

## 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/>

Representative Director: Haruki Nomura, President

Contact: Toshiaki Ikebe, Manager of Finance Division

Tel: 03-6803-5960

Date of filing of quarterly securities report: February 6, 2014 (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 2014 (April 1, 2013 – December 31, 2013)

(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. 2013	41,579	(1.2)	(990)	-	(350)	-	279	122.8
First three quarters ended Dec. 2012	42,095	12.2	(71)	-	219	(60.1)	125	80.3

Note: Comprehensive income: First three quarters of FY3/2014: 2,034 million yen (196.7 %)  
First three quarters of FY3/2013: 685 million yen (-%)

	Net income per share		Net income per share fully diluted	
	Yen	Yen	Yen	Yen
First three quarters ended Dec. 2013	9.17	9.12	9.12	9.12
First three quarters ended Dec. 2012	4.03	4.01	4.01	4.01

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2013	73,450	55,932	73.8	1,786.96
As of March 31, 2013	79,427	55,166	67.3	1,744.66

Notes: Shareholders' equity

As of December 31, 2013: :54,176 million yen

As of March 31, 2013: 53,445 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 2013	-	15.00	-	15.00	30.00
Fiscal year ending March 2014	-	15.00	-		
Fiscal year ending March 2014 (estimate)				15.00	30.00

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

### 3. Forecast for the fiscal year ending March 2014 (Consolidated, April 1, 2013 to March 31, 2014)

(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	70,000	5.5	2,050	1.6	2,850	0.5	2,000	10.7	65.29

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: No
  - (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, 2013:	34,000,309	As of March 31, 2013:	34,000,309
--------------------------	------------	-----------------------	------------
  - (b) Treasury stock

As of December 31, 2013:	3,682,831	As of March 31, 2013:	3,366,761
--------------------------	-----------	-----------------------	-----------
  - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2013:	30,499,618	Period ended December 31, 2012:	31,168,575
---------------------------------	------------	---------------------------------	------------

\*Description of quarterly review procedure implementation status

It is under the quarterly review procedure process based upon the Financial Instruments and Exchange Act 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

<b>1. Results of Operations.....</b>	<b>2</b>
(1) Overview of consolidated business performance .....	2
(2) Overview of financial condition .....	2
(3) Forecast for fiscal year ending in March 2014.....	2
<b>2. Quarterly Consolidated Financial Statements .....</b>	<b>3</b>
(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 yen weakened and stocks prices rose as the Japanese government and Bank of Japan enacted economic and fiscal initiatives. Japan's economy recovered slowly as corporate earnings improved and consumer spending rebounded.

In the construction industry, activity has been supported by growth in government construction expenditures, chiefly for earthquake recovery projects. Private-sector capital expenditures continue to recover, too. However, the operating environment is still challenging because of intense competition to capture orders and the higher cost of materials and labor.

The Hibiya Engineering Group concentrated even more on its ongoing strategies and initiatives with the goal of establishing a reputation as a "true comprehensive engineering services company." By taking actions aimed at increasing orders received and earning profits, there was a 5.0% increase from one year earlier in orders received to 51,917 million yen. Sales decreased 1.2% to 41,579 million yen.

Group companies are constantly working on cutting costs and other measures regarding profitability. Despite these actions, there was an operating loss of 990 million yen compared with a loss of 71 million yen one year earlier and an ordinary loss of 350 million yen compared with income of 219 million yen one year earlier. Net income was 279 million yen, up 122.8% from one year earlier

### (2) Overview of financial condition

#### Assets

Total assets were 73,450 million yen at the end of the third quarter, down 5,977 million yen from the end of the previous fiscal year. Current assets decreased 10,925 million yen to 32,674 million yen and noncurrent assets increased 4,947 million yen to 40,775 million yen.

The decrease in assets was primarily the net result of a 4,540 million yen increase in short-term investment securities and decreases of 10,776 million yen in accounts receivable from completed construction contracts and other.

#### Liabilities

Total liabilities decreased 6,744 million yen to 17,517 million yen.

This was attributable mainly to decreases of 6,462 million yen in notes payable, accounts payable for construction contracts and other and 692 million yen in income taxes payable.

#### Net assets

Net assets totaled 55,932 million yen at the end of the third quarter mainly because of a 648 million yen decrease in retained earnings from the end of the previous fiscal year.

### (3) Forecast for fiscal year ending in March 2014

There is no change in the forecast for the consolidated results of operations that was announced on November 8, 2013.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated balance sheet

(million yen)

	Fiscal year ended March 2013 (As of March 31, 2013)	Third quarter ended December 2013 (As of December 31, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	5,481	5,168
Notes receivable, accounts receivable from completed construction contracts and other	28,673	17,897
Short-term investment securities	7,802	6,506
Costs on uncompleted construction contracts and other	758	1,440
Other	914	1,697
Allowance for doubtful receivables	(30)	(36)
Total current assets	43,599	32,674
Noncurrent assets		
Property, plant and equipment	557	557
Intangible assets	374	234
Investments and other assets		
Investment securities	30,204	34,745
Other	4,750	5,434
Allowance for doubtful accounts	(58)	(195)
Total investments and other assets	34,896	39,983
Total noncurrent assets	35,828	40,775
Total assets	79,427	73,450

	Fiscal year ended March 2013 (As of March 31, 2013)	Third quarter ended December 2013 (As of December 31, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	19,176	12,714
Short-term loans payable	780	730
Income taxes payable	719	26
Advances received on uncompleted construction contracts	322	426
Provision for bonuses	901	454
Provision for warranties for completed construction	47	51
Provision for loss on construction contracts	253	199
Other	1,186	1,136
Total current liabilities	<u>23,385</u>	<u>15,740</u>
Noncurrent liabilities		
Provision for retirement benefits	379	278
Provision for directors' retirement benefits	44	36
Other	451	1,461
Total noncurrent liabilities	<u>875</u>	<u>1,777</u>
Total liabilities	<u>24,261</u>	<u>17,517</u>
<b>NET ASSETS</b>		
Shareholder's equity		
Capital stock	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	41,495	40,846
Treasury stock	(2,649)	(2,994)
Total shareholder's equity	<u>50,531</u>	<u>49,536</u>
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	2,914	4,639
Total valuation and translation adjustments	<u>2,914</u>	<u>4,639</u>
Subscription rights to shares	97	109
Minority interests	1,623	1,647
Total net assets	<u>55,166</u>	<u>55,932</u>
Total liabilities and net assets	<u>79,427</u>	<u>73,450</u>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
Quarterly consolidated statements of income  
For the first three quarters (April 1, 2013 – December 31, 2013)

(million yen)

	First three quarters ended December 2012 (April 1, 2012 – December 31, 2012)	First three quarters ended December 2013 (April 1, 2013 – December 31, 2013)
Net sales	42,095	41,579
Cost of sales	37,222	37,447
Gross profit	4,873	4,131
Selling, general and administrative expenses	4,944	5,122
Operating income (loss)	(71)	(990)
Non-operating income		
Interest income	77	81
Dividend income	117	134
Equity in earnings of affiliates	-	339
Insurance premiums refunded cancellation	59	-
Other	132	103
Total non-operating income	387	659
Non-operating expenses		
Interest expense	9	9
Equity in losses of affiliates	78	-
Other	8	8
Total non-operating expenses	96	18
Ordinary income (loss)	219	(350)
Extraordinary income		
Gain on sales of investment securities	-	284
Gain on redemption of investment securities	-	273
Gain on negative goodwill	129	-
Total extraordinary income	129	557
Extraordinary losses		
Loss on valuation of investment securities	3	-
Loss on valuation of golf club membership	0	-
Total extraordinary losses	4	-
Income (loss) before income taxes	344	207
Income taxes-current	72	39
Income taxes-deferred	100	(77)
Total taxes	173	(38)
Income (loss) before minority interests	171	246
Minority interests in income (loss)	45	(33)
Net income (loss)	125	279

Quarterly consolidated statements of comprehensive income  
For the first three quarters (April 1, 2013 – December 31, 2013)

	First three quarters ended December 2012 (April 1, 2012 – December 31, 2012)	First three quarters ended December 2013 (April 1, 2013 – December 31, 2013)
Income (loss) before minority interests	171	246
Other comprehensive income		
Valuation difference on available-for-sale securities	481	1,757
Share of other comprehensive income of associates accounted for using equity method	32	30
Total other comprehensive income	514	1,788
Comprehensive income	685	2,034
Comprehensive income attributable to owners of the parent	625	2,004
Comprehensive income attributable to minority interests	60	29



(3) Notes to consolidated financial statements

(Going concern assumptions)

None

(Notes on significant change in shareholders' equity)

None