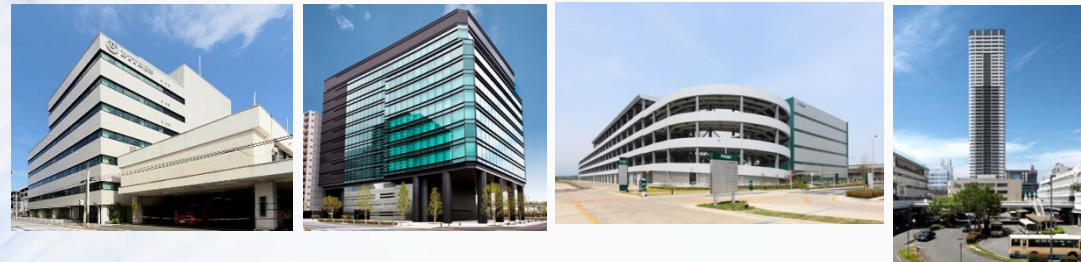


時代にまっすぐ、技術にまじめです。

In line with the times and serious about technology



Fiscal year ended March 31, 2010

Earnings Announcement

Hibiya Engineering, Ltd.

May 19, 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 Summary

Fiscal year ended March 31, 2010

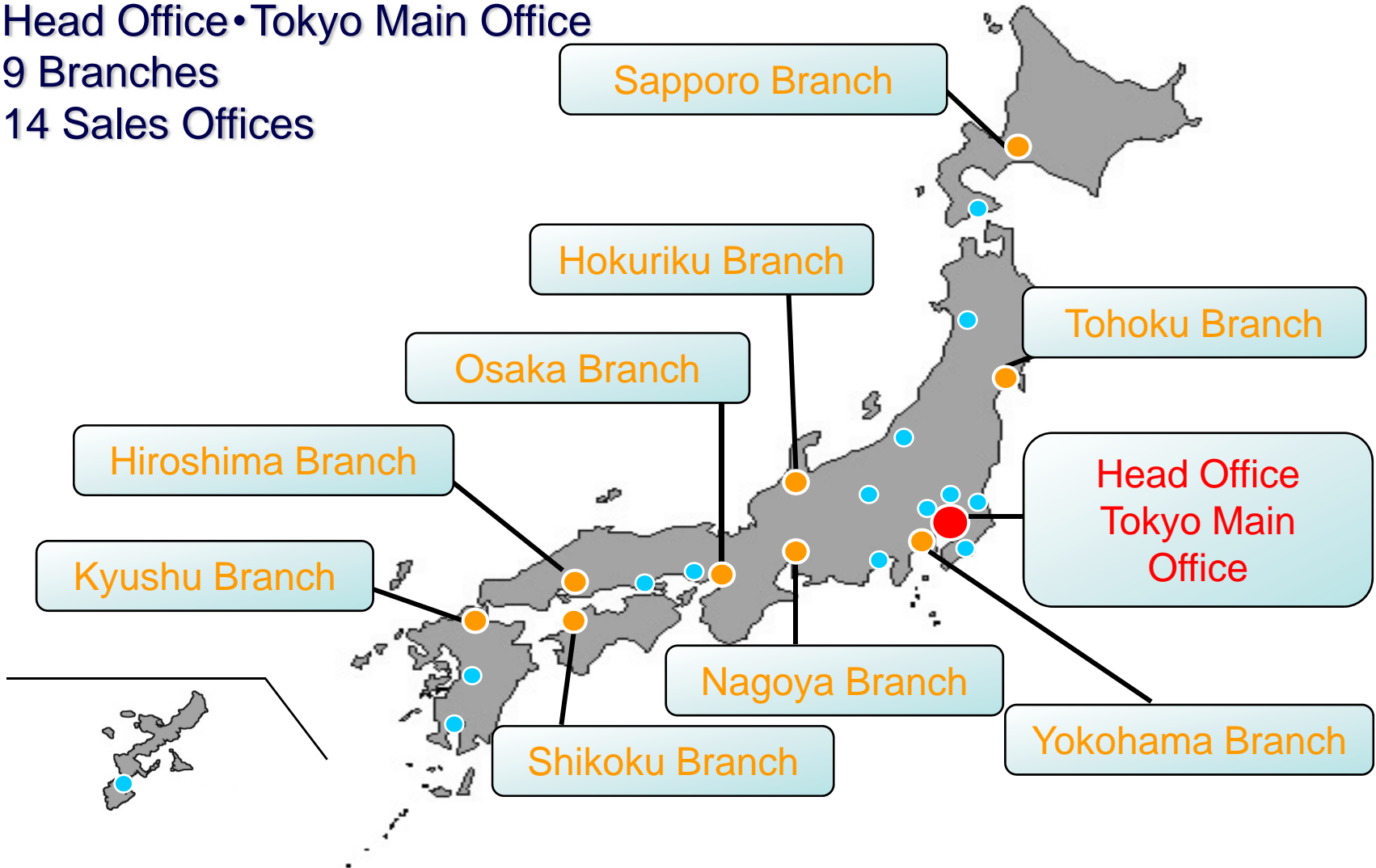
Corporate Data

- Establishment March, 1966
- Representative Director Shinya Kimura, President
- Capital Stock 5,753 million yen
- Stock Listing First Section of Tokyo Stock Exchange
- Number of Employees 749 (Non-consolidated), 897 (Consolidated)
As of March 31, 2010
- Net Sales 53.3 billion yen(Non-consolidated), 62.3 billion yen(Consolidated)
As of March 31, 2010
- Business Activities Installation of Air conditioning, plumbing and sanitation, electrical and IT equipment; design and installation of equipment and systems, manufacture and sale of equipment and devices
- Subsidiaries Consolidated subsidiaries:
Hibiya Tsushou Co., Ltd., Nikkei Company Limited
Affiliates accounted for under the equity method:
Nihon Meccs Corporation, One other Company

Office Network



Head Office • Tokyo Main Office
9 Branches
14 Sales Offices



【Corporate Data】

Head Office・Tokyo Main Office



Head Office
(Sumitomo Fudosan
Mita Twin Building East)



Tokyo Main Office
(NTT Urban Development
Grandparktower)

Distribution of shareholders by type

As of end of March 2010

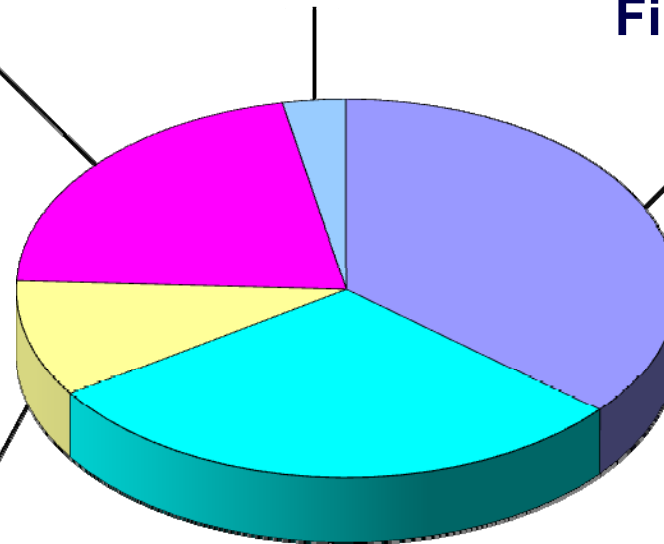
Treasury stock 3%

Individuals and other
21%

Financial Institutions
36%

Foreign entities, etc.
10%

Other corporations
30%



Total number of shares issued : 34, 000, 309 shares
Number of shareholders : 3, 137

Financial Highlights (Consolidated)



(Billion yen)

	2008/3 (actual)	2009/3 (actual)	2010/3 (actual)	2010/3 (plan)	YoY change (%)	vs. plan (%)
Orders Received	57.67	52.68	49.96	57.50	-5.2	-13.1
Net sales	61.22	60.15	62.37	66.50	3.7	-6.2
Operating Income	0.66	2.03	2.20	1.40	8.4	57.7
Ordinary Income	2.43	3.13	3.74	2.60	19.3	44.0
Net Income	0.90	1.40	2.44	1.60	73.5	52.6
ROE	1.7%	2.8%	5.0%	3.3%	2.2pt	1.7pt

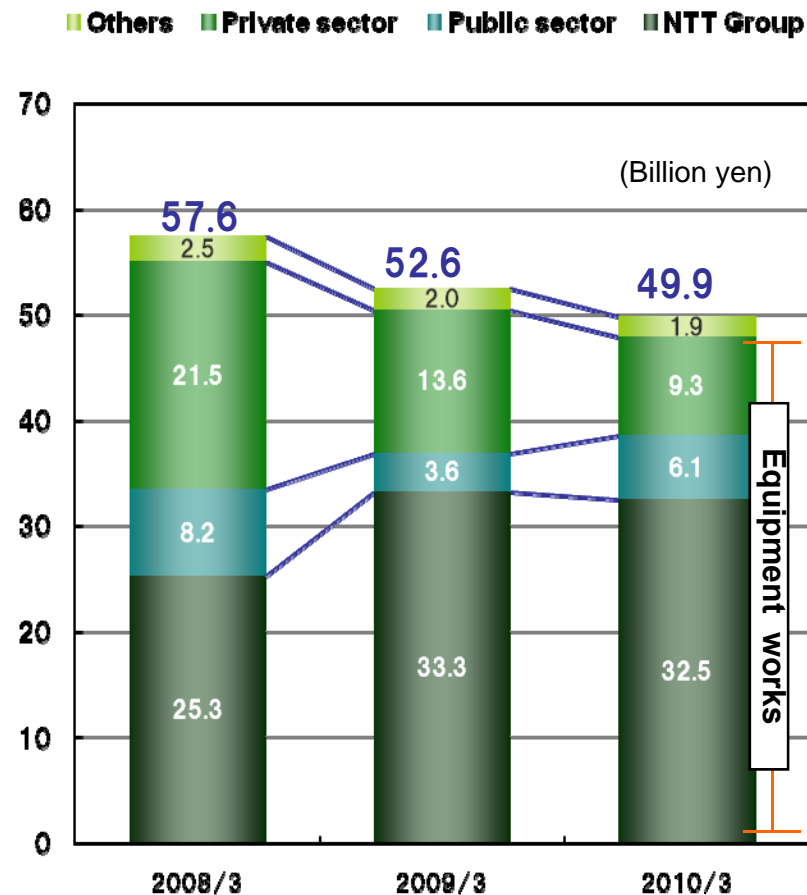
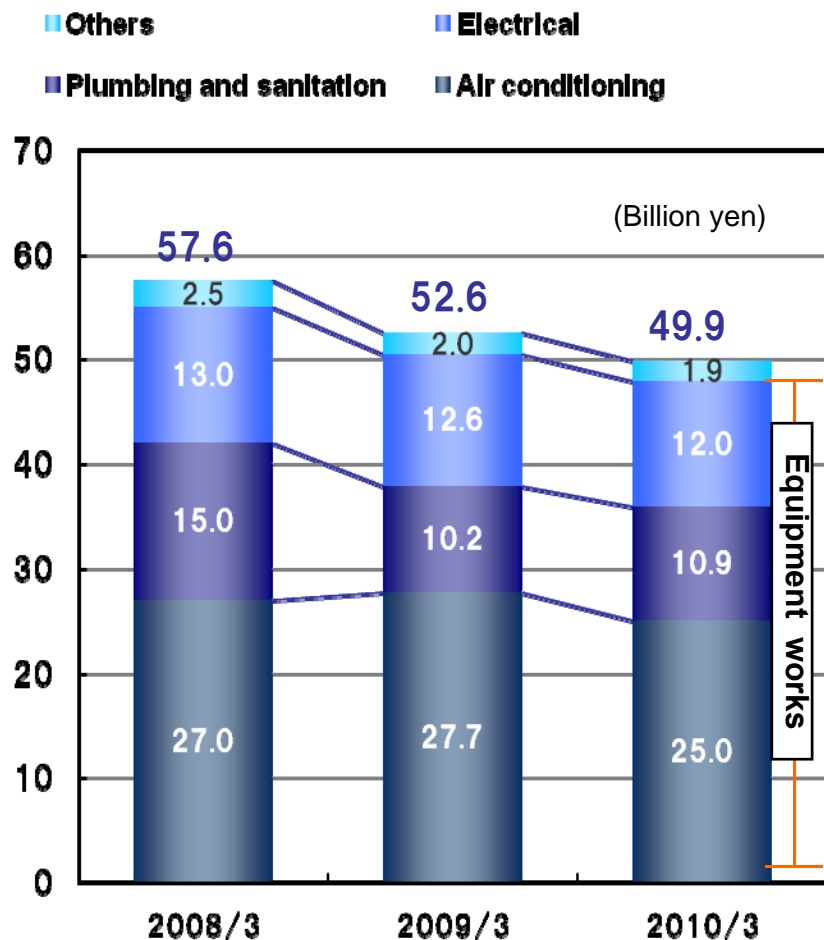
【Financial Highlights (Consolidated FY3/10)】

Orders Received by Category & by Customer (Consolidated)



By category

By customer

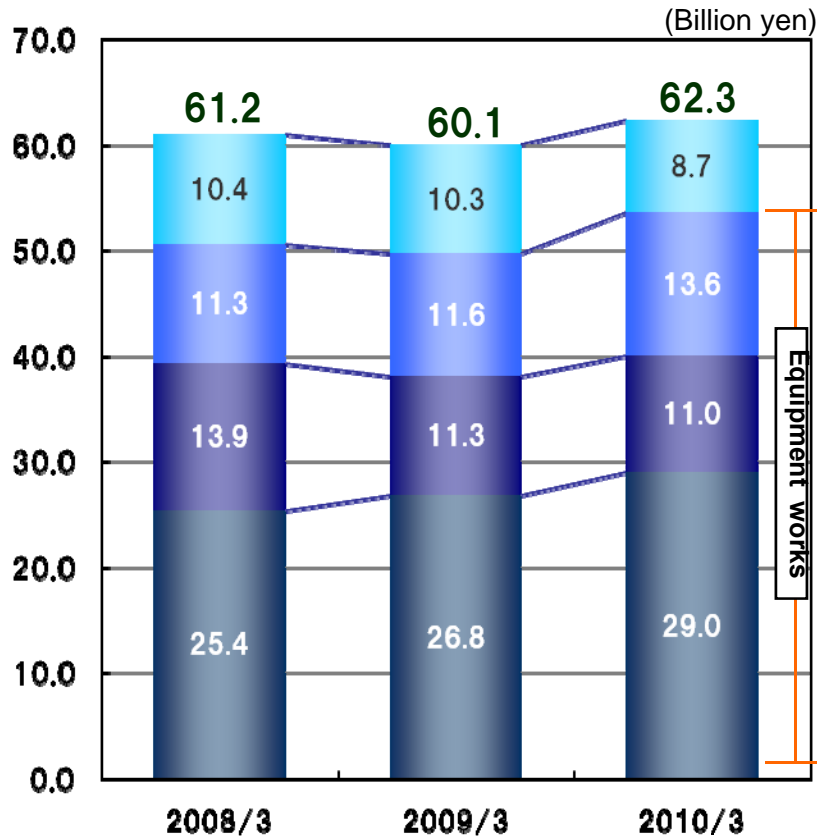


Sales by Category & by Customer (Consolidated)



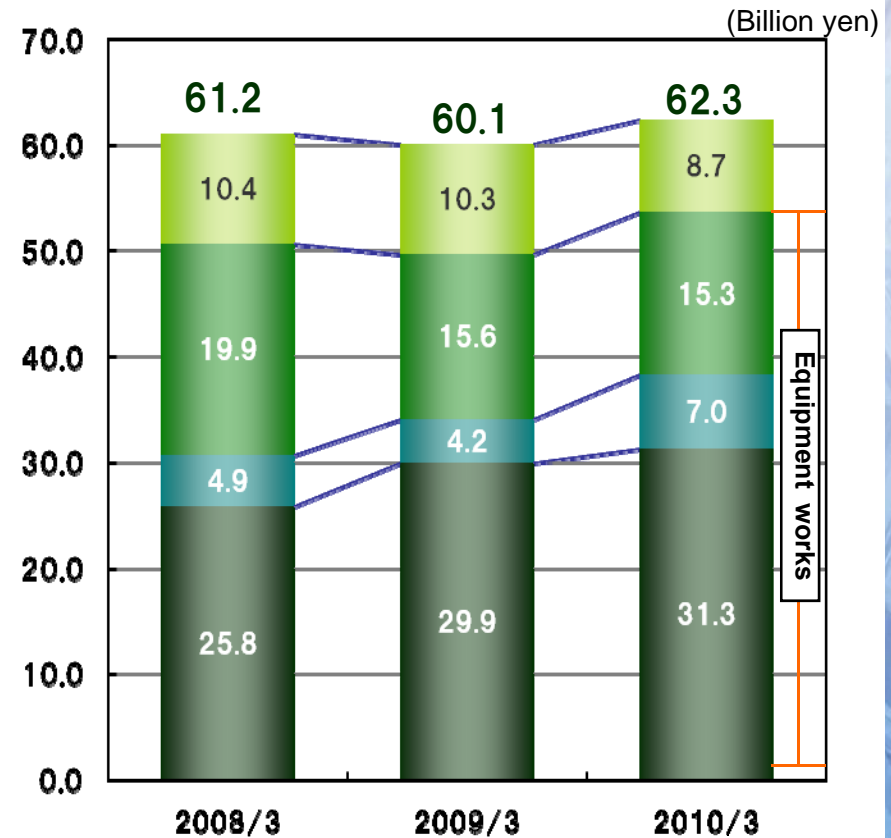
By category

- Others
- Electrical
- Plumbing and sanitation
- Air conditioning



By customer

- Others
- Private sector
- Public sector
- NTT Group



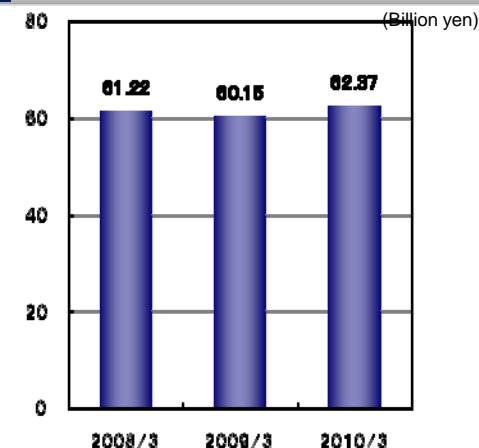
Summary Income Statements (Consolidated)



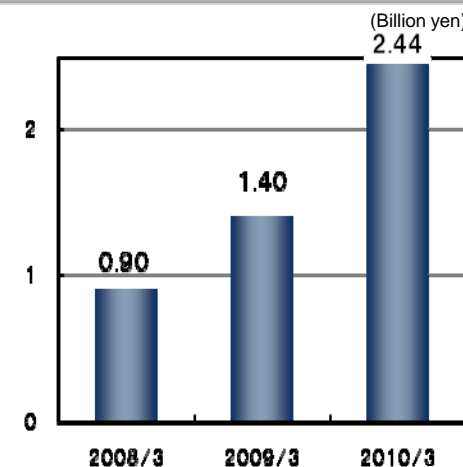
(Billion yen)

	FY 3/08	FY 3/09	FY 3/10
Net sales	61.22	60.15	62.37
Cost of sales	54.85	51.85	53.38
Gross profit	6.36	8.30	8.99
Gross profit margin	1.04	1.38	1.44
SG&A expenses	5.70	6.26	6.78
Operating income	0.66	2.03	2.20
Net non-operating income	1.76	1.10	1.53
Ordinary income	2.43	3.13	3.74
Net extraordinary loss	0.55	0.74	0.13
Income taxes	0.97	0.98	1.16
Net income	0.90	1.40	2.44

Sales (Three-year history)

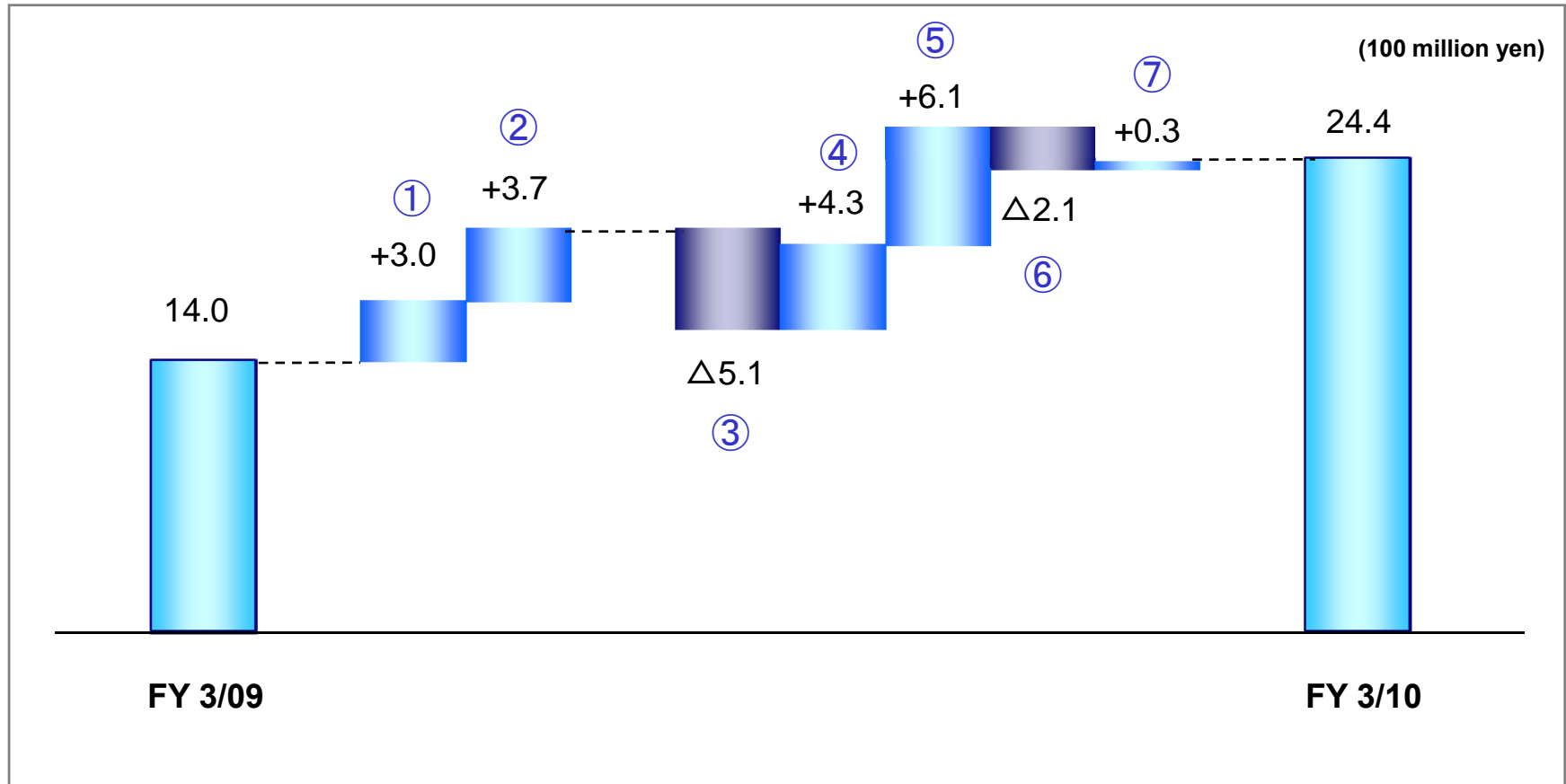


Net income (Three-year history)



Factors Affecting Net Income (Consolidated)

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



Third Medium-term Management Plan and Strategies for the Current Fiscal Year

【 Third Medium-term Management Plan and Strategies for the Current Fiscal Year 】
 FY3/11 Plan and Medium-term Plan Targets (Consolidated)

	(Billion yen)		Initial target of the plan (Billion yen)
	FY 3/10 (actual)	FY 3/11 (plan)	FY 3/11 (target)
Net sales	62.37	62.00	75.00 (5.00)
Operating income	2.20	2.00	2.70 (0.50)
Ordinary income	3.74	3.20	3.70
Net income	2.44	2.00	2.20
Operating margin	3.5%	3.2%	3.6%
ROE	5.0%	4.0%	4.2%



* Plan figures for FY3/11 are the initial FY3/10 plan announced on May 14, 2010.

* Numbers in parentheses in initial target are new business

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
- Establish relationships with new customers by offering proposals for conserving energy
- Use collaboration with NTT to increase orders

Public sector

- Upgrade response to the comprehensive evaluation system
- Focus on capturing U.S. military orders

NTT Group

- Sales activities targeting NTT Urban Development, NTT East Properties and other NTT companies (new construction)
- Offer proposals for updating aging climate control systems (regenerator)
- Offer proposals for updating climate control systems for data-center / server room

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.

Reduce the cost of construction

- Use centralized purchasing for all business sites and increase the use of unit-price contracts.
- Cut subcontracting expenses by preventing the need to repeat or revise work that has been done.
- Cut subcontracting expenses by improving the efficiency of blueprints
- Improve budget management by starting the full-scale operation of the new main computer system.

Preserve and Enhance Safety and Quality

■ Preserve and enhance safety and quality

- Strengthen safety and quality training by using a hands-on training center
 - Establish a Hands-on Training Department.
- Use “visualization” to eliminate accidents
 - Improve “visualization” of accident case studies and accident procedure documents.

■ Restructure the technology strategy

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

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
 - **Building system integration business**

- **Use external resources to create new businesses**
 - **Start new businesses by using M&A and alliances**

Market is growing due to new and amended environmental laws and regulations

- **Amended Energy Conservation Law (Enacted April 2009)**
 - The unit used for restrictions was shifted from business sites to business operators
 - This change increased by five times the number of companies and others subject to this law.

- **Amended Tokyo Ordinance on Environmental Preservation (Enacted April 2010)**
 - Requires reductions in greenhouse gas emissions
 - Applies to 1,400 facilities in Tokyo



Initiative: Conduct business activities that support environmental programs
Ministry of Economy, Trade and Industry, Ministry of the Environment
Ministry of Land, Infrastructure and Transport
Tokyo Metropolitan Government
Others

Key initiatives

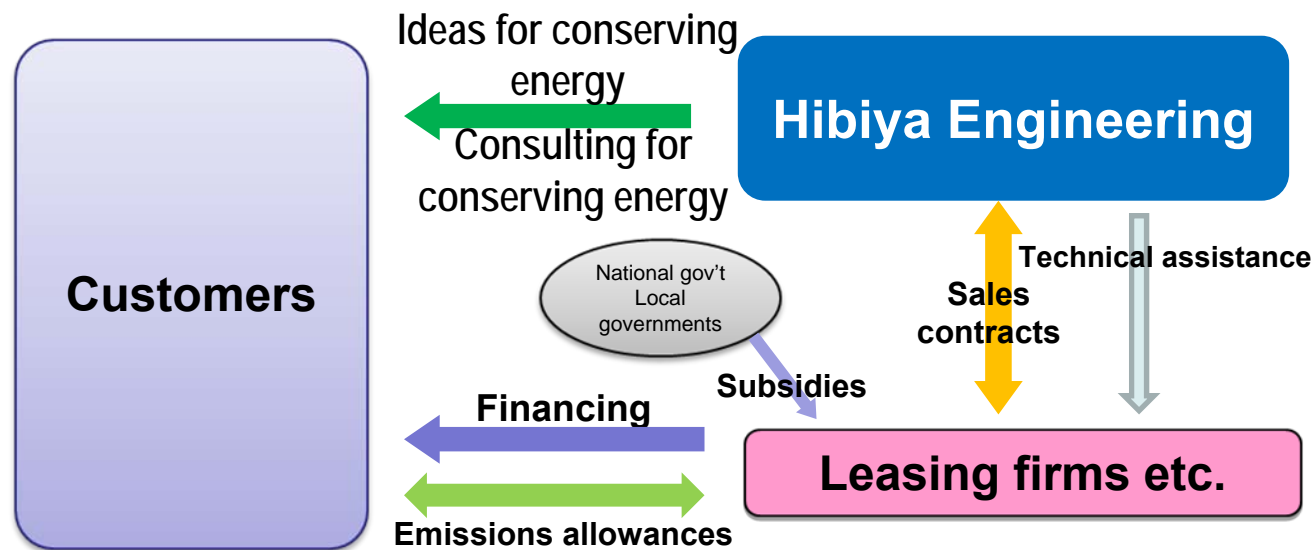
Increase sales to new and upstream customers by providing consulting services for compatibility with the Energy Conservation Law.

Capture more renovation orders for conserving energy.

Use nationwide solution-based sales with emphasis on the environment

Cooperative schemes with leasing firms and other companies

- Support for financing
- Subsidies
- Emission allowance trading



Results of Environmental Solution-based Sales

Energy conservation support for operators of large data processing centers

- **Performed energy conservation diagnosis services at 13 locations nationwide and submitted proposals**
 - The biggest proposed saving was an annual reduction in energy consumption of 32% (equivalent to 16,000 tons of CO₂)

Provided assistance for energy conservation at theme park in Osaka

- **Started energy conservation measures at the second phase of the energy conservation diagnosis process**

Other consulting operations

- **Support for actions at a large multi-purpose building in Tokyo to combat global warming**
- **Support for energy use analysis and reduction process by a large real estate company**
- **Support for compliance with the Energy Conservation Law at the nationwide locations of a religious organization**

Acquisition of Toyama Kouei Co., Ltd.



Toyama Kouei Co., Ltd. to become a subsidiary

- Plan to make this company a wholly owned subsidiary by purchasing all shares on June 30, 2010

Profile of Toyama Kouei

- **Activities:** Design, installation, maintenance and management of production machinery for pharmaceuticals, other drugs and food products, environmental equipment, and other equipment
- **Capital:** ¥20 million

Reasons for the acquisition of Toyama Kouei

- Gain expertise in the planning and design of pharmaceutical and food factories
- Expand the scope of business domains to include the nationwide pharmaceutical and food industries
- Enter the wastewater processing business and other environmental fields with excellent prospects for growth

Financial Strategy

— A financial strategy aimed at improving the ROE and building shareholder value —

Investments to increase earning power of established businesses

Investments to extend operations into new markets

Distribute earnings to shareholders using dividends and the repurchase and retirement of stock

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)

【Planned dividend for fiscal year ended March 2010】

- Paid interim ordinary dividend of 7.50 yen per share in December 2009
- Annual dividend of ¥24.50 (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.

【Results of FY 3/10】

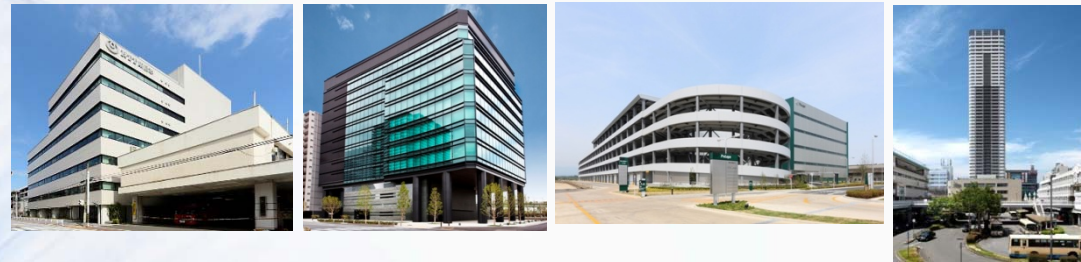
- Shares purchased: 595,000
- Cost: ¥470 million

【Planned repurchases】 <Authorization approved by directors on March 22, 2010>

- Number of shares: Up to 500,000
- Cost: Up to ¥500 million
- Authorization period: April 1, 2010 ~ September 30, 2010

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