

# Consolidated Financial Results for the Second Quarter ended September 30, 2015

For the Fiscal Year Ending March 31, 2016

November 13, 2015

## TOYO ENGINEERING CORPORATION

(URL : <http://www.toyo-eng.com/>)

Representative: Kiyoshi Nakao, President and Chief Executive Officer,  
Contacts: Yasuo Miyokawa, General Manager of Accounting Div.

TEL +81-47-454-1521

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 second quarter of fiscal year 2015(April 1, 2015 - September 30, 2015)

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		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr. 1, 2015 - Sep. 30, 2015	150,577	13.6	4,416	-	4,208	56.1	1,689	34.5
Apr. 1, 2014 - Sep. 30, 2014	132,575	19.5	101	-	2,696	-	1,255	-

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2015 - Sep. 30, 2015 : 6,847 -%      Apr. 1, 2014 - Sep. 30, 2014: Δ 2,460 -%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2015 - Sep. 30, 2015	8.81	-
Apr. 1, 2014 - Sep. 30, 2014	6.55	-

### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2015	306,361	51,824	16.9
As of Mar. 31, 2015	261,609	44,979	17.2

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

Sep. 30, 2015: 51,748      Mar. 31, 2015: 44,899

### 2. Dividends

	Cash dividends per share									
	Q1		Q2		Q3		Q4		Annual	
FY2014	-	Yen	4.00	Yen	-	Yen	0.00	Yen	4.00	Yen
FY2015	-	Yen	0.00	Yen						
FY2015 (Forecast)					-	Yen	4.00	Yen	4.00	Yen

### 3. Forecast of consolidated operating results for FY2015

(% of changes from the corresponding periods of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	330,000	6.0	7,500	-	5,500	-	3,000	-	15.65

### 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)

Sep. 30, 2015: 192,792,539

Mar. 31, 2015: 192,792,539

Number of treasury stocks at end of term

Sep. 30, 2015: 1,084,040

Mar. 31, 2015: 1,076,735

Average number of stock outstanding during the period: Second quarter of FY2015 and FY2014

Second quarter of FY2015: 191,711,542

Second quarter of FY2014: 191,756,142

\* 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, 2015		September 30, 2015	
	Millions of yen		Millions of yen	
[ASSETS]				
<b>I Current assets</b>				
1 Cash and deposits		90,753		104,615
2 Notes and accounts receivable		62,556		81,948
3 Marketable securities		2,354		1,129
4 Work in progress		33,744		42,626
5 Deferred tax assets		2,928		3,024
6 Other receivables		15,474		14,783
7 Other		8,738		8,901
8 Less: Allowance for doubtful accounts		(1,988)		(1,040)
<b>Total current assets</b>		214,561		255,988
<b>II Noncurrent assets</b>				
(1) Property, plant and equipment				
1 Buildings and structures		16,574		16,537
2 Machinery, vehicle, tools, furniture and fixtures		5,680		5,572
3 Land		9,398		9,414
4 Leased assets		291		227
5 Construction in progress		8		6
6 Less: Accumulated depreciation and impairment loss		(15,705)		(15,844)
<b>Total property, plant and equipment</b>		16,247		15,913
(2) Intangible assets				
1 Goodwill		6		6
2 Other		2,126		2,131
<b>Total intangible assets</b>		2,133		2,138
(3) Investments and other assets				
1 Investment securities		18,702		23,268
2 Long-term loans receivable		4,580		4,578
3 Deferred tax assets		5,559		4,885
4 Other		4,175		3,969
5 Less: Allowance for doubtful accounts		(4,351)		(4,380)
<b>Total investments and other assets</b>		28,666		32,321
<b>Total noncurrent assets</b>		47,047		50,373
<b>Total assets</b>		261,609		306,361
[LIABILITIES]				
<b>I Current liabilities</b>				
1 Notes and accounts payable		86,007		98,236
2 Short-term loans payable		8,233		8,695
3 Income taxes payable		472		1,968
4 Advance receipts on uncompleted contracts		44,288		83,715
5 Reserve for bonuses		555		582
6 Reserve for compensation for completed works		123		40
7 Reserve for loss on construction contracts		3,924		2,532
8 Forward exchange contracts		15,373		12,787
9 Other		11,505		10,771
<b>Total current liabilities</b>		170,483		219,329
<b>II Noncurrent liabilities</b>				
1 Long-term loans payable		23,604		21,747
2 Lease obligations		64		42
3 Deferred tax liabilities		9		10
4 Net defined benefit liability		4,693		4,369
5 Provision for loss on business of subsidiaries and affiliates		508		430
6 Liabilities accounted for using equity method		15,447		6,904
7 Other		1,818		1,700
<b>Total noncurrent liabilities</b>		46,146		35,206
<b>Total liabilities</b>		216,630		254,536
[NET ASSETS]				
<b>I Shareholders' equity</b>				
1 Capital stock		18,198		18,198
2 Capital surplus		20,759		17,656
3 Retained earnings		7,724		12,516
4 Treasury stock		(432)		(434)
<b>Total shareholders' equity</b>		46,249		47,936
<b>II Accumulated other comprehensive income</b>				
1 Net unrealized gain on available-for-sale securities		2,299		1,919
2 Deferred gains or losses on hedges		(9,717)		(6,334)
3 Foreign currency translation adjustments		4,759		7,022
4 Remeasurements of defined benefit plans		1,308		1,204
<b>Total accumulated other comprehensive income</b>		(1,350)		3,811
<b>III Non-controlling interests</b>		79		76
<b>Total net assets</b>		44,979		51,824
<b>Total liabilities and net assets</b>		261,609		306,361

## Consolidated Statements of Income

		April 1, 2014- September 30, 2014		April 1, 2015- September 30, 2015	
		Millions of yen		Millions of yen	
I	Net sales		132,575		150,577
II	Cost of sales		120,628		136,414
	<b>Gross profit</b>		11,947		14,162
III	Selling, general and administrative expenses		11,845		9,746
	<b>Operating income</b>		101		4,416
IV	Non-operating income				
	1 Interest income	454		309	
	2 Dividends income	93		96	
	3 Foreign exchange gains	68		1,439	
	4 Equity in earnings of affiliates	1,271		—	
	5 Reversal of allowance for doubtful accounts	1,000		893	
	6 Other	262	3,152	144	2,883
V	Non-operating expenses				
	1 Interest expenses	416		183	
	2 Equity in losses of affiliates	—		2,477	
	3 Other	140	557	429	3,090
	<b>Ordinary income</b>		2,696		4,208
	Income before income taxes		2,696		4,208
	Income taxes		1,418		2,497
	Profit		1,278		1,710
	Profit attributable to non-controlling interests		22		21
	Profit attributable to owners of parent		1,255		1,689

## Consolidated Statements of Comprehensive Income

		April 1, 2014- September 30, 2014		April 1, 2015- September 30, 2015	
		Millions of yen		Millions of yen	
I	Profit		1,278		1,710
II	Other comprehensive income				
1	Net unrealized gain on available-for-sale securities	409		(379)	
2	Deferred gains or losses on hedges	(3,101)		1,496	
3	Foreign currency translation adjustments	(825)		(163)	
4	Remeasurements of defined benefit plans	3		(104)	
5	Share of other comprehensive income of affiliates accounted for using equity method	(225)	(3,738)	4,288	5,137
	<b>Comprehensive income</b>		(2,460)		6,847
	Comprehensive income attributable to				
	Comprehensive income attributable to owners of parent		(2,484)		6,850
	Comprehensive income attributable to non-controlling interests		24		(2)

## Consolidated Statements of Cash Flows

	April 1, 2014- September 30, 2014	April 1, 2015- September 30, 2015
	Millions of yen	Millions of yen
<b>I Net cash provided by (used in) operating activities</b>		
1 Income before income taxes and minority interests	2,696	4,208
2 Depreciation and amortization	1,383	819
3 Amortization of goodwill	106	(4)
4 Increase (decrease) in allowance for doubtful accounts	(1,021)	(919)
5 Increase (decrease) in net defined benefit liability	2,045	(697)
6 Increase (decrease) in provision for loss on construction contracts	312	(1,401)
7 Interest and dividends income	(548)	(406)
8 Interest expenses	416	183
9 Foreign exchange losses (gains)	40	(310)
10 Loss (gain) on sales of property, plant and equipment	(122)	(0)
11 Equity in (earnings) losses of affiliates	(1,271)	2,477
12 Decrease (increase) in notes and accounts receivable	10,109	(19,914)
13 Decrease (increase) in work in progress	(6,564)	(9,083)
14 Decrease (increase) in other receivables	(328)	(53)
15 Increase (decrease) in notes and accounts payable	5,286	12,682
16 Increase (decrease) in advances receipts on uncompleted contracts	(11,864)	39,908
17 Other, net	(1,195)	480
subtotal	(518)	27,970
18 Interest and dividends income received	824	619
19 Interest expenses paid	(419)	(196)
20 Income taxes paid	(1,681)	(653)
Net cash provided by (used in) operating activities	(1,795)	27,739
<b>II Net cash provided by (used in) investing activities</b>		
1 Decrease (increase) in time deposits	(910)	(1,475)
2 Purchases of property, plant and equipment	(207)	(168)
3 Proceeds from sales of property, plant and equipment	152	4
4 Purchase of intangible assets	(659)	(424)
5 Purchase of investment securities	(221)	(108)
6 Net decrease (increase) in short-term loans receivable	(9)	(12,719)
7 Other, net	(9)	(780)
Net cash provided by (used in) investing activities	(1,866)	(15,673)
<b>III Net cash provided by (used in) financing activities</b>		
1 Net Increase (decrease) in short-term loans payable	(3,464)	532
2 Proceeds from long-term loans payable	—	1,305
3 Repayment of long-term loans payable	(1,633)	(3,167)
4 Repayment of lease obligations	(131)	(34)
5 Cash dividends paid	(575)	—
6 Other, net	(42)	(2)
Net cash provided by (used in) financing activities	(5,846)	(1,366)
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	(763)	(336)
<b>V Net increase (decrease) in cash and cash equivalents</b>	(10,272)	10,363
<b>VI Cash and cash equivalents, beginning of the term</b>	96,934	90,462
<b>VII Cash and cash equivalents, end of the term</b>	86,662	100,825

## Segment Information

**April 1, 2014 - September 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	125,842	5,721	1,011	132,575	—	132,575
	(2) Inter-segment net sales	82	49	89	221	(221)	—
	Total	125,925	5,770	1,101	132,797	(221)	132,575
	Segment profits (losses)	(466)	149	422	106	(4)	101

Notes:

1. "Adjustments" for Segment profits (losses) represents the elimination of inter-segment transactions.
2. "Segment profits (losses)" is adjusted with the operating income (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 for Retirement Benefits" (ASBJ Guidance No.25). The effect of this amendment on segment profits (losses) is immaterial.

**April 1, 2015 - September 30, 2015**

The company sold parts of shares of Toyo-Business Engineering Corporation, which consists of IT Business, and all of shares of Tec Estate Corporation, which consists of Real Estate Business in the fiscal year ended March 31, 2015. Accordingly, from the first quarter of fiscal year 2015 the company's reportable operating segment has a single segment, namely EPC Business.

## 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, 2014 - Sep. 30, 2014	Overseas	Chemical fertilizers	138,578	3,233	141,812	33,972	109,454
		Petrochemicals	204,225	241,354	445,579	44,093	404,493
		Oil refinery	107,393	8,122	115,516	18,384	97,443
		Energy-related	10,608	1,109	11,717	2,851	8,803
		General manufacturing facilities	886	2,166	3,053	1,459	1,588
		Information technology	62	180	242	164	77
		Others	55,430	1,217	56,647	14,825	41,199
		Subtotal	517,185	257,383	774,569	115,750	663,060
	Domestic	Petrochemicals	6,586	660	7,246	2,022	5,224
		Oil refinery	1,765	611	2,377	1,820	557
		Energy-related	4,262	81,630	85,892	1,076	84,816
		General manufacturing facilities	201	2,479	2,680	233	2,447
		Information technology	3,864	5,261	9,126	5,557	3,466
		Others	4,158	4,639	8,797	5,103	3,657
	Subtotal	20,838	95,283	116,121	15,813	100,168	
	Grand total	*25,714				*29,335	
		538,023	352,667	890,690	131,564	763,229	
Apr. 1, 2015- Sep. 30, 2015	Overseas	Chemical fertilizers	39,514	285	39,799	8,471	32,582
		Petrochemicals	373,482	212,952	586,435	58,599	533,971
		Oil refinery	64,078	1,280	65,359	43,926	22,024
		Energy-related	21,508	47,423	68,932	10,545	58,361
		General manufacturing facilities	2,050	1,082	3,133	2,160	908
		Others	34,462	20,716	55,178	11,120	44,569
			Subtotal	535,096	283,742	818,838	134,823
	Domestic	Petrochemicals	3,117	934	4,052	641	3,086
		Oil refinery	1,157	3	1,161	1	1,159
		Energy-related	114,235	20,765	135,001	9,867	125,133
		General manufacturing facilities	2,368	2,186	4,554	1,389	3,062
		Others	3,028	4,374	7,402	3,852	3,413
			Subtotal	123,908	28,263	152,171	15,753
		Grand total	*36,930				*33,730
		659,005	312,005	971,010	150,577	828,273	

- 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 6,915 million yen for Apr. 1, 2014-Sep. 30, 2014 and 6,054 million yen for Apr. 1, 2015-Sep. 30, 2015.
  3. Adjustment of orders awarded in prior years are included in the "Backlog, End of term". The amounts are (2,813) million yen for Apr. 1, 2014-Sep. 30, 2014 and 1,785 million yen for Apr. 1, 2015-Sep. 30, 2015.
  4. Asterisks (\*) represent increase (decrease) due to changes in exchange rates.
  5. While in the fiscal year ended March 31, 2015 the amounts of EPC Business and IT Business are presented, from the first quarter of fiscal year 2015, the amounts of EPC Business are presented as the company's reportable operating segment has a single segment, namely EPC Business.