

Consolidated Financial Results for the First Quarter ended June 30, 2013

For the Fiscal Year Ending March 31, 2014

August 9, 2013

TOYO ENGINEERING CORPORATION

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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 2013(April 1, 2013 - June 30, 2013)

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, 2013 - Jun. 30, 2013	56,511	10.0	△1,126	-	△234	-	△874	-
Apr. 1, 2012 - Jun. 30, 2012	51,359	62.7	△356	-	△329	-	△30	-

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2013 - Jun. 30, 2013 : △1,129 -%

Apr. 1, 2012 - Jun. 30, 2012: △213 -%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2013 - Jun. 30, 2013	△4.56	-
Apr. 1, 2012 - Jun. 30, 2012	△0.16	-

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2013	235,518	68,961	28.7
As of Mar. 31, 2013	240,694	71,091	28.9

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

Jun. 30, 2013: 67,587

Mar. 31, 2013: 69,661

	Cash dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY2012	- Yen	0.00 Yen	- Yen	5.00 Yen	5.00 Yen
FY2013	- Yen				
FY2013 (Forecast)		0.00 Yen	-	6.00 Yen	6.00 Yen

3. Forecast of consolidated operating results for FY2013

(% 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	300,000	31.2	10,000	527.4	10,000	148.0	5,000	243.0	26.07

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, 2013: 192,792,539

Mar. 31, 2013: 192,792,539

Number of treasury stocks at end of term

Jun. 30, 2013: 970,639

Mar. 31, 2013: 965,838

Average number of stock outstanding during the period: FY2013 and FY2011

First quarter of FY2013: 191,824,073

First quarter of FY2012: 191,881,242

* 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, 2013		June 30, 2013	
	Millions of yen		Millions of yen	
[ASSETS]				
I Current assets				
1 Cash and deposits		52,328		55,800
2 Notes and accounts receivable		54,423		54,852
3 Marketable securities		21,376		21,404
4 Work in progress		33,308		31,123
5 Deferred tax assets		3,010		2,973
6 Other receivables		22,478		13,419
7 Other		5,849		6,654
8 Less: Allowance for doubtful accounts		(4,258)		(3,689)
Total current assets		188,517		182,539
II Noncurrent assets				
(1) Property, plant and equipment				
1 Buildings and structures		26,525		26,582
2 Machinery, vehicle, tools, furniture and fixtures		5,219		5,418
3 Land		17,378		17,466
4 Leased assets		1,852		1,855
5 Construction in progress		75		68
6 Less: Accumulated depreciation and impairment loss		(19,864)		(20,177)
Total property, plant and equipment		31,187		31,213
(2) Intangible assets				
1 Goodwill		2,570		2,515
2 Other		2,918		3,006
Total intangible assets		5,489		5,521
(3) Investments and other assets				
1 Investment securities		11,642		12,367
2 Long-term loans receivable		4,578		4,576
3 Deferred tax assets		1,034		1,018
4 Other		3,137		3,168
5 Less: Allowance for doubtful accounts		(4,892)		(4,886)
Total investments and other assets		15,500		16,244
Total noncurrent assets		52,177		52,979
Total assets		240,694		235,518
[LIABILITIES]				
I Current liabilities				
1 Notes and accounts payable		60,370		58,069
2 Short-term loans payable		12,712		11,354
3 Income taxes payable		2,297		524
4 Advance receipts on uncompleted contracts		44,487		45,814
5 Reserve for bonuses		1,103		587
6 Reserve for compensation for completed works		80		100
7 Reserve for loss on construction contracts		4,422		3,640
8 Other		7,656		9,853
Total current liabilities		133,130		129,944
II Noncurrent liabilities				
1 Long-term loans payable		26,477		26,768
2 Lease obligations		670		597
3 Deferred tax liabilities		7		2
4 Reserve for retirement benefits		5,202		5,099
5 Reserve for repairs		705		732
6 Other		3,408		3,413
Total noncurrent liabilities		36,472		36,613
Total liabilities		169,603		166,557
[NET ASSETS]				
I Shareholders' equity				
1 Capital stock		18,198		18,198
2 Capital surplus		20,759		20,759
3 Retained earnings		31,537		29,704
4 Treasury stock		(383)		(386)
Total shareholders' equity		70,111		68,275
II Accumulated other comprehensive income				
1 Net unrealized gain on available-for-sale securities		665		920
2 Deferred gains or losses on hedges		(647)		(1,991)
3 Foreign currency translation adjustments		(468)		382
Total accumulated other comprehensive income		(449)		(687)
III Minority interest		1,429		1,373
Total net assets		71,091		68,961
Total liabilities and net assets		240,694		235,518

Consolidated Statements of Income

		April 1, 2012- June 30, 2012		April 1, 2013- June 30, 2013	
		Millions of yen		Millions of yen	
I	Net sales		51,359		56,511
II	Cost of sales		45,656		52,083
	Gross profit		5,703		4,427
III	Selling, general and administrative expenses		6,060		5,554
	Operating loss		(356)		(1,126)
IV	Non-operating income				
1	Interest income	173		256	
2	Dividends income	111		112	
3	Equity in earnings of affiliates	165		278	
4	Reversal of allowance for doubtful accounts	—		579	
5	Reversal of provision for repairs	153		—	
6	Other	47	650	58	1,285
V	Non-operating expenses				
1	Interest expenses	317		266	
2	Foreign exchange losses	265		61	
3	Other	39	622	64	392
	Ordinary loss		(329)		(234)
VI	Extraordinary gain				
1	Gain on sales of noncurrent assets	383	383	—	—
	Income (loss) before income taxes and minority interests		54		(234)
	Income taxes		309		657
	Loss before minority interests		(254)		(891)
	Minority interests in loss		(223)		(16)
	Net loss		(30)		(874)

Consolidated Statements of Comprehensive Income

		April 1, 2012- June 30, 2012		April 1, 2013- June 30, 2013	
		Millions of yen		Millions of yen	
I	Loss before minority interests		(254)		(891)
II	Other comprehensive income				
1	Net unrealized gain or loss on available-for-sale securities	(420)		255	
2	Deferred gains or losses on hedges	31		(80)	
3	Foreign currency translation adjustments	342		233	
4	Share of other comprehensive income of associates accounted for using equity method	87	41	(646)	(238)
	Comprehensive income		(213)		(1,129)
	Comprehensive income attributable to				
	Comprehensive income attributable to owners of the parent		(10)		(1,112)
	Comprehensive income attributable to minority interests		(203)		(17)

Segment Information

April 1, 2012 - June 30, 2012

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.

April 1, 2013 - June 30, 2013

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	53,402	2,586	522	56,511	—	56,511
(2) Inter-segment net sales	40	5	47	92	(92)	—
Total	53,442	2,591	570	56,604	(92)	56,511
Segment profits (losses)	(1,358)	(8)	239	(1,127)	0	(1,126)

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.
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 - 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
April 1, 2012 - June 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)				*(10,442)	
		359,120	22,231	381,352	50,785	325,192	
April 1, 2013 - June 30, 2013	Overseas	Chemical fertilizers	151,351	469	151,821	16,996	136,307
		Petrochemicals	98,404	31,344	129,748	10,875	119,513
		Oil refinery	47,441	6,674	54,115	4,270	49,816
		Energy-related	34,040	3,801	37,841	3,597	10,468
		General manufacturing facilities	6,311	1,088	7,399	4,956	2,658
		Information technology	119	120	240	136	97
		Others	48,425	2,505	50,930	7,148	43,905
		Subtotal	386,094	46,004	432,098	47,981	362,766
	Domestic	Petrochemicals	7,150	84	7,234	947	6,287
		Oil refinery	4,369	704	5,074	2,482	2,592
		Energy-related	7,482	388	7,871	677	7,193
		General manufacturing facilities	853	908	1,761	110	1,651
		Information technology	3,861	2,508	6,369	2,449	3,868
		Others	681	3,086	3,768	1,339	2,390
	Subtotal	24,398	7,681	32,079	8,006	23,982	
		*12,772				*19,849	
	Grand total	410,492	53,685	464,178	55,988	386,749	

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 orders in currencies other than Japanese Yen are included from figures.

The included amounts are (2,716) million yen for Apr. 1, 2012-Jun. 30, 2012 and 2,827 million yen for Apr. 1, 2013-Jun. 30, 2013.

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

The deducted amounts are 2,657 million yen for Apr. 1, 2012-Jun. 30, 2012 and 24,267 million yen for Apr. 1, 2013-Jun. 30, 2013.

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