

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 6, 2019

Company name: TANABE ENGINEERING CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1828 URL <https://www.tanabe-ind.co.jp/>
 Representative: President and Representative Director Yoshio Watanuki
 Director, Senior Executive officer and
 Inquiries: General Manager of Yuichi Gommori TEL 025-545-6500
 Corporate Administration Division
 Scheduled date to file Quarterly Securities Report: August 9, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2019	7,386	6.6	235	14.3	252	16.8	122	15.2
Three months ended June 30, 2018	6,926	0.5	206	(48.5)	215	(48.4)	106	(62.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	11.49		–	
Three months ended June 30, 2018	9.97		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	30,161	14,474	48.0	1,352.65
As of March 31, 2019	29,141	14,599	50.1	1,364.32

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	0.00	–	27.00	27.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	0.00	–	25.00	25.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	39,000	4.0	2,100	(14.1)	2,200	(11.8)	1,600	4.5	149.52

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2019	10,728,000 shares	As of March 31, 2019	10,728,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	27,084 shares	As of March 31, 2019	27,084 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	10,700,916 shares	Three months ended June 30, 2018	10,700,969 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	4,557,487	4,016,182
Notes receivable, accounts receivable from completed construction contracts and other	14,604,062	14,945,756
Costs on construction contracts in progress	1,315,637	2,499,220
Other inventories	259,709	248,299
Other	155,815	120,327
Allowance for doubtful accounts	(1,430)	(1,465)
Total current assets	20,891,282	21,828,321
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,264,066	6,331,612
Machinery, vehicles, tools, furniture and fixtures	4,480,769	4,571,288
Land	2,422,591	2,435,849
Leased assets	338,336	338,336
Construction in progress	226,842	211,368
Accumulated depreciation	(6,830,405)	(6,871,147)
Total property, plant and equipment	6,902,201	7,017,307
Intangible assets	108,293	104,600
Investments and other assets		
Investment securities	452,144	428,706
Deferred tax assets	676,959	672,662
Other	110,679	110,397
Total investments and other assets	1,239,784	1,211,767
Total non-current assets	8,250,278	8,333,676
Total assets	29,141,561	30,161,997

(Thousands of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,467,210	6,935,309
Short-term borrowings	480,000	2,160,000
Lease obligations	27,740	34,742
Accounts payable - other	1,423,225	1,238,686
Accrued expenses	351,013	338,504
Income taxes payable	695,706	139,332
Advances received on construction contracts in progress	505,543	908,123
Provision for warranties for completed construction	36,367	36,914
Provision for loss on construction contracts	27,639	51,886
Provision for bonuses	1,020,367	1,402,282
Provision for bonuses for directors (and other officers)	50,000	12,500
Other	113,551	193,931
Total current liabilities	12,198,364	13,452,214
Non-current liabilities		
Long-term borrowings	900,000	810,000
Lease obligations	105,662	98,754
Long-term accounts payable - other	132,500	130,000
Retirement benefit liability	1,205,610	1,196,403
Total non-current liabilities	2,343,773	2,235,158
Total liabilities	14,542,137	15,687,372
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	12,580,473	12,414,483
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	14,934,092	14,768,103
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77,119	55,724
Foreign currency translation adjustment	(44,452)	6,486
Remeasurements of defined benefit plans	(367,335)	(355,688)
Total accumulated other comprehensive income	(334,668)	(293,477)
Total net assets	14,599,423	14,474,625
Total liabilities and net assets	29,141,561	30,161,997

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	6,926,456	7,386,519
Cost of sales	5,892,968	6,246,721
Gross profit	1,033,487	1,139,798
Selling, general and administrative expenses	827,441	904,347
Operating profit	206,045	235,450
Non-operating income		
Interest income	33	72
Dividend income	4,159	5,095
Rental income from land and buildings	9,311	9,295
Other	2,581	11,044
Total non-operating income	16,085	25,509
Non-operating expenses		
Interest expenses	1,838	1,528
Commitment fee	2,494	2,494
Foreign exchange losses	2,048	4,745
Other	46	154
Total non-operating expenses	6,428	8,923
Ordinary profit	215,703	252,036
Extraordinary income		
Gain on sales of non-current assets	151	519
Total extraordinary income	151	519
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Loss on sales of non-current assets	–	1,529
Total extraordinary losses	0	1,529
Profit before income taxes	215,854	251,026
Income taxes	109,182	128,091
Profit	106,671	122,934
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	106,671	122,934

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	106,671	122,934
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,801)	(21,394)
Foreign currency translation adjustment	(41,756)	50,939
Remeasurements of defined benefit plans, net of tax	12,802	11,646
Total other comprehensive income	(30,755)	41,191
Comprehensive income	75,915	164,126
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	75,915	164,126
Comprehensive income attributable to non-controlling interests	—	—