

Translation

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

November 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
 General Manager of Yuichi Gommori
 Corporate Administration Division TEL 025-545-6500
 Scheduled date to file Quarterly Securities Report: November 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 six months ended September 30, 2019 (from April 1, 2019 to September 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	%
Six months ended September 30, 2019	17,215	(1.4)	1,118	(10.2)	1,142	(10.6)	738	(14.4)
Six months ended September 30, 2018	17,467	23.3	1,245	60.9	1,277	60.9	863	60.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	69.03	–
Six months ended September 30, 2018	80.65	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	30,714	15,075	49.1	1,408.82
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	–	0.00	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	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 six months ended September 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 September 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 September 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)

Six months ended September 30, 2019	10,700,916 shares	Six months ended September 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 September 30, 2019
Assets		
Current assets		
Cash and deposits	4,557,487	4,868,117
Notes receivable, accounts receivable from completed construction contracts and other	14,604,062	15,069,277
Costs on construction contracts in progress	1,315,637	1,797,705
Other inventories	259,709	247,263
Other	155,815	187,752
Allowance for doubtful accounts	(1,430)	(1,483)
Total current assets	20,891,282	22,168,632
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,264,066	6,312,661
Machinery, vehicles, tools, furniture and fixtures	4,480,769	4,580,233
Land	2,422,591	2,424,733
Leased assets	338,336	361,844
Construction in progress	226,842	432,653
Accumulated depreciation	(6,830,405)	(6,869,476)
Total property, plant and equipment	6,902,201	7,242,650
Intangible assets	108,293	101,065
Investments and other assets		
Investment securities	452,144	415,102
Deferred tax assets	676,959	673,934
Other	110,679	112,766
Total investments and other assets	1,239,784	1,201,803
Total non-current assets	8,250,278	8,545,518
Total assets	29,141,561	30,714,151

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,467,210	6,421,710
Short-term borrowings	480,000	2,560,000
Lease obligations	27,740	47,955
Accounts payable - other	1,423,225	1,143,121
Accrued expenses	351,013	345,918
Income taxes payable	695,706	433,576
Advances received on construction contracts in progress	505,543	1,647,853
Provision for warranties for completed construction	36,367	35,784
Provision for loss on construction contracts	27,639	26,000
Provision for bonuses	1,020,367	757,399
Provision for bonuses for directors (and other officers)	50,000	25,000
Other	113,551	48,044
Total current liabilities	12,198,364	13,492,362
Non-current liabilities		
Long-term borrowings	900,000	720,000
Lease obligations	105,662	104,442
Long-term accounts payable - other	132,500	130,000
Retirement benefit liability	1,205,610	1,191,679
Total non-current liabilities	2,343,773	2,146,121
Total liabilities	14,542,137	15,638,484
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	12,580,473	13,030,192
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	14,934,092	15,383,811
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77,119	36,390
Foreign currency translation adjustment	(44,452)	(521)
Remeasurements of defined benefit plans	(367,335)	(344,014)
Total accumulated other comprehensive income	(334,668)	(308,145)
Total net assets	14,599,423	15,075,666
Total liabilities and net assets	29,141,561	30,714,151

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	17,467,626	17,215,403
Cost of sales	14,544,507	14,301,642
Gross profit	2,923,119	2,913,760
Selling, general and administrative expenses	1,677,748	1,795,453
Operating profit	1,245,371	1,118,307
Non-operating income		
Interest income	859	830
Dividend income	5,464	6,925
Rental income from land and buildings	18,451	18,739
Foreign exchange gains	7,374	—
Other	14,218	19,908
Total non-operating income	46,368	46,403
Non-operating expenses		
Interest expenses	6,865	6,580
Commitment fee	5,010	12,010
Other	2,431	4,114
Total non-operating expenses	14,308	22,704
Ordinary profit	1,277,431	1,142,006
Extraordinary income		
Gain on sales of non-current assets	288	528
Total extraordinary income	288	528
Extraordinary losses		
Loss on disposal of non-current assets	720	17,835
Loss on sales of non-current assets	2,222	1,220
Loss on valuation of golf club membership	1,800	—
Total extraordinary losses	4,743	19,056
Profit before income taxes	1,272,976	1,123,478
Income taxes	409,927	384,834
Profit	863,049	738,643
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	863,049	738,643

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	863,049	738,643
Other comprehensive income		
Valuation difference on available-for-sale securities	20,561	(40,729)
Foreign currency translation adjustment	(84,151)	43,931
Remeasurements of defined benefit plans, net of tax	25,604	23,321
Total other comprehensive income	(37,985)	26,523
Comprehensive income	825,064	765,167
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	825,064	765,167
Comprehensive income attributable to non-controlling interests	—	—