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

3. Forecast for the fiscal year ending March 2015 (Consolidated, April 1, 2014 to March 31, 2015)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	71,000	2.2	2,500	35.7	3,300	14.3	2,000	(9.7)	66.19

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 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: Yes
 - (b) Changes other than in (a): No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatement: No

Note: For more information, please see 2. Other Information (Note), Changes in accounting principles and estimates, and retrospective restatement

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of June 30, 2014:	31,000,309	As of March 31, 2014:	31,000,309
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(b) Treasury stock

As of June 30, 2014:	859,040	As of March 31, 2014:	785,800
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended June 30, 2014:	30,192,013	Period ended June 30, 2013:	30,611,708
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*Description of quarterly review procedure implementation status

It is under the quarterly review procedure process based upon the Financial Instruments and Exchange Act at the time of disclosure of this report.

Forward-looking statements, important notes, etc.

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 these 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) Overview on consolidated business performance

In the first quarter of the current fiscal year, the economic stimulus measures of the Japanese government and monetary policies of the Bank of Japan supported a slow recovery of the Japanese economy. However, the outlook is unclear due to factors that include the drop in demand following the rush to make purchases prior to the April 2014 consumption tax hike.

In the construction industry in Japan, public-works investments and private-sector capital expenditures were strong. But the operating environment remains challenging because of the high cost of materials and labor and the intense competition for capturing orders.

The Hibiya Engineering Group continued to take many actions aimed at achieving the goal of becoming a “true comprehensive engineering services company” that is a one-stop source of services for meeting our customers’ needs. These initiatives contributed to the growth in first quarter orders received, which increased 7.5% from one year earlier to 18,561 million yen. First quarter sales decreased 5.3% to 11,666 million yen.

Although cost-cutting measures continued, there was an operating loss of 944 million yen compared with a 587 million yen loss one year earlier. The ordinary loss increased from 355 million yen to 900 million yen and there was a net loss of 589 million yen compared with net income of 38 million yen one year earlier.

(2) Overview of financial condition

Assets

Total assets were 76,710 million yen at the end of the first quarter, 6,821 million yen less than at the end of the previous fiscal year. Current assets decreased 6,928 million yen to 37,025 million yen and noncurrent assets increased 106 million yen to 39,684 million yen. The decrease in total assets was primarily the net result of a 4,694 million yen increase in short-term investment securities and a 12,144 million yen decrease in notes receivable, accounts receivable from completed contracts and other.

Liabilities

Liabilities decreased 6,071 million yen to 20,392 million yen. This was mainly attributable to decreases of 5,495 million yen in notes payable, accounts payable for construction contracts and other and 695 million yen in income taxes payable.

Net assets

Net assets were 56,318 million yen at the end of the first quarter mainly because of a 1,046 million yen decrease in retained earnings from the end of the previous fiscal year.

(3) Forecast for fiscal year ending in March 2015

There is no change in the forecast for consolidated results of operations that was announced on May 9, 2014.

2. Other information (Note)

Changes in accounting principles and estimates, and retrospective restatement

Changes in accounting policy

(Application of accounting standard for retirement benefits)

Beginning at the start of the first quarter of the fiscal year ending on March 31, 2015, the Company is using Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) as prescribed in paragraph 35 of this accounting standard and paragraph 67 of this guidance.

As a result, Hibiya Engineering has revised the method for calculating retirement benefit liabilities and service cost, continue to apply the standard for assigning expected retirement benefit payments to specific years using the straight-line attribution method, and changed the method for determining the discount rate from a discount rate based on a number of years that is close to the average remaining service period of employees to a single weighted average discount rate that reflects the expected period for retirement benefit payments and the amount to be paid in each expected payment period.

These changes had no effect on the first quarter consolidated financial statements.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2014 (As of March 31, 2014)	First quarter ended June 2014 (As of June 30, 2014)
ASSETS		
Current assets		
Cash and deposits	4,920	4,243
Notes receivable, accounts receivable from completed construction contracts and other	32,717	20,573
Short-term investment securities	4,517	9,211
Costs on uncompleted construction contracts and other	854	1,346
Other	979	1,694
Allowance for doubtful receivables	(34)	43
Total current assets	43,954	37,025
Noncurrent assets		
Property, plant and equipment	558	547
Intangible assets	158	149
Investments and other assets		
Investment securities	33,336	33,389
Other	5,692	5,763
Allowance for doubtful accounts	(168)	(164)
Total investments and other assets	38,860	38,987
Total noncurrent assets	39,577	39,684
Total assets	83,531	76,710

(Million yen)

	Fiscal year ended March 2014 (As of March 31, 2014)	First quarter ended June 2014 (As of June 30, 2014)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	20,441	14,945
Short-term loans payable	330	50
Income taxes payable	721	25
Advances received on uncompleted construction contracts	1,003	1,004
Provision for bonuses	922	296
Provision for warranties for completed construction	53	52
Provision for loss on construction contracts	242	544
Other	874	1,412
Total current liabilities	24,588	18,332
Noncurrent liabilities		
Net defined benefit liability	606	575
Provision for directors' retirement benefits	39	-
Other	1,227	1,484
Total noncurrent liabilities	1,874	2,059
Total liabilities	26,463	20,392
NET ASSETS		
Shareholder's equity		
Capital stock	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	40,187	39,140
Treasury stock	(525)	(638)
Total shareholder's equity	51,346	50,187
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	4,031	4,460
Remeasurements of defined benefit plans	(121)	(115)
Total valuation and translation adjustments	3,909	4,345
Subscription rights to shares	109	106
Minority interests	1,702	1,678
Total net assets	57,068	56,318
Total liabilities and net assets	83,531	76,710

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
Quarterly consolidated statements of income
For the first quarter (April 1, 2014 – June 30, 2014)

(Million yen)

	First quarter ended June 2013 (April 1, 2013 – June 30, 2013)	First quarter ended June 2014 (April 1, 2014 – June 30, 2014)
Net sales	12,319	11,666
Cost of sales	11,143	11,028
Gross profit	1,175	638
Selling, general and administrative expenses	1,762	1,582
Operating income (loss)	(587)	(944)
Non-operating income		
Interest income	26	30
Dividend income	73	76
Equity in earnings of affiliates	126	-
Other	10	19
Total non-operating income	237	125
Non-operating expenses		
Interest expense	3	1
Equity in losses of affiliates	-	75
Others	3	4
Total non-operating expenses	6	81
Ordinary income (loss)	(355)	(900)
Extraordinary income		
Gain on sales of investment securities	204	-
Total extraordinary income	204	-
Extraordinary losses		
Loss on sales of investment securities	-	5
Total extraordinary losses	-	5
Income (loss) before income taxes	(151)	(905)
Income taxes-current	17	19
Income taxes-deferred	(149)	(308)
Total income taxes	(132)	(288)
Income (loss) before minority interests	(19)	(616)
Minority interests in income (loss)	(57)	(26)
Net income (loss)	38	(589)

Quarterly consolidated statements of comprehensive income
For the first quarter (April 1, 2014 – June 30, 2014)

(Million yen)

	First quarter ended June 2013 (April 1, 2013 – June 30, 2013)	First quarter ended June 2014 (April 1, 2014 – June 30, 2014)
Income (loss) before minority interests	(19)	(616)
Other comprehensive income		
Valuation difference on available-for-sale securities	448	403
Remeasurements of defined benefit plans, net of tax	-	6
Share of other comprehensive income of associates accounted for using equity method	(2)	34
Total other comprehensive income	446	444
Comprehensive income	426	(171)
Comprehensive income attributable to owners of the parent	485	(159)
Comprehensive income attributable to minority interests	(59)	(12)

- (3) Notes to consolidated financial statements
 - (Going concern assumptions)
No

 - (Notes on significant change in shareholders' equity)
No