

## Consolidated Financial Results for the First Quarter ended June 30, 2012

For the Fiscal Year Ending March 31, 2013

August 10, 2012

# 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 first quarter of fiscal year 2012(April 1, 2012 - June 30, 2012)

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, 2012 - Jun. 30, 2012 | 51,359          | 62.7  | Δ 356            | - | Δ 329           | - | Δ 30            | - |
| Apr. 1, 2011 - Jun. 30, 2011 | 31,574          | (8.2) | Δ 27             | - | 95 (79.8)       | - | 238             | - |

(Reference) Comprehensive income (millions of yen):

First quarter of FY2012: Δ 213 - %      First quarter of FY2011: 442 - %

|                              | Net income per share | Net income per share (diluted) |
|------------------------------|----------------------|--------------------------------|
|                              | Yen                  | Yen                            |
| Apr. 1, 2012 - Jun. 30, 2012 | Δ 0.16               | -                              |
| Apr. 1, 2011 - Jun. 30, 2011 | 1.24                 | -                              |

#### (2) Consolidated financial position

|                    | Total assets    | Total net assets | Equity ratio |
|--------------------|-----------------|------------------|--------------|
|                    | Millions of yen | Millions of yen  | %            |
| As of Jun.30, 2012 | 219,707         | 67,705           | 30.0         |
| As of Mar.31, 2012 | 222,415         | 69,265           | 30.1         |

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

Jun. 30, 2012: 65,884      Mar. 31, 2012: 67,046

### 2. Dividends

|                   | Cash dividends per share |          |       |          |          |
|-------------------|--------------------------|----------|-------|----------|----------|
|                   | Q1                       | Q2       | Q3    | Q4       | Annual   |
| FY2011            | - Yen                    | 0.00 Yen | - Yen | 6.00 Yen | 6.00 Yen |
| FY2012            | - Yen                    |          |       |          |          |
| FY2012 (Forecast) |                          | 0.00 Yen | - Yen | 5.00 Yen | 5.00 Yen |

### 3. Forecast of consolidated operating results for FY2012

(% 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                  |
| First half | 120,000         | 93.3 | 2,000            | (20.0) | 1,500           | (19.6) | 500             | (66.9) | 2.61                 |
| Full year  | 300,000         | 90.0 | 8,500            | 59.1   | 7,000           | 37.2   | 3,500           | (6.1)  | 18.24                |

### 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)

Jun. 30, 2012: 192,792,539      Mar. 31, 2012: 192,792,539

Number of treasury stocks at end of term

Jun. 30, 2012: 912,053      Mar. 31, 2012: 910,542

Average number of stock outstanding during the period: First quarter of FY2012 and FY2011

First quarter of FY2012: 191,881,242      First quarter of FY2011: 191,933,067

\* 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

|  | March 31, 2012  |                | June 30, 2012   |                |
|--|-----------------|----------------|-----------------|----------------|
|  | Millions of yen |                | Millions of yen |                |
| [ASSETS]   |                 |                |                 |                |
| <b>I Current assets</b>                                |                 |                |                 |                |
| 1 Cash and deposits                                    |                 | 48,041         |                 | 43,677         |
| 2 Notes and accounts receivable                        |                 | 35,832         |                 | 39,716         |
| 3 Marketable securities                                |                 | 44,499         |                 | 39,353         |
| 4 Work in progress                                     |                 | 26,370         |                 | 26,874         |
| 5 Deferred tax assets                                  |                 | 1,655          |                 | 1,675          |
| 6 Other receivables                                    |                 | 14,472         |                 | 16,644         |
| 7 Other  |                 | 3,503          |                 | 4,938          |
| 8 Less: Allowance for doubtful accounts                |                 | (3,530)        |                 | (4,309)        |
| <b>Total current assets</b>                            |                 | <b>170,844</b> |                 | <b>168,570</b> |
| <b>II Noncurrent assets</b>                            |                 |                |                 |                |
| (1) Property, plant and equipment                      |                 |                |                 |                |
| 1 Buildings and structures                             |                 | 28,078         |                 | 26,574         |
| 2 Machinery, vehicle, tools, furniture and fixtures    |                 | 4,577          |                 | 4,563          |
| 3 Land   |                 | 17,608         |                 | 17,637         |
| 4 Leased assets  |                 | 1,890          |                 | 1,856          |
| 5 Construction in progress                             |                 | 4              |                 | 39             |
| 6 Less: Accumulated depreciation and impairment loss   |                 | (19,996)       |                 | (18,776)       |
| <b>Total property, plant and equipment</b>             |                 | <b>32,164</b>  |                 | <b>31,895</b>  |
| (2) Intangible assets                                  |                 |                |                 |                |
| 1 Goodwill   |                 | 3,322          |                 | 3,538          |
| 2 Other  |                 | 3,081          |                 | 3,006          |
| <b>Total intangible assets</b>                         |                 | <b>6,403</b>   |                 | <b>6,545</b>   |
| (3) Investments and other assets                       |                 |                |                 |                |
| 1 Investment securities                                |                 | 9,551          |                 | 9,146          |
| 2 Long-term loans receivable                           |                 | 4,575          |                 | 4,570          |
| 3 Deferred tax assets                                  |                 | 361            |                 | 590            |
| 4 Other  |                 | 3,510          |                 | 3,364          |
| 5 Less: Allowance for doubtful accounts                |                 | (4,995)        |                 | (4,976)        |
| <b>Total investments and other assets</b>              |                 | <b>13,003</b>  |                 | <b>12,695</b>  |
| <b>Total noncurrent assets</b>                         |                 | <b>51,571</b>  |                 | <b>51,136</b>  |
| <b>Total assets</b>                                    |                 | <b>222,415</b> |                 | <b>219,707</b> |
| [LIABILITIES]  |                 |                |                 |                |
| <b>I Current liabilities</b>                           |                 |                |                 |                |
| 1 Notes and accounts payable                           |                 | 50,096         |                 | 53,561         |
| 2 Short-term loans payable                             |                 | 12,983         |                 | 11,079         |
| 3 Income taxes payable                                 |                 | 355            |                 | 471            |
| 4 Advance receipts on uncompleted contracts            |                 | 46,164         |                 | 45,249         |
| 5 Reserve for bonuses                                  |                 | 998            |                 | 534            |
| 6 Reserve for compensation for completed works         |                 | 596            |                 | 588            |
| 7 Reserve for loss on construction contracts           |                 | 1,489          |                 | 1,893          |
| 8 Other  |                 | 5,263          |                 | 5,548          |
| <b>Total current liabilities</b>                       |                 | <b>117,947</b> |                 | <b>118,926</b> |
| <b>II Noncurrent liabilities</b>                       |                 |                |                 |                |
| 1 Long-term loans payable                              |                 | 24,582         |                 | 22,888         |
| 2 Lease obligations                                    |                 | 913            |                 | 809            |
| 3 Deferred tax liabilities                             |                 | 5              |                 | 7              |
| 4 Reserve for retirement benefits                      |                 | 5,314          |                 | 5,207          |
| 5 Reserve for repairs                                  |                 | 913            |                 | 794            |
| 6 Other  |                 | 3,471          |                 | 3,367          |
| <b>Total noncurrent liabilities</b>                    |                 | <b>35,201</b>  |                 | <b>33,076</b>  |
| <b>Total liabilities</b>                               |                 | <b>153,149</b> |                 | <b>152,002</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                                    |                 | 31,203         |                 | 30,021         |
| 4 Treasury stock                                       |                 | (363)          |                 | (364)          |
| <b>Total shareholders' equity</b>                      |                 | <b>69,798</b>  |                 | <b>68,615</b>  |
| <b>II Accumulated other comprehensive income</b>       |                 |                |                 |                |
| 1 Net unrealized gain on available-for-sale securities |                 | 225            |                 | (194)          |
| 2 Deferred gains or losses on hedges                   |                 | (45)           |                 | (13)           |
| 3 Foreign currency translation adjustments             |                 | (2,931)        |                 | (2,522)        |
| <b>Total accumulated other comprehensive income</b>    |                 | <b>(2,751)</b> |                 | <b>(2,730)</b> |
| <b>III Minority interest</b>                           |                 | 2,219          |                 | 1,820          |
| <b>Total net assets</b>                                |                 | <b>69,265</b>  |                 | <b>67,705</b>  |
| <b>Total liabilities and net assets</b>                |                 | <b>222,415</b> |                 | <b>219,707</b> |

### Consolidated Statements of Income

|     |   | April 1, 2011-June 30, 2011 |        | April 1, 2012-June 30, 2012 |        |
|-----|---|-----------------------------|--------|-----------------------------|--------|
|     |   | Millions of yen             |        | Millions of yen             |        |
| I   | Net sales   |                             | 31,574 |                             | 51,359 |
| II  | Cost of sales                                     |                             | 26,995 |                             | 45,656 |
|     | <b>Gross profit</b>                               |                             | 4,579  |                             | 5,703  |
| III | Selling, general and administrative expenses      |                             | 4,606  |                             | 6,060  |
|     | <b>Operating loss</b>                             |                             | (27)   |                             | (356)  |
| IV  | Non-operating income                              |                             |        |                             |        |
|     | 1 Interest income                                 | 77                          |        | 173                         |        |
|     | 2 Dividends income                                | 99                          |        | 111                         |        |
|     | 3 Equity in earnings of affiliates                | 107                         |        | 165                         |        |
|     | 4 Foreign exchange gains                          | 35                          |        | -                           |        |
|     | 5 Reversal of provision for repairs               | -                           |        | 153                         |        |
|     | 6 Other   | 67                          | 387    | 47                          | 650    |
| V   | Non-operating expenses                            |                             |        |                             |        |
|     | 1 Interest expenses                               | 246                         |        | 317                         |        |
|     | 2 Foreign exchange losses                         | -                           |        | 265                         |        |
|     | 3 Other   | 18                          | 265    | 39                          | 622    |
|     | <b>Ordinary income (loss)</b>                     |                             | 95     |                             | (329)  |
| VI  | Extraordinary gain                                |                             |        |                             |        |
|     | 1 Gain on sales of noncurrent assets              | -                           | -      | 383                         | 383    |
|     | Income before income taxes and minority interests |                             | 95     |                             | 54     |
|     | Income taxes                                      |                             | (109)  |                             | 309    |
|     | Income (loss) before minority interests           |                             | 205    |                             | (254)  |
|     | Minority interests in loss                        |                             | (32)   |                             | (223)  |
|     | <b>Net income (loss)</b>                          |                             | 238    |                             | (30)   |

## Consolidated Statements of Comprehensive Income

|    |   | April 1, 2011-June 30, 2011 |      | April 1, 2012-June 30, 2012 |       |
|----|---|-----------------------------|------|-----------------------------|-------|
|    |   | Millions of yen             |      | Millions of yen             |       |
| I  | Income (loss) before minority interests   |                             | 205  |                             | (254) |
| II | Other comprehensive income  |                             |      |                             |       |
| 1  | Net unrealized gain on available-for-sale securities                                | (78)                        |      | (420)                       |       |
| 2  | Deferred gains or losses on hedges  | 5                           |      | 31                          |       |
| 3  | Foreign currency translation adjustments  | 292                         |      | 342                         |       |
| 4  | Share of other comprehensive income of associates accounted for using equity method | 17                          | 236  | 87                          | 41    |
|    | <b>Comprehensive income</b>   |                             | 442  |                             | (213) |
|    | Comprehensive income attributable to  |                             |      |                             |       |
|    | Comprehensive income attributable to owners of the parent                           |                             | 496  |                             | (10)  |
|    | Comprehensive income attributable to minority interests                             |                             | (54) |                             | (203) |

## Segment Information

**April 1, 2011 - June 30, 2011**

### (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 | 28,453          | 2,431       | 690         | 31,574 | —           | 31,574       |
| (2) Inter-segment net sales        | 54              | 8           | 57          | 120    | (120)       | —            |
| Total                              | 28,507          | 2,440       | 747         | 31,695 | (120)       | 31,574       |
| Segment profits (losses)           | (211)           | (61)        | 246         | (26)   | (0)         | (27)         |

Notes:

1. "Adjustments" for Segment profits represents the elimination of inter-segment transactions.
2. "Segment profits (losses)" represents operating income from Consolidated Statement of Income.
3. 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, petrochemical, and general chemical.
  - 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.

**April 1, 2012 - June 30, 2012**

### (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 | 48,040          | 2,744       | 574         | 51,359 | —           | 51,359       |
| (2) Inter-segment net sales        | 41              | 9           | 61          | 112    | (112)       | —            |
| Total                              | 48,081          | 2,754       | 635         | 51,472 | (112)       | 51,359       |
| Segment profits (losses)           | (664)           | 68          | 238         | (357)  | 0           | (356)        |

Notes:

1. "Adjustments" for Segment profits represents the elimination of inter-segment transactions.
2. "Segment profits (losses)" represents operating income from Consolidated Statement of Income.
3. 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, petrochemical, and general chemical.
  - 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<br>Beginning of term | New<br>Orders | Total   | Net<br>Sales         | Backlog<br>End of term |
| Apr. 1, 2011 -<br>Jun. 30, 2011 | Overseas | Chemical fertilizers             | 55,473                       | 1,342         | 56,816  | 2,432                | 53,793                 |
|                                 |          | Petrochemicals                   | 14,779                       | 20,199        | 34,978  | 4,258                | 30,392                 |
|                                 |          | Oil refinery                     | 19,466                       | 1,909         | 21,375  | 4,862                | 15,274                 |
|                                 |          | Energy-related                   | 94,122                       | 445           | 94,567  | 10,893               | 83,200                 |
|                                 |          | General manufacturing facilities | 19,170                       | 1,202         | 20,372  | 306                  | 20,065                 |
|                                 |          | Information technology           | 97                           | 38            | 135     | 52                   | 83                     |
|                                 |          | Others                           | 293                          | 352           | 646     | 108                  | 536                    |
|                                 | Subtotal |                                  | 203,403                      | 25,490        | 228,893 | 22,914               | 203,346                |
|                                 | Domestic | Petrochemicals                   | 823                          | 3,960         | 4,783   | 55                   | 4,728                  |
|                                 |          | Oil refinery                     | 518                          | 396           | 914     | 264                  | 646                    |
|                                 |          | Energy-related                   | 6,870                        | 932           | 7,803   | 290                  | 7,512                  |
|                                 |          | General manufacturing facilities | 8,968                        | 1,072         | 10,041  | 3,419                | 6,622                  |
|                                 |          | Information technology           | 3,300                        | 2,657         | 5,957   | 2,378                | 3,554                  |
|                                 |          | Others                           | 809                          | 1,706         | 2,515   | 1,561                | 950                    |
| Subtotal                        |          | 21,290                           | 10,726                       | 32,016        | 7,969   | 24,013               |                        |
| Grand total                     |          | *(8,193)<br>224,693              | 36,216                       | 260,909       | 30,884  | *(9,604)<br>227,360  |                        |
| Apr. 1, 2012 -<br>Jun. 30, 2012 | Overseas | Chemical fertilizers             | 74,762                       | 598           | 75,360  | 5,790                | 69,068                 |
|                                 |          | Petrochemicals                   | 71,795                       | 12,005        | 83,801  | 7,519                | 75,676                 |
|                                 |          | Oil refinery                     | 9,952                        | 366           | 10,319  | 2,685                | 7,295                  |
|                                 |          | Energy-related                   | 85,812                       | 541           | 86,353  | 16,336               | 68,943                 |
|                                 |          | General manufacturing facilities | 20,872                       | 366           | 21,238  | 5,415                | 15,588                 |
|                                 |          | Information technology           | 120                          | 98            | 218     | 82                   | 136                    |
|                                 |          | Others                           | 65,117                       | 1,378         | 66,495  | 3,176                | 61,120                 |
|                                 | Subtotal |                                  | 328,433                      | 15,353        | 343,787 | 41,006               | 297,828                |
|                                 | Domestic | Petrochemicals                   | 6,293                        | 1,118         | 7,411   | 2,648                | 4,719                  |
|                                 |          | Oil refinery                     | 1,585                        | 434           | 2,019   | 648                  | 1,361                  |
|                                 |          | Energy-related                   | 8,279                        | 802           | 9,082   | 257                  | 8,823                  |
|                                 |          | General manufacturing facilities | 10,554                       | 419           | 10,973  | 2,147                | 8,555                  |
|                                 |          | Information technology           | 3,035                        | 2,426         | 5,461   | 2,662                | 2,702                  |
|                                 |          | Others                           | 938                          | 1,676         | 2,615   | 1,414                | 1,201                  |
| Subtotal                        |          | 30,687                           | 6,877                        | 37,565        | 9,778   | 27,363               |                        |
| Grand total                     |          | *(1,138)<br>359,120              | 22,231                       | 381,352       | 50,785  | *(10,442)<br>325,192 |                        |

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 1,954 million yen for Apr.1, 2011-Jun.30, 2011 and 2,716 million yen for Apr.1, 2012-Jun.30, 2012.

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

The deducted amounts are 710 million yen for Apr.1, 2011-Jun.30, 2011 and 2,657 million yen for Apr.1, 2012-Jun.30, 2012.

4. Asterisks (\*) represent increase (decrease) due to changes in exchange rates.