

# Consolidated Financial Results for the Second Quarter ended September 30, 2010

For the Fiscal Year Ending March 31, 2011

November 11, 2010

## TOYO ENGINEERING CORPORATION

(URL : <http://www.toyo-eng.co.jp>)

Representative: Yutaka Yamada, President and Chief Executive Officer,  
Contacts: Kensuke Waki, General Manager of Accounting Div.

TEL +81-47-454-1521

The following statements are an English-language translation from the original Japanese-language document.  
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

### 1. Business results for the second quarter of fiscal year 2010(April 1, 2010 - September 30, 2010)

Note: Amounts are rounded down to the nearest million yen.

#### (1) Consolidated operating results

(% of changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr. 1, 2010 - Sep. 30, 2010	76,836	(15.3)	2,239	(56.9)	2,541	(61.9)	1,161	(69.1)
Apr. 1, 2009 - Sep. 30, 2009	90,697	(49.4)	5,202	(24.3)	6,665	(15.8)	3,754	(1.4)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2010 - Sep. 30, 2010	6.05	-
Apr. 1, 2009 - Sep. 30, 2009	19.54	-

#### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Total net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep.30, 2010	177,118	64,324	35.3	325.30
As of Mar.31, 2010	190,127	65,295	33.3	329.54

(Reference) Equity at end of term (millions of yen):

Sep. 30, 2010: 62,456

Mar. 31, 2010: 63,286

### 2. Dividends

	Cash dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY2009	- Yen	2.50 Yen	- Yen	4.50 Yen	7.00 Yen
FY2010	- Yen	0.00 Yen	-	-	-
FY2010 (Forecast)	-	-	- Yen	3.00 Yen	3.00 Yen

### 3. Forecast of consolidated operating results for FY2010

(% of changes from the corresponding periods of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	160,000	(8.0)	4,000	(69.4)	3,500	(75.8)	1,000	(86.0)	5.21

### 4. Others

(1) Significant changes in scope of consolidation : No

(2) Number of shares issued

Number of shares issued at end of term (including treasury stocks)

Sep. 30, 2010: 192,792,539

Mar. 31, 2010: 192,792,539

Number of treasury stocks at end of term

Sep. 30, 2010: 792,104

Mar. 31, 2010: 751,115

Average number of stock outstanding during the period: Second quarter of FY2010 and FY2009

Second quarter of FY2010: 192,021,623

Second quarter of FY2009: 192,116,603

\* Reference: The forecast given above are based on information available at the time of compilation and are inherently subject to variety of risks and uncertainties.

## Consolidated Balance Sheets

	September 30, 2010		March 31, 2010	
	Millions of yen		Millions of yen	
[ASSETS]				
<b>I Current assets</b>				
1 Cash and deposits		36,395		36,899
2 Notes and accounts receivable		27,217		27,373
3 Marketable securities		37,994		37,993
4 Work in progress		15,768		21,676
5 Deferred tax assets		1,756		1,753
6 Other receivables		9,598		11,985
7 Other		8,818		10,955
8 Less: Allowance for doubtful accounts		(7,476)		(6,971)
<b>Total current assets</b>		<b>130,072</b>		<b>141,666</b>
<b>II Noncurrent assets</b>				
(1) Property, plant and equipment				
1 Buildings and structures		29,527		29,562
2 Machinery, vehicle, tools, furniture and fixtures		3,534		3,528
3 Land		16,806		16,823
4 Leased assets		2,070		2,151
5 Construction in progress		14		7
6 Less: Accumulated depreciation and impairment loss		(20,066)		(19,627)
<b>Total property, plant and equipment</b>		<b>31,887</b>		<b>32,446</b>
(2) Intangible assets		2,973		3,010
(3) Investments and other assets				
1 Investment securities		8,594		9,399
2 Deferred tax assets		179		121
3 Other		4,101		4,187
4 Less: Allowance for doubtful accounts		(689)		(703)
<b>Total investments and other assets</b>		<b>12,185</b>		<b>13,005</b>
<b>Total noncurrent assets</b>		<b>47,045</b>		<b>48,461</b>
<b>Total assets</b>		<b>177,118</b>		<b>190,127</b>
[LIABILITIES]				
<b>I Current liabilities</b>				
1 Notes and accounts payable		38,533		35,084
2 Short-term loans payable		8,646		7,786
3 Income taxes payable		760		878
4 Advance receipts on uncompleted contracts		21,356		35,567
5 Reserve for bonuses		1,087		1,164
6 Reserve for compensation for completed works		1,916		1,672
7 Reserve for loss on construction contracts		626		914
8 Other		7,564		7,559
<b>Total current liabilities</b>		<b>80,492</b>		<b>90,627</b>
<b>II Noncurrent liabilities</b>				
1 Bonds payable		1,000		1,000
2 Long-term loans payable		19,810		20,947
3 Lease obligations		1,461		1,744
4 Deferred tax liabilities		463		881
5 Reserve for retirement benefits		5,028		4,815
6 Reserve for repairs		747		667
7 Other		3,789		4,149
<b>Total noncurrent liabilities</b>		<b>32,300</b>		<b>34,204</b>
<b>Total liabilities</b>		<b>112,793</b>		<b>124,832</b>
[NET ASSETS]				
<b>I Shareholders' equity</b>				
1 Capital stock		18,198		18,198
2 Capital surplus		20,759		20,759
3 Retained earnings		25,822		25,525
4 Treasury stock		(327)		(315)
<b>Total shareholders' equity</b>		<b>64,453</b>		<b>64,167</b>
<b>II Valuation and Translation Adjustments</b>				
1 Net unrealized gain on available-for-sale securities		(0)		618
2 Deferred gains or losses on hedges		(30)		(25)
3 Foreign currency translation adjustments		(1,965)		(1,475)
<b>Total valuation and translation adjustments</b>		<b>(1,996)</b>		<b>(881)</b>
<b>III Minority Interests</b>		1,867		2,009
<b>Total net assets</b>		<b>64,324</b>		<b>65,295</b>
<b>Total liabilities and net assets</b>		<b>177,118</b>		<b>190,127</b>

### Consolidated Statements of Income

		April 1, 2009- September 30, 2009		April 1, 2010- September 30, 2010	
		Millions of yen		Millions of yen	
I	Net sales		90,697		76,836
II	Cost of sales		76,593		64,004
	<b>Gross profit</b>		14,104		12,832
III	Selling, general and administrative expenses		8,901		10,592
	<b>Operating income</b>		5,202		2,239
IV	Non-operating income				
1	Interest income	637		196	
2	Dividends income	53		49	
3	Equity in earnings of affiliates	-		291	
4	Foreign exchange gains	884		86	
5	Reversal of allowance for doubtful accounts	635		-	
6	Other	56	2,268	74	697
V	Non-operating expenses				
1	Interest expenses	346		343	
2	Equity in losses of affiliates	342		-	
3	Other	115	805	52	395
	<b>Ordinary income</b>		6,665		2,541
VI	Extraordinary gain				
1	Gain on change in equity	193	193	-	-
	Income before income taxes and minority interests		6,858		2,541
	Income taxes		3,098		1,394
	Income before minority interests		-		1,146
	Minority interests in income (loss)		5		(14)
	<b>Net income</b>		3,754		1,161

## Consolidated Statements of Cash Flows

	April 1, 2009- September 30, 2009	April 1, 2010- September 30, 2010
	Millions of yen	Millions of yen
<b>I Net cash provided by (used in) operating activities</b>		
1 Income before income taxes and minority interests	6,858	2,541
2 Depreciation and amortization	1,095	1,183
3 Increase (decrease) in allowance for doubtful accounts	(618)	491
4 Increase (decrease) in accrued retirement benefits	615	218
5 Increase (decrease) in provision for loss on construction contracts	(800)	(282)
6 Interest and dividends income	(690)	(245)
7 Interest expenses	346	343
8 Foreign exchange losses (gains)	(517)	173
9 Equity in (earnings) losses of affiliates	342	(291)
10 Decrease (increase) in notes and accounts receivable	11,275	(504)
11 Decrease (increase) in work in progress	(821)	5,815
12 Decrease (increase) in other receivables	1,301	2,352
13 Increase (decrease) in notes and accounts payable	(11,789)	3,843
14 Increase (decrease) in advances receipts on uncompleted contracts	1,866	(14,122)
15 Other, net	1,028	7
subtotal	9,493	1,526
16 Interest and dividends income received	884	371
17 Interest expenses paid	(341)	(354)
18 Income taxes paid	(523)	(1,617)
Net cash provided by (used in) operating activities	9,512	(74)
<b>II Net cash provided by (used in) investing activities</b>		
1 Decrease (increase) in time deposits	(594)	(220)
2 Purchases of property, plant and equipment	(158)	(216)
3 Proceeds from sales of property, plant and equipment	28	5
4 Purchase of intangible assets	(794)	(593)
5 Purchase of investment securities	(21)	(4)
6 Proceeds from sales of investment securities	4	4
7 Collection of short-term loans receivable	718	2,065
8 Other, net	311	(23)
Net cash provided by (used in) investing activities	(507)	1,016
<b>III Net cash provided by (used in) financing activities</b>		
1 Net Increase (decrease) in short-term loans payable	268	1,346
2 Proceeds from long-term loans payable	6,200	1,000
3 Repayment of long-term loans payable	(862)	(2,486)
4 Repayment of lease obligations	(338)	(312)
5 Cash dividends paid	(768)	(864)
6 Other, net	(39)	(45)
Net cash provided by (used in) financing activities	4,459	(1,362)
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	104	(287)
<b>V Net increase (decrease) in cash and cash equivalents</b>	13,568	(708)
<b>VI Cash and cash equivalents, beginning of the term</b>	61,461	73,954
<b>VII Cash and cash equivalents, end of the term</b>	75,030	73,246

## Segment Information

April 1, 2009 - September 30, 2009

### (1) Business Segments

	Millions of yen				
	EPC Business	Real Estate	Total	Eliminations and Other	Consolidated
I Net sales and operating income					
Net sales					
(1) Net sales to outside customers	89,115	1,581	90,697	—	90,697
(2) Inter-segment net sales	3	131	134	(134)	—
Total	89,118	1,712	90,831	(134)	90,697
Operating income	4,679	524	5,203	(1)	5,202

Notes:

- The classification of the business segments adopted is based on the Company segmentation which is determined by the similarity of each business.
- The Companies' reportable operating segments consist of the following two business groups:  
 EPC Business - Engineering, procurement and construction for chemical fertilizer, petrochemical, oil refinery plants, energy-related business, general manufacturing facilities and information technology.  
 Real Estate - Rent and administration of real estate.

### (2) Geographic Segments

	Millions of yen				
	Japan	Others	Total	Eliminations and Other	Consolidated
I Net sales and operating income					
Net sales					
(1) Net sales to outside customers	82,886	7,810	90,697	—	90,697
(2) Inter-segment net sales	145	5,930	6,075	(6,075)	—
Total	83,031	13,741	96,773	(6,075)	90,697
Operating income	4,272	1,013	5,286	(83)	5,202

Notes:

- Geographic segmentation is according to geographic proximity.
- Countries included in "Others":  
 Korea, Malaysia, India, U.S.A., China PR

### (3) Sales to Foreign Customers

	Millions of yen					
	Southeast Asia	Southwest Asia and Africa	Russia and Central Asia	Central and South America	Others	Total
I Overseas sales	12,734	14,681	255	30,522	8,443	66,637
II Consolidated sales						90,697
III Overseas sales ratio to consolidated sales	14.0%	16.2%	0.3%	33.7%	9.3%	73.5%

- "Overseas sales" represents the aggregate sales by the Company and its consolidated subsidiaries to the customers in countries or regions other than Japan, excluding inter-company transactions.
- (1) Geographic segmentation is according to geographic proximity.  
 (2) Countries significantly representing each segment are:  
 - Southeast Asia: Thailand, Indonesia, Singapore  
 - Southwest Asia and Africa: India, Iran, Qatar  
 - Russia and Central Asia: Russia  
 - Central and South America: Brazil, Venezuela  
 - Others : China PR, Korea

April 1, 2010 - September 30, 2010

### (1) Operating Segments

	Millions of yen					
	EPC Business	IT Business	Real Estate	Total	Adjustments	Consolidated
I Net sales and segment profits						
Net sales						
(1) Net sales to outside customers	70,097	5,277	1,462	76,836	—	76,836
(2) Inter-segment net sales	85	27	127	240	(240)	—
Total	70,182	5,304	1,590	77,077	(240)	76,836
Segment profits	1,691	41	505	2,238	1	2,239

Notes:

- "Segment profits" represents operating income from Consolidated Statement of Income.
- The Companies' reportable operating segments consist of the following three business groups:  
 EPC Business - Research and development, design, engineering, procurement, and construction of a variety of plants, such as oil, gas, petro chemistry, and general chemistry.  
 IT Business - Solution business based on other companies' ERP package products and product business based on our subsidiary ERP package products, etc.  
 Real Estate - Rent of commercial facilities and residences, and administration.

## Consolidated New Orders, Net Sales and Backlog of Contracts

### (1) New Orders and Backlog of Contracts

			Millions of yen				
			Backlog Beginning of term	New Orders	Total	Net Sales	Backlog End of term
Apr. 1, 2009 - Sep. 30, 2009	Overseas	Chemical fertilizers	62,393	3,480	65,874	12,295	51,715
		Petrochemicals	37,503	27,392	64,895	18,271	45,020
		Oil refinery	38,006	24,735	62,742	15,128	48,624
		Energy-related	27,370	3,995	31,365	14,022	17,105
		General manufacturing facilities	6,836	1,172	8,008	6,225	823
		Information technology	111	48	160	64	103
		Others	1,044	965	2,009	619	1,348
		Subtotal	173,265	61,790	235,056	66,627	164,741
	Domestic	Petrochemicals	13,881	522	14,404	5,286	9,109
		Oil refinery	18,426	2,888	21,315	6,430	14,835
		Energy-related	10,387	2,278	12,665	958	4,940
		General manufacturing facilities	4,416	7,499	11,916	1,260	10,636
		Information technology	3,041	6,022	9,064	5,068	3,900
		Others	995	3,460	4,456	3,483	972
	Subtotal	51,149	22,672	73,822	22,487	44,394	
Grand total			*(11,633) 224,415	84,463	308,878	89,115	*(9,040) 209,135
Apr. 1, 2010 - Sep. 30, 2010	Overseas	Chemical fertilizers	33,908	2,823	36,731	6,437	28,425
		Petrochemicals	35,475	4,851	40,327	12,151	26,764
		Oil refinery	44,600	2,350	46,951	13,623	30,869
		Energy-related	13,920	26,359	40,280	12,345	27,394
		General manufacturing facilities	2,594	2,589	5,184	788	4,376
		Information technology	95	76	172	95	75
		Others	1,356	440	1,797	784	833
		Subtotal	131,952	39,491	171,444	46,226	118,738
	Domestic	Petrochemicals	8,893	663	9,556	6,066	3,478
		Oil refinery	5,708	654	6,363	6,047	267
		Energy-related	5,073	5,838	10,912	1,241	9,057
		General manufacturing facilities	12,536	6,268	18,804	6,825	11,949
		Information technology	3,340	5,264	8,605	5,181	3,140
		Others	673	3,938	4,612	3,784	905
	Subtotal	36,226	22,628	58,855	29,147	28,798	
Grand total			*(7,930) 168,179	62,120	230,299	75,374	*(10,192) 147,536

- Notes :
1. Amounts are rounded down to the nearest million yen and exclude Consumption Tax of Japan.
  2. The effects of changes in exchange rates upon the Net sales in currencies other than Japanese Yen are deducted from figures.  
The deducted amounts are 3,171 million yen for Apr.1, 2009-Sep.30, 2009 and 4,250 million yen for Apr.1, 2010-Sep.30, 2010.
  3. Decreased prices of orders awarded in prior years are deducted from the "Backlog, End of term".  
The deducted amounts are 7,456 million yen for Apr.1, 2009-Sep.30, 2009 and 3,137 million yen for Apr.1, 2010-Sep.30, 2010.
  4. Asterisks (\*) represent increase (decrease) due to changes in exchange rates.
  5. Differences between the sales above and those of the consolidated statements of income are sales in Real Estate business segment (consolidated basis), which amounts to 1,581 million yen for Apr.1, 2009-Sep.30, 2009, 1,462 million yen for Apr.1, 2010-Sep.30, 2010.