

Summary of Consolidated Financial Results For the First Quarter of Fiscal Year Ending March 31, 2016 [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, 2015 (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 2016 (April 1, 2015 – June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 2015	11,833	1.4	(639)	-	(583)	-	(420)	-
First quarter ended June 2014	11,666	(5.3)	(944)	-	(900)	-	(589)	-

Note: Comprehensive income: First quarter of FY3/2016: 33 million yen (-%), First quarter of FY3/2015: -171 million yen (-%)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First quarter ended June 2015	(14.12)		-	
First quarter ended June 2014	(19.54)		-	

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2015	78,169	58,336	72.1	1,896.97
As of March 31, 2015	84,725	58,939	67.2	1,912.49

Notes: Shareholders' equity

As of June 30, 2015: 56,358 million yen

As of March 31, 2015: 56,935 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 2015	-	16.00	-	16.00	32.00
Fiscal year ending March 2016	-				
Fiscal year ending March 2016 (estimate)		20.00	-	20.00	40.00

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

3. Forecast for the fiscal year ending March 2016 (Consolidated, April 1, 2015 to March 31, 2016)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	74,000	3.7	2,500	26.0	3,300	7.9	2,000	(24.0)	67.18

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: 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 shares)

(a) Shares outstanding (including treasury shares)

As of June 30, 2015:	31,000,309	As of March 31, 2015:	31,000,309
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(b) Treasury shares

As of June 30, 2015:	1,290,440	As of March 31, 2015:	1,229,704
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended June 30, 2015:	29,743,280	Period ended June 30, 2014:	30,192,013
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*Description of quarterly review procedure implementation status

The quarterly review procedure process based upon the Financial Instruments and Exchange Act has been finished 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, the Japanese economy recovered slowly because of economic stimulus measures by the Japanese government and additional monetary easing by the Bank of Japan. Stock prices increased, companies reported higher earnings and there was growth in the number of jobs. However, although personal income improved in some areas, the outlook continues to be unclear due to rising prices caused by the weaker yen and other reasons.

In the construction industry, public-works investments and private-sector capital expenditures remained firm. But the operating environment is still challenging because of the high cost of materials and labor, the difficulty of recruiting workers, and intense competition for new orders.

During the first quarter, the Hibiya Engineering Group continued to take actions aimed at achieving more progress toward becoming a total engineering services company that is a one-stop source of equipment and services for meeting customers' needs.

Orders received were 16,952 million yen, 8.7% less than in the first quarter of the previous fiscal year. Sales increased 1.4% to 11,833 million yen. Although group companies continued to work on cutting costs, there was an operating loss of 639 million yen compared with 944 million yen loss one year earlier, an ordinary loss of 583 million yen compared with 900 million yen loss one year earlier, the loss attributable to owners of parent decreased from 589 million yen to 420 million yen.

(2) Overview of financial condition

Assets

Total assets were 78,169 million yen at the end of the first quarter, 6,555 million yen less than at the end of the previous fiscal year. Current assets decreased 7,120 million yen to 37,399 million yen and noncurrent assets increased 565 million yen to 40,769 million yen. The decrease in total assets was primarily the net result of a 7,499 million yen increase in securities and a 17,526 million yen decrease in notes receivable, accounts receivable from completed contracts and other.

Liabilities

Liabilities decreased 5,953 million yen to 19,832 million yen. This was mainly attributable to decreases of 5,097 million yen in notes payable, accounts payable for construction contracts and other and 1,160 million yen in income taxes payable.

Net assets

Net assets were 58,336 million yen at the end of the first quarter mainly because of a 910 million yen decrease in retained earnings from the end of the previous fiscal year.

(3) Forecast for fiscal year ending in March 2016

There is no change in the forecast for consolidated results of operations that was announced on May 12, 2015.

2. Other information (Note)

Changes in accounting principles and estimates, and retrospective restatement

Changes in accounting policy

(Application of accounting standard concerning business combinations and other accounting standards)

Beginning with the first quarter of the fiscal year ending on March 31, 2016, Hibiya Engineering is using Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Standard No. 22, September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). As a result, when ownership changes at a subsidiary where Hibiya Engineering retains control, this difference is included in the capital surplus. In addition, the recognition of expenses associated with corporate acquisitions has been changed to the consolidated fiscal year in which the corresponding expense occurred. Furthermore, there is a revision involving the allocation of acquisition expenses for business combinations occurring on or after the first day of the first quarter of the fiscal year ending on March 31, 2016. The outlook for the allocation of acquisition expenses, based on a provisional confirmation of the accounting treatment, is now reflected in the consolidated financial statements of the quarter that includes the business combination date. There are also revisions for the presentation of quarterly net income and other items and the minority interests item is now called non-controlling shareholder interests. To reflect these changes in the presentation of the financial statements, first quarter and fiscal year consolidated financial statements for the previous fiscal year have been revised.

For the application of these three accounting standards, the transitional measures specified in Accounting Standard for Business Combinations No. 58-2 (4), Accounting Standard for Consolidated Financial Statements No. 44-5 (4) and Accounting Standard for Business Divestitures No. 57-4 (4) were used. These three accounting standards will continue to be applied starting with the beginning of the first quarter of the fiscal year ending on March 31, 2016.

The application of these accounting standards had no effect on earnings.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2015 (As of March 31, 2015)	First quarter ended June 2015 (As of June 30, 2015)
ASSETS		
Current assets		
Cash and deposits	3,363	5,555
Notes receivable, accounts receivable from completed construction contracts and other	36,092	18,565
Securities	2,701	10,200
Costs on uncompleted construction contracts and other	951	1,504
Other	1,459	1,616
Allowance for doubtful receivables	(47)	(42)
Total current assets	44,520	37,399
Noncurrent assets		
Property, plant and equipment	532	524
Intangible assets	115	113
Investments and other assets		
Investment securities	33,735	34,306
Other	5,888	5,917
Allowance for doubtful accounts	(67)	(90)
Total investments and other assets	39,556	40,132
Total noncurrent assets	40,204	40,769
Total assets	84,725	78,169

(Million yen)

	Fiscal year ended March 2015 (As of March 31, 2015)	First quarter ended June 2015 (As of June 30, 2015)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	19,170	14,072
Income taxes payable	1,172	11
Advances received on uncompleted construction contracts	671	656
Provision for bonuses	976	298
Provision for warranties for completed construction	56	57
Provision for loss on construction contracts	348	523
Other	1,648	2,282
Total current liabilities	24,043	17,900
Noncurrent liabilities		
Net defined benefit liability	254	228
Other	1,487	1,703
Total noncurrent liabilities	1,742	1,931
Total liabilities	25,785	19,832
NET ASSETS		
Shareholder's equity		
Capital stock	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	41,872	40,961
Treasury shares	(1,241)	(1,357)
Total shareholder's equity	52,316	51,288
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	4,692	5,132
Remeasurements of defined benefit plans	(72)	(62)
Total accumulated other comprehensive income	4,619	5,070
Subscription rights to shares	138	115
Non-controlling interests	1,864	1,862
Total net assets	58,939	58,336
Total liabilities and net assets	84,725	78,169

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
Quarterly consolidated statements of income
For the first quarter (April 1, 2015 – June 30, 2015)

(Million yen)

	First quarter ended June 2014 (April 1, 2014 – June 30, 2014)	First quarter ended June 2015 (April 1, 2015 – June 30, 2015)
Net sales	11,666	11,833
Cost of sales	11,028	10,859
Gross profit	638	973
Selling, general and administrative expenses	1,582	1,613
Operating income (loss)	(944)	(639)
Non-operating income		
Interest income	30	23
Dividend income	76	85
Other	19	37
Total non-operating income	125	145
Non-operating expenses		
Interest expense	1	0
Share of loss of entities accounted for using equity method	75	87
Other	4	0
Total non-operating expenses	81	89
Ordinary income (loss)	(900)	(583)
Extraordinary losses		
Loss on sales of investment securities	5	-
Total extraordinary losses	5	-
Income (loss) before income taxes and minority interests	(905)	(583)
Income taxes-current	19	13
Income taxes-deferred	(308)	(163)
Total income taxes	(288)	(150)
Profit (loss)	(616)	(432)
Profit (loss) attributable to non-controlling interests	(26)	(12)
Profit (loss) attributable to owners of parent	(589)	(420)

Quarterly consolidated statements of comprehensive income
For the first quarter (April 1, 2015 – June 30, 2015)

(Million yen)

	First quarter ended June 2014 (April 1, 2014 – June 30, 2014)	First quarter ended June 2015 (April 1, 2015 – June 30, 2015)
Profit (loss)	(616)	(432)
Other comprehensive income		
Valuation difference on available-for-sale securities	403	439
Remeasurements of defined benefit plans, net of tax	6	4
Share of other comprehensive income of entities accounted for using equity method	34	22
Total other comprehensive income	444	466
Comprehensive income	(171)	33
Comprehensive income attributable to owners of the parent	(159)	30
Comprehensive income attributable to minority interests	(12)	3

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

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