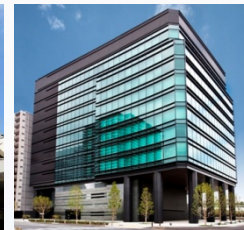


時代にまっすぐ、技術にまじめです。

In line with the times and serious about technology



Earnings Announcement
Six months ended September 30, 2010
Hibiya Engineering, Ltd.
November 15, 2010

These materials include forward-looking statements that incorporate risks and uncertainties and are not guarantees concerning future performance. Future performance may differ from forecasts in these materials due to changes in the operating environment and other reasons.

Financial Highlights

Six months ended September 30, 2010

Financial Highlights (Consolidated)

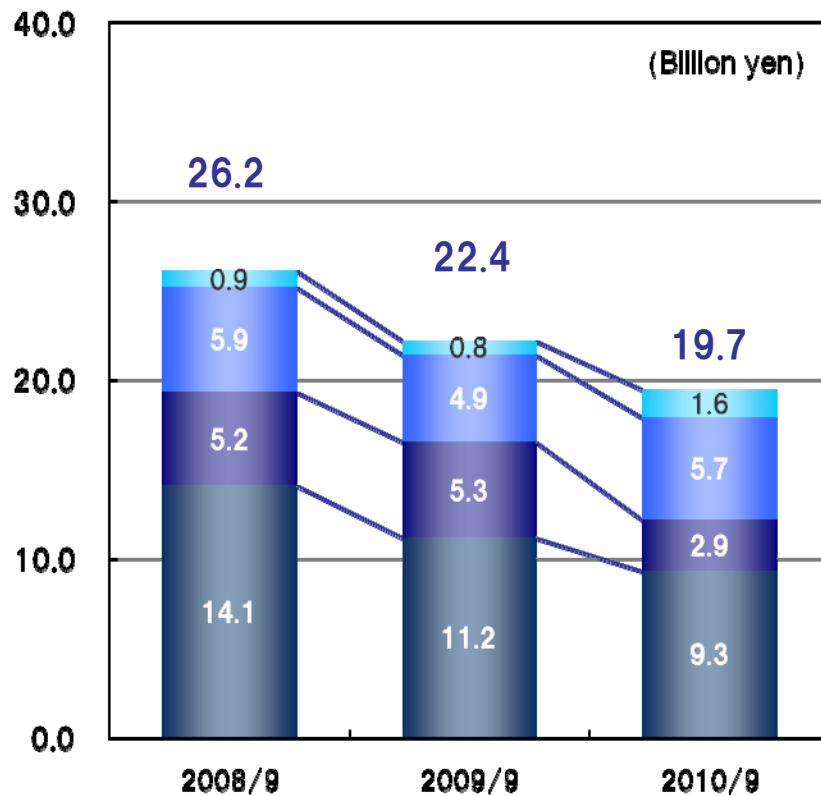
(Billion yen)

	2008/9 (actual)	2009/9 (actual)	2010/9 (actual)	2010/9 (plan)	YoY change (%)	vs. plan (%)
Orders Received	26.29	22.41	19.73	—	-12.0	—
Net sales	23.16	24.46	23.12	26.0	-5.5	-11.1
Operating Income	-0.56	-0.24	0.56	-0.15	—	—
Ordinary Income	-0.04	0.26	1.11	0.3	317.6	270.7
Net Income	-0.32	0.29	0.63	0.25	115.2	155.7

Orders Received by Category & by Customer (Consolidated)

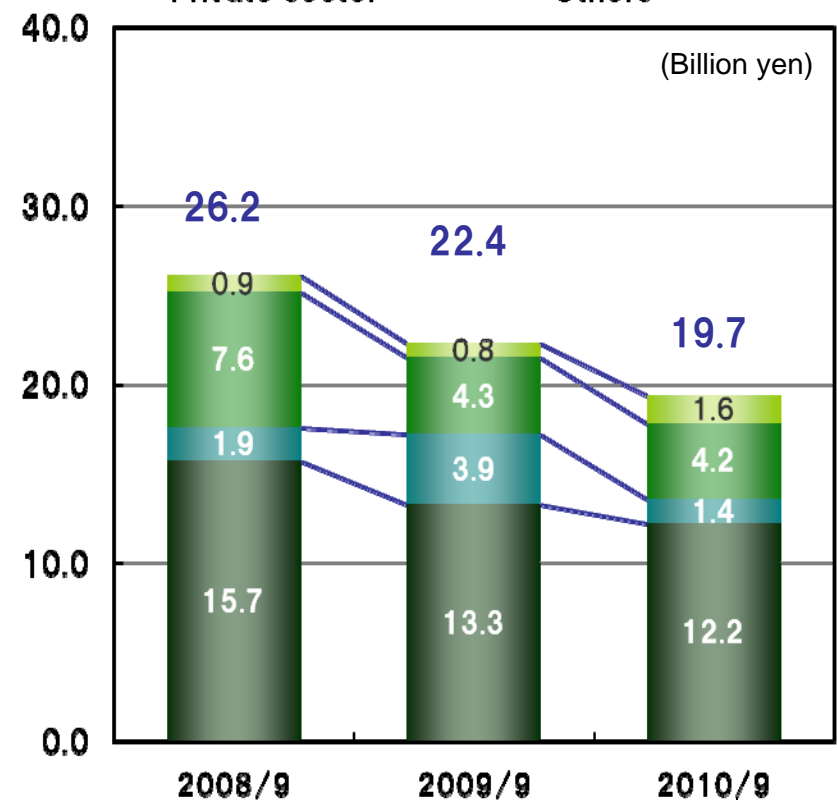
By category

- Air conditioning
- Plumbing and sanitation
- Electrical
- Others



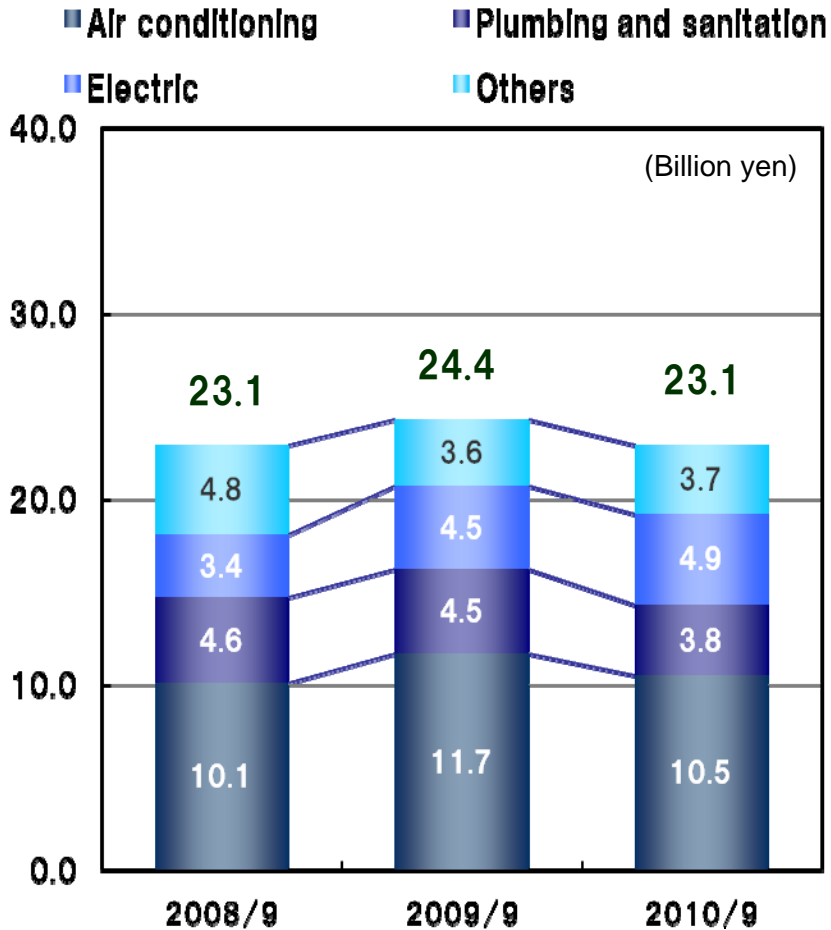
By consumer

- NTT Group
- Public sector
- Private sector
- Others

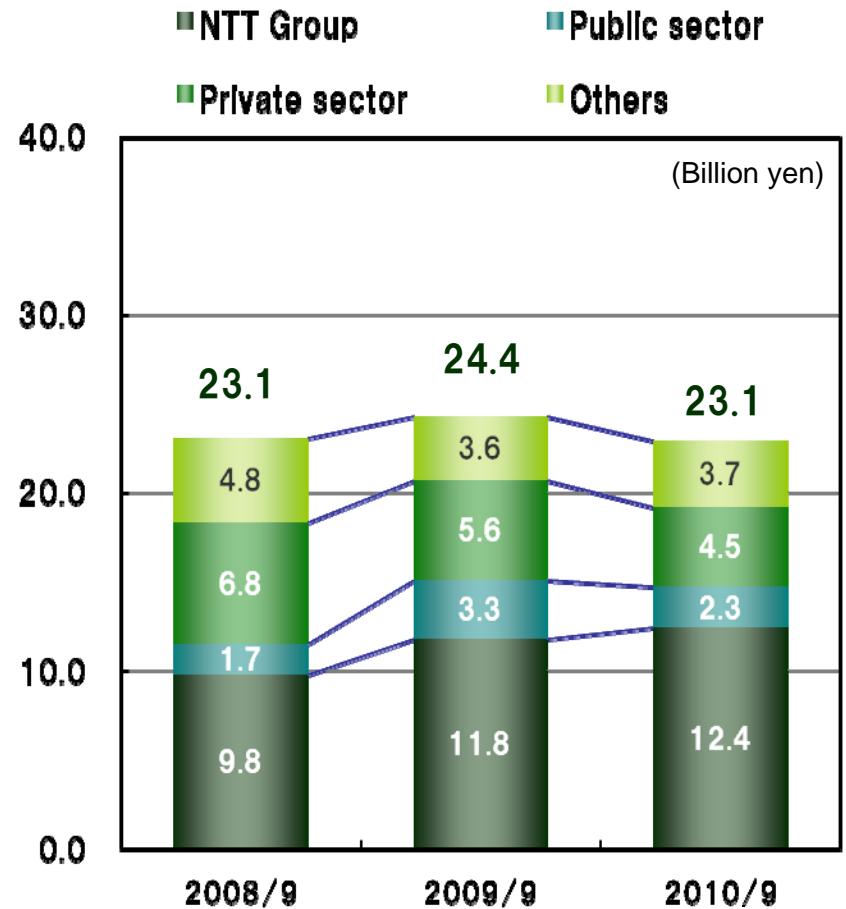


Sales by Category & by Customer (Consolidated)

By category



By Customer



Summary Income Statements (Consolidated)

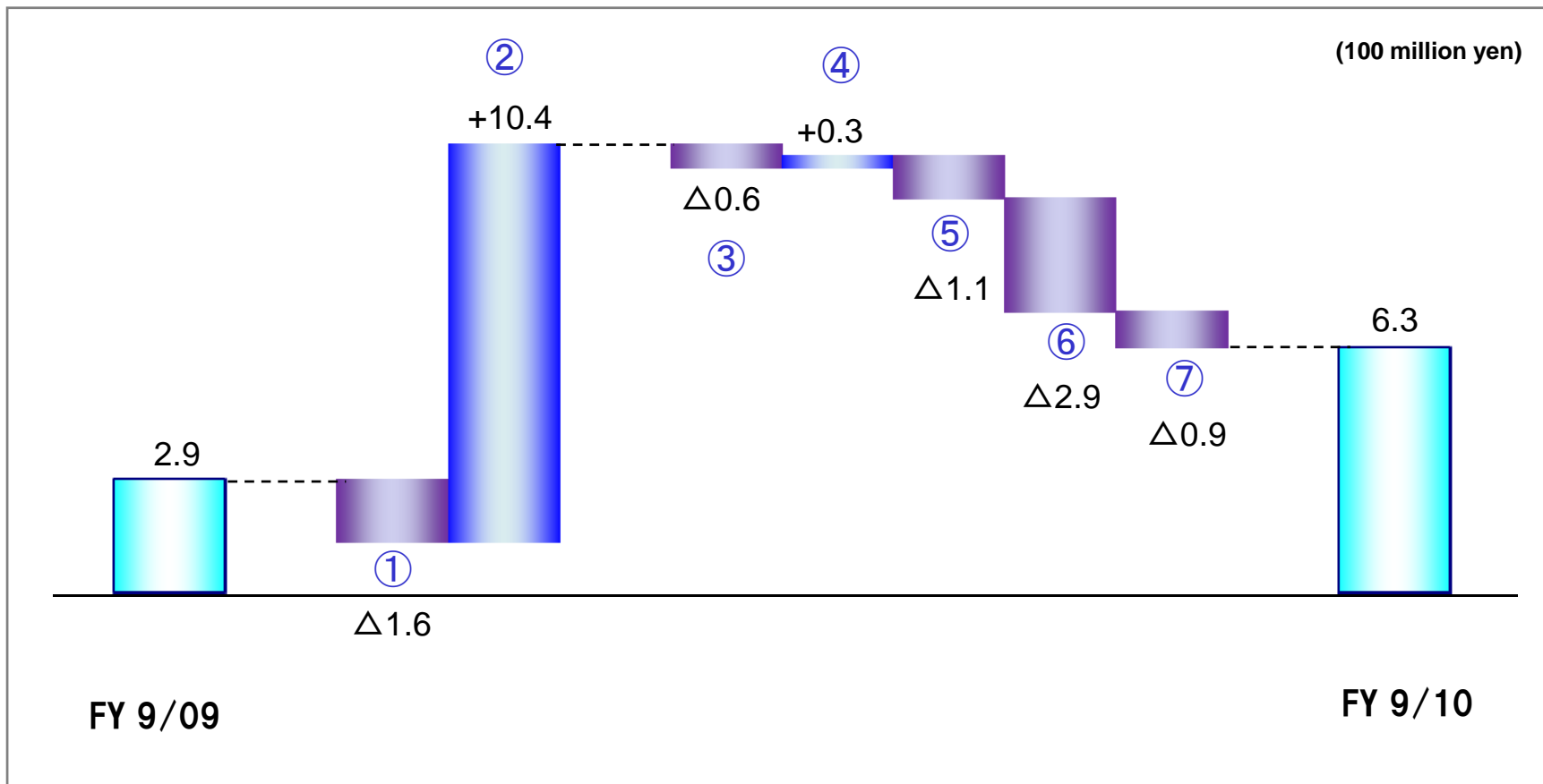
(Billion yen)

	FY 9/08	FY 9/09	FY 9/10
Net sales	23.16	24.46	23.12
Cost of sales	20.85	21.48	19.26
Gross profit	2.31	2.98	3.86
Gross profit margin(%)	10.0	12.2	16.7
SG&A expenses	2.88	3.23	3.29
Operating income	-0.56	-0.24	0.56
Net non-operating income	0.52	0.51	0.54
Ordinary income	-0.04	0.26	1.11
Net extraordinary loss	-0.34	0.04	-0.06
Income taxes	-0.06	0.01	0.4
Net income	-0.32	0.29	0.63

	2011/3 (plan)
Net sales	62
Operating income	2.0
Ordinary income	3.2
Net income	2.0
Operating margin	3.2%
ROE	4.0%

Factors Affecting Net Income (Consolidated)

- ① Lower sales
- ② Higher gross profit margin
- ③ Higher SG&A expenses
- ④ Higher non-operating income
- ⑤ Lower net extraordinary gain
- ⑥ Higher income taxes
- ⑦ Increase in minority interests



Third Medium-term Management Plan and Status of Key First Half Initiatives

Central Objectives of the Third Medium-Term Management Plan

- 1. Increase earnings in established businesses**
- 2. Identify and develop new businesses**

1. Increase earnings in established businesses (Sales)

Private sector

- Use solution-based sales activities to target upstream customers with particular emphasis on the environment projects
 - Capture more orders for renovation projects
 - Target consulting orders by upgrading proposals for renovation projects that use subsidies
 - Start an ESCO (Energy Service Company) business that uses the Hibiya Engineering value chain
- Reexamine selected customers and establish ties with new customers
 - Strengthen activities targeting customers with nationwide business networks
 - Conduct telemarketing on a nationwide scale
- Use collaboration with NTT to increase orders
 - Strengthen air conditioning proposals for data centers and server rooms
 - Conduct operations nationwide by sharing information about specific customers and markets and dividing roles
 - Environmental business collaboration for energy conservation, environmental consulting and other activities

Core Priority Areas of Operations (Data Center)

■ Orders from NTT Group - Excellent track record

- Have received many orders from the NTT Group, Japan's largest operator of data centers

■ One-stop services

- Diagnostic services, designs and construction for air conditioning, sanitary, electrical, firefighting, data management, communications and other equipment

■ Services for expansions and renovations

- Curing and construction technologies for safety without any negative impact on operating servers

■ More than 40 years of experience in constructing buildings for data management and communications equipment

- Have constructed data centers with a total of more than 600,000 square meters



1. Increase earnings in established businesses (Sales)



Public sector

- Upgrade response to the comprehensive evaluation system
 - Upgrade improvement measures and proposals by using horizontal expansion and analysis of highly evaluated projects
- Focus on capturing U.S. military orders

NTT Group

- Sales activities targeting NTT Urban Development, NTT East Properties and other NTT companies
- Offer proposals for updating aging climate control systems (regenerator)
 - Update from MACS III to MACS V

1. Increase earnings in established businesses (Construction)

Reorganization of construction

- Improve productivity by using nationwide centralized management for construction personnel.
- Pass on technological skills to younger workers and upgrade training programs.
 - Start working groups for upgrading skills at job sites
 - Reinforce on-the-job training so that workers can gain expertise in targeted technologies

Reduce the cost of construction

- Use centralized purchasing for all business sites and increase the use of unit-price contracts.
- Improve budget management by starting the full-scale operation of the new main computer system.
 - Constantly monitor important projects
- Form cost-of-construction reduction team

Preserve and Enhance Safety and Quality

- **Strengthen safety and quality training by using a hands-on training center**

Established the Hands-on Training Department on September 3 and started training programs for Hibiya Engineering personnel and the construction workers of partner companies (114 individuals underwent training in September)

- **Use “visualization” to eliminate accidents**

Improve “visualization” of accident case studies and accident procedure documents.



▲ Hands-on Training Department

Restructure the technology strategy

- **Establish a Technology Strategy Committee**
 - **Determine a medium-term strategy for technologies.**

- ◆ **Examine and organize existing technologies**
 - Create an inventory of technologies**

- ◆ **Currently preparing a technology road map**
 - 【Technologies to be further upgraded to become more competitive】**
 - **Renovation technologies**
 - **Environmental and energy-conservation technologies**
 - **Data center technologies**

More efficient and advanced administrative activities

Improve and upgrade business operations by using business process reforms

- Use company-wide initiatives to cut SG&A expenses
Cut payments to other companies; cut general expenses
- Fully utilize the new main computer system

Improve personnel management

- Expand training programs for specific management levels and specialties.
- Increase training involving business involving the environment.
 - Hold environmental training programs at all branches

2. Identify and Develop New Businesses

Enter markets associated with current business operations

- **Grow in business fields associated with the environment and energy**
Solar heating, wastewater processing, geothermal energy, smart power grids, and other fields
 - Started solar heating demonstration test at the Noda Technology Research Center
 - Received order to construct a natural gas cogeneration system (hot bath facility)
 - Participating in smart energy research group (Tokyo Institute of Technology) and other projects
- **Building system integration business**

Use external resources to create new businesses

- **Start new businesses by using M&A and alliances**

HIT Engineering joined the Hibiya Engineering Group



Goal is to increase group synergies through strategic collaboration with other group companies in the future

Environmental Businesses and Key initiatives

The growing market involving environmental protection

- Energy-conservation law and

Amended Tokyo Ordinance on Environmental Preservation (Enacted April 2010)

Rapid growth in demand for consulting services;

Hibiya Engineering is preparing to take actions to meet this demand

- More regulations

Saitama, Kanagawa and other prefectures are enacting more environmental regulations

- More activities with environmental subsidies

Ministry of Economy, Trade and Industry, Ministry of the Environment, Ministry of Land, Infrastructure and Transport, Tokyo Metropolitan Government

Solution-based sales activities centered on the environment

FY3/11 goal for environmental consulting orders

■ Plan: ¥1.5 billion (including renovation projects) ■ Orders: 30

Key initiatives

Increase sales to new and upstream customers by providing consulting services for compatibility with the Energy Conservation Law.

Capture more renovation orders for conserving energy.

Key initiatives

< **Consulting operations** >

Order for energy-conservation assistance at vocational school

- Energy-conservation studies at 65 facilities nationwide and assistance for compliance with laws

Order for energy-conservation assistance at hotels and other hospitality facilities

- Energy-conservation diagnostic services for a large resort hotel and a wedding hall

Orders for other consulting services

- Assistance for compliance with laws by large warehouse company (10 warehouses)
- Study for improvement of machinery rooms at data centers (20 rooms)
- Energy-conservation assistance for factory that produces fiber-optic communication devices

Key initiatives

< Renovation projects >

Order for energy-conservation updating project at vocational school

- Energy-conservation updating project with a subsidy from the Ministry of Land, Infrastructure and Transport
High-efficiency air conditioning system

Order for energy-conservation updating project for equipment at old building

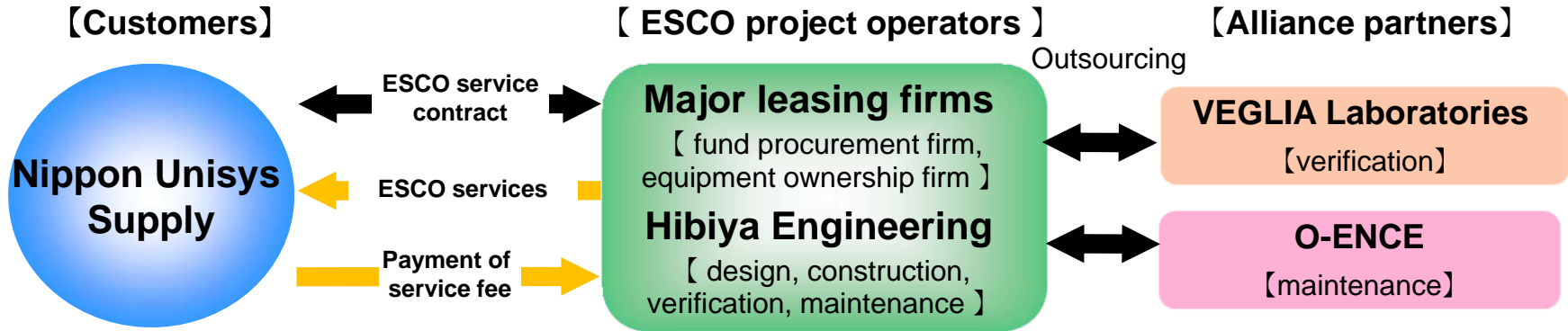
- Energy-conservation updating project with a subsidy from the Ministry of Land, Infrastructure and Transport
High-efficiency air conditioning system, high-efficiency water heating system, cogeneration system

Started ESCO service for a printing plant

- ESCO project order extending from a “visualization” system to a study for energy-conservation facilities
High-efficiency heating unit, high-efficiency humidifying system, other facilities

Solution-based Sales Activities with Emphasis on the Environment: Examples

Business Scheme



【Factory】



【High-efficiency chillers】



【Installation work】

■ ESCO (Energy Service Company) project
 ESCO enables building owners to receive comprehensive services that both conserve energy and cut expenses. ESCO makes it possible to cover the cost of energy-conservation updating projects with the resulting savings in utility and other payments.

Financial Strategy

Dividends

【Basic policy】

- Maintain long-term stability of business operations while paying a dividend that reflects earnings.

(Target: Non-consolidated dividend payout ratio of 60% for the next several years)

【Dividend for fiscal year ending March 2011】

- **Interim ordinary dividend of 7.50 yen per share**
- Annual dividend of ¥22 (tentative)

Repurchase and retirement of stock

【Basic policy】

- Hibiya adopts a flexible approach to the use of stock repurchases and for the purposes of raising the ROE and returning earnings to shareholders.

【Shares repurchased in first half of FY3/11】

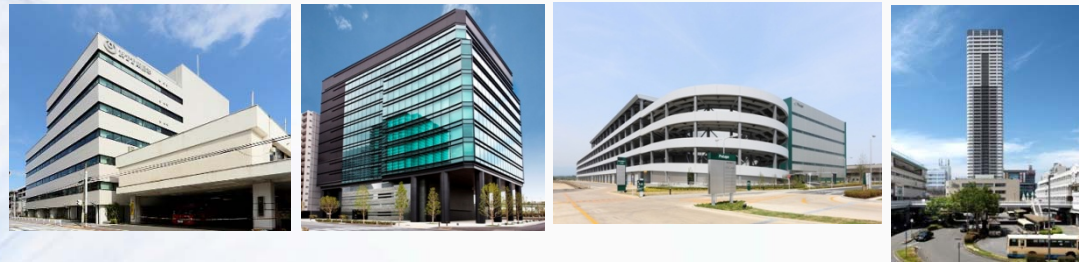
- Shares purchased: 462,000
- Cost: ¥340 million

(92.5% of the repurchase authorization of 500,000 shares)

【Planned repurchases】 <Authorization approved by directors on September 29, 2010>

- Number of shares: Up to 250,000
- Cost: Up to ¥250 million
- Authorization period: November 10, 2010 ~ March 31, 2011

時代にまっすぐ、技術にまじめです。
In line with the times and serious about technology



Earnings Announcement
Six months ended September 30, 2010
Hibiya Engineering, Ltd.
November 15, 2010

These materials include forward-looking statements that incorporate risks and uncertainties and are not guarantees concerning future performance. Future performance may differ from forecasts in these materials due to changes in the operating environment and other reasons.