

Consolidated Financial Results for the Second Quarter ended September 30, 2013

For the Fiscal Year Ending March 31, 2014

November 13, 2013

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 Second quarter of fiscal year 2013(April 1, 2013 - September 30, 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 - Sep. 30, 2013	110,982	2.5	△4,481	-	△2,316	-	△3,672	-
Apr. 1, 2012 - Sep. 30, 2012	108,312	74.4	1,548	△38.0	1,626	△12.9	420	△72.1

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2013 - Sep. 30, 2013 : △2,839 -% Apr. 1, 2012 - Sep. 30, 2012 : △586 -%

	Net income per share		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
Apr. 1, 2013 - Sep. 30, 2013	△19.15	-	-	-
Apr. 1, 2012 - Sep. 30, 2012	2.19	-	-	-

(2) Consolidated financial position

	Total assets		Total net assets		Equity ratio	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%
As of Sep. 30, 2013	237,319	67,244	67,244	27.7		
As of Mar. 31, 2013	240,694	71,091	71,091	28.9		

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

Sep. 30, 2013: 65,837 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						
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	Yen
Full year	250,000	9.3	2,000	25.5	4,000	△0.8	0	△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)

Sep. 30, 2013: 192,792,539

Mar. 31, 2013: 192,792,539

Number of treasury stocks at end of term

Sep. 30, 2013: 987,830

Mar. 31, 2013: 965,838

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

Apr. 1, 2013 - Sep. 30, 2013 191,816,763

Apr. 1, 2012 - Sep. 30, 2012 191,875,108

* 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		September 30, 2013	
	Millions of yen		Millions of yen	
[ASSETS]				
I Current assets				
1 Cash and deposits		52,328		56,197
2 Notes and accounts receivable		54,423		46,015
3 Marketable securities		21,376		24,316
4 Work in progress		33,308		38,207
5 Deferred tax assets		3,010		3,136
6 Other receivables		22,478		13,123
7 Other		5,849		5,767
8 Less: Allowance for doubtful accounts		(4,258)		(3,078)
Total current assets		188,517		183,684
II Noncurrent assets				
(1) Property, plant and equipment				
1 Buildings and structures		26,525		26,594
2 Machinery, vehicle, tools, furniture and fixtures		5,219		5,422
3 Land		17,378		17,515
4 Leased assets		1,852		1,822
5 Construction in progress		75		—
6 Less: Accumulated depreciation and impairment loss		(19,864)		(20,330)
Total property, plant and equipment		31,187		31,025
(2) Intangible assets				
1 Goodwill		2,570		2,393
2 Other		2,918		3,411
Total intangible assets		5,489		5,805
(3) Investments and other assets				
1 Investment securities		11,642		13,207
2 Long-term loans receivable		4,578		4,574
3 Deferred tax assets		1,034		490
4 Other		3,137		3,415
5 Less: Allowance for doubtful accounts		(4,892)		(4,883)
Total investments and other assets		15,500		16,803
Total noncurrent assets		52,177		53,634
Total assets		240,694		237,319
[LIABILITIES]				
I Current liabilities				
1 Notes and accounts payable		60,370		57,198
2 Short-term loans payable		12,712		10,997
3 Income taxes payable		2,297		297
4 Advance receipts on uncompleted contracts		44,487		49,174
5 Reserve for bonuses		1,103		1,107
6 Reserve for compensation for completed works		80		108
7 Reserve for loss on construction contracts		4,422		5,848
8 Other		7,656		9,199
Total current liabilities		133,130		133,932
II Noncurrent liabilities				
1 Long-term loans payable		26,477		26,161
2 Lease obligations		670		614
3 Deferred tax liabilities		7		4
4 Reserve for retirement benefits		5,202		5,009
5 Reserve for repairs		705		758
6 Other		3,408		3,593
Total noncurrent liabilities		36,472		36,142
Total liabilities		169,603		170,075
[NET ASSETS]				
I Shareholders' equity				
1 Capital stock		18,198		18,198
2 Capital surplus		20,759		20,759
3 Retained earnings		31,537		26,905
4 Treasury stock		(383)		(393)
Total shareholders' equity		70,111		65,469
II Accumulated other comprehensive income				
1 Net unrealized gain on available-for-sale securities		665		1,291
2 Deferred gains or losses on hedges		(647)		(1,483)
3 Foreign currency translation adjustments		(468)		559
Total accumulated other comprehensive income		(449)		367
III Minority interest		1,429		1,406
Total net assets		71,091		67,244
Total liabilities and net assets		240,694		237,319

Consolidated Statements of Income

		April 1, 2012- September 30, 2012		April 1, 2013- September 30, 2013	
		Millions of yen		Millions of yen	
I	Net sales		108,312		110,982
II	Cost of sales		95,829		104,282
	Gross profit		12,483		6,699
III	Selling, general and administrative expenses		10,934		11,181
	Operating income (loss)		1,548		(4,481)
IV	Non-operating income				
1	Interest income	314		460	
2	Dividends income	116		112	
3	Equity in earnings of affiliates	313		939	
4	Reversal of allowance for doubtful accounts	—		1,193	
5	Other	311	1,056	104	2,811
V	Non-operating expenses				
1	Interest expenses	535		489	
2	Foreign exchange losses	305		31	
3	Other	138	979	125	646
	Ordinary income (loss)		1,626		(2,316)
VI	Extraordinary gain				
1	Gain on sales of noncurrent assets	383	383	—	—
VII	Extraordinary loss				
1	Loss on valuation of investment securities	448	448	—	—
	Income (loss) before income taxes and minority interests		1,561		(2,316)
	Income taxes		1,700		1,338
	Loss before minority interests		(138)		(3,654)
	Minority interests in income (loss)		(558)		18
	Net income (loss)		420		(3,672)

Consolidated Statements of Comprehensive Income

		April 1, 2012- September 30, 2012		April 1, 2013- September 30, 2013	
		Millions of yen		Millions of yen	
I	Loss before minority interests		(138)		(3,654)
II	Other comprehensive income				
1	Net unrealized gain or loss on available-for-sale securities	(357)		625	
2	Deferred gains or losses on hedges	57		578	
3	Foreign currency translation adjustments	(159)		515	
4	Share of other comprehensive income of associates accounted for using equity method	12	(447)	(904)	815
	Comprehensive income		(586)		(2,839)
	Comprehensive income attributable to				
	Comprehensive income attributable to owners of the parent		1		(2,855)
	Comprehensive income attributable to minority interests		(587)		16

Consolidated Statements of Cash Flows

	April 1, 2012- September 30, 2012	April 1, 2013- September 30, 2013
	Millions of yen	Millions of yen
I Net cash provided by (used in) operating activities		
1 Income (loss) before income taxes and minority interests	1,561	(2,316)
2 Depreciation and amortization	1,198	1,209
3 Amortization of goodwill	276	210
4 Increase (decrease) in allowance for doubtful accounts	665	(1,193)
5 Increase (decrease) in accrued retirement benefits	(206)	(281)
6 Increase (decrease) in provision for loss on construction contracts	1,380	1,365
7 Interest and dividends income	(431)	(573)
8 Interest expenses	535	489
9 Foreign exchange losses (gains)	0	(119)
10 Equity in (earnings) losses of affiliates	(313)	(939)
11 Decrease (increase) in notes and accounts receivable	(5,104)	8,328
12 Decrease (increase) in work in progress	(1,216)	(4,598)
13 Decrease (increase) in other receivables	(2,214)	9,532
14 Increase (decrease) in notes and accounts payable	(1,853)	(3,636)
15 Increase (decrease) in advances receipts on uncompleted contracts	(8,016)	4,149
16 Other, net	(973)	1,466
subtotal	(14,711)	13,093
17 Interest and dividends income received	546	1,219
18 Interest expenses paid	(544)	(500)
19 Income taxes paid	(738)	(3,887)
Net cash provided by (used in) operating activities	(15,447)	9,925
II Net cash provided by (used in) investing activities		
1 Decrease (increase) in time deposits	(299)	448
2 Purchases of property, plant and equipment	(276)	(339)
3 Purchase of intangible assets	(559)	(693)
4 Purchase of investment securities	(1,777)	(293)
5 Other, net	1,300	151
Net cash provided by (used in) investing activities	(1,612)	(726)
III Net cash provided by (used in) financing activities		
1 Net Increase (decrease) in short-term loans payable	(2,451)	(1,554)
2 Proceeds from long-term loans payable	-	1,010
3 Repayment of long-term loans payable	(2,288)	(1,307)
4 Repayment of lease obligations	(257)	(195)
5 Cash dividends paid	(1,151)	(959)
6 Other, net	(39)	(50)
Net cash provided by (used in) financing activities	(6,188)	(3,057)
IV Effect of exchange rate change on cash and cash equivalents	(8)	982
V Net increase (decrease) in cash and cash equivalents	(23,258)	7,123
VI Cash and cash equivalents, beginning of the term	90,452	71,675
VII Cash and cash equivalents, end of the term	67,194	78,798

Segment Information

April 1, 2012 - September 30, 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	101,670	5,550	1,091	108,312	—	108,312
(2) Inter-segment net sales	82	14	124	220	(220)	—
Total	101,753	5,564	1,215	108,533	(220)	108,312
Segment profits	923	163	462	1,548	(0)	1,548

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, 2013 - September 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	104,373	5,568	1,041	110,982	—	110,982
(2) Inter-segment net sales	81	78	91	251	(251)	—
Total	104,455	5,646	1,132	111,234	(251)	110,982
Segment profits (losses)	(5,088)	165	458	(4,464)	(16)	(4,481)

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.

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 - Sep. 30, 2012	Overseas	Chemical fertilizers	74,762	6,231	80,993	15,271	64,562
		Petrochemicals	71,795	17,820	89,616	17,398	71,060
		Oil refinery	9,952	17,605	27,558	5,416	21,135
		Energy-related	85,812	3,164	88,977	33,722	53,426
		General manufacturing facilities	20,872	1,308	22,181	8,782	12,607
		Information technology	120	196	316	183	132
		Others	65,117	1,926	67,044	7,331	57,383
		Subtotal	328,433	48,253	376,687	88,106	280,308
	Domestic	Petrochemicals	6,293	1,233	7,526	4,216	3,265
		Oil refinery	1,585	4,012	5,598	1,434	4,163
		Energy-related	8,279	1,093	9,373	668	8,692
		General manufacturing facilities	10,554	811	11,365	4,518	6,433
		Information technology	3,035	5,370	8,406	5,367	2,926
		Others	938	3,301	4,239	2,909	1,329
Subtotal	30,687	15,822	46,509	19,114	26,811		
			*(1,138)				*(12,626)
Grand total			359,120	64,076	423,196	107,221	307,120
Apr. 1, 2013 - Sep. 30, 2013	Overseas	Chemical fertilizers	151,351	1,633	152,985	26,021	129,639
		Petrochemicals	98,404	67,247	165,652	28,568	136,766
		Oil refinery	47,441	76,351	123,793	9,101	114,769
		Energy-related	34,040	6,905	40,946	6,557	10,681
		General manufacturing facilities	6,311	1,338	7,650	5,903	1,956
		Information technology	119	217	336	243	84
		Others	48,425	2,667	51,092	17,356	34,211
		Subtotal	386,094	156,362	542,457	93,751	428,109
	Domestic	Petrochemicals	7,150	198	7,348	1,661	5,687
		Oil refinery	4,369	1,765	6,134	3,869	2,265
		Energy-related	7,482	507	7,989	1,872	6,117
		General manufacturing facilities	853	1,016	1,869	420	1,157
		Information technology	3,861	5,468	9,330	5,324	3,938
		Others	681	5,338	6,020	3,040	2,941
Subtotal	24,398	14,295	38,693	16,189	22,108		
			*12,772				*18,753
Grand total			410,492	170,658	581,150	109,941	450,218

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 (5,063) million yen for Apr. 1, 2012-Sep. 30, 2012 and 5,565 million yen for Apr. 1, 2013-Sep. 30, 2013.

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

The deducted amounts are 3,792 million yen for Apr. 1, 2012-Sep. 30, 2012 and 26,556 million yen for Apr. 1, 2013-Sep. 30, 2013.

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