

Summary of Financial and Operating Results for the Fiscal Year Ended March 31, 2008

May 15, 2008

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: 03-3454-1258

Regular general meeting of shareholders: June 27, 2008(tentative)

Date of commencement of dividend payment: June 30, 2008(tentative)

Date of filing of securities report: June 27, 2008(tentative)

1. Consolidated results of operations for the fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008)

(1) Consolidated results of operations

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|------|-------------|-------|------------------|--------|-----------------|------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY08 | 61,222 | (8.5) | 666 | (27.6) | 2,435 | 12.5 | 904 | (33.3) |
| FY07 | 66,898 | 6.6 | 920 | 25.8 | 2,165 | 26.1 | 1,355 | 33.7 |

Rounded down to million yen

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

| | Earnings per share (Basic) | Earnings per share (Diluted) | Net profit to net worth | Ordinary income to total assets | Operating income to net sales |
|------|-------------------------------|---------------------------------|-------------------------|------------------------------------|----------------------------------|
| | Yen | Yen | % | % | % |
| FY08 | 24.86 | 24.83 | 1.7 | 3.1 | 1.1 |
| FY07 | 37.27 | 37.14 | 2.6 | 2.6 | 1.4 |

(For reference) Equity in net income of affiliates: 1,117 million yen for FY08; 382 million yen for FY07

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | yen |
| FY08 | 75,085 | 52,289 | 67.9 | 1,412.46 |
| FY07 | 81,033 | 54,464 | 65.7 | 1,462.94 |

(For reference) Stockholders' equity: 51,001 million yen for FY08; 53,273 million yen for FY07

(3) Consolidated cash flow position

| | Net cash provided by (used in) operating activities | Net cash provided by investing activities | Net cash used in financing activities | Cash and cash equivalents at end of period |
|------|--|--|--|---|
| | Million yen | Million yen | Million yen | Million yen |
| FY08 | 1,940 | 320 | (807) | 12,331 |
| FY07 | (2,535) | 790 | (875) | 10,878 |

2. Dividends

| | Dividend per share | | | Total dividends (Annual) | Dividend ratio (Consolidated) | Dividend-to-equity ratio(Consolidated) |
|-------------------|--------------------|----------|-----------|-----------------------------|----------------------------------|---|
| | Mid-term | Year-end | Full year | | | |
| | Yen | Yen | Yen | Million yen | % | % |
| FY07 | 7.50 | 7.50 | 15.00 | 548 | 40.2 | 1.0 |
| FY08 | 7.50 | 17.50 | 25.00 | 908 | 100.6 | 1.7 |
| Forecast for FY09 | 7.50 | 7.50 | 15.00 | | 45.1 | |

Note: Breakdown of year-end dividends for FY08: 7.50 yen for ordinary dividends; 10.00 yen for memorial dividends

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

| | Net sales | | Operating income | | Ordinary income | | Net income | | Earnings per share |
|-----------|-------------|--------|------------------|------|-----------------|--------|-------------|------|--------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| 2Q | 21,000 | (13.0) | (600) | - | (180) | - | (80) | - | (2.22) |
| Full year | 63,500 | 3.7 | 1,150 | 72.5 | 2,100 | (13.8) | 1,200 | 32.7 | 33.23 |

***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. Please refer to Page 3 with regard to other matters related to the forecasts shown above.

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.

1. Results of Operations

(1) Analysis of results of operations

1) Fiscal year ended March 31, 2008

During the fiscal year, the Japanese economy continued to recover, although at only a moderate pace. A solid recovery in corporate earnings early in the fiscal year fueled growth in capital expenditures and consumer spending increased along with an improvement in the employment statistics. Despite this growth, the outlook for the entire economy remained unclear. The main reasons were turmoil in global financial markets sparked by the U.S. subprime loan crisis and inflation linked to the much higher cost of natural resources.

In the construction industry, the operating environment became more challenging. Private-sector construction spending, which had been climbing, dropped sharply because of delays in construction starts caused by the amended Building Standards Law. Ongoing limits on public-works expenditures and an increase in the cost of construction materials, subcontracting expenses and labor expenses made market conditions even more difficult.

The Hibiya Engineering Group adopted a policy of prioritizing profitability when accepting new contracts in order to improve earnings. The Group also conducted construction management with emphasis on improving safety and quality. As a result, orders received increased 3.0% to 57,672 million. Net sales, however, decreased 8.5% to 61,222 million yen.

Operating income was down 27.6% to 666 million yen, ordinary income increased 12.5% to 2,435 million yen and net income fell 33.3% to 904 million yen.

2) Outlook for next fiscal year

In the fiscal year ending in March 2009, the outlook for slower global economic growth creates uncertainty for Japan's economy, which has been expanding steadily. In the construction industry, slower economic growth makes the outlook unclear. Furthermore, no end is in sight to the limits on public-works expenditures and the rising cost of construction materials. These factors indicate that the Group will face even greater challenges in the next fiscal year.

To succeed, the Group will focus its energy on achieving the goals of the Third Medium-term Management Plan, which covers the period from April 2007 to March 2011. The central objectives are building a sounder earnings base for established businesses and executing growth strategies for new businesses. Furthermore, the Group will share the benefits of these actions with all stakeholders. At the same time, the Group will concentrate on quality management based on a firm commitment to the recently established message for our brand: "In line with the times and serious about technology." Through this approach, the Group is determined to continue growing and developing.

For the fiscal year ending in March 2009, Hibiya Engineering forecasts consolidated orders received of 60.0 billion yen, sales from completed construction work and other activities of 63.5 billion yen, ordinary income of 1,150 million yen, ordinary income of 2,100 million yen and net income of 1,200 million yen.

On a non-consolidated basis, the forecasts are orders received of 57.0 billion yen, sales from completed construction work of 53.5 billion yen, ordinary income of 800 million yen, ordinary income of 1,500 million yen and net income of 800 million yen.

(2) Analysis of financial condition

Net cash provided by operating activities was 1,940 million yen, an improvement of 4,475 million yen compared with the negative cash flow in the previous fiscal year. Although higher equity in earnings of affiliates and a decrease in notes and accounts payable had a negative effect on cash flows, cash was provided by income before income taxes and minority interests of 1,879 million yen, a decrease in notes and accounts receivable, and other items.

Net cash provided by investing activities decreased 469 million yen to 320 million yen. Cash was used primarily to purchase investment securities, but this was offset by proceeds from the maturity of bonds, the return of partnership investments and other items.

Net cash used in financing activities decreased 68 million yen to 807 million yen. Cash was used mainly for the purchase of treasury stock and cash dividends paid.

The net result of these cash flows was an increase of 1,453 million yen in cash and cash equivalents to 12,331 million yen.

A five-year summary of indicators associated with cash flows is presented below.

| Years ended March 31 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------------------------------|-------|------|------|------|-------|
| Equity ratio (%) | 62.5 | 67.2 | 62.8 | 65.7 | 67.9 |
| Equity ratio based on market cap (%) | 45.3 | 49.1 | 58.2 | 47.9 | 41.6 |
| Cash flow/debt ratio (times) | 0.2 | - | 1.5 | - | 0.4 |
| Interest coverage ratio (times) | 248.0 | - | 37.9 | - | 105.8 |

Equity ratio: Shareholders' equity/Total assets

Equity ratio based on market cap: Market capitalization/Total assets

Cash flow/debt ratio: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest expenses

*All indicators are based on figures in the consolidated financial statements.

*Operating cash flows are the figures shown in the consolidated statements of cash flows. Interest-bearing debt is the sum of all short-term loans on the consolidated balance sheets. Interest expenses are the interest paid figure on the consolidated statements of cash flows.

(3) Basic policy for allocation of earnings and dividends in past and next fiscal years

Hibiya Engineering positions the return of earnings to shareholders as its highest management priority. The basic policy is to make substantial earnings distributions based on operating results while maintaining a sound base of operations from a long-term perspective. In consideration of the need to maintain adequate retained earnings, the Company established a new dividend target starting in the fiscal year that ended in March 2007. Under this policy, the targeted non-consolidated dividend payout ratio for the near term is 60%, with a minimum annual ordinary dividend of 15 yen per share.

In accordance with this basic policy, the Company plans to pay a year-end dividend of 17.50 yen per share. This is the sum of an ordinary dividend of 7.50 yen and a commemorative dividend of 10 yen to mark the 30th anniversary of the Company's listing on the Tokyo Stock Exchange. With the 7.50 yen interim dividend that has already been paid, this will result in a dividend of 25 yen applicable to the fiscal year that ended in March 2008. This is a payout ratio of 100.6% based on consolidated earnings and 1.7% of net assets at the end of this fiscal year. On a non-consolidated basis, this is a payout ratio of 227.0% and 2.4% of net assets.

As part of measures to use capital more productively and return earnings to shareholders, the Company has been repurchasing and retiring stock. In the March 2008 fiscal year, a total of 323 thousand shares was repurchased at a cost of 259 million yen. The Company has now retired one million shares of stock.

Regarding future purchases, the Company plans to purchase a maximum one million shares at a total cost of not

more than one billion yen between June 30, 2008 and November 10, 2008.

Retained earnings are used to be prepared for future business activities and to maintain a sound financial position. The Company also uses retained earnings for R&D activities to become more competitive, IT investments for internal operations, employee training, entering new business fields, and other investments that can produce earnings in the future.

For the fiscal year ending in March 2009, the Company plans to pay dividends at the end of the first half and the end of the fiscal year, as in prior fiscal years.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

| Account | FY2007 (As of March 31, 2007) | | FY2008 (As of March 31, 2008) | | Change |
|--|----------------------------------|--------------|----------------------------------|--------------|-----------------|
| | Amount | Pct. | Amount | Pct. | Pct. YoY change |
| Assets | | % | | % | |
| Current assets | 42,183 | 52.1 | 39,919 | 53.2 | (2,263) |
| Cash and cash equivalents | 7,880 | | 9,832 | | 1,951 |
| Notes and accounts receivable-trade | 26,528 | | 23,057 | | (3,471) |
| Marketable securities | 3,499 | | 2,608 | | (890) |
| Cost of uncompleted contracts | 2,473 | | 2,450 | | (22) |
| Deferred tax assets | 592 | | 474 | | (117) |
| Other | 1,242 | | 1,522 | | 280 |
| Allowance for doubtful accounts | (32) | | (27) | | 5 |
| Fixed assets | 38,850 | 47.9 | 35,165 | 46.8 | (3,684) |
| Property, plant and equipment | 741 | | 666 | | (74) |
| Buildings and structures | 384 | | 350 | | (33) |
| Land | 181 | | 174 | | (7) |
| Other | 175 | | 140 | | (34) |
| Intangible assets | 117 | | 145 | | 28 |
| Investments and other assets | 37,991 | | 34,353 | | (3,637) |
| Investment securities | 32,452 | | 28,349 | | (4,103) |
| Long-term loans receivable | 40 | | 36 | | (4) |
| Long-term insurance premium | 2,811 | | 2,837 | | 25 |
| Investments in silent partnership | 1,216 | | 1,154 | | (61) |
| Deferred tax assets | 40 | | 277 | | 237 |
| Other | 1,493 | | 1,814 | | 320 |
| Allowance for doubtful accounts | (64) | | (115) | | (51) |
| Total assets | 81,033 | 100.0 | 75,085 | 100.0 | (5,947) |
| Liabilities | | | | | |
| Current liabilities | 24,419 | 30.1 | 22,076 | 29.4 | (2,343) |
| Notes and accounts payable-trade | 20,349 | | 18,523 | | (1,825) |
| Short-term borrowings | 780 | | 780 | | - |
| Income taxes payable | 853 | | 573 | | (280) |
| Advance received on uncompleted contracts | 1,196 | | 992 | | (204) |
| Accrued bonuses | 651 | | 622 | | (29) |
| Allowance for warranty for construction damages | 50 | | 38 | | (12) |
| Allowance for losses on construction contracts | 66 | | 15 | | (51) |
| Other | 470 | | 530 | | 60 |
| Long-term liabilities | 2,150 | 2.7 | 719 | 1.0 | (1,430) |
| Deferred tax liabilities | 1,366 | | 125 | | (1,241) |
| Allowance for retirement benefits for employees | 620 | | 460 | | (159) |
| Allowance for retirement benefits for directors/auditors | 162 | | 119 | | (43) |
| Other | - | | 14 | | 14 |
| Total liabilities | 26,569 | 32.8 | 22,796 | 30.4 | (3,773) |
| Net assets | | | | | |
| Owners' equity | 49,055 | 60.5 | 49,158 | 65.5 | 103 |
| Common stock | 5,753 | | 5,753 | | - |
| Additional paid-in capital | 5,931 | | 5,931 | | - |
| Retained earnings | 38,523 | | 38,075 | | (447) |
| Treasury stock, at cost | (1,153) | | (602) | | 551 |
| Valuation and translation adjustments | 4,217 | 5.2 | 1,842 | 2.4 | (2,375) |
| Net unrealized holding gain/loss on securities | 4,217 | | 1,842 | | (2,375) |
| Minority interests | 1,191 | 1.5 | 1,288 | 1.7 | 97 |
| Total net assets | 54,464 | 67.2 | 52,289 | 69.6 | (2,174) |
| Total liabilities and net assets | 81,033 | 100.0 | 75,085 | 100.0 | (5,947) |

(2) Consolidated Statements of Income

(million yen)

| Account | FY2007 (Apr.1,2006-Mar.31,2007) | | FY2008 (Apr.12007-Mar.31,2008) | | Change | |
|---|------------------------------------|-------|-----------------------------------|-------|---------|--------|
| | Amount | Pct. | Amount | Pct. | Amount | Pct. |
| | | % | | % | | % |
| Net sales | 66,898 | 100.0 | 61,222 | 100.0 | (5,675) | (8.5) |
| Cost of sales | 60,212 | 90.0 | 54,853 | 89.6 | (5,358) | |
| Gross profit | 6,685 | 10.0 | 6,368 | 10.4 | (317) | (4.7) |
| Selling, general and administrative expenses | 5,765 | 8.6 | 5,702 | 9.3 | (63) | |
| Operating income | 920 | 1.4 | 666 | 1.1 | (253) | (27.6) |
| Other income | | | | | | |
| Interest and dividend income | 501 | | 470 | | (31) | |
| Gain on sales of marketable securities | 149 | | - | | (149) | |
| Equity in earnings of affiliates | 382 | | 1,117 | | 734 | |
| Other | 238 | | 222 | | (15) | |
| Total of other income | 1,272 | 1.9 | 1,809 | 3.0 | 537 | |
| Other expense | | | | | | |
| Interest expense | 14 | | 18 | | 4 | |
| Loss on sales of marketable securities | - | | 6 | | 6 | |
| Other | 12 | | 16 | | 3 | |
| Total of other expenses | 26 | 0.1 | 40 | 0.1 | 13 | |
| Ordinary income | 2,165 | 3.2 | 2,435 | 4.0 | 270 | 12.5 |
| Extraordinary gains | | | | | | |
| Gain on sales of investment securities | 46 | | 138 | | 92 | |
| Gain on reversal of allowance for doubtful accounts | 44 | | 8 | | (36) | |
| Gain on securities contributed to employees' retirement benefit trust | 147 | | - | | (147) | |
| Gain on sales of land | 11 | | - | | (11) | |
| Total of extraordinary gains | 250 | 0.4 | 147 | 0.2 | (103) | |
| Extraordinary losses | | | | | | |
| Loss on devaluation of investment securities | - | | 694 | | 694 | |
| Loss on abandonment of inventories | - | | 6 | | 6 | |
| Loss on sales of land | - | | 2 | | 2 | |
| Loss on disposal of property, plant and equipment | 24 | | - | | (24) | |
| Office transfer expenses | 19 | | - | | (19) | |
| Total of extraordinary losses | 44 | 0.1 | 703 | 1.1 | 659 | |
| Income before income taxes and minority interests | 2,371 | 3.5 | 1,879 | 3.1 | (492) | (20.7) |
| Income, taxes current | 998 | 1.5 | 634 | 1.0 | (363) | |
| Income taxes deferred | (67) | (0.1) | 231 | 0.4 | 298 | |
| Minority interests | 85 | 0.1 | 110 | 0.2 | 24 | |
| Net income for the period | 1,355 | 2.0 | 904 | 1.5 | (451) | (33.3) |

(3) Consolidated Statements of Changes in Net Assets
 FY07 (April 1, 2006-March 31, 2007)

(million yen)

| | Owners' equity | | | | | Valuation and translation adjustments | Minority interest | Total net assets |
|--|----------------|----------------------------|-------------------|----------------|-------------------------|---|-------------------|------------------|
| | Common Stock | Additional paid in capital | Retained earnings | Treasury stock | Total of owners' equity | Net unrealized holding gain on securities | | |
| Balance at March 31, 2006 | 5,753 | 5,931 | 38,133 | (1,202) | 48,616 | 4,221 | 1,122 | 53,960 |
| Changes during the fiscal year | | | | | | | | |
| Cash dividends paid(*) | | | (638) | | (638) | | | (638) |
| Cash dividends paid | | | (273) | | (273) | | | (273) |
| Bonuses for directors and corporate auditors (*) | | | (47) | | (47) | | | (47) |
| Net income | | | 1,355 | | 1,355 | | | 1,355 |
| Purchase of treasury stock | | | | (26) | (26) | | | (26) |
| Disposal of treasury stock | | | (5) | 75 | 70 | | | 70 |
| Net changes in items other than owners' equity | | | | | | (3) | 68 | 65 |
| Total of changes during the | - | - | 389 | 49 | 438 | (3) | 68 | 504 |
| Balance at March 31, 2007 | 5,753 | 5,931 | 38,523 | (1,153) | 49,055 | 4,217 | 1,191 | 54,464 |

(*) Decided at the shareholders' meeting in June 2006.

FY08 (April 1, 2007-March 31, 2008)

(million yen)

| | Owners' equity | | | | | Valuation and translation adjustments | Minority interest | Total net assets |
|--|----------------|----------------------------|-------------------|----------------|-------------------------|---|-------------------|------------------|
| | Common Stock | Additional paid in capital | Retained earnings | Treasury stock | Total of owners' equity | Net unrealized holding gain on securities | | |
| Balance at March 31, 2007 | 5,753 | 5,931 | 38,523 | (1,153) | 49,055 | 4,217 | 1,191 | 54,464 |
| Changes during the fiscal year | | | | | | | | |
| Cash dividends paid | | | (548) | | (548) | | | (548) |
| Net income | | | 904 | | 904 | | | 904 |
| Purchase of treasury stock | | | | (279) | (279) | | | (279) |
| Disposal of treasury stock | | | (3) | 30 | 27 | | | 27 |
| Retirement of treasury stock | | | (800) | 800 | - | | | - |
| Net changes in items other than owners' equity | | | | | | (2,375) | 97 | (2,278) |
| Total of changes during the | | | (447) | 551 | 103 | (2,375) | 97 | (2,174) |
| Balance at March 31, 2008 | 5,753 | 5,931 | 38,075 | (602) | 49,158 | 1,842 | 1,288 | 52,289 |

(4) Consolidated Cash Flow Statements

(million yen)

| | FY2007 | FY2008 | Change |
|---|---------|---------|---------|
| Account | Amount | Amount | Amount |
| I. Cash flows from operating activities | | | |
| Income before income taxes and minority interests (for the period) | 2,371 | 1,879 | (492) |
| Depreciation and amortization | 122 | 140 | |
| Increase (decrease) in allowance for doubtful accounts | (70) | 45 | |
| Increase (decrease) in allowance for retirement benefits for employees | (609) | (159) | |
| Gain on securities contributed to employees' retirement benefit trust | (147) | - | |
| Increase (decrease) in allowance for retirement benefits for directors and corporate auditors | (0) | (43) | |
| Increase (decrease) in accrued bonuses | (56) | (29) | |
| Increase (decrease) in allowance for warranty for construction damages | 1 | (12) | |
| Increase (decrease) in allowance for losses on construction contracts | (39) | (51) | |
| Interest and dividend income | (501) | (470) | |
| Interest expense | 14 | 18 | |
| Loss (gain) on sales of marketable securities | (149) | 6 | |
| Loss (gain) on sales of investment securities | (46) | (138) | |
| Loss (gain) on valuation of investment securities | - | 694 | |
| Loss (gain) on equity in earnings of affiliates | (382) | (1,117) | |
| Decrease (increase) in notes and accounts receivable-trade | (4,271) | 3,471 | |
| Decrease/(increase) in inventories | 3,130 | 22 | |
| Increase (decrease) in accounts payable | 50 | (1,825) | |
| Increase (decrease) in advance received on uncompleted contracts | (1,668) | (204) | |
| Consumption taxes | 23 | 216 | |
| Other | 125 | (88) | |
| Subtotal | (2,105) | 2,355 | 4,460 |
| Interest and dividend received | 565 | 496 | |
| Interest paid | (14) | (18) | |
| Income taxes paid | (981) | (893) | |
| Net cash provided by (used in) operating activities | (2,535) | 1,940 | 4,475 |
| II. Cash flows from investing activities | | | |
| Payment for time deposits | (500) | (300) | |
| Proceeds from sales of marketable securities | 20 | - | |
| Proceeds from maturity of bonds | 3,801 | 2,000 | |
| Payments for purchase of property, plant and equipment | (237) | (47) | |
| Payments for purchase of intangible assets | (45) | (64) | |
| Proceeds from sales of land | 30 | 4 | |
| Payments for purchase of investment securities | (2,887) | (2,001) | |
| Proceeds from sales of investment securities | 56 | 285 | |
| Payments for insurance contribution | (293) | (274) | |
| Proceeds from reversal of insurance contribution | 150 | 343 | |
| Proceeds from reversal of long-term security money | 1,122 | 67 | |
| Proceeds from investment in silent partnership | - | 500 | |
| Other | (429) | (192) | |
| Net cash provided by investing activities | 790 | 320 | (469) |
| III. Cash flows from financing activities | | | |
| Payment for purchase of treasury stock | (26) | (279) | |
| Proceeds from sales of treasury stock | 70 | 27 | |
| Cash dividends paid | (912) | (548) | |
| Cash dividends paid to minority shareholders | (6) | (6) | |
| Net cash used in financing activities | (875) | (807) | 68 |
| IV. Net increase (decrease) in cash and cash equivalents | (2,620) | 1,453 | 4,073 |
| V. Cash and cash equivalents at beginning of year | 13,499 | 10,878 | (2,620) |
| VI. Cash and cash equivalents at end of year | 10,878 | 12,331 | 1,453 |