

Summary of Consolidated Financial Results For the Third Quarter of Fiscal Year Ending March 31, 2014 [Japan GAAP]

Company: Hibiya Engineering, Ltd.

Stock exchange listing: Tokyo Stock Exchange (First Section)

Stock code: 1982

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

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Date of filing of quarterly securities report: February 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 three quarters of the fiscal year ending March 2015 (April 1, 2014 – December 31, 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 three quarters ended Dec. 2014	43,553	4.7	(841)	-	(438)	-	(233)	-
First three quarters ended Dec. 2013	41,579	(1.2)	(990)	-	(350)	-	279	122.8

Note: Comprehensive income: First three quarters of FY3/2015: 803 million yen (-60.5%)
 First three quarters of FY3/2014: 2,034 million yen (196.7%)

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First three quarters ended Dec. 2014	(7.76)		-	
First three quarters ended Dec. 2013	9.17		9.12	

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2014	74,643	56,438	73.1	1,824.73
As of March 31, 2014	83,531	57,068	66.2	1,828.81

Notes: Shareholders' equity

As of December 31, 2014: :54,548 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	-	16.00	-		
Fiscal year ending March 2015 (estimate)				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

* **Note**

- (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
- (4) Number of shares outstanding (common stock)
- (a) Shares outstanding (including treasury stock)

As of December 31, 2014:	31,000,309	As of March 31, 2014:	31,000,309
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 - (b) Treasury stock

As of December 31, 2014:	1,106,420	As of March 31, 2014:	785,800
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2014:	30,076,068	Period ended December 31, 2013:	30,499,618
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* Description of quarterly review procedure implementation status

The rule mandating a review of quarterly financial statements (under the Financial Instruments and Exchange Act) does not apply to this Summary of Financial Results. The quarterly review procedure process based upon the Financial Instruments and Exchange Act has been completed 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.

Index for Supplementary Information

1. Results of Operations	2
(1) Overview of consolidated business performance	2
(2) Overview of financial condition	2
(3) Forecast for fiscal year ending in March 2015.....	2
2. Other information (Note)	2
Changes in accounting principles and estimates, and retrospective restatement.....	2
3. Quarterly Consolidated Financial Statements	3
(1) Quarterly consolidated balance sheet	3
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	5
Quarterly consolidated statements of income	5
Quarterly consolidated statements of comprehensive income.....	6
(3) Notes to consolidated financial statements	7
(Going concern assumptions)	7
(Notes on significant change in shareholders' equity).....	7

1. Results of Operations

(1) Overview of consolidated business performance

In the first three quarters of the current fiscal year, The Japanese economy recovered slowly due to improving corporate earnings, a rebound in capital expenditures and other reasons. But the outlook remains unclear mainly because of sluggish consumer spending caused by the April 2014 consumption tax increase and the yen's rapid depreciation.

In the construction industry, public-works investments and private-sector capital expenditures are strong. However, the operating environment is challenging because of the rising cost of materials and labor and intense competition to capture orders.

The Hibiya Engineering Group has been taking numerous actions aimed at making more progress toward the goal of becoming a "true comprehensive engineering services company" that is a one-stop source of services that can meet customers' needs. Due to these activities, orders received increased 5.7% from the same period of the previous fiscal year to 54,895 million yen. Sales increased 4.7% to 43,553 million yen.

Although group companies continued to work on cutting costs, there was an operating loss of 841 million yen compared with a loss of 990 million yen one year earlier and an ordinary loss of 438 million yen compared with a loss of 350 million yen one year earlier. The net loss was 233 million yen compared with net income of 279 million yen in the first three quarters of the previous fiscal year.

(2) Overview of financial condition

Assets

Total assets were 74,643 million yen at the end of the third quarter, down 8,888 million yen from the end of the previous fiscal year. Current assets decreased 9,338 million yen to 34,616 million yen and noncurrent assets increased 449 million yen to 40,026 million yen.

Assets decreased mainly because of an 11,183 million yen decrease in notes receivable, accounts receivable from completed construction contracts and other. There was a 414 million yen increase in investment securities.

Liabilities

Total liabilities decreased 8,258 million yen to 18,204 million yen. Notes payable, accounts payable for construction contracts and other decreased 9,056 million yen and income taxes payable decreased 683 million yen.

Net assets

Net assets totaled 56,438 million yen at the end of the third quarter mainly because of a 1,177 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 the 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)	Third quarter ended December 2014 (As of December 31, 2014)
ASSETS		
Current assets		
Cash and deposits	4,920	4,954
Notes receivable, accounts receivable from completed construction contracts and other	32,717	21,533
Short-term investment securities	4,517	4,011
Costs on uncompleted construction contracts and other	854	1,988
Other	979	2,161
Allowance for doubtful accounts	(34)	(32)
Total current assets	43,954	34,616
Noncurrent assets		
Property, plant and equipment	558	538
Intangible assets	158	127
Investments and other assets		
Investment securities	33,336	33,751
Other	5,692	5,772
Allowance for doubtful accounts	(168)	(163)
Total investments and other assets	38,860	39,360
Total noncurrent assets	39,577	40,026
Total assets	83,531	74,643

(million yen)

	Fiscal year ended March 2014 (As of March 31, 2014)	Third quarter ended December 2014 (As of December 31, 2014)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	20,441	11,385
Short-term loans payable	330	-
Income taxes payable	721	37
Advances received on uncompleted construction contracts	1,003	1,534
Provision for bonuses	922	452
Provision for warranties for completed construction	53	54
Provision for loss on construction contracts	242	532
Other	874	1,858
Total current liabilities	24,588	15,854
Noncurrent liabilities		
Net defined benefit liability	606	506
Provision for directors' retirement benefits	39	-
Other	1,227	1,844
Total noncurrent liabilities	1,874	2,350
Total liabilities	26,463	18,204
NET ASSETS		
Shareholder's equity		
Capital stock	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	40,187	39,009
Treasury stock	(525)	(1,037)
Total shareholder's equity	51,346	49,656
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	4,031	4,993
Remeasurements of defined benefit plans	(121)	(102)
Total valuation and translation adjustments	3,909	4,891
Subscription rights to shares	109	138
Minority interests	1,702	1,751
Total net assets	57,068	56,438
Total liabilities and net assets	83,531	74,643

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
 Quarterly consolidated statements of income
 For the first three quarters (April 1, 2014 – December 31, 2014)

(million yen)

	First three quarters ended December 2013 (April 1, 2013 – December 31, 2013)	First three quarters ended December 2014 (April 1, 2014 – December 31, 2014)
Net sales	41,579	43,553
Cost of sales	37,447	39,484
Gross profit	4,131	4,069
Selling, general and administrative expenses	5,122	4,910
Operating income (loss)	(990)	(841)
Non-operating income		
Interest income	81	73
Dividend income	134	152
Equity in earnings of affiliates	339	26
Other	103	156
Total non-operating income	659	409
Non-operating expenses		
Interest expense	9	2
Other	8	3
Total non-operating expenses	18	5
Ordinary income (loss)	(350)	(438)
Extraordinary income		
Gain on sales of investment securities	284	106
Gain on redemption of investment securities	273	-
Total extraordinary income	557	106
Extraordinary losses		
Loss on sales of investment securities	-	5
Total extraordinary losses	-	5
Income (loss) before income taxes	207	(336)
Income taxes-current	39	49
Income taxes-deferred	(77)	(172)
Total taxes	(38)	(123)
Income (loss) before minority interests	246	(212)
Minority interests in income (loss)	(33)	20
Net income (loss)	279	(233)

Quarterly consolidated statements of comprehensive income
For the first three quarters (April 1, 2014 – December 31, 2014)

(million yen)

	First three quarters ended December 2013 (April 1, 2013 – December 31, 2013)	First three quarters ended December 2014 (April 1, 2014 – December 31, 2014)
Income (loss) before minority interests	246	(212)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,757	987
Remeasurements of defined benefit plans, net of tax	-	22
Share of other comprehensive income of associates accounted for using equity method	30	6
Total other comprehensive income	1,788	1,015
Comprehensive income	2,034	803
Comprehensive income attributable to owners of the parent	2,004	738
Comprehensive income attributable to minority interests	29	64

(3) Notes to consolidated financial statements

(Going concern assumptions)

None

(Notes on significant change in shareholders' equity)

None