

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

February 8, 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
 General Manager of Yuichi Gommori
 Corporate Administration Division TEL 025-545-6500
 Scheduled date to file Quarterly Securities Report: February 13, 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 nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

(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	%
Nine months ended December 31, 2018	26,478	20.2	1,819	68.8	1,852	70.0	1,210	68.6
Nine months ended December 31, 2017	22,031	(3.0)	1,077	(27.2)	1,089	(29.8)	718	(32.4)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2018	113.14	–
Nine months ended December 31, 2017	67.11	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2018	31,894	14,360	45.0	1,342.02
As of March 31, 2018	25,481	13,371	52.5	1,249.56

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, 2018	–	0.00	–	20.00	20.00
Year ending March 31, 2019	–	0.00	–		
Year ending March 31, 2019 (Forecast)				22.00	22.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	37,000	21.0	2,000	46.7	2,100	52.5	1,400	45.1	130.83

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2018
(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: No
- (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 December 31, 2018	10,728,000 shares	As of March 31, 2018	10,728,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	27,035 shares	As of March 31, 2018	27,031 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2018	10,700,968 shares	Nine months ended December 31, 2017	10,701,171 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	3,131,818	3,521,642
Notes receivable, accounts receivable from completed construction contracts and other	13,385,815	17,433,238
Costs on uncompleted construction contracts	647,691	2,327,815
Other inventories	254,694	248,291
Other	225,224	206,698
Allowance for doubtful accounts	(1,308)	(1,710)
Total current assets	17,643,935	23,735,975
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,061,311	6,271,026
Machinery, vehicles, tools, furniture and fixtures	4,347,065	4,467,018
Land	2,052,299	2,424,733
Leased assets	370,580	342,338
Construction in progress	25,132	58,087
Accumulated depreciation	(6,300,225)	(6,594,167)
Total property, plant and equipment	6,556,163	6,969,036
Intangible assets	117,686	110,583
Investments and other assets		
Investment securities	501,579	437,290
Deferred tax assets	548,930	527,592
Other	113,282	113,925
Total investments and other assets	1,163,791	1,078,808
Total non-current assets	7,837,642	8,158,429
Total assets	25,481,577	31,894,405

(Thousands of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	5,918,505	6,340,471
Short-term loans payable	995,295	4,900,000
Lease obligations	28,911	28,064
Accounts payable - other	1,087,890	1,348,709
Accrued expenses	315,090	309,726
Income taxes payable	267,814	358,310
Advances received on uncompleted construction contracts	445,185	1,008,087
Provision for warranties for completed construction	28,793	33,910
Provision for loss on construction contracts	24,061	7,217
Provision for bonuses	854,326	542,239
Provision for directors' bonuses	40,000	37,500
Other	285,281	232,656
Total current liabilities	10,291,155	15,146,894
Non-current liabilities		
Long-term loans payable	380,000	990,000
Lease obligations	125,223	112,570
Long-term accounts payable - other	137,734	132,500
Net defined benefit liability	1,175,917	1,151,477
Total non-current liabilities	1,818,875	2,386,547
Total liabilities	12,110,030	17,533,442
Net assets		
Shareholders' equity		
Capital stock	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	11,263,381	12,260,037
Treasury shares	(6,973)	(6,977)
Total shareholders' equity	13,617,047	14,613,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130,884	76,350
Foreign currency translation adjustment	3,548	12,438
Remeasurements of defined benefit plans	(379,934)	(341,527)
Total accumulated other comprehensive income	(245,501)	(252,738)
Total net assets	13,371,546	14,360,962
Total liabilities and net assets	25,481,577	31,894,405

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	22,031,211	26,478,181
Cost of sales	18,494,578	22,012,324
Gross profit	3,536,633	4,465,857
Selling, general and administrative expenses	2,458,812	2,646,107
Operating profit	1,077,820	1,819,749
Non-operating income		
Interest income	1,006	940
Dividend income	8,131	9,056
Land and house rent received	28,119	27,595
Foreign exchange gains	–	993
Other	9,822	19,464
Total non-operating income	47,080	58,051
Non-operating expenses		
Interest expenses	9,963	11,447
Commitment fee	14,734	7,546
Foreign exchange losses	9,239	–
Other	1,327	6,563
Total non-operating expenses	35,264	25,557
Ordinary profit	1,089,635	1,852,242
Extraordinary income		
Gain on sales of non-current assets	–	799
Total extraordinary income	–	799
Extraordinary losses		
Loss on sales of non-current assets	602	1,889
Loss on disposal of non-current assets	411	23,226
Impairment loss	4,700	–
Loss on valuation of investment securities	–	2,643
Loss on valuation of golf club membership	–	2,254
Total extraordinary losses	5,714	30,013
Profit before income taxes	1,083,921	1,823,028
Income taxes	365,801	612,352
Profit	718,119	1,210,676
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	718,119	1,210,676

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	718,119	1,210,676
Other comprehensive income		
Valuation difference on available-for-sale securities	72,230	(54,533)
Foreign currency translation adjustment	87,706	8,889
Remeasurements of defined benefit plans, net of tax	41,817	38,406
Total other comprehensive income	201,754	(7,237)
Comprehensive income	919,874	1,203,439
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	919,874	1,203,439
Comprehensive income attributable to non-controlling interests	—	—