

## Summary of Consolidated Financial Results For the First Quarter of Fiscal Year Ending March 31, 2017 [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

Contact: Hiroshi Ikeji, Senior Executive Officer, Manager of IR and PR Office, Administration Division

Tel: 03-3454-2720

Date of filing of quarterly securities report: August 4, 2016 (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 2017 (April 1, 2016 – June 30, 2016)

(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 2016	14,168	19.7	992	-	898	-	547	-
First quarter ended June 2015	11,833	1.4	(639)	-	(583)	-	(420)	-

Note: Comprehensive income: First quarter of FY3/2017: 43 million yen (26.9%), First quarter of FY3/2016: 33 million yen (-%)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First quarter ended June 2016	18.66		18.55	
First quarter ended June 2015	(14.12)		-	

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2016	82,896	59,255	68.9	1,948.08
As of March 31, 2016	91,900	59,947	62.8	1,966.69

Notes: Shareholders' equity

As of June 30, 2016: 57,087 million yen

As of March 31, 2016: 57,738 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 2016	-	20.00	-	20.00	40.00
Fiscal year ending March 2017	-				
Fiscal year ending March 2017 (estimate)		25.00	-	25.00	50.00

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

Note 2: Dividends (estimated for FY3/17) include 40.00 yen ordinary dividend and 10.00 yen commemorative dividend.

### 3. Forecast for the fiscal year ending March 2017 (Consolidated, April 1, 2016 to March 31, 2017)

(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	75,000	(5.5)	3,000	(35.8)	4,000	(37.0)	2,500	(46.1)	85.15

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, 2016:	31,000,309	As of March 31, 2016:	31,000,309
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(b) Treasury shares

As of June 30, 2016:	1,696,000	As of March 31, 2016:	1,642,000
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended June 30, 2016:	29,333,034	Period ended June 30, 2015:	29,743,280
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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 of fiscal year ending March 2017, the Japanese economy recovered slowly as the government and Bank of Japan implemented a series of economic stimulus measures. However, personal consumption lacked strength due to uncertainties about overseas economies, appreciation of the yen, postponement of the consumption tax hike and other factors.

In the construction industry, private-sector capital expenditures remained firm although public-works investments were lower. But the operating environment is still challenging because of the rising cost of labor due to the difficulty of recruiting workers and the high cost of materials.

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 2017, orders received were 18,091 million yen, 6.7% more than in the first quarter of the previous fiscal year. Sales increased 19.7% to 14,168 million yen.

There was an operating income of 992 million yen compared with 903 million operating loss one year earlier, an ordinary income of 898 million compared with 583 million ordinary loss one year earlier. The profit attributable to owners of parent was 547 million yen compared with 420 million loss attributable to owners of parent one year earlier.

### (2) Overview of financial condition

#### Assets

Total assets were 82,896 million yen at the end of the first quarter, 903 million yen less than at the end of the previous fiscal year. Current assets decreased 782 million yen to 47,536 million yen and noncurrent assets decreased 121 million yen to 35,360 million yen.

The decrease in total assets was primarily the net result of a 1,392million yen increase in cash and deposits, and a 21,461 million yen decrease in notes receivable, accounts receivable from completed contracts and other.

#### Liabilities

Liabilities decreased 23,641 million yen, 8,311 million yen less than at the end of the previous fiscal year.

The decrease in liabilities was mainly due to decrease of 4,246 million yen in notes payable, accounts payable for construction contracts and other and 2,397 million yen in income taxes payable.

#### Net assets

Net assets were 59,255 million yen at the end of the first quarter, 530 million yen less than the end of the previous fiscal year mainly due decrease in valuation differences on available-for-sales securities

### (3) Forecast for fiscal year ending in March 2017

There is no change in the forecast for consolidated results of operations that was announced on May 13, 2016.

## 2. Other information (Note)

### (1) Changes in accounting principles and estimates, and retrospective restatement

#### Changes in accounting principle

(Application of practical solution on a change in depreciation method due to tax reform 2016)

Beginning with the first quarter of fiscal year ending on March 31, 2017, Hibiya Engineering is using "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Accounting Standards Board of Japan (ASBJ) PITF No. 32, issued on June 17, 2016). Accordingly, the depreciation method was changed from the declining-balance method to the straight-line method for the facilities of buildings and structures acquired on or after April 1, 2016.

The application of these accounting standards has no significant effect on earnings.

### (2) Additional information

(Application of revised implementation guidance on recoverability of deferred tax assets)

Beginning with the first quarter of the fiscal year ending on March 31, 2017, Hibiya Engineering is using "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

### 3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2016 (As of March 31, 2016)	First quarter ended June 2016 (As of June 30, 2016)
<b>ASSETS</b>		
Current assets		
Cash and deposits	5,945	19,848
Notes receivable, accounts receivable from completed construction contracts and other	43,429	21,967
Securities	2,005	1,901
Costs on uncompleted construction contracts and other	888	1,254
Other	3,116	2,585
Allowance for doubtful receivables	(46)	(22)
Total current assets	55,338	47,536
Noncurrent assets		
Property, plant and equipment	494	504
Intangible assets	104	208
Investments and other assets		
Investment securities	31,589	30,252
Other	4,405	4,426
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	35,962	34,646
Total noncurrent assets	36,561	35,360
Total assets	91,900	82,896

(Million yen)

	Fiscal year ended March 2016 (As of March 31, 2016)	First quarter ended June 2016 (As of June 30, 2016)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	23,239	18,992
Income taxes payable	2,433	35
Advances received on uncompleted construction contracts	220	395
Provision for bonuses	2,420	285
Provision for warranties for completed construction	66	67
Provision for loss on construction contracts	98	191
Other	2,552	2,897
Total current liabilities	31,030	22,865
Noncurrent liabilities		
Net defined benefit liability	388	416
Other	533	359
Total noncurrent liabilities	922	775
Total liabilities	31,953	23,641
<b>NET ASSETS</b>		
Shareholder's equity		
Capital stock	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	45,425	45,369
Treasury shares	(1,909)	(2,004)
Total shareholder's equity	55,200	55,049
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	3,094	2,564
Deferred gains or losses on hedges	0	1
Remeasurements of defined benefit plans	(557)	(528)
Total accumulated other comprehensive income	2,537	2,037
Subscription rights to shares	162	132
Non-controlling interests	2,045	2,035
Total net assets	59,947	59,255
Total liabilities and net assets	91,900	82,896

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
 Quarterly consolidated statements of income  
 For the first quarter (April 1, 2016 – June 30, 2016)

(Million yen)

	First quarter ended June 2015 (April 1, 2015 – June 30, 2015)	First quarter ended June 2016 (April 1, 2016 – June 30, 2016)
Net sales	11,833	14,168
Cost of sales	10,859	11,591
Gross profit	973	2,577
Selling, general and administrative expenses	1,613	1,584
Operating income (loss)	(639)	992
Non-operating income		
Interest income	23	19
Dividend income	85	93
Other	37	16
Total non-operating income	145	129
Non-operating expenses		
Share of loss of entities accounted for using equity method	87	219
Other	1	3
Total non-operating expenses	89	222
Ordinary income (loss)	(583)	898
Extraordinary losses		
Loss on sales of investment securities	-	8
Total extraordinary losses	-	8
Profit (loss) before income taxes	(583)	890
Income taxes-current	13	14
Income taxes-deferred	(163)	331
Total income taxes	(150)	345
Profit (loss)	(432)	545
Profit (loss) attributable to non-controlling interests	(12)	(1)
Profit (loss) attributable to owners of parent	(420)	547

Quarterly consolidated statements of comprehensive income  
For the first quarter (April 1, 2016 – June 30, 2016)

(Million yen)

	First quarter ended June 2015 (April 1, 2015 – June 30, 2015)	First quarter ended June 2016 (April 1, 2016 – June 30, 2016)
Profit (loss)	(432)	545
Other comprehensive income		
Valuation difference on available-for-sale securities	439	(513)
Deferred gains or losses on hedges	-	1
Remeasurements of defined benefit plans, net of tax	4	18
Share of other comprehensive income of entities accounted for using equity method	22	(7)
Total other comprehensive income	466	(502)
Comprehensive income	33	43
Comprehensive income attributable to owners of the parent	30	47
Comprehensive income attributable to minority interests	3	(4)

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

(Notes on significant change in shareholders' equity)  
No