

# Consolidated Financial Results for the Third Quarter ended December 31, 2015

For the Fiscal Year Ending March 31, 2016

February 10, 2016

## 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 2015 (April 1, 2015 - December 31, 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 - Dec. 31, 2015	218,840	2.8	4,702	-	4,845	-	2,642	-
Apr. 1, 2014 - Dec. 31, 2014	212,925	26.9	Δ 8,955	-	Δ 5,020	-	Δ 4,236	-

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2015 - Dec. 31, 2015 : 8,118 - % Apr. 1, 2014 - Dec. 31, 2014: Δ 10,000 - %

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
Apr. 1, 2015 - Dec. 31, 2015	13.79		-	
Apr. 1, 2014 - Dec. 31, 2014	Δ 22.09		-	

#### (2) Consolidated financial position

	Total assets		Total net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Dec. 31, 2015	311,369		50,662		16.3	
As of Mar. 31, 2015	261,609		44,979		17.2	

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

Dec. 31, 2015: 50,601

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	-	Yen				
FY2015 (Forecast)							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)

Dec. 31, 2015: 192,792,539

Mar. 31, 2015: 192,792,539

Number of treasury stocks at end of term

Dec. 31, 2015: 1,088,375

Mar. 31, 2015: 1,076,735

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

Third quarter of FY2015: 191,709,955

Third quarter of FY2014: 191,748,653

\* 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		December 31, 2015	
	Millions of yen		Millions of yen	
[ASSETS]				
<b>I Current assets</b>				
1 Cash and deposits		90,753		106,963
2 Notes and accounts receivable		62,556		80,849
3 Marketable securities		2,354		1,023
4 Work in progress		33,744		48,797
5 Deferred tax assets		2,928		3,003
6 Other receivables		15,474		15,292
7 Other		8,738		7,404
8 Less: Allowance for doubtful accounts		(1,988)		(1,235)
<b>Total current assets</b>		214,561		262,098
<b>II Noncurrent assets</b>				
(1) Property, plant and equipment				
1 Buildings and structures		16,574		16,481
2 Machinery, vehicle, tools, furniture and fixtures		5,680		5,358
3 Land		9,398		9,384
4 Leased assets		291		245
5 Construction in progress		8		—
6 Less: Accumulated depreciation and impairment loss		(15,705)		(15,828)
<b>Total property, plant and equipment</b>		16,247		15,639
(2) Intangible assets				
1 Goodwill		6		5
2 Other		2,126		1,980
<b>Total intangible assets</b>		2,133		1,985
(3) Investments and other assets				
1 Investment securities		18,702		23,521
2 Long-term loans receivable		4,580		4,578
3 Deferred tax assets		5,559		3,613
4 Other		4,175		4,588
5 Less: Allowance for doubtful accounts		(4,351)		(4,656)
<b>Total investments and other assets</b>		28,666		31,645
<b>Total noncurrent assets</b>		47,047		49,271
<b>Total assets</b>		261,609		311,369
[LIABILITIES]				
<b>I Current liabilities</b>				
1 Notes and accounts payable		86,007		88,727
2 Short-term loans payable		8,233		9,762
3 Income taxes payable		472		2,862
4 Advance receipts on uncompleted contracts		44,288		97,120
5 Reserve for bonuses		555		340
6 Reserve for compensation for completed works		123		58
7 Reserve for loss on construction contracts		3,924		1,439
8 Forward exchange contracts		15,373		14,132
9 Other		11,505		11,381
<b>Total current liabilities</b>		170,483		225,826
<b>II Noncurrent liabilities</b>				
1 Long-term loans payable		23,604		23,206
2 Lease obligations		64		55
3 Deferred tax liabilities		9		7
4 Net defined benefit liability		4,693		4,215
5 Provision for loss on business of subsidiaries and affiliates		508		726
6 Liabilities accounted for using equity method		15,447		4,916
7 Other		1,818		1,753
<b>Total noncurrent liabilities</b>		46,146		34,880
<b>Total liabilities</b>		216,630		260,707
[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		11,038
4 Treasury stock		(432)		(436)
<b>Total shareholders' equity</b>		46,249		46,457
<b>II Accumulated other comprehensive income</b>				
1 Net unrealized gain on available-for-sale securities		2,299		5,404
2 Deferred gains or losses on hedges		(9,717)		(7,930)
3 Foreign currency translation adjustments		4,759		5,510
4 Remeasurements of defined benefit plans		1,308		1,158
<b>Total accumulated other comprehensive income</b>		(1,350)		4,143
<b>III Non-controlling interests</b>		79		61
<b>Total net assets</b>		44,979		50,662
<b>Total liabilities and net assets</b>		261,609		311,369

### Consolidated Statements of Income

		April 1, 2014- December 31, 2014		April 1, 2015- December 31, 2015	
		Millions of yen		Millions of yen	
I	Net sales		212,925		218,840
II	Cost of sales		203,249		199,792
	<b>Gross profit</b>		9,675		19,048
III	Selling, general and administrative expenses		18,631		14,345
	<b>Operating income (loss)</b>		(8,955)		4,702
IV	Non-operating income				
	1 Interest income	682		444	
	2 Dividends income	160		180	
	3 Foreign exchange gains	345		1,902	
	4 Equity in earnings of affiliates	2,136		—	
	5 Reversal of allowance for doubtful accounts	1,117		425	
	6 Other	339	4,781	279	3,233
V	Non-operating expenses				
	1 Interest expenses	601		255	
	2 Equity in losses of affiliates	—		2,056	
	3 Other	244	846	778	3,090
	<b>Ordinary income (loss)</b>		(5,020)		4,845
VI	Extraordinary gain				
	1 Gain on sales of investment securities	—		826	
	2 Gain on sales of shares of subsidiaries	908		—	
	3 Gain on sales of shares of subsidiaries and affiliates	—	908	880	1,706
	Income (loss) before income taxes		(4,111)		6,552
	Income taxes		87		3,933
	Profit (loss)		(4,198)		2,618
	Profit (loss) attributable to non-controlling interests		37		(24)
	Profit (loss) attributable to owners of parent		(4,236)		2,642

## Consolidated Statements of Comprehensive Income

		April 1, 2014- December 31, 2014		April 1, 2015- December 31, 2015	
		Millions of yen		Millions of yen	
I	Profit (loss)		(4,198)		2,618
II	Other comprehensive income				
1	Net unrealized gain on available-for-sale securities	663		3,105	
2	Deferred gains or losses on hedges	(5,695)		(86)	
3	Foreign currency translation adjustments	(240)		(1,281)	
4	Remeasurements of defined benefit plans	(4)		(150)	
5	Share of other comprehensive income of associates accounted for using equity method	(525)	(5,802)	3,912	5,500
	<b>Comprehensive income</b>		(10,000)		8,118
	Comprehensive income attributable to				
	Comprehensive income attributable to owners of parent		(10,045)		8,136
	Comprehensive income attributable to non-controlling interests		44		(17)

## Segment Information

**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 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 - December 31, 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 - 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	
	Grand total	538,023	409,999	948,023	211,399	747,228	
Apr. 1, 2015- Dec. 31, 2015	Overseas	Chemical fertilizers	39,514	1,531	41,045	12,388	30,121
		Petrochemicals	373,482	216,628	590,111	90,131	505,752
		Oil refinery	64,078	15,698	79,777	55,410	20,782
		Energy-related	21,508	74,392	95,901	14,352	81,571
		General manufacturing facilities	2,050	1,034	3,084	2,106	700
		Others	34,462	9,154	43,616	16,816	27,606
			Subtotal	535,096	318,439	853,536	191,204
	Domestic	Petrochemicals	3,117	1,720	4,838	1,347	3,167
		Oil refinery	1,157	6	1,163	6	1,156
		Energy-related	114,235	21,009	135,245	18,697	116,548
		General manufacturing facilities	2,368	2,206	4,574	1,787	2,683
		Others	3,028	6,807	9,835	5,796	3,902
			Subtotal	123,908	31,750	155,658	27,636
		Grand total	*36,930				*24,378
	Grand total	659,005	350,189	1,009,194	218,840	793,992	

- 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 17,493 million yen for Apr. 1, 2014-Dec. 31, 2014 and 2,115 million yen for Apr. 1, 2015-Dec. 31, 2015.
  3. Adjustment of orders awarded in prior years are included in the "Backlog, End of term". The amounts are (6,889) million yen for Apr. 1, 2014-Dec. 31, 2014 and 1,523 million yen for Apr. 1, 2015-Dec. 31, 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.