Summary of Financial and Operating Results
for the Third Quarter of the Fiscal Year Ending March 2011 [Japan GAAP]

February 7, 2011

Company: Hibiya Engineering, Ltd.
Stock exchange listing: Tokyo Stock Exchange (First Section)
Stock code: 1982
URL: http://www.hibiya-eng.co.jp
Representative Director: Haruki Nomura, President
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(Rounded down to million yen)

1. Consolidated results of operations for the third quarter of the fiscal year ending March 2011 (April 1, 2010 – December 31, 2010)

(1) Consolidated results of operations

(Percentages represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income (for the period)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three quarters ended December 31, 2010	35,637	(9.9)	542	-	1,510	57.7	1,000	67.2
First three quarters ended December 31, 2009	39,551	2.3	(77)	-	957	(15.9)	598	91.8

	Earnings per share (for the period, basic)	Earnings per share (for the period, diluted)
	Yen	Yen
First three quarters ended December 31, 2010	30.77	30.70
First three quarters ended December 31, 2009	17.99	17.96

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2010	65,648	51,656	76.5	1,555.80
As of March 31, 2010	74,631	51,998	67.8	1,544.43

(For reference)

Shareholders' equity: As of December 31, 2010 50,207 million yen
As of March 31, 2010 50,593 million yen

2. Dividends

(Yen)

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
FY 10	-	7.50	-	17.00	24.50
FY 11	-	7.50			
FY 11 (Estimate)			-	14.50	22.00

Note: Changes in the estimation of dividend in this period: None

3. Consolidated business forecast for the fiscal year ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(Percentages represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	62,000	(0.6)	2,000	(9.4)	3,200	(14.5)	2,000	(18.1)	61.05

Note: Changes in the forecast made in this period: None

Information concerning quarterly review procedure

This quarterly financial report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Law. The review procedure prescribed by the Financial Instruments and Exchange Law for the quarterly consolidated financial statements had not been completed when this quarterly financial report was released.

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 the above forecasts for a number of reasons.

In addition, the forecast for the fiscal year dividend is calculated in accordance with the fundamental policy for earnings distributions that is explained on page 2 in “Forecast for the fiscal year ending March 2011”.

Index for Supplementary Information

1. Business Results

(1) Overview on consolidated business performance

In the first three quarters of the current fiscal year, there were signs of an economic recovery in Japan backed by improving overseas economies and the benefits of government economic stimulus measures. However, the outlook remains unclear due to the yen's rapid appreciation, high unemployment and other sources of concern.

In the construction industry, the operating environment is still challenging as public-works investments decline and there is still no full-scale rebound in private-sector capital expenditures.

Although Hibiya Engineering Group is responding to this difficult environment by focusing on capturing, orders received in the first three quarters were down 1.7% from one year earlier to 35,308 million yen. Sales decreased 9.9% to 35,637 million yen. As a result, the order backlog at the end of the third quarter totaled 31,163 million yen, down 6.0%. Operating income was 542 million yen, ordinary income increased 57.7% to 1,510 million yen and net income increased 67.2% to 1,000 million yen.

(2) Overview of financial condition

[Assets]

Total assets were 65,648 million yen at the end of the third quarter, 8,983 million yen less than at the end of the previous fiscal year. Current assets decreased 7,200 million yen to 31,616 million yen and noncurrent assets decreased 1,783 million yen to 34,031 million yen. The decline in current assets was mainly the result of increases of 1,383 million yen in cash and deposits and 1,888 million yen in short-term investment securities and a decrease of 10,350 million yen in notes receivable, accounts receivable from completed construction contracts and other.

[Liabilities]

Total liabilities decreased 8,642 million yen to 13,991 million yen. Decreases of 7,056 million yen in notes payable, accounts payable for construction contracts and other, 959 million yen in income taxes payable and 104 million yen in advances received on uncompleted construction contracts were mainly responsible for the decline in liabilities.

[Net Assets]

Net assets were 51,656 million yen at the end of the third quarter. This was the result of a 361 million yen increase in treasury stock and a 220 million yen decrease in the valuation difference on available-for-sale securities.

(3) Forecast for the fiscal year ending March 2011

There is no change in the forecast for consolidated performance that was announced on May 14, 2010.
The Hibiya Engineering Group positions the distribution of earnings to shareholders as one of its highest priorities. The fundamental policy is to make substantial earnings distributions in line with results of operations while making a due consideration for securing internal reserves for the foreseeable future and other factors. In accordance with this policy, the forecast for the dividend per share is based on the target of maintaining a non-consolidated payout ratio of 60% with a minimum ordinary dividend of 15 yen per share.

2. Other Information

(1) Changes in significant subsidiaries: None

(2) Simplified accounting methods and special accounting methods :

a. Calculation of estimated losses for ordinary receivables
Since there was no significant difference between the loss ratio at the end of the first half and the loss ratio calculated at the end of the previous fiscal year, the loss ratio at the end of the previous fiscal year was used to estimate losses.

b. Valuation of inventories
No physical inventory count was performed for the valuation of inventories at the end of the third quarter. The valuation was determined using a reasonable method based on the physical-count inventories at the end of the first half.

c. Depreciation of noncurrent assets
For noncurrent assets depreciated using the declining balance method, depreciation expenses are the percentage of fiscal year depreciation expenses corresponding to the length of the applicable fiscal period.

d. Income taxes and deferred tax assets and liabilities

Income tax payments are calculated by using only significant additions, deductions and tax deductions. To determine the likelihood of recovering deferred tax assets, since there have been no significant changes in the operating environment or the occurrence of one-time items since the end of the previous fiscal year, the sales and earnings forecast and tax planning used in the previous fiscal year have been used.

(3) Changes in accounting principles, procedures, presentation methods and other items:

a. Changes in accounting principles

(Application of "Accounting Standard for Asset Retirement Obligations")

Starting with the first quarter of the fiscal year ending March 31, 2011, "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) have been applied. This change reduced income before income taxes by 12 million yen.

(Application of "Accounting Standard for Equity Method of Accounting for Investments" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method")

Starting with the first quarter of the fiscal year ending on March 31, 2011, "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24, March 10, 2008) have been applied and the consolidated financial statements have been revised as necessary. This change increased ordinary income and income before income taxes by 4 million yen.

(Application of "Accounting Standard for Business Combinations" and other standards)

Starting with the first quarter of the fiscal year ending March 31, 2011, "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) have been applied.

In prior fiscal years, only part of the assets and liabilities of consolidated subsidiaries were valued at market prices. Due to the adoption of "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), as mentioned in the previous paragraph, starting with the first quarter of the fiscal year ending March 31, 2011, all assets and liabilities of consolidated subsidiaries are marked to market. This change had no effect on the quarterly consolidated financial statements.

b. Additional information

Hibiya Engineering had a tax-qualified pension plan and a lump-sum retirement plan in prior years. On January 1, 2011, the Company replaced the tax-qualified pension plan with a defined-benefit corporate pension plan. In conjunction with this change, "Accounting Treatment for Transition Between Retirement Benefit Plans" (ASBJ Implementation Guideline No. 1, January 31, 2002) has been applied, resulting in a ¥120 million reduction in retirement benefit liabilities and the recognition of ¥120 million in past service liabilities. The past service liabilities will be amortized using the straight-line method over a specific number of years (10 years) that is not more than the average remaining service period for employees at the time these liabilities were recognized.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of December 31, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	13,034	11,650
Notes receivable, accounts receivable from completed construction contracts and other	13,590	23,941
Short-term investment securities	2,938	1,050
Costs on uncompleted construction contracts and other	1,371	1,213
Other	707	997
Allowance for doubtful accounts	(24)	(36)
Total current assets	31,616	38,817
Noncurrent assets		
Property, plant and equipment	614	658
Intangible assets	660	608
Investments and other assets		
Investment securities	24,967	26,625
Other	7,899	8,075
Allowance for doubtful accounts	(110)	(152)
Total investments and other assets	32,756	34,547
Total noncurrent assets	34,031	35,814
Total assets	65,648	74,631
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	9,939	16,995
Short-term loans payable	780	780
Income taxes payable	100	1,060
Advances received on uncompleted construction contracts	599	703
Provision for bonuses	554	1,042
Provision for warranties for completed construction	39	37
Provision for loss on construction contracts	289	350
Other	1,051	953
Total current liabilities	13,354	21,924
Noncurrent liabilities		
Provision for retirement benefits	473	438
Provision for directors' retirement benefits	31	39
Other	131	231
Total noncurrent liabilities	637	709
Total liabilities	13,991	22,633

(Million yen)

	As of December 31, 2010	As of March 31, 2010
Net assets		
Shareholders' equity		
Capital stock	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	38,219	38,022
Treasury stock	(1,215)	(854)
Total shareholders' equity	48,689	48,854
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,518	1,739
Total valuation and translation adjustments	1,518	1,739
Subscription rights to shares	56	40
Minority interests	1,392	1,364
Total net assets	51,656	51,998
Total liabilities and net assets	65,648	74,631

(2) Quarterly consolidated statements of income

(Million yen)

	First three quarters ended Dec.2009 (Apr. 1, 2009 – Dec. 31, 2009)	First three quarters ended Dec.2010 (Apr. 1, 2010 – Dec. 31, 2010)
Net sales	39,551	35,637
Cost of sales	34,714	30,016
Gross profit	4,837	5,620
Selling, general and administrative expenses	4,914	5,078
Operating income (loss)	(77)	542
Non-operating income		
Interest income	96	98
Dividends income	130	141
Gain on sales of securities	3	-
Equity in earnings of affiliates	652	574
Other	187	175
Total non-operating income	1,070	989
Non-operating expenses		
Interest expenses	11	9
Other	23	12
Total non-operating expenses	34	22
Ordinary income	957	1,510
Extraordinary income		
Reversal of allowance for doubtful accounts	49	18
Gain on valuation of golf club membership	-	7
Total extraordinary income	49	26
Extraordinary loss		
Loss on valuation of investment securities	222	47
Loss on valuation of golf club membership	15	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	12
Total extraordinary loss	238	60
Income before income taxes	768	1,476
Income taxes-current	61	107
Income taxes-deferred	183	315
Total income taxes	245	422
Income before minority interests	-	1,053
Minority interests in income (loss)	(74)	52
Net income	598	1,000

(3) Note on going concern assumption: None

(4) Note on significant change in shareholders' equity: None