

# Consolidated Financial Results for the Third Quarter ended December 31, 2010

For the Fiscal Year Ending March 31, 2011

February 10, 2011

## TOYO ENGINEERING CORPORATION

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

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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 third quarter of fiscal year 2010(April 1, 2010 - December 31, 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 - Dec. 31, 2010	113,726	(14.0)	3,815	(59.0)	4,011	(62.1)	2,400	(56.7)
Apr. 1, 2009 - Dec. 31, 2009	132,224	(46.8)	9,312	(5.3)	10,578	(3.5)	5,544	16.0

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2010 - Dec. 31, 2010	12.50	-
Apr. 1, 2009 - Dec. 31, 2009	28.86	-

#### (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 Dec.31, 2010	188,050	65,756	34.0	333.42
As of Mar.31, 2010	190,127	65,295	33.3	329.54

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

Dec. 31, 2010: 64,000

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	- Yen	- Yen	- Yen
FY2010 (Forecast)	- Yen	- Yen	- 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)	5,000	(61.7)	4,500	(68.9)	2,500	(64.9)	13.02

### 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)

Dec. 31, 2010: 192,792,539

Mar. 31, 2010: 192,792,539

Number of treasury stocks at end of term

Dec. 31, 2010: 841,034

Mar. 31, 2010: 751,115

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

Third quarter of FY2010: 192,009,704

Third quarter of FY2009: 192,110,727

\* 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

	December 31, 2010		March 31, 2010	
	Millions of yen		Millions of yen	
[ASSETS]				
<b>I Current assets</b>				
1 Cash and deposits		36,735		36,899
2 Notes and accounts receivable		30,440		27,373
3 Marketable securities		37,994		37,993
4 Work in progress		22,165		21,676
5 Deferred tax assets		1,823		1,753
6 Other receivables		8,659		11,985
7 Other		7,367		10,955
8 Less: Allowance for doubtful accounts		(7,659)		(6,971)
<b>Total current assets</b>		<b>137,526</b>		<b>141,666</b>
<b>II Noncurrent assets</b>				
(1) Property, plant and equipment				
1 Buildings and structures		29,504		29,562
2 Machinery, vehicle, tools, furniture and fixtures		3,411		3,528
3 Land		16,802		16,823
4 Leased assets		2,039		2,151
5 Construction in progress		17		7
6 Less: Accumulated depreciation and impairment loss		(20,196)		(19,627)
<b>Total property, plant and equipment</b>		<b>31,579</b>		<b>32,446</b>
(2) Intangible assets		2,965		3,010
(3) Investments and other assets				
1 Investment securities		12,228		9,399
2 Deferred tax assets		181		121
3 Other		4,255		4,187
4 Less: Allowance for doubtful accounts		(686)		(703)
<b>Total investments and other assets</b>		<b>15,979</b>		<b>13,005</b>
<b>Total noncurrent assets</b>		<b>50,524</b>		<b>48,461</b>
<b>Total assets</b>		<b>188,050</b>		<b>190,127</b>
[LIABILITIES]				
<b>I Current liabilities</b>				
1 Notes and accounts payable		40,872		35,084
2 Short-term loans payable		9,154		7,786
3 Income taxes payable		280		878
4 Advance receipts on uncompleted contracts		26,781		35,567
5 Reserve for bonuses		422		1,164
6 Reserve for compensation for completed works		2,804		1,672
7 Reserve for loss on construction contracts		681		914
8 Other		7,354		7,559
<b>Total current liabilities</b>		<b>88,352</b>		<b>90,627</b>
<b>II Noncurrent liabilities</b>				
1 Bonds payable		1,000		1,000
2 Long-term loans payable		21,312		20,947
3 Lease obligations		1,341		1,744
4 Deferred tax liabilities		657		881
5 Reserve for retirement benefits		5,020		4,815
6 Reserve for repairs		795		667
7 Other		3,813		4,149
<b>Total noncurrent liabilities</b>		<b>33,941</b>		<b>34,204</b>
<b>Total liabilities</b>		<b>122,294</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		27,061		25,525
4 Treasury stock		(342)		(315)
<b>Total shareholders' equity</b>		<b>65,677</b>		<b>64,167</b>
<b>II Valuation and Translation Adjustments</b>				
1 Net unrealized gain on available-for-sale securities		370		618
2 Deferred gains or losses on hedges		(3)		(25)
3 Foreign currency translation adjustments		(2,044)		(1,475)
<b>Total valuation and translation adjustments</b>		<b>(1,677)</b>		<b>(881)</b>
<b>III Minority Interests</b>		1,756		2,009
<b>Total net assets</b>		<b>65,756</b>		<b>65,295</b>
<b>Total liabilities and net assets</b>		<b>188,050</b>		<b>190,127</b>

### Consolidated Statements of Income

		April 1, 2009- December 31, 2009		April 1, 2010- December 31, 2010	
		Millions of yen		Millions of yen	
I	Net sales		132,224		113,726
II	Cost of sales		107,845		94,403
	<b>Gross profit</b>		24,378		19,323
III	Selling, general and administrative expenses		15,066		15,508
	<b>Operating income</b>		9,312		3,815
IV	Non-operating income				
1	Interest income	827		260	
2	Dividends income	75		97	
3	Equity in earnings of affiliates	-		478	
4	Foreign exchange gains	1,162		-	
5	Other	88	2,154	92	929
V	Non-operating expenses				
1	Interest expenses	543		554	
2	Equity in losses of affiliates	215		-	
3	Foreign exchange losses	-		77	
4	Other	129	888	100	733
	<b>Ordinary income</b>		10,578		4,011
VI	Extraordinary gain				
1	Gain on change in equity	193	193	-	-
	Income before income taxes and minority interests		10,771		4,011
	Income taxes		5,176		1,717
	Income before minority interests		-		2,294
	Minority interests in income (loss)		51		(106)
	<b>Net income</b>		5,544		2,400

## Consolidated Statements of Cash Flows

	April 1, 2009- December 31, 2009	April 1, 2010- December 31, 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	10,771	4,011
2 Depreciation and amortization	1,657	1,788
3 Increase (decrease) in allowance for doubtful accounts	848	671
4 Increase (decrease) in accrued retirement benefits	952	211
5 Increase (decrease) in provision for loss on construction contracts	(753)	(223)
6 Interest and dividends income	(903)	(358)
7 Interest expenses	543	554
8 Foreign exchange losses (gains)	(536)	249
9 Equity in (earnings) losses of affiliates	215	(478)
10 Decrease (increase) in notes and accounts receivable	9,639	(3,874)
11 Decrease (increase) in work in progress	2,274	(604)
12 Decrease (increase) in other receivables	4,834	3,400
13 Increase (decrease) in notes and accounts payable	(11,560)	6,204
14 Increase (decrease) in advances receipts on uncompleted contracts	(6,488)	(8,691)
15 Other, net	(1,742)	(381)
subtotal	9,753	2,479
16 Interest and dividends income received	1,114	485
17 Interest expenses paid	(565)	(579)
18 Income taxes paid	(2,372)	(2,749)
Net cash provided by (used in) operating activities	7,929	(363)
<b>II Net cash provided by (used in) investing activities</b>		
1 Decrease (increase) in time deposits	1,438	(353)
2 Purchases of property, plant and equipment	(274)	(252)
3 Proceeds from sales of property, plant and equipment	29	10
4 Purchase of intangible assets	(1,259)	(862)
5 Purchase of investment securities	(24)	(122)
6 Proceeds from sales of investment securities	4	4
7 Purchase of investments in subsidiaries	-	(2,728)
8 Collection of short-term loans receivable	668	4,037
9 Other, net	388	(62)
Net cash provided by (used in) investing activities	971	(328)
<b>III Net cash provided by (used in) financing activities</b>		
1 Net increase (decrease) in short-term loans payable	390	2,493
2 Proceeds from long-term loans payable	6,200	3,500
3 Repayment of long-term loans payable	(1,426)	(4,084)
4 Repayment of lease obligations	(537)	(477)
5 Cash dividends paid	(1,248)	(864)
6 Other, net	(72)	(80)
Net cash provided by (used in) financing activities	3,305	487
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	42	(276)
<b>V Net increase (decrease) in cash and cash equivalents</b>	12,248	(480)
<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>	73,710	73,473

## Segment Information

April 1, 2009 - December 31, 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	129,912	2,312	132,224	—	132,224
(2) Inter-segment net sales	4	197	202	(202)	—
Total	129,916	2,509	132,426	(202)	132,224
Operating income	8,566	736	9,302	9	9,312

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	121,179	11,044	132,224	—	132,224
(2) Inter-segment net sales	279	9,684	9,963	(9,963)	—
Total	121,459	20,728	142,187	(9,963)	132,224
Operating income	8,033	1,362	9,395	(83)	9,312

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	17,804	18,330	788	46,761	11,557	95,241
II Consolidated sales						132,224
III Overseas sales ratio to consolidated sales	13.5%	13.8%	0.6%	35.4%	8.7%	72.0%

- "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: Indonesia, Thailand, 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 - December 31, 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	103,958	7,611	2,156	113,726	—	113,726
(2) Inter-segment net sales	138	35	180	354	(354)	—
Total	104,096	7,646	2,337	114,080	(354)	113,726
Segment profits (losses)	3,101	(23)	735	3,813	1	3,815

Notes:

- "Adjustments" for Segment profits (losses) represents the elimination of inter-segment transactions.
- "Segment profits (losses)" 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 - Dec. 31, 2009	Overseas	Chemical fertilizers	62,393	4,696	67,090	17,392	47,493
		Petrochemicals	37,503	29,779	67,283	27,313	38,067
		Oil refinery	38,006	36,275	74,282	25,196	50,451
		Energy-related	27,370	5,199	32,569	18,006	14,168
		General manufacturing facilities	6,836	2,464	9,300	6,308	2,292
		Information technology	111	56	168	87	88
		Others	1,044	1,764	2,808	920	1,829
		Subtotal	173,265	80,237	253,503	95,225	154,393
	Domestic	Petrochemicals	13,881	782	14,663	5,844	8,811
		Oil refinery	18,426	3,333	21,760	13,446	8,226
		Energy-related	10,387	4,028	14,415	1,259	6,388
		General manufacturing facilities	4,416	10,206	14,623	1,858	12,741
		Information technology	3,041	8,525	11,567	7,161	4,296
		Others	995	5,384	6,380	5,116	1,266
	Subtotal	51,149	32,259	83,409	34,686	41,731	
Grand total			*(11,633) 224,415	112,497	336,913	129,912	*(6,808) 196,124
Apr. 1, 2010 - Dec. 31, 2010	Overseas	Chemical fertilizers	33,908	5,441	39,349	8,617	28,614
		Petrochemicals	35,475	5,867	41,343	16,770	22,703
		Oil refinery	44,600	7,491	52,091	23,932	24,745
		Energy-related	13,920	96,309	110,229	18,136	91,091
		General manufacturing facilities	2,594	9,537	12,132	1,452	10,610
		Information technology	95	137	233	160	71
		Others	1,356	746	2,103	1,056	796
		Subtotal	131,952	125,530	257,483	70,126	178,633
	Domestic	Petrochemicals	8,893	1,051	9,944	9,235	701
		Oil refinery	5,708	750	6,459	6,269	141
		Energy-related	5,073	6,766	11,840	1,574	9,652
		General manufacturing facilities	12,536	10,111	22,647	11,197	11,421
		Information technology	3,340	7,915	11,255	7,450	3,522
		Others	673	5,951	6,625	5,715	987
	Subtotal	36,226	32,546	68,773	41,442	26,426	
Grand total			*(7,930) 168,179	158,077	326,256	111,569	*(12,383) 205,059

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 3,722 million yen for Apr.1, 2009-Dec.31, 2009 and 6,342 million yen for Apr.1, 2010-Dec.31, 2010.

3. Decreased prices of orders awarded in prior years are deducted from the "Backlog, End of term".

The deducted amounts are 7,154 million yen for Apr.1, 2009-Dec.31, 2009 and 3,284 million yen for Apr.1, 2010-Dec.31, 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 2,312 million yen for Apr.1, 2009-Dec.31, 2009, 2,156 million yen for Apr.1, 2010-Dec.31, 2010.