

Consolidated Financial Results for the Third Quarter ended December 31, 2014

For the Fiscal Year Ending March 31, 2015

February 10, 2015

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 2014(April 1, 2014 - December 31, 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 - Dec. 31, 2014	212,925	26.9	Δ 8,955	-	Δ 5,020	-	Δ 4,236	-
Apr. 1, 2013 - Dec. 31, 2013	167,828	3.2	Δ 2,164	-	1,184	Δ 71.5	199	Δ 90.8

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2014 - Dec. 31, 2014 : Δ 10,000 -% Apr. 1, 2013 - Dec. 31, 2013: 443 Δ 77.3 %

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2014 - Dec. 31, 2014	Δ22.09	-
Apr. 1, 2013 - Dec. 31, 2013	1.04	-

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2014	279,154	60,516	21.7
As of Mar. 31, 2014	257,480	74,831	28.5

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

Dec. 31, 2014: 60,450 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	4.00 Yen	- Yen	-	-
FY2014 (Forecast)	-	-	-	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	330,000	43.4	Δ 7,000	-	Δ 4,000	-	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, 2014: 192,792,539

Mar. 31, 2014: 192,792,539

Number of treasury stocks at end of term

Dec. 31, 2014: 1,070,130

Mar. 31, 2014: 1,024,116

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

Third quarter of FY2014: 191,748,653

Third quarter of FY2013: 191,809,575

* 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	December 31, 2014
		Millions of yen	
[ASSETS]			
I	Current assets		
	1 Cash and deposits	73,814	91,333
	2 Notes and accounts receivable	48,362	39,670
	3 Marketable securities	25,025	8,334
	4 Work in progress	34,462	49,644
	5 Deferred tax assets	2,977	3,472
	6 Other receivables	12,931	15,292
	7 Other	7,434	11,995
	8 Less: Allowance for doubtful accounts	(2,969)	(1,754)
	Total current assets	202,041	217,988
II	Noncurrent assets		
	(1) Property, plant and equipment		
	1 Buildings and structures	26,762	26,719
	2 Machinery, vehicle, tools, furniture and fixtures	5,708	5,722
	3 Land	17,506	17,562
	4 Leased assets	1,824	1,729
	5 Construction in progress	7	58
	6 Less: Accumulated depreciation and impairment loss	(21,447)	(22,173)
	Total property, plant and equipment	30,363	29,619
	(2) Intangible assets		
	1 Goodwill	1,619	1,439
	2 Other	3,466	2,260
	Total intangible assets	5,085	3,700
	(3) Investments and other assets		
	1 Investment securities	16,533	19,922
	2 Long-term loans receivable	4,576	4,580
	3 Deferred tax assets	443	3,333
	4 Other	3,288	4,812
	5 Less: Allowance for doubtful accounts	(4,851)	(4,804)
	Total investments and other assets	19,990	27,845
	Total noncurrent assets	55,439	61,165
	Total assets	257,480	279,154
[LIABILITIES]			
I	Current liabilities		
	1 Notes and accounts payable	55,764	78,267
	2 Short-term loans payable	10,580	8,887
	3 Income taxes payable	1,164	376
	4 Advance receipts on uncompleted contracts	56,519	55,235
	5 Reserve for bonuses	1,124	418
	6 Reserve for compensation for completed works	79	116
	7 Reserve for loss on construction contracts	3,497	5,957
	8 Other	11,433	28,232
	Total current liabilities	140,164	177,492
II	Noncurrent liabilities		
	1 Long-term loans payable	33,535	30,526
	2 Lease obligations	488	280
	3 Deferred tax liabilities	360	3
	4 Reserve for repairs	808	887
	5 Net defined benefit liability	3,677	5,860
	6 Other	3,613	3,586
	Total noncurrent liabilities	42,484	41,145
	Total liabilities	182,649	218,638
[NET ASSETS]			
I	Shareholders' equity		
	1 Capital stock	18,198	18,198
	2 Capital surplus	20,759	20,759
	3 Retained earnings	31,546	24,453
	4 Treasury stock	(408)	(429)
	Total shareholders' equity	70,095	62,981
II	Accumulated other comprehensive income		
	1 Net unrealized gain on available-for-sale securities	1,288	1,953
	2 Deferred gains or losses on hedges	(1,133)	(7,846)
	3 Foreign currency translation adjustments	2,427	2,672
	4 Remeasurements of defined benefit plans	695	690
	Total accumulated other comprehensive income	3,277	(2,531)
III	Minority interest	1,458	65
	Total net assets	74,831	60,516
	Total liabilities and net assets	257,480	279,154

Consolidated Statements of Income

		April 1, 2013- December 31, 2013		April 1, 2014- December 31, 2014	
		Millions of yen		Millions of yen	
I	Net sales		167,828		212,925
II	Cost of sales		152,585		203,249
	Gross profit		15,242		9,675
III	Selling, general and administrative expenses		17,406		18,631
	Operating loss		(2,164)		(8,955)
IV	Non-operating income				
1	Interest income	655		682	
2	Dividends income	182		160	
3	Foreign exchange gains	373		345	
4	Equity in earnings of affiliates	1,615		2,136	
5	Reversal of allowance for doubtful accounts	1,231		1,117	
6	Other	239	4,298	339	4,781
V	Non-operating expenses				
1	Interest expenses	772		601	
2	Other	178	950	244	846
	Ordinary income (loss)		1,184		(5,020)
VI	Extraordinary gain				
1	Gain on change in equity	1,518		—	
2	Gain on sales of shares of subsidiaries	—	1,518	908	908
	Income (loss) before income taxes and minority interests		2,703		(4,111)
	Income taxes		2,447		87
	Income (loss) before minority interests		255		(4,198)
	Minority interests in income		55		37
	Net income (loss)		199		(4,236)

Consolidated Statements of Comprehensive Income

		April 1, 2013- December 31, 2013		April 1, 2014- December 31, 2014	
		Millions of yen		Millions of yen	
I	Income (loss) before minority interests		255		(4,198)
II	Other comprehensive income				
1	Net unrealized gain on available-for-sale securities	841		663	
2	Deferred gains or losses on hedges	153		(5,695)	
3	Foreign currency translation adjustments	577		(240)	
4	Remeasurements of defined benefit plans	—		(4)	
5	Share of other comprehensive income of associates accounted for using equity method	(1,384)	187	(525)	(5,802)
	Comprehensive income		443		(10,000)
	Comprehensive income attributable to				
	Comprehensive income attributable to owners of the parent		385		(10,045)
	Comprehensive income attributable to minority interests		57		44

Segment Information

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 (losses) represents the elimination of inter-segment transactions.
2. "Segment profits (losses)" is adjusted with the operating loss from the 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 - December 31, 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	202,972	8,426	1,526	212,925	—	212,925
(2) Inter-segment net sales	129	50	134	314	(314)	—
Total	203,102	8,476	1,660	213,240	(314)	212,925
Segment profits (losses)	(9,785)	178	631	(8,975)	19	(8,955)

Notes:

1. "Adjustments" for Segment profits (losses) represents the elimination of inter-segment transactions.
2. "Segment profits (losses)" is adjusted with the operating loss from the 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 partial amendments to "Accounting Standard for Retirement Benefits" (ASBJ statement No.26) and "Guidance on Accounting Standard 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
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				*26,404	
		410,492	187,352	597,845	166,265	419,420	
Apr. 1, 2014 - Dec. 31, 2014	Overseas	Chemical fertilizers	138,578	3,307	141,886	53,300	93,496
		Petrochemicals	204,225	273,715	477,941	76,345	409,781
		Oil refinery	107,393	10,163	117,557	31,835	87,006
		Energy-related	10,608	2,171	12,779	4,133	8,601
		General manufacturing facilities	886	4,089	4,975	1,848	3,120
		Information technology	62	260	322	248	0
		Others	55,430	3,427	58,858	20,235	38,786
		Subtotal	517,185	297,136	814,321	187,947	640,792
	Domestic	Petrochemicals	6,586	2,335	8,922	3,303	5,618
		Oil refinery	1,765	2,022	3,788	2,202	1,586
		Energy-related	4,262	91,090	95,352	2,156	93,196
		General manufacturing facilities	201	2,724	2,925	574	2,351
		Information technology	3,864	8,092	11,957	8,177	0
		Others	4,158	6,596	10,754	7,036	3,683
	Subtotal	20,838	112,862	133,701	23,451	106,435	
	Grand total	*25,714				*54,734	
		538,023	409,999	948,023	211,399	747,228	

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 10,043 million yen for Apr. 1, 2013-Dec. 31, 2013 and 17,493 million yen for Apr. 1, 2014-Dec. 31, 2014.

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

The deducted amounts are 22,202 million yen for Apr. 1, 2013-Dec. 31, 2013 and 6,889 million yen for Apr. 1, 2014-Dec. 31, 2014.

Due to change in scope of consolidation, end of term backlog associated with Toyo Business Engineering, which is changed from consolidated subsidiary to company accounted for using equity method, is eliminated.

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