

Summary of Consolidated Financial Results For the Third Quarter of Fiscal Year Ending March 31, 2012 [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: February 13, 2012 (tentative)

Date of commencement of dividend payment: -

Supplementary explanatory documents: No

Earnings presentation: No

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

1. Financial results for the first three quarters of the fiscal year ending March 2012 (April 1, 2011 – December 31, 2011)

(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 three quarters ended Dec. 2011	37,504	5.2	(211)	-	549	(63.6)	69	(93.0)
First three quarters ended Dec. 2010	35,637	(9.9)	542	-	1,510	57.7	1,000	67.2

Note: Comprehensive income: First three quarters of FY3/2012: -405 million yen (-%)

First three quarters of FY3/2011: 813 million yen (-%)

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First three quarters ended Dec. 2011	2.18		2.18	
First three quarters ended Dec. 2010	30.77		30.70	

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2011	66,590	51,152	74.4
As of March 31, 2011	76,764	53,187	67.3

Notes: Shareholders' equity

As of December 31, 2011: 49,528 million yen

As of March 31, 2011 51,652 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 2011	-	7.50	-	24.00	31.50
Fiscal year ending March 2012	-	15.00	-		
Fiscal year ending March 2012 (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 2012 (Consolidated, April 1, 2011 to March 31, 2012)

(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	64,000	9.8	2,500	(2.0)	3,800	(10.9)	2,400	(20.4)	74.79

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

Others

- (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 December 31, 2011:	34,000,309	As of March 31, 2011:	34,000,309
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 - (b) Treasury stock

As of December 31, 2011:	2,393,046	As of March 31, 2011:	1,912,241
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2011:	31,860,302	Period ended December 31, 2010:	32,518,433
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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 of consolidated business performance

In the first three quarters of the current fiscal year, the Japanese economy has been recovering slowly from the severe impact of the Great East Japan Earthquake along with preparations for reconstruction activities. However, the outlook for the economy remains uncertain because of the prolonged strength of the yen and slowing economic growth worldwide caused by financial instability in Europe.

In the construction industry, there were resumptions in construction at some projects that were suspended after the earthquake and orders for earthquake reconstruction projects. But the operating environment is still challenging because of weakness in both private-sector and public-works investments.

In this environment, the Hibiya Engineering Group concentrated on achieving growth in the number of customers while preserving profitability. Due to aggressive business activities to accomplish this goal, orders received totaled 41,950 million yen in the first three quarters. Sales increased 5.2% from one year earlier to 37,504 million yen.

Despite continuing measures to cut costs, there was an operating loss of 211 million yen compared with operating income of 542 million yen one year earlier. Ordinary income was down 63.6% to 549 million yen and net income fell 93.0% to 69 million yen.

(2) Overview of financial condition

Assets

Total assets were 66,590 million yen at the end of the third quarter, down 10,174 million yen from the end of the previous fiscal year. Current assets decreased 10,926 million yen to 32,699 million yen and noncurrent assets increased 752 million yen to 33,890 million yen. The main reason for the decrease in assets was decreases of 5,327 million yen in cash and deposits and 7,087 million yen in notes receivable, accounts receivable from completed construction contracts and other, which more than offset a 1,349 million yen increase in short-term investment securities.

Liabilities

Total liabilities decreased 8,139 million yen to 15,437 million yen. This decline was mainly the result of decreases of 5,794 million yen in notes payable, accounts payable for construction contracts and other and 1,354 million yen in income taxes payable.

Net assets

Net assets were 51,152 million yen at the end of the third quarter as retained earnings decreased 1,184 million yen from the end of the previous fiscal year and the valuation difference on available-for-sale securities decreased 546 million yen.

(3) Forecast for fiscal year ending in March 2012

There is no change in the forecast for consolidated performance that was announced on May 13, 2011.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(million yen)

	Fiscal year ended March 2011 (As of March 31, 2011)	Third quarter ended December 2011 (As of December 31, 2011)
ASSETS		
Current assets		
Cash and deposits	13,282	7,954
Notes receivable, accounts receivable from completed construction contracts and other	24,668	17,580
Short-term investment securities	3,134	3,792
Costs on uncompleted construction contracts and other	1,212	1,484
Others	1,386	1,929
Allowance for doubtful receivables	(56)	(42)
Total current assets	43,626	32,699
Noncurrent assets		
Property, plant and equipment	591	530
Intangible assets	631	508
Investments and other assets		
Investment securities	24,173	25,523
Others	7,823	7,412
Allowance for doubtful accounts	(83)	(84)
Total investments and other assets	31,914	32,852
Total noncurrent assets	33,138	33,890
Total assets	76,764	66,590

	Fiscal year ended March 2011 (As of March 31, 2011)	Third quarter ended December 2011 (As of December 31, 2011)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	17,566	11,772
Short-term loans payable	780	780
Income taxes payable	1,411	57
Advances received on uncompleted construction contracts	206	261
Provision for bonuses	1,112	408
Provision for warranties for completed construction	38	40
Provision for loss on construction contracts	789	597
Others	1,078	1,061
Total current liabilities	<u>22,984</u>	<u>14,978</u>
Noncurrent liabilities		
Provision for retirement benefits	446	344
Provision for directors' retirement benefits	33	35
Others	112	79
Total noncurrent liabilities	<u>592</u>	<u>459</u>
Total liabilities	<u>23,577</u>	<u>15,437</u>
NET ASSETS		
Shareholder's equity		
Paid-in capital	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	40,232	39,047
Treasury stock	(1,358)	(1,750)
Total shareholder's equity	<u>50,559</u>	<u>48,982</u>
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	1,092	545
Total valuation and translation adjustments	<u>1,092</u>	<u>545</u>
Subscription rights to shares	56	79
Minority interests	1,478	1,544
Total net assets	<u>53,187</u>	<u>51,152</u>
Total liabilities and net assets	<u>76,764</u>	<u>66,590</u>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
Quarterly consolidated statements of income
For the first three quarters (April 1, 2011 – December 31, 2011)

(million yen)

	First three quarters ended December 2010 (April 1, 2010 – December 31, 2010)	First three quarters ended December 2011 (April 1, 2011 – December 31, 2011)
Net sales	35,637	37,504
Cost of sales	30,016	32,767
Gross profit	5,620	4,736
Selling, general and administrative expenses	5,078	4,947
Operating income (loss)	542	(211)
Non-operating income		
Interest income	98	92
Dividend income	141	207
Equity in earnings of affiliates	574	318
Others	175	154
Total non-operating income	989	774
Non-operating expenses		
Interest expense	9	8
Others	12	4
Total non-operating expenses	22	13
Ordinary income (loss)	1,510	549
Extraordinary income		
Gain on sales of investment securities	-	24
Gain on redemption of investment securities	-	181
Gain on sales of golf memberships	7	-
Reversal of allowance for doubtful accounts	18	-
Total extraordinary income	26	205
Extraordinary losses		
Loss on valuation of investment securities	47	262
Loss on valuation of golf club membership	-	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	12	-
Total extraordinary losses	60	263
Income (loss) before income taxes	1,476	492
Income, inhabitants and enterprise taxes	107	93
Income tax adjustment	315	254
Total taxes	422	348
Income (loss) before minority interests	1,053	143
Minority interests in income (loss)	52	74
Net income (loss)	1,000	69

Quarterly consolidated statements of comprehensive income
For the first three quarters (April 1, 2011 – December 31, 2011)

	First three quarters ended December 2010 (April 1, 2010 – December 31, 2010)	First three quarters ended December 2011 (April 1, 2011 – December 31, 2011)
Income (loss) before minority interests	1,053	143
Other comprehensive income		
Valuation difference on available-for-sale securities	(219)	(485)
Share of other comprehensive income of associates accounted for using equity method	(19)	(63)
Total other comprehensive income	(239)	(548)
Comprehensive income	813	(405)
Comprehensive income attributable to owners of the parent	780	(477)
Comprehensive income attributable to minority interests	33	72

(3) Notes to ongoing concern assumptions
No

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