

Summary of Financial and Operating Results for the Third Quarter of the Fiscal Year Ending March 2009

February 10, 2009

Company: Hibiya Engineering, Ltd.

Stock exchange listing: Tokyo Stock Exchange (First Section)

Stock code: 1982

URL: <http://hibiya-eng.co.jp/>

Representative Director: Shinya Kimura, President

Contact: Tetsuya Kamachi, Executive Director and Manager of Finance Division

Tel: 03-6803-5960

1 Consolidated results of operations for the third quarter of the fiscal year ending March 2009 (April 1, 2008 – December 31, 2008)

(1) Consolidated results of operations

Rounded down to million yen

| | Net sales | | Operating income | | Ordinary income | | Net income (for the period) | |
|------------------|-------------|-------|------------------|---|-----------------|---|--------------------------------|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| 3Q ended Dec '08 | 38,662 | — | 272 | — | 1,138 | — | 311 | — |
| 3Q ended Dec '07 | 37,871 | (8.0) | (1,549) | — | (732) | — | (766) | — |

| | Earnings per share (for the period, basic) | | Earnings per share (for the period, diluted) | |
|------------------|---|--|---|--|
| | Yen | | Yen | |
| 3Q ended Dec '08 | 8.75 | | 8.75 | |
| 3Q ended Dec '07 | (21.03) | | — | |

Note: The percentages for net sales, operating income, ordinary income and net income represent changes from the same period of the previous fiscal year.

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|--------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| 3Q ended Dec '08 | 66,228 | 49,900 | 73.5 | 1,380.14 |
| FY ended March '08 | 75,085 | 52,289 | 67.9 | 1,412.46 |

Note: Shareholders' equity: 48,655 million yen as of the end of FY09 3Q

51,001 million yen as of the end of FY08

2 Dividends

(Yen)

| | Dividend per share | | | | |
|-----------------------------|--------------------|----------------|---------------|-----------------|-----------|
| | First quarter | Second quarter | Third quarter | End fiscal Year | Full year |
| FY March 2008 | — | 7.50 | — | 17.50 | 25.00 |
| FY March 2009 | — | 7.50 | — | — | — |
| FY March 2009 (Estimate) | — | — | — | 7.50 | 15.00 |

Note: change in dividend forecast for the third quarter None

**3 Consolidated business forecast for the fiscal year ending March 31, 2009
(April 1, 2008 – March 31, 2009)**

(Percentages 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 | 63,500 | 3.7 | 1,150 | 72.5 | 2,100 | (13.8) | 1,200 | 32.7 | 33.23 |

Note: change in full year earnings forecast None

Forward-looking statements, important Notes, etc.

1. 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.

2. Effective from the current consolidated accounting year the Company has adopted “Accounting Standards on Quarterly Financial Standards” (Corporate Accounting Standards, No. 12) and “Guidelines on Quarterly Financial Statements” (Guidelines on Corporate Accounting Standards, No. 14) while complying with “Rules on Quarterly Financial Statements”.

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.

Results of Operations and Financial Condition

1. Analysis of results of operations

In the first three quarters of the fiscal year, there was a significant downturn in the Japanese economy. Corporate earnings steadily worsened, particularly at export-dependent companies, as overseas economics weakened and the yen rapidly strengthened. In addition, consumer spending was impacted by falling incomes and rising unemployment. In the construction industry, the operating environment was challenging as public-works expenditures remain low and private-sector capital expenditures fell at an even faster pace.

Due to these factors, consolidated orders received were 35,903 million yen and net sales totaled 38,662 million yen.

Because of measures taken to reduce the cost of sales and other categories of expenses, operating income was 272 million yen and ordinary income was 1,138 million yen. After a valuation loss for investment securities resulting from the application of asset impairment accounting and other expenses, net income for the first three quarters was 311 million yen.

2. Analysis of financial condition

At the end of the third quarter, current assets were 34,937 million yen, 4,982 million yen less than at the end of the previous fiscal year. This was the net result of increases of 2,657 million yen in cash and cash equivalents and 2,066 million yen in cost of uncompleted contracts and a decrease of 9,192 million yen in notes and accounts receivable-trade.

Fixed assets decreased 3,875 million yen to 31,290 million yen mainly because of a 4,016 million yen decrease in investments and other assets.

As a result, total assets decreased 8,857 million yen to 66,228 million yen compared with the end of the previous fiscal year.

Current liabilities decreased 6,269 million yen to 15,806 million yen. There was an increase of 661 million yen in advances received on uncompleted contracts and decreases of 6,171 million yen in notes and accounts payable-trade and 497 million yen in income taxes payable.

Long-term liabilities decreased 198 million yen to 521 million yen.

As a result, total liabilities decreased 6,468 million yen to 16,327 million yen.

Net assets amounted to 49,900 million yen, 2,389 million yen less than at the end of the previous fiscal year. Retained earnings decreased 591 million yen, treasury stock increased 718 million yen, and net unrealized holding gains on securities decreased 1,035 million yen.

(Cash flows)

(1) Operating activities

Net cash provided by operating activities was 1,180 million yen. Cash was provided mainly because the decrease in notes and accounts receivable-trade and other sources of cash were greater than the sum of the increase in inventories, the decrease in accounts payable-trade and other items that used cash.

(2) Investing activities

Net cash provided by investing activities was 1,607 million yen. Proceeds from withdrawal of investment in silent partnership was the primary source of cash.

(3) Financing activities

Net cash used in financing activities was 1,629 million yen. Cash was used mainly for cash dividends paid and the purchase of treasury stock.

Due to these cash flows, cash and cash equivalents totaled 13,489 million yen at the end of the third quarter.

3. Forecast for fiscal year ending in March 2009

There is no change to the forecast for consolidated results of operations that was announced on May 15, 2008.

4. Other items

(1) Change in significant subsidiaries during the period (Changes in specific subsidiaries that involve a change in the scope of consolidation)

None

(2) Use of simple accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements

1) Method for calculation of estimated write-offs of ordinary receivables

Since there was no significant difference between the actual write-off ratio at the end of the second quarter and the third quarter, the write-off ratio at the end of the second quarter was used to calculate estimated write-offs.

2) Method for valuation of inventories

A physical count of inventories was not performed to determine inventories at the end of the third quarter. Instead, inventories were calculated using a reasonable method that was based on the physical count of inventories as of the end of the second quarter.

3) Method for calculation of depreciation expenses for fixed assets

For fixed assets that are depreciated using the declining-balance method, depreciation expenses were calculated by using the proportional amount of fiscal year depreciation expenses for each fiscal period.

4) Method for calculation of income taxes, deferred tax assets and deferred tax liabilities

Income taxes paid were calculated by using only significant additions and deductions and tax deduction items. In addition, to determine the likelihood of recovering deferred tax assets, forecasts for operating results and tax planning as of the end of the previous fiscal year were used. This is because there have been no significant changes in the operating environment or in the occurrence of temporary differences or other items since the end of the previous fiscal year.

(3) Changes in accounting principles and procedures, presentation methods and other items in the preparation of the quarterly consolidated financial statements

1) Accounting Standard for Quarterly Financial Reporting

Beginning with the current fiscal year, Hibiya Engineering is using "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 14, 2007) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14, March 14, 2007). In addition, the quarterly consolidated financial statements were prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

2) Accounting Standard for Measurement of Inventories

Beginning with the first quarter of the current fiscal year, Hibiya Engineering is using "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). As a result, for inventories held for sale in the ordinary course of business, the company has replaced the cost method based on the specific identification method with the cost method based on the specific-identification method (method in which book values are reduced based on declines in profitability).

This change did not have a significant effect on results of operations in the first three quarters.

3) Accounting Standard for Lease Transactions

Beginning with the first quarter of the current fiscal year, Hibiya Engineering is using "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, final revision issued on

March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, January 18, 1994, final revision March 30, 2007) prior to the required adoption of this standard. For financial leases that do not involve transfer of ownership to the lessee, Hibiya Engineering has been using the accounting method for ordinary rental transactions. Beginning with the first quarter of the current fiscal year, the company is using the accounting method for ordinary purchase and sale transactions. Depreciation expenses for lease assets are calculated by using the straight-line method in which the lease contract period is the useful life of each asset and the residual value is nil.

For financial leases that do not involve transfer of ownership to the lessee, in cases where the lease began prior to the first year in which the new standard was used, Hibiya Engineering will continue to apply the accounting method used for ordinary rental transactions.

This change did not have a significant effect on results of operations in the first three quarters.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

| Account | 3Q ended Dec 31 2008 | FY ended March 31 2008 |
|--|----------------------|------------------------|
| | Amount | Amount |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 12,490 | 9,832 |
| Notes and accounts receivable-trade | 13,864 | 23,057 |
| Marketable securities | 2,799 | 2,608 |
| Cost of uncompleted contracts | 4,517 | 2,450 |
| Other | 1,300 | 1,997 |
| Allowance for doubtful accounts | (35) | (27) |
| Total current assets | 34,937 | 39,919 |
| Fixed assets | | |
| Property, plant and equipment | 625 | 666 |
| Intangible assets | 328 | 145 |
| Investments and other assets | | |
| Investment securities | 24,325 | 28,349 |
| Other | 6,197 | 6,119 |
| Allowance for doubtful accounts | (186) | (115) |
| Total investments and other assets | 30,336 | 34,353 |
| Total fixed assets | 31,290 | 35,165 |
| Total assets | 66,228 | 75,085 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 12,352 | 18,523 |
| Short-term borrowings | 780 | 780 |
| Income taxes payable | 75 | 573 |
| Advance received on uncompleted contracts | 1,653 | 992 |
| Accrued bonuses | 424 | 622 |
| Allowance for warranty for construction damages | 40 | 38 |
| Allowance for losses on construction contracts | — | 15 |
| Other | 478 | 530 |
| Total current liabilities | 15,806 | 22,076 |
| Long-term liabilities | | |
| Allowance for retirement benefits for employees | 345 | 460 |
| Allowance for retirement benefits for directors and corporate auditors | 116 | 119 |
| Other | 58 | 140 |
| Total long-term liabilities | 521 | 719 |
| Total liabilities | 16,327 | 22,796 |
| Net Assets | | |
| Owners' equity | | |
| Common stock | 5,753 | 5,753 |
| Additional paid-in capital | 5,931 | 5,931 |
| Retained earnings | 37,484 | 38,075 |
| Treasury stock, at cost | (1,320) | (602) |
| Total Owners' equity | 47,848 | 49,158 |
| Valuation and translation adjustments | | |
| Net unrealized holding gains on securities | 806 | 1,842 |
| Total net unrealized holding gains on securities | 806 | 1,842 |
| Minority interests | 1,244 | 1,288 |
| Total net assets | 49,900 | 52,289 |
| Total liabilities and net assets | 66,228 | 75,085 |

(2) Consolidated Statements of Income

(Million yen)

| Account | 3Q ended Dec 31 2008 Amount |
|---|--------------------------------|
| Net sales | 38,662 |
| Cost of sales | 34,070 |
| Gross profit | 4,591 |
| Selling, general and administrative expenses | 4,319 |
| Operating income | 272 |
| Other income | |
| Interest income | 194 |
| Dividend income | 184 |
| Gain on sales of marketable securities | 33 |
| Equity in earnings of affiliates | 228 |
| Other | 256 |
| Total of other income | 897 |
| Other expenses | |
| Interest expense | 11 |
| Other | 19 |
| Total of other expenses | 30 |
| Ordinary income | 1,138 |
| Extraordinary income | |
| Gain on sales of investment securities | 5 |
| Total of extraordinary income | 5 |
| Extraordinary losses | |
| Loss on devaluation of investment securities | 645 |
| Total of extraordinary losses | 645 |
| Income before income taxes and minority interests | 499 |
| Income, residential enterprise tax | 113 |
| Income tax deferred | 71 |
| Total taxes | 184 |
| Minority interests | 2 |
| Net income for the period | 311 |

(3) Consolidated Statements of Cash Flows

(Million yen)

| Account | 3Q ended Dec 31 2008 Amount |
|--|--------------------------------|
| Cash flows from operating activities | |
| Income before income taxes and minority interests (for the period) | 499 |
| Depreciation and amortization | 95 |
| Increase in allowance for doubtful accounts | 79 |
| Decrease in allowance for retirement benefits for employees | (114) |
| Decrease in allowance for retirement benefits for directors and corporate auditors | (2) |
| Decrease in accrued bonuses | (197) |
| Increase in allowance for warranty for construction damages | 2 |
| Decrease in allowance for losses on construction contracts | (15) |
| Interest and dividend income | (379) |
| Interest expense | 11 |
| Gain on sales of marketable securities | (33) |
| Gain on sales of investment securities | (5) |
| Loss on devaluation of investment securities | 645 |
| Equity in earnings of affiliates | (228) |
| Decrease in notes and accounts receivable-trade | 9,192 |
| Increase in inventories | (2,066) |
| Decrease in notes and accounts payable | (6,171) |
| Increase in advance received on uncompleted contracts | 661 |
| Decrease in unpaid or unreceived consumption tax | (178) |
| Other | (366) |
| Subtotal | 1,426 |
| Interest and dividend received | 390 |
| Interest paid | (11) |
| Income taxes paid | (625) |
| Net cash provided by (used in) operating activities | 1,180 |
| Cash flows from investing activities | |
| Proceeds from sales of marketable securities | 116 |
| Payments for purchase of property, plant and equipment | (30) |
| Payments for purchase of intangible assets | (206) |
| Payment for purchase of investment securities | (31) |
| Proceeds from sales of investment securities | 8 |
| Proceeds from redemption of investment securities | 500 |
| Payment for insurance policy contribution | (161) |
| Proceeds from reimbursement of insurance premiums | 288 |
| Payment for investment in silent partnership | (1,000) |
| Proceeds from investment in silent partnership | 2,154 |
| Other | (30) |
| Net cash provided by investing activities | 1,607 |
| Cash flows from financing activities | |
| Payments for purchase of treasury stock | (759) |
| Proceeds from sales of treasury stock | 39 |
| Cash dividends paid | (902) |
| Cash dividends paid to minority shareholders | (6) |
| Other | (1) |
| Net cash provided by (used in) financing activities | (1,629) |
| Net increase in cash and cash equivalents | 1,158 |
| Cash and cash equivalents at beginning of quarter | 12,331 |
| Cash and cash equivalents at end of quarter | 13,489 |

Effective from the current consolidated accounting year the Company has adopted “Accounting Standards on Quarterly Financial Statements” (Corporate Accounting Standard, No. 12) and “Guidelines on Quarterly Financial Statements” (Guidelines on Corporate Accounting Standards 14) while complying with “Rules on Quarterly Financial Statements”.

(4) Note on going concern assumption
(Third quarter, October 1, 2008 – December 31, 2008) None

(5) Note on significant change in owners’ equity
(As of the end of the third quarter (December 31, 2008) and during a period from
April 1, 2008 – December 31, 2008)

(Million yen)

| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Total net assets |
|---|--------------|----------------------------|-------------------|----------------|------------------|
| Balance as of end of FY08 | 5,753 | 5,931 | 38,075 | (602) | 49,158 |
| Changes in the third quarter FY09 | | | | | |
| Cash dividends paid | | | (902) | | (902) |
| Net income | | | 311 | | 311 |
| Treasury stock purchased* | | | | (759) | (759) |
| Treasury stock sold | | | (1) | 40 | 39 |
| Total changes in third quarter FY09 | | | (591) | (718) | (1,309) |
| Balance as of end of third quarter FY09 | 5,753 | 5,931 | 37,484 | (1,320) | 47,848 |

*N.B. The Company purchased of treasury stock worth 739 million yen from the market, not including odd lot shares worth 20 million yen.