

## Summary of Consolidated Financial Results

### For the Second 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: November 14, 2011 (tentative)

Date of commencement of dividend payment: December 9, 2011 (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 2012 (April 1, 2011 – September 30, 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 half ended September 2011	22,881	(1.0)	(485)	-	(9)	-	(199)	-
First half ended September 2010	23,123	(5.5)	568	-	1,111	317.6	639	115.2

Note: Comprehensive income: First half of FY3/2012: -538 million yen (-%), First half of FY3/2011: 9 million yen (-%)

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First half ended September 2011	(6.25)		-	
First half ended September 2010	19.59		19.55	

## (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2011	65,479	51,562	76.3
As of March 31, 2011	76,764	53,187	67.3

Notes: Shareholders' equity

As of September 30, 2011: 49,983 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 September 30, 2011:	34,000,309	As of March 31, 2011:	34,000,309
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  - (b) Treasury stock

As of September 30, 2011:	2,308,883	As of March 31, 2011:	1,912,241
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  - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2011:	31,958,442	Period ended September 30, 2010:	32,629,686
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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.

## Index for Supplementary Information

1. Results of Operations .....	2
(1) Overview on consolidated business performance.....	2
(2) Overview of financial condition .....	2
(3) Forecast for fiscal year ending in March 2012 .....	2
2. Quarterly Consolidated Financial Statements.....	3
(1) Quarterly consolidated balance sheet.....	3
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income .....	5
Quarterly consolidated statements of income .....	5
Quarterly consolidated statements of comprehensive income.....	6
(3) Notes to ongoing concern assumptions .....	7
(4) Notes on significant change in shareholders' equity: .....	7

## 1. Results of Operations

### (1) Overview on consolidated business performance

In the first half of the current fiscal year, there was a slow recovery in manufacturing activity in Japan following the severe impact of the Great East Japan Earthquake. However, the outlook for the Japanese economy remains uncertain because of the yen's strength and falling stock prices along with worries about a global economic slowdown caused by financial instability in Europe.

In the construction industry, there were signs of an improvement in some categories of private-sector demand. But the operating environment is still challenging due to the prolonged slump in 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, first half orders received totaled 25,240 million yen. Sales were down 1.0% from one year earlier to 22,881 million yen.

Despite continuing measures to cut costs, there was an operating loss of 485 million yen compared with operating income of 568 million yen one year earlier and an ordinary loss of 9 million yen compared with ordinary income of 1,111 million yen one year earlier. The first half net loss was 199 million yen, down from net income of 639 million yen one year earlier.

### (2) Overview of financial condition

#### Assets

Total assets were 65,479 million yen at the end of the first half, down 11,285 million yen from the end of the previous fiscal year. Current assets decreased 12,026 million yen to 31,599 million yen and noncurrent assets increased 740 million yen to 33,879 million yen. The decrease in assets was attributable mainly to an 11,223 million yen decrease in notes receivable, accounts receivable from completed construction contracts and other, which more than offset a 4,672 million yen increase in short-term investment securities.

#### Liabilities

Total liabilities decreased 9,660 million yen to 13,916 million yen. The main components of this decline were decreases of 7,291 in notes payable, accounts payable for construction contracts and other and 1,358 million yen in income taxes payable.

#### Net assets

Net assets were 51,562 million yen at the end of the first half as retained earnings decreased 975 million yen from the end of the previous fiscal year and the valuation difference on available-for-sale securities decreased 366 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)	Second quarter ended September 2011 (As of September 30, 2011)
<b>ASSETS</b>		
Current assets		
Cash and deposits	13,282	7,137
Notes receivable, accounts receivable from completed construction contracts and other	24,668	13,444
Short-term investment securities	3,134	7,806
Costs on uncompleted construction contracts and other	1,212	1,481
Others	1,386	1,769
Allowance for doubtful receivables	(56)	(40)
Total current assets	43,626	31,599
Noncurrent assets		
Property, plant and equipment	591	545
Intangible assets	631	547
Investments and other assets		
Investment securities	24,173	25,368
Others	7,823	7,503
Allowance for doubtful accounts	(83)	(85)
Total investments and other assets	31,914	32,786
Total noncurrent assets	33,138	33,879
Total assets	76,764	65,479

	Fiscal year ended March 2011 (As of March 31, 2011)	Second quarter ended September 2011 (As of September 30, 2011)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	17,566	10,274
Short-term loans payable	780	780
Income taxes payable	1,411	53
Advances received on uncompleted construction contracts	206	307
Provision for bonuses	1,112	646
Provision for warranties for completed construction	38	38
Provision for loss on construction contracts	789	736
Others	1,078	577
Total current liabilities	<u>22,984</u>	<u>13,414</u>
Noncurrent liabilities		
Provision for retirement benefits	446	385
Provision for directors' retirement benefits	33	32
Others	112	83
Total noncurrent liabilities	<u>592</u>	<u>502</u>
Total liabilities	<u>23,577</u>	<u>13,916</u>
<b>NET ASSETS</b>		
Shareholder's equity		
Paid-in capital	5,753	5,753
Capital surplus	5,931	5,931
Retained earnings	40,232	39,256
Treasury stock	(1,358)	(1,685)
Total shareholder's equity	<u>50,559</u>	<u>49,256</u>
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	1,092	726
Total valuation and translation adjustments	<u>1,092</u>	<u>726</u>
Subscription rights to shares	56	79
Minority interests	1,478	1,499
Total net assets	<u>53,187</u>	<u>51,562</u>
Total liabilities and net assets	<u>76,764</u>	<u>65,479</u>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
Quarterly consolidated statements of income  
For the first half (April 1, 2011 – September 30, 2011)

(million yen)

	First half ended September 2010 (April 1, 2010 – September 30, 2010)	First half ended September 2011 (April 1, 2011 – September 30, 2011)
Net sales	23,123	22,881
Cost of sales	19,262	20,047
Gross profit	3,861	2,834
Selling, general and administrative expenses	3,293	3,319
Operating income (loss)	568	(485)
Non-operating income		
Interest income	69	64
Dividend income	87	75
Equity in earnings of affiliates	275	241
Others	129	103
Total non-operating income	561	485
Non-operating expenses		
Interest expense	6	6
Others	11	3
Total non-operating expenses	17	9
Ordinary income (loss)	1,111	(9)
Extraordinary income		
Gain on sales of investment securities	-	7
Reversal of allowance for doubtful accounts	16	-
Total extraordinary income	16	7
Extraordinary losses		
Loss on valuation of investment securities	67	222
Loss on valuation of golf club membership	-	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	12	-
Total extraordinary losses	79	223
Income (loss) before income taxes	1,049	(225)
Income, inhabitants and enterprise taxes	97	44
Income tax adjustment	270	(102)
Total taxes	367	(57)
Income (loss) before minority interests	681	(167)
Minority interests in income (loss)	42	31
Net income (loss)	639	(199)

Quarterly consolidated statements of comprehensive income  
For the first half (April 1, 2011 – September 30, 2011)

	First half ended September 2010 (April 1, 2010 – September 30, 2010)	First half ended September 2011 (April 1, 2011 – September 30, 2011)
Income (loss) before minority interests	681	(167)
Other comprehensive income		
Valuation difference on available-for-sale securities	(593)	(329)
Share of other comprehensive income of associates accounted for using equity method	(77)	(40)
Total other comprehensive income	(671)	(370)
Comprehensive income	9	(538)
Comprehensive income attributable to owners of the parent	(17)	(565)
Comprehensive income attributable to minority interests	27	27

(3) Notes to ongoing concern assumptions  
No

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