

Summary of Consolidated Financial Results For the First Quarter of Fiscal Year Ending March 31, 2018 [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 8, 2017 (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 2018 (April 1, 2017 – June 30, 2017)

(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 2017	14,420	1.8	492	(50.4)	621	(30.9)	4,845	785.3
First quarter ended June 2016	14,168	19.7	992	-	898	-	547	-

Note: Comprehensive income: First quarter of FY3/2018: 5,787 million yen (26.9%), First quarter of FY3/2017: 43 million yen (-%)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First quarter ended June 2017	167.51		166.55	
First quarter ended June 2016	18.66		18.55	

(2) Financial Position (Consolidated)

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2017	88,176		68,775		75.2		2,288.33	
As of March 31, 2017	93,661		63,719		65.4		2,117.40	

Reference: Shareholders' equity

As of June 30, 2017: 66,335 million yen

As of March 31, 2017: 61,251 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 2017	-	25.00	-	25.00	50.00
Fiscal year ending March 2018	-				
Fiscal year ending March 2018 (estimate)		30.00	-	30.00	60.00

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

2: FY3/17 dividends include 40.00 yen ordinary dividend and 10.00 yen commemorative dividend.

3. Forecast for the fiscal year ending March 2018 (Consolidated, April 1, 2017 to March 31, 2018)

(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	(4.3)	4,000	(28.7)	5,000	(28.3)	7,300	40.2	252.35

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, 2017: | 31,000,309 | As of March 31, 2017: | 31,000,309 |
|----------------------|------------|-----------------------|------------|
- (b) Treasury shares
- | | | | |
|----------------------|-----------|-----------------------|-----------|
| As of June 30, 2017: | 2,011,781 | As of March 31, 2017: | 2,072,671 |
|----------------------|-----------|-----------------------|-----------|
- (c) Average number of shares (quarterly consolidated cumulative period)
- | | | | |
|-----------------------------|------------|-----------------------------|------------|
| Period ended June 30, 2017: | 28,928,280 | Period ended June 30, 2016: | 29,333,034 |
|-----------------------------|------------|-----------------------------|------------|

* This report is exempt from the quarterly audit review.

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 fiscal year ending March 2018, the slow recovery of the Japanese economy continued due in part to the actions by the government and Bank of Japan. Capital expenditures are climbing slowly with the support of strong corporate earnings and progress with the reduction of surplus equipment. Consumer spending continues to rebound along with improvements in personal income and Japan's labor market.

In the construction industry, the business climate is favorable. The main sources of strength are redevelopment projects, equipment replacements and updates for streamlining manufacturing and other purposes, and public-works projects associated with economic stimulus measures.

The Hibiya Engineering Group continued to take actions aimed at becoming a comprehensive engineering services organization that is a one-stop source of services for all customer needs.

In the first quarter of fiscal year ending March 2018, orders received were 17,498 million yen, 3.3% less than in the first quarter of the previous fiscal year.

Sales increased 1.8% to 14,420 million yen.

Operating profit was down 50.4% to 492 million yen and ordinary profit decreased 30.9% to 621 million yen. The profit attributable to owners of parent was up 785.3% to 4,845 million yen.

(2) Overview of financial condition

Assets

Total assets were 88,176 million yen at the end of the first quarter, 5,485 million yen less than at the end of the previous fiscal year. Current assets increased 1,848 million yen to 58,077 million yen and noncurrent assets decreased 7,334 million yen to 30,098 million yen.

The decrease in total assets was primarily the net result of increases of 7,264 million yen in cash and deposits and 11,500 million yen in securities and a 20,320 million yen decrease in notes receivable, accounts receivable from completed contracts and other.

Liabilities

Liabilities decreased 10,541 million yen from the end of the previous fiscal year to 19,400 million yen.

The decrease in liabilities was mainly due to decreases of 7,222 million yen in notes payable, accounts payable for construction contracts and other and 2,034 million yen in income taxes payable.

Net assets

Net assets increased to 68,775 million yen at the end of the first quarter mainly because of the first quarter profit attributable to owners of parent of 4,845 million yen.

(3) Forecast for fiscal year ending in March 2018

There is no change in the forecast for consolidated results of operations that was announced on June 28, 2017.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2017 (As of March 31, 2017)	First quarter ended June 2017 (As of June 30, 2017)
ASSETS		
Current assets		
Cash and deposits	11,345	18,609
Notes receivable, accounts receivable from completed construction contracts and other	41,102	20,782
Securities	968	12,469
Costs on uncompleted construction contracts and other	711	1,027
Other	2,117	5,196
Allowance for doubtful accounts	(17)	(8)
Total current assets	56,229	58,077
Noncurrent assets		
Property, plant and equipment	646	527
Intangible assets	181	169
Investments and other assets		
Investment securities	32,227	24,680
Other	4,406	4,773
Allowance for doubtful accounts	(29)	(52)
Total investments and other assets	36,604	29,401
Total noncurrent assets	37,432	30,098
Total assets	93,661	88,176

(Million yen)

	Fiscal year ended March 2017 (As of March 31, 2017)	First quarter ended June 2017 (As of June 30, 2017)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	20,826	13,603
Income taxes payable	2,115	81
Advances received on uncompleted construction contracts	157	351
Provision for bonuses	3,015	454
Provision for warranties for completed construction	53	148
Provision for loss on construction contracts	315	400
Other	2,490	2,975
Total current liabilities	28,974	18,016
Noncurrent liabilities		
Net defined benefit liability	340	346
Other	627	1,038
Total noncurrent liabilities	967	1,384
Total liabilities	29,942	19,400
NET ASSETS		
Shareholder's equity		
Capital stock	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	49,292	53,382
Treasury shares	(2,624)	(2,537)
Total shareholder's equity	58,352	62,529
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	3,342	4,198
Deferred gains or losses on hedges	0	0
Remeasurements of defined benefit plans	(444)	(393)
Total accumulated other comprehensive income	2,898	3,805
Subscription rights to shares	181	124
Non-controlling interests	2,287	2,316
Total net assets	63,719	68,775
Total liabilities and net assets	93,661	88,176

(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 2016 (April 1, 2016 – June 30, 2016)	First quarter ended June 2017 (April 1, 2017 – June 30, 2017)
Net sales	14,168	14,420
Cost of sales	11,591	12,030
Gross profit	2,577	2,389
Selling, general and administrative expenses	1,584	1,897
Operating profit	992	492
Non-operating income		
Interest income	19	11
Dividend income	93	107
Other	16	34
Total non-operating income	129	153
Non-operating expenses		
Share of loss of entities accounted for using equity method	219	23
Other	3	1
Total non-operating expenses	222	24
Ordinary profit	898	621
Extraordinary income		
Gain on sales of investment securities	-	4,523
Total extraordinary income	-	4,523
Extraordinary losses		
Loss on sales of investment securities	8	-
Total extraordinary losses	8	-
Profit before income taxes	890	5,144
Income taxes-current	14	55
Income taxes-deferred	331	219
Total income taxes	345	275
Profit	545	4,869
Profit (loss) attributable to non-controlling interests	(1)	23
Profit attributable to owners of parent	547	4,845

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

(Million yen)

	First quarter ended June 2016 (April 1, 2016 – June 30, 2016)	First quarter ended June 2017 (April 1, 2017 – June 30, 2017)
Profit	545	4,869
Other comprehensive income		
Valuation difference on available-for-sale securities	(513)	847
Deferred gains or losses on hedges	1	(0)
Remeasurements of defined benefit plans, net of tax	18	17
Share of other comprehensive income of entities accounted for using equity method	(7)	52
Total other comprehensive income	(502)	917
Comprehensive income	43	5,787
Comprehensive income attributable to owners of the parent	47	5,752
Comprehensive income attributable to non-controlling interests	(4)	34

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