

## Consolidated Financial Results for the First Quarter ended June 30, 2014

For the Fiscal Year Ending March 31, 2015

August 8, 2014

### 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 2014(April 1, 2014 - June 30, 2014)

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, 2014 - Jun. 30, 2014	55,642	(1.5)	233	-	2,242	-	1,661	-
Apr. 1, 2013 - Jun. 30, 2013	56,511	10.0	(1,126)	-	(234)	-	(874)	-

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2014 - Jun. 30, 2014 : 1,576 -%      Apr. 1, 2013 - Jun. 30, 2013: (1,129) -%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2014 - Jun. 30, 2014	8.67	-
Apr. 1, 2013 - Jun. 30, 2013	(4.56)	-

#### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2014	255,042	74,286	28.6
As of Mar. 31, 2014	257,480	74,831	28.5

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

Jun. 30, 2014: 72,853      Mar. 31, 2014: 73,373

#### 2. Dividends

	Cash dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY2013	- Yen	0.00 Yen	- Yen	3.00 Yen	3.00 Yen
FY2014	- Yen				
FY2014 (Forecast)		4.00 Yen	-	4.00 Yen	8.00 Yen

#### 3. Forecast of consolidated operating results for FY2014

(% 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	290,000	26.0	7,000	-	10,000	102.3	6,000	520.0	31.29

#### 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, 2014: 192,792,539

Mar. 31, 2014: 192,792,539

Number of treasury stocks at end of term

Jun. 30, 2014: 1,030,146

Mar. 31, 2014: 1,024,116

Average number of stock outstanding during the period: FY2014 and FY2013

First quarter of FY2014: 191,765,406

First quarter of FY2013: 191,824,073

\* 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, 2014		June 30, 2014	
	Millions of yen		Millions of yen	
[ASSETS]				
<b>I Current assets</b>				
1 Cash and deposits		73,814		65,223
2 Notes and accounts receivable		48,362		40,956
3 Marketable securities		25,025		26,317
4 Work in progress		34,462		43,643
5 Deferred tax assets		2,977		3,095
6 Other receivables		12,931		13,156
7 Other		7,434		7,841
8 Less: Allowance for doubtful accounts		(2,969)		(1,799)
<b>Total current assets</b>		<b>202,041</b>		<b>198,435</b>
<b>II Noncurrent assets</b>				
(1) Property, plant and equipment				
1 Buildings and structures		26,762		26,713
2 Machinery, vehicle, tools, furniture and fixtures		5,708		5,652
3 Land		17,506		17,470
4 Leased assets		1,824		1,748
5 Construction in progress		7		32
6 Less: Accumulated depreciation and impairment loss		(21,447)		(21,692)
<b>Total property, plant and equipment</b>		<b>30,363</b>		<b>29,924</b>
(2) Intangible assets				
1 Goodwill		1,619		1,478
2 Other		3,466		3,493
<b>Total intangible assets</b>		<b>5,085</b>		<b>4,971</b>
(3) Investments and other assets				
1 Investment securities		16,533		17,982
2 Long-term loans receivable		4,576		4,575
3 Deferred tax assets		443		923
4 Other		3,288		3,041
5 Less: Allowance for doubtful accounts		(4,851)		(4,811)
<b>Total investments and other assets</b>		<b>19,990</b>		<b>21,711</b>
<b>Total noncurrent assets</b>		<b>55,439</b>		<b>56,607</b>
<b>Total assets</b>		<b>257,480</b>		<b>255,042</b>
[LIABILITIES]				
<b>I Current liabilities</b>				
1 Notes and accounts payable		55,764		56,538
2 Short-term loans payable		10,580		9,121
3 Income taxes payable		1,164		585
4 Advance receipts on uncompleted contracts		56,519		51,996
5 Reserve for bonuses		1,124		479
6 Reserve for compensation for completed works		79		68
7 Reserve for loss on construction contracts		3,497		3,104
8 Other		11,433		12,471
<b>Total current liabilities</b>		<b>140,164</b>		<b>134,364</b>
<b>II Noncurrent liabilities</b>				
1 Long-term loans payable		33,535		32,835
2 Lease obligations		488		409
3 Deferred tax liabilities		360		3
4 Reserve for repairs		808		835
5 Net defined benefit liability		3,677		5,885
6 Other		3,613		6,422
<b>Total noncurrent liabilities</b>		<b>42,484</b>		<b>46,391</b>
<b>Total liabilities</b>		<b>182,649</b>		<b>180,756</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		31,546		31,118
4 Treasury stock		(408)		(411)
<b>Total shareholders' equity</b>		<b>70,095</b>		<b>69,665</b>
<b>II Accumulated other comprehensive income</b>				
1 Net unrealized gain on available-for-sale securities		1,288		1,504
2 Deferred gains or losses on hedges		(1,133)		(793)
3 Foreign currency translation adjustments		2,427		1,779
4 Remeasurements of defined benefit plans		695		697
<b>Total accumulated other comprehensive income</b>		<b>3,277</b>		<b>3,187</b>
<b>III Minority interest</b>		1,458		1,433
<b>Total net assets</b>		<b>74,831</b>		<b>74,286</b>
<b>Total liabilities and net assets</b>		<b>257,480</b>		<b>255,042</b>

### Consolidated Statements of Income

		April 1, 2013- June 30, 2013		April 1, 2014- June 30, 2014	
		Millions of yen		Millions of yen	
I	Net sales		56,511		55,642
II	Cost of sales		52,083		49,206
	<b>Gross profit</b>		4,427		6,435
III	Selling, general and administrative expenses		5,554		6,202
	<b>Operating income (loss)</b>		(1,126)		233
IV	Non-operating income				
1	Interest income	256		257	
2	Dividends income	112		80	
3	Foreign exchange gains	-		96	
4	Equity in earnings of affiliates	278		527	
5	Reversal of allowance for doubtful accounts	579		1,166	
6	Other	58	1,285	142	2,272
V	Non-operating expenses				
1	Interest expenses	266		219	
2	Foreign exchange losses	61		—	
3	Other	64	392	44	263
	<b>Ordinary income (loss)</b>		(234)		2,242
	Income (loss) before income taxes and minority interests		(234)		2,242
	Income taxes		657		575
	Income (loss) before minority interests		(891)		1,667
	Minority interests in income (loss)		(16)		5
	<b>Net income (loss)</b>		(874)		1,661

## Consolidated Statements of Comprehensive Income

		April 1, 2013- June 30, 2013		April 1, 2014- June 30, 2014	
		Millions of yen		Millions of yen	
I	Income (loss) before minority interests		(891)		1,667
II	Other comprehensive income				
1	Net unrealized gain on available-for-sale securities	255		215	
2	Deferred gains or losses on hedges	(80)		(186)	
3	Foreign currency translation adjustments	233		(592)	
4	Remeasurements of defined benefit plans	-		2	
5	Share of other comprehensive income of associates accounted for using equity method	(646)	(238)	470	(90)
	<b>Comprehensive income</b>		(1,129)		1,576
	Comprehensive income attributable to				
	Comprehensive income attributable to owners of the parent		(1,112)		1,572
	Comprehensive income attributable to minority interests		(17)		4

## Segment Information

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.
  - 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, 2014 - June 30, 2014

### 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	52,204	2,927	510	55,642	—	55,642
(2) Inter-segment net sales	40	31	44	116	(116)	—
Total	52,245	2,959	554	55,758	(116)	55,642
Segment profits (losses)	(16)	42	212	238	(4)	233

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.
4. From the beginning of fiscal year 2014, the method of computation of defined benefit obligation and service cost (and by operating segment accordingly) has been changed due to amendment of "Accounting Standard for Retirement Benefits" (ASBJ statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25). The effect of this amendment on segment profits (losses) is immaterial.

## 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, 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	
April 1, 2014- June 30, 2014	Overseas	Chemical fertilizers	138,578	784	139,363	11,694	127,637
		Petrochemicals	204,225	3,034	207,259	21,197	186,768
		Oil refinery	107,393	2,360	109,754	6,458	103,156
		Energy-related	10,608	431	11,040	2,158	8,925
		General manufacturing facilities	886	1,840	2,726	1,048	1,681
		Information technology	62	87	149	85	65
		Others	55,430	1,135	56,565	5,705	51,244
		Subtotal	517,185	9,674	526,859	48,349	479,481
	Domestic	Petrochemicals	6,586	76	6,662	798	6,476
		Oil refinery	1,765	561	2,327	1,412	914
		Energy-related	4,262	9,861	14,123	131	13,991
		General manufacturing facilities	201	472	673	91	581
		Information technology	3,864	2,634	6,499	2,841	3,573
		Others	4,158	2,087	6,245	1,506	4,109
	Subtotal	20,838	15,693	36,532	6,782	29,647	
		*25,714				*14,102	
	Grand total	538,023	25,368	563,391	55,132	509,128	

Notes : 1. Amounts are rounded down to the nearest million yen and exclude Consumption Tax of Japan.

2. Net sales include corresponding amounts of the effects of changes in exchange rates upon the orders in currencies other than Japanese Yen.

The included amounts are 2,827 million yen for Apr. 1, 2013-Jun. 30, 2013 and 2,002 million yen for Apr. 1, 2014-Jun. 30, 2014.

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

The deducted amounts are 24,267 million yen for Apr. 1, 2013-Jun. 30, 2013 and 1,133 million yen for Apr. 1, 2014-Jun. 30, 2014.

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