

## Summary of Consolidated Financial Results For the Second 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://www.hibiya-eng.co.jp/English>

Representative Director: Haruki Nomura, President

Contact: Toshiaki Ikebe, Manager of Finance Division

Tel: 03-6803-5960

Date of filing of quarterly securities report: November 8, 2013 (tentative)

Date of commencement of dividend payment: December 9, 2013 (tentative)

Supplementary explanatory documents: No

Earnings presentation: Yes (For institutional investors and analysts)

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

**1. Financial results for the first half of the fiscal year ending March 2014 (April 1, 2013 – September 30, 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 half ended September 2013	26,243	(10.1)	(918)	-	(551)	-	118	(49.6)
First half ended September 2012	29,201	27.6	148	-	356	-	234	-

Note: Comprehensive income: First half of FY3/2014: 1,058 million yen (-%), First half of FY3/2013: 94 million yen (-%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
First half ended September 2013	3.87	3.85
First half ended September 2012	7.48	7.45

## (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2013	71,002	55,567	75.8	1,768.63
As of March 31, 2013	79,427	55,166	67.3	1,744.66

Notes: Shareholders' equity

As of September 30, 2013: 53,847 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: Yes

\* **Notes**

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): No

(2) Use of 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 September 30, 2013:	34,000,309	As of March 31, 2013:	34,000,309
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(b) Treasury stock

As of September 30, 2013:	3,554,576	As of March 31, 2013:	3,366,761
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2013:	30,559,862	Period ended September 30, 2012:	31,306,700
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\*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.

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## 1. Results of Operations

### (1) Overview on consolidated business performance

In the first half of the current fiscal year, signs of an economic recovery began to emerge. In particular, there were improvements in some sectors of corporate earnings and consumer spending as the yen weakened and stock prices rose in response to economic and fiscal measures by the Japanese government and Bank of Japan.

In the construction industry, the slow recovery of private-sector capital expenditures is expected continue along with growth in government construction expenditures, chiefly for earthquake recovery projects. However, the operating environment is still challenging mainly 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 9.6% increase from one year earlier in orders received to 34,986 million yen. Sales decreased 0.1% to 26,243 million yen.

Although there were constant measures to cut costs and take other actions regarding profitability, there was an operating loss of 918 million yen compared with operating income of 148 million yen one year earlier and ordinary income declined from 356 million yen to a loss of 551 million yen. Net income was 118 million yen, down 49.6% from one year earlier.

### (2) Overview of financial condition

#### Assets

Total assets were 71,002 million yen at the end of the first half, down 8,425 million yen from the end of the previous fiscal year. Current assets decreased 12,251 million yen to 31,348 million yen and noncurrent assets increased 3,825 million yen to 39,653 million yen. The main components of the decrease in assets were a 3,491 million yen increase in investment securities and a 12,087 million yen decrease in accounts receivable from completed construction contracts and other.

#### Liabilities

Total liabilities decreased 8,826 million yen to 15,434 million yen. The main components of this decline were decreases of 8,005 million yen in notes payable, accounts payable for construction contracts and other and 670 million yen in income taxes payable.

#### Net assets

Net assets totaled 55,567 million yen at the end of the first half mainly because of a 350 million yen decrease in retained earnings from the end of the previous fiscal year.

### (3) Forecast

The forecast for consolidated results of operations that was announced on May 10, 2013 has been revised because of performance thus far in the current fiscal year and other reasons. For information about the revised forecast, please see the news release dated today (November 8, 2013) that is titled "Notice of Revision to Forecast for Fiscal Year Ending March 2014."

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated balance sheet

(million yen)

	Fiscal year ended March 2013 (As of March 31, 2013)	Second quarter ended September 2013 (As of September 30, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	5,481	5,388
Notes receivable, accounts receivable from completed construction contracts and other	28,673	16,585
Short-term investment securities	7,802	6,702
Costs on uncompleted construction contracts and other	758	1,317
Other	914	1,433
Allowance for doubtful receivables	(30)	(79)
Total current assets	43,599	31,348
Noncurrent assets		
Property, plant and equipment	557	583
Intangible assets	374	284
Investments and other assets		
Investment securities	30,204	33,696
Other	4,750	5,239
Allowance for doubtful accounts	(58)	(149)
Total investments and other assets	34,896	38,786
Total noncurrent assets	35,828	39,653
Total assets	79,427	71,002

	Fiscal year ended March 2013 (As of March 31, 2013)	Second quarter ended September 2013 (As of September 30, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	19,176	11,170
Short-term loans payable	780	780
Income taxes payable	719	48
Advances received on uncompleted construction contracts	322	410
Provision for bonuses	901	611
Provision for warranties for completed construction	47	44
Provision for loss on construction contracts	253	268
Other	1,186	716
Total current liabilities	23,385	14,050
Noncurrent liabilities		
Provision for retirement benefits	379	304
Provision for directors' retirement benefits	44	33
Other	451	1,046
Total noncurrent liabilities	875	1,384
Total liabilities	24,261	15,434
<b>NET ASSETS</b>		
Shareholder's equity		
Capital stock	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	41,495	41,145
Treasury stock	(2,649)	(2,844)
Total shareholder's equity	50,531	49,985
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	2,914	3,861
Total accumulated other comprehensive income	2,914	3,861
Subscription rights to shares	97	109
Minority interests	1,623	1,610
Total net assets	55,166	55,567
Total liabilities and net assets	79,427	71,002

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
Quarterly consolidated statements of income  
For the first half (April 1, 2013 – September 30, 2013)

(million yen)

	First half ended September 2012 (April 1, 2012 – September 30, 2012)	First half ended September 2013 (April 1, 2013 – September 30, 2013)
Net sales	29,201	26,243
Cost of sales	25,719	23,714
Gross profit	3,481	2,529
Selling, general and administrative expenses	3,332	3,447
Operating income (loss)	148	(918)
Non-operating income		
Interest income	50	52
Dividend income	72	84
Equity in earnings of affiliates	-	178
Insurance premiums refunded cancellation	59	-
Other	53	62
Total non-operating income	235	378
Non-operating expenses		
Interest expense	6	7
Equity in losses of affiliates	18	-
Other	2	4
Total non-operating expenses	27	11
Ordinary income (loss)	356	(551)
Extraordinary income		
Gain on sales of investment securities	-	284
Gain on redemption of investment securities	-	273
Gain on bargain purchase	129	-
Total extraordinary income	129	557
Extraordinary losses		
Loss on valuation of investment securities	15	-
Loss on valuation of golf club membership	0	-
Total extraordinary losses	15	-
Income (loss) before income taxes	470	6
Income taxes-current	58	28
Income taxes-deferred	136	(98)
Total income taxes	194	(70)
Income (loss) before minority interests	275	76
Minority interests in income (loss)	41	(41)
Net income (loss)	234	118

Quarterly consolidated statements of comprehensive income  
For the first half (April 1, 2013 – September 30, 2013)

	First half ended September 2012 (April 1, 2012 – September 30, 2012)	First half ended September 2013 (April 1, 2013 – September 30, 2013)
Income (loss) before minority interests	275	76
Other comprehensive income		
Valuation difference on available-for-sale securities	(141)	950
Share of other comprehensive income of associates accounted for using equity method	(39)	31
Total other comprehensive income	(180)	982
Comprehensive income	94	1,058
Comprehensive income attributable to owners of the parent	58	1,065
Comprehensive income attributable to minority interests	36	(7)

(3) Notes to consolidated financial statements  
(Going concern assumptions)  
No

(Significant change in shareholders' equity)  
No