

## Summary of Consolidated Financial Results For the Second Quarter of Fiscal Year Ending March 31, 2013 [Japan GAAP]

Company: Hibiya Engineering, Ltd.

Stock exchange listing: Tokyo Stock Exchange (First Section)

Stock code: 1982

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

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Date of filing of quarterly securities report: November 14, 2012 (tentative)

Date of commencement of dividend payment: December 10, 2012 (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 2013 (April 1, 2012 – September 30, 2012)**

(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 2012	29,201	27.6	148	-	356	-	234	-
First half ended September 2011	22,881	(1.0)	(485)	-	(9)	-	(199)	-

Note: Comprehensive income: First half of FY3/2013: 94 million yen (-%), First half of FY3/2012: -538 million yen (-%)

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First half ended September 2012	7.48		7.45	
First half ended September 2011	(6.25)		-	

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2012	68,555	52,384	74.1	1,641.86
As of March 31, 2012	76,442	53,368	67.6	1,642.92

Notes: Shareholders' equity

As of September 30, 2012: 50,794 million yen As of March 31, 2012: 51,696 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 2012	-	15.00	-	15.00	30.00
Fiscal year ending March 2013	-	15.00			
Fiscal year ending March 2013 (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 2013 (Consolidated, April 1, 2012 to March 31, 2013)**

(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	66,000	8.3	2,500	45.9	3,500	21.8	2,000	20.7	63.56

Note: Change in the forecast from the latest announcement: No

\* **Note**

- (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: Yes
  - (b) Changes other than in (a): No
  - (c) Changes in accounting estimates: Yes
  - (d) Retrospective restatement: No

Note: These are subject to Article 10-5 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Financial Statements. For more information, please see "2. Other Information (3) Changes in accounting principles and estimates, and retrospective restatements."

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of September 30, 2012:	34,000,309	As of March 31, 2012:	34,000,309
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(b) Treasury stock

As of September 30, 2012:	3,063,298	As of March 31, 2012:	2,534,434
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2012:	31,306,700	Period ended September 30, 2011:	31,958,442
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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, there was a slow recovery of the Japanese economy mainly because of demand associated with Great East Japan Earthquake recovery activities. However, the outlook for the Japanese economy is still uncertain due to worries about slowing global economic growth caused by the deepening debt crisis in Europe and to the yen's strength.

In the construction industry, public-works investments and private-sector construction expenditures rebounded along with earthquake recovery activity and for other reasons. But the operating environment remained challenging because of lackluster consumer spending and intense price-based competition.

The Hibiya Engineering Group focused on sales activities that take advantage of the group's strengths in order to capture more orders. As a result, orders received increased 26.5% from one year earlier to 31,935 million yen. Sales increased 27.6% to 29,201 million yen.

Earnings were affected by continuing depreciation and amortization and other items, but operating income improved to 148 million yen from a 485 million yen loss one year earlier, ordinary income was 356 million yen compared with a 9 million yen loss one year earlier, and net income was 234 million yen compared with a 199 million yen loss one year earlier.

### (2) Overview of financial condition

#### Assets

Total assets were 68,555 million yen at the end of the first half, down 7,886 million yen from the end of the previous fiscal year. Current assets decreased 7,325 million yen to 35,109 million yen and noncurrent assets decreased 561 million yen to 33,446 million yen. The decrease in assets was primarily the net result of a 4,993 million yen increase in short-term investment securities and decreases of 2,881 million yen in cash and deposits and 8,965 million yen in accounts receivable from completed construction contracts and other.

#### Liabilities

Total liabilities decreased 6,902 million yen to 16,170 million yen. The main components of this decline were decreases of 6,066 million yen in notes payable, accounts payable for construction contracts and other and 523 million yen in income taxes payable.

#### Net assets

Net assets totaled 52,384 million yen at the end of the first half mainly because of a 243 million yen decrease in retained earnings from the end of the previous fiscal year.

### (3) Forecast for fiscal year ending in March 2013

There is no change in the forecast for consolidated results of operations that was announced on May 11, 2012.

## 2. Other Information

### (1) Changes in accounting principles and estimates, and retrospective restatements

#### Revision in accounting principles

##### (Revision of depreciation method)

In conjunction with a revision in Japan's Corporate Income Tax Law, Hibiya Engineering and its consolidated subsidiaries in Japan have revised the method used for depreciation starting with the first quarter of the current fiscal year. The revised depreciation method, which is based on the amended Corporate Income Tax Law, is applied to property and equipment purchased on or after April 1, 2012. This revision had only a negligible effect on earnings.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly consolidated balance sheet

(million yen)

	Fiscal year ended March 2012 (As of March 31, 2012)	Second quarter ended September 2012 (As of September 30, 2012)
<b>ASSETS</b>		
Current assets		
Cash and deposits	8,774	5,893
Notes receivable, accounts receivable from completed construction contracts and other	25,388	16,423
Short-term investment securities	5,697	10,690
Costs on uncompleted construction contracts and other	1,146	941
Others	1,454	1,185
Allowance for doubtful receivables	(26)	(25)
Total current assets	42,434	35,109
Noncurrent assets		
Property, plant and equipment	618	586
Intangible assets	544	449
Investments and other assets		
Investment securities	27,521	27,214
Others	5,407	5,280
Allowance for doubtful accounts	(84)	(83)
Total investments and other assets	32,844	32,410
Total noncurrent assets	34,007	33,446
Total assets	76,442	68,555

	Fiscal year ended March 2012 (As of March 31, 2012)	Second quarter ended September 2012 (As of September 30, 2012)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	18,493	12,427
Short-term loans payable	780	780
Income taxes payable	623	100
Advances received on uncompleted construction contracts	129	280
Provision for bonuses	870	635
Provision for warranties for completed construction	44	49
Provision for loss on construction contracts	605	457
Others	1,015	952
Total current liabilities	<u>22,561</u>	<u>15,683</u>
Noncurrent liabilities		
Provision for retirement benefits	390	391
Provision for directors' retirement benefits	38	38
Others	84	57
Total noncurrent liabilities	<u>512</u>	<u>487</u>
Total liabilities	<u>23,073</u>	<u>16,170</u>
<b>NET ASSETS</b>		
Shareholder's equity		
Paid-in capital	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	40,634	40,390
Treasury stock	(1,872)	(2,354)
Total shareholder's equity	<u>50,446</u>	<u>49,721</u>
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	1,249	1,072
Total accumulated other comprehensive income	<u>1,249</u>	<u>1,072</u>
Subscription rights to shares	76	97
Minority interests	1,596	1,493
Total net assets	<u>53,368</u>	<u>52,384</u>
Total liabilities and net assets	<u>76,442</u>	<u>68,555</u>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
Quarterly consolidated statements of income  
For the first half (April 1, 2012 – September 30, 2012)

(million yen)

	First half ended September 2011 (April 1, 2011 – September 30, 2011)	First half ended September 2012 (April 1, 2012 – September 30, 2012)
Net sales	22,881	29,201
Cost of sales	20,047	25,719
Gross profit	2,834	3,481
Selling, general and administrative expenses	3,319	3,332
Operating income (loss)	(485)	148
Non-operating income		
Interest income	64	50
Dividend income	75	72
Equity in earnings of affiliates	241	-
Insurance premiums refunded cancellation	-	59
Others	103	53
Total non-operating income	485	235
Non-operating expenses		
Interest expense	6	6
Equity in losses of affiliates	-	18
Others	3	2
Total non-operating expenses	9	27
Ordinary income (loss)	(9)	356
Extraordinary income		
Gain on sales of investment securities	7	-
Reversal of allowance for doubtful accounts	-	129
Total extraordinary income	7	129
Extraordinary losses		
Loss on valuation of investment securities	222	15
Loss on valuation of golf club membership	0	0
Total extraordinary losses	223	15
Income (loss) before income taxes	(225)	470
Income, inhabitants and enterprise taxes	44	58
Income tax adjustment	(102)	136
Total taxes	(57)	194
Income (loss) before minority interests	(167)	275
Minority interests in income (loss)	31	41
Net income (loss)	(199)	234

Quarterly consolidated statements of comprehensive income  
For the first half (April 1, 2012 – September 30, 2012)

	First half ended September 2011 (April 1, 2011 – September 30, 2011)	First half ended September 2012 (April 1, 2012 – September 30, 2012)
Income (loss) before minority interests	(167)	275
Other comprehensive income		
Valuation difference on available-for-sale securities	(329)	(141)
Share of other comprehensive income of associates accounted for using equity method	(40)	(39)
Total other comprehensive income	(370)	(180)
Comprehensive income	(538)	94
Comprehensive income attributable to owners of the parent	(565)	58
Comprehensive income attributable to minority interests	27	36

(3) Notes to going concern assumptions:  
No

(4) Notes on significant change in shareholders' equity:  
No