

Consolidated Financial Results for the Third Quarter ended December 31, 2013

For the Fiscal Year Ending March 31, 2014

February 13, 2014

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 third quarter of fiscal year 2013(April 1, 2013 - December 31, 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 - Dec. 31, 2013	167,828	3.2	Δ 2,164	-	1,184	Δ 71.5	199	Δ 90.8
Apr. 1, 2012 - Dec. 31, 2012	162,674	51.8	3,785	Δ 25.1	4,153	Δ 15.2	2,160	Δ 45.0

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2013 - Dec. 31, 2013: 443 Δ 77.3 % Apr. 1, 2012 - Dec. 31, 2012: 1,949 Δ 4.4 %

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2013 - Dec. 31, 2013	1.04	-
Apr. 1, 2012 - Dec. 31, 2012	11.26	-

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec.31, 2013	248,968	70,494	27.7
As of Mar.31, 2013	240,694	71,091	28.9

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

Dec. 31, 2013: 69,067 Mar. 31, 2013: 69,661

2. Dividends

	Cash dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY2012	- Yen	0.00 Yen	- Yen	5.00 Yen	5.00 Yen
FY2013	- Yen	0.00 Yen	- Yen	-	-
FY2013 (Forecast)	-	-	-	3.00 Yen	3.00 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	250,000	9.3	2,000	25.5	4,000	Δ 0.8	0	Δ 100.0	0.00

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, 2013: 192,792,539

Mar. 31, 2013: 192,792,539

Number of treasury stocks at end of term

Dec. 31, 2013: 1,016,054

Mar. 31, 2013: 965,838

Average number of stock outstanding during the period: Third quarter of FY2013 and FY2012

Third quarter of FY2013: 191,809,575

Third quarter of FY2012: 191,869,003

* 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		December 31, 2013	
	Millions of yen		Millions of yen	
[ASSETS]				
I Current assets				
1 Cash and deposits		52,328		59,505
2 Notes and accounts receivable		54,423		48,301
3 Marketable securities		21,376		24,319
4 Work in progress		33,308		39,885
5 Deferred tax assets		3,010		3,072
6 Other receivables		22,478		13,192
7 Other		5,849		7,571
8 Less: Allowance for doubtful accounts		(4,258)		(3,076)
Total current assets		188,517		192,772
II Noncurrent assets				
(1) Property, plant and equipment				
1 Buildings and structures		26,525		26,670
2 Machinery, vehicle, tools, furniture and fixtures		5,219		5,638
3 Land		17,378		17,514
4 Leased assets		1,852		1,823
5 Construction in progress		75		8
6 Less: Accumulated depreciation and impairment loss		(19,864)		(20,773)
Total property, plant and equipment		31,187		30,881
(2) Intangible assets				
1 Goodwill		2,570		2,359
2 Other		2,918		3,389
Total intangible assets		5,489		5,748
(3) Investments and other assets				
1 Investment securities		11,642		15,458
2 Long-term loans receivable		4,578		4,577
3 Deferred tax assets		1,034		675
4 Other		3,137		3,708
5 Less: Allowance for doubtful accounts		(4,892)		(4,853)
Total investments and other assets		15,500		19,566
Total noncurrent assets		52,177		56,196
Total assets		240,694		248,968
[LIABILITIES]				
I Current liabilities				
1 Notes and accounts payable		60,370		55,581
2 Short-term loans payable		12,712		11,980
3 Income taxes payable		2,297		311
4 Advance receipts on uncompleted contracts		44,487		55,228
5 Reserve for bonuses		1,103		392
6 Reserve for compensation for completed works		80		118
7 Reserve for loss on construction contracts		4,422		3,645
8 Other		7,656		13,022
Total current liabilities		133,130		140,279
II Noncurrent liabilities				
1 Long-term loans payable		26,477		28,290
2 Lease obligations		670		568
3 Deferred tax liabilities		7		6
4 Reserve for retirement benefits		5,202		4,908
5 Reserve for repairs		705		784
6 Other		3,408		3,636
Total noncurrent liabilities		36,472		38,194
Total liabilities		169,603		178,474
[NET ASSETS]				
I Shareholders' equity				
1 Capital stock		18,198		18,198
2 Capital surplus		20,759		20,759
3 Retained earnings		31,537		30,777
4 Treasury stock		(383)		(404)
Total shareholders' equity		70,111		69,330
II Accumulated other comprehensive income				
1 Net unrealized gain on available-for-sale securities		665		1,507
2 Deferred gains or losses on hedges		(647)		(2,436)
3 Foreign currency translation adjustments		(468)		665
Total accumulated other comprehensive income		(449)		(263)
III Minority interest		1,429		1,427
Total net assets		71,091		70,494
Total liabilities and net assets		240,694		248,968

Consolidated Statements of Income

		April 1, 2012- December 31, 2012		April 1, 2013- December 31, 2013	
		Millions of yen		Millions of yen	
I	Net sales		162,674		167,828
II	Cost of sales		142,306		152,585
	Gross profit		20,368		15,242
III	Selling, general and administrative expenses		16,582		17,406
	Operating income (loss)		3,785		(2,164)
IV	Non-operating income				
	1 Interest income	473		655	
	2 Dividends income	175		182	
	3 Foreign exchange gains	—		373	
	4 Equity in earnings of affiliates	477		1,615	
	5 Reversal of allowance for doubtful accounts	—		1,231	
	6 Other	411	1,538	239	4,298
V	Non-operating expenses				
	1 Interest expenses	825		772	
	2 Foreign exchange losses	36		—	
	3 Other	308	1,169	178	950
	Ordinary income		4,153		1,184
VI	Extraordinary gain				
	1 Gain on sales of noncurrent assets	383		—	
	2 Gain on change in equity	—	383	1,518	1,518
VII	Extraordinary loss				
	1 Loss on valuation of investment securities	448	448	—	—
	Income before income taxes and minority interests		4,089		2,703
	Income taxes		2,473		2,447
	Income before minority interests		1,615		255
	Minority interests in income (loss)		(545)		55
	Net income		2,160		199

Consolidated Statements of Comprehensive Income

		April 1, 2012- December 31, 2012		April 1, 2013- December 31, 2013	
		Millions of yen		Millions of yen	
I	Income before minority interests		1,615		255
II	Other comprehensive income				
1	Net unrealized gain on available-for-sale securities	231		841	
2	Deferred gains or losses on hedges	(52)		153	
3	Foreign currency translation adjustments	174		577	
4	Share of other comprehensive income of associates accounted for using equity method	(19)	334	(1,384)	187
	Comprehensive income		1,949		443
	Comprehensive income attributable to				
	Comprehensive income attributable to owners of the parent		2,548		385
	Comprehensive income attributable to minority interests		(599)		57

Segment Information

April 1, 2012 - December 31, 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	153,033	7,989	1,651	162,674	—	162,674
(2) Inter-segment net sales	123	22	178	324	(324)	—
Total	153,157	8,011	1,829	162,998	(324)	162,674
Segment profits	2,904	173	710	3,788	(2)	3,785

Notes:

1. "Adjustments" for Segment profits represents the elimination of inter-segment transactions.
2. "Segment profits" 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 - December 31, 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	157,958	8,307	1,563	167,828	—	167,828
(2) Inter-segment net sales	124	83	136	344	(344)	—
Total	158,083	8,390	1,699	168,173	(344)	167,828
Segment profits (losses)	(3,134)	297	690	(2,146)	(17)	(2,164)

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.
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 - 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
Apr. 1, 2012 - Dec. 31, 2012	Overseas	Chemical fertilizers	74,762	20,318	95,080	26,909	67,283
		Petrochemicals	71,795	33,919	105,715	26,139	70,903
		Oil refinery	9,952	31,245	41,198	8,545	31,575
		Energy-related	85,812	16,147	101,959	47,035	54,268
		General manufacturing facilities	20,872	3,415	24,287	13,407	10,302
		Information technology	120	349	469	325	143
		Others	65,117	3,029	68,146	11,982	49,621
		Subtotal	328,433	108,425	436,858	134,344	284,099
	Domestic	Petrochemicals	6,293	2,021	8,315	4,573	3,697
		Oil refinery	1,585	6,081	7,667	2,651	5,014
		Energy-related	8,279	1,854	10,134	1,261	8,868
		General manufacturing facilities	10,554	984	11,538	5,846	5,277
		Information technology	3,035	8,050	11,085	7,664	3,302
		Others	938	4,791	5,729	4,680	1,049
	Subtotal	30,687	23,783	54,470	26,678	27,210	
	Grand total	*(1,138) 359,120	132,209	491,329	161,023	*(773) 311,309	
Apr. 1, 2013 - Dec. 31, 2013	Overseas	Chemical fertilizers	151,351	2,117	153,469	36,189	120,946
		Petrochemicals	98,404	68,907	167,312	46,426	123,315
		Oil refinery	47,441	80,203	127,644	12,691	115,143
		Energy-related	34,040	9,279	43,319	9,807	9,580
		General manufacturing facilities	6,311	1,531	7,843	6,524	1,557
		Information technology	119	294	413	337	67
		Others	48,425	3,422	51,847	30,223	27,292
		Subtotal	386,094	165,756	551,850	142,200	397,903
	Domestic	Petrochemicals	7,150	468	7,619	3,074	4,544
		Oil refinery	4,369	2,380	6,750	4,703	2,047
		Energy-related	7,482	667	8,149	3,066	5,082
		General manufacturing facilities	853	1,100	1,954	671	991
		Information technology	3,861	8,753	12,614	7,969	4,562
		Others	681	8,225	8,907	4,580	4,288
	Subtotal	24,398	21,596	45,994	24,065	21,516	
	Grand total	*12,772 410,492	187,352	597,845	166,265	*26,404 419,420	

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 included in figures.

The included amounts are (2,233) million yen for Apr.1, 2012-Dec.31, 2012 and 10,043 million yen for Apr.1, 2013-Dec.31, 2013.

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

The deducted amounts are 16,763 million yen for Apr.1, 2012-Dec.31, 2012 and 22,202 million yen for Apr.1, 2013-Dec.31, 2013.

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