

The document is an English-language translation of the consolidated financial summary of the financial results for the second quarter ended September 30, 2017. This summary was prepared originally in Japanese in accordance with generally accepted accounting principles in Japan. If there are discrepancies between this summary and the original document in Japanese, the Japanese version will take precedence.

## Consolidated Financial Results for the Second Quarter ended September 30, 2017

For the Fiscal Year Ending March 31, 2018

November 10, 2017

# TOYO ENGINEERING CORPORATION

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

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### 1. Business results for the second quarter of fiscal year 2017 (April 1, 2017 - September 30, 2017)

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, 2017 - Sep. 30, 2017	180,988	(11.8)	1,994	(62.5)	2,694	(60.5)	1,165	(51.6)
Apr. 1, 2016 - Sep. 30, 2016	205,269	36.3	5,317	20.4	6,827	62.2	2,409	42.6

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2017 - Sep. 30, 2017 : 3,796 172.5%      Apr. 1, 2016 - Sep. 30, 2016: 1,393 (79.7%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2017 - Sep. 30, 2017	30.41	—
Apr. 1, 2016 - Sep. 30, 2016	62.85	—

(Note)

We conducted a one-for-five reverse stock split of our company's shares effective October 1, 2017. The figures for "Net income per share" have been calculated on the assumption that the stock split were conducted on the beginning of previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2017	304,006	54,743	18.0
As of Mar. 31, 2017	317,089	51,331	16.2

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

Sep. 30, 2017: 54,644      Mar. 31, 2017 : 51,273

### 2. Dividends

	Cash dividends per share					
	Q1	Q2	Q3	Q4	Annual	
FY2016	— Yen	0.00 Yen	— Yen	2.00 Yen	2.00 Yen	
FY2017	— Yen	0.00 Yen				
FY2017 (Forecast)			— Yen	15.00 Yen	15.00 Yen	

(Note) Revision of forecast for this period: No

We conducted a one-for-five reverse stock split of our company's shares effective October 1, 2017, which is factored into the per-share amount of the year-end dividends for the fiscal year ending March 31, 2018 shown here. The estimated year-end dividend for the fiscal year ending March 31, 2018 would be 3.00 yen per share if the reverse stock split were not taken into account.

### 3. Forecast of consolidated operating results for the fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(% 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	370,000	(14.3)	6,500	-	5,000	211.7	2,000	35.8	52.17

(Note) Revision of forecast for this period: No

We conducted a one-for-five reverse stock split of our company's shares effective October 1, 2017, which is factored into the net income per share for the fiscal year ending March 31, 2018 shown here. The estimated net income per share for the fiscal year ending March 31, 2018 would be 10.43 yen per share if the reverse stock split were not taken into account.

#### 4. Others

(1) Significant changes in scope of consolidation : No

(2) Number of shares issued

Number of shares issued at end of period (including treasury stocks)

Sep. 30, 2017 : 38,558,507 Mar. 31, 2017 : 38,558,507

Number of treasury stocks at end of period

Sep. 30, 2017 : 221,661 Mar. 31, 2017 : 220,634

Average number of stock outstanding during the period: Second quarter of FY2017 and FY2016

Second quarter of FY2017 : 38,337,463 Second quarter of FY2016 : 38,340,286

(Note)

We conducted a one-for-five reverse stock split of our company's shares effective October 1, 2017. The figures for "Number of shares issued at end of period", "Number of treasury stocks at end of period", and "Average number of stock outstanding during the period" have been calculated on the assumption that the stock split were conducted on the beginning of previous fiscal year.

\* 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. Actual results may vary significantly from the forecast due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

## Consolidated Balance Sheets

		March 31, 2017	September 30, 2017
		Millions of yen	
[Assets]			
<b>I</b>	<b>Current assets</b>		
1	Cash and deposits	126,042	98,303
2	Notes receivables, accounts receivable from completed construction contracts	88,394	101,684
3	Short-term investment securities	1,175	4,999
4	Costs on uncompleted construction contracts	49,536	45,678
5	Deferred tax assets	3,020	3,013
6	Accounts receivable - other	6,730	8,403
7	Other	7,958	7,679
8	Allowance for doubtful accounts	(1,074)	(798)
	<b>Total current assets</b>	<b>281,784</b>	<b>268,963</b>
<b>II</b>	<b>Non-current assets</b>		
(1)	Property, plant and equipment		
1	Buildings and structures	16,297	16,000
2	Machinery, vehicles, tools, furniture and fixtures	4,999	4,895
3	Land	6,898	6,597
4	Leased assets	74	45
5	Construction in progress	5	85
6	Accumulated depreciation and impairment loss	(15,658)	(15,636)
	<b>Total property, plant and equipment</b>	<b>12,615</b>	<b>11,988</b>
(2)	Intangible assets		
1	Goodwill	3	2
2	Other	1,408	1,202
	<b>Total intangible assets</b>	<b>1,412</b>	<b>1,204</b>
(3)	Investments and other assets		
1	Investment securities	16,071	16,393
2	Long-term loans receivable	4,576	4,576
3	Deferred tax assets	1,123	741
4	Other	3,981	4,618
5	Allowance for doubtful accounts	(4,474)	(4,480)
	<b>Total investments and other assets</b>	<b>21,277</b>	<b>21,849</b>
	<b>Total non-current assets</b>	<b>35,305</b>	<b>35,042</b>
	<b>Total assets</b>	<b>317,089</b>	<b>304,006</b>
[Liabilities]			
<b>I</b>	<b>Current liabilities</b>		
1	Notes payable, accounts payable for construction contracts and other	123,444	120,251
2	Short-term loans payable	8,415	7,086
3	Income taxes payable	761	1,760
4	Advances received on uncompleted construction contracts	87,116	75,440
5	Provision for bonuses	654	601
6	Provision for warranties for completed construction	209	235
7	Provision for loss on construction contracts	4,085	4,294
8	Forward exchange contracts	4,995	2,829
9	Other	7,468	6,141
	<b>Total current liabilities</b>	<b>237,149</b>	<b>218,641</b>
<b>II</b>	<b>Non-current liabilities</b>		
1	Long-term loans payable	23,373	25,060
2	Lease obligations	40	35
3	Deferred tax liabilities	1,459	1,768
4	Net defined benefit liability	1,802	1,977
5	Provision for loss on business of subsidiaries and affiliates	140	115
6	Other	1,792	1,664
	<b>Total non-current liabilities</b>	<b>28,608</b>	<b>30,621</b>
	<b>Total liabilities</b>	<b>265,758</b>	<b>249,262</b>
[Net Assets]			
<b>I</b>	<b>Shareholders' equity</b>		
1	Capital stock	18,198	18,198
2	Capital surplus	10,732	10,731
3	Retained earnings	19,064	19,846
4	Treasury stock	(440)	(442)
	<b>Total shareholders' equity</b>	<b>47,554</b>	<b>48,335</b>
<b>II</b>	<b>Accumulated other comprehensive income</b>		
1	Valuation difference on available-for-sale securities	2,246	2,293
2	Deferred gains or losses on hedges	(2,842)	(149)
3	Foreign currency translation adjustment	4,319	4,179
4	Remeasurements of defined benefit plans	(5)	(14)
	<b>Total accumulated other comprehensive income</b>	<b>3,718</b>	<b>6,308</b>
<b>III</b>	<b>Non-controlling interests</b>	58	98
	<b>Total net assets</b>	<b>51,331</b>	<b>54,743</b>
	<b>Total liabilities and net assets</b>	<b>317,089</b>	<b>304,006</b>

### Consolidated Statements of Income

		April 1, 2016 - September 30, 2016		April 1, 2017 - September 30, 2017	
		Millions of yen		Millions of yen	
I	Net sales		205,269		180,988
II	Cost of sales		191,954		168,788
	<b>Gross profit</b>		13,315		12,199
III	Selling, general and administrative expenses		7,997		10,204
	<b>Operating income</b>		5,317		1,994
IV	Non-operating income				
	1 Interest income	351		481	
	2 Dividends income	219		84	
	3 Equity in earnings of affiliates	271		97	
	4 Reversal of allowance for doubtful accounts	970		270	
	5 Miscellaneous income	307	2,121	301	1,235
V	Non-operating expenses				
	1 Interest expenses	162		167	
	2 Foreign exchange losses	295		268	
	3 Miscellaneous expenses	152	610	99	535
	<b>Ordinary income</b>		6,827		2,694
VI	Extraordinary income				
	1 Gain on sales of property, plant and equipment	-	-	394	394
	Profit before income taxes		6,827		3,089
	Income taxes		4,352		1,867
	Profit		2,474		1,222
	Profit attributable to non-controlling interests		65		56
	<b>Profit attributable to owners of parent</b>		2,409		1,165

## Consolidated Statements of Comprehensive Income

		April 1, 2016 - September 30, 2016		April 1, 2017 - September 30, 2017	
		Millions of yen		Millions of yen	
I	Profit		2,474		1,222
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	759		47	
2	Deferred gains or losses on hedges	1,353		2,699	
3	Foreign currency translation adjustment	(2,434)		(185)	
4	Remeasurements of defined benefit plans	15		(9)	
5	Share of other comprehensive income (loss) of affiliates accounted for using equity method	(775)	(1,081)	22	2,574
	<b>Comprehensive income</b>		1,393		3,796
	<b>Comprehensive income attributable to :</b>				
	Owners of parent		1,380		3,756
	Non-controlling interests		12		40

## Consolidated Statements of Cash Flows

	April 1, 2016 - September 30, 2016	April 1, 2017 - September 30, 2017
	Millions of yen	Millions of yen
<b>I Cash flows from operating activities</b>		
1 Profit before income taxes	6,827	3,089
2 Depreciation and amortization	620	597
3 Amortization of goodwill	(4)	(4)
4 Increase (decrease) in allowance for doubtful accounts	(993)	(270)
5 Increase (decrease) in net defined benefit liability	(236)	161
6 Increase (decrease) in provision for loss on construction contracts	2,413	218
7 Interest and dividends income	(571)	(565)
8 Interest expenses	162	167
9 Foreign exchange losses (gains)	589	(173)
10 Loss (gain) on sales of property, plant and equipment	(195)	(393)
11 Equity in (earnings) losses of affiliates	(271)	(97)
12 Loss (gain) on sales of investment securities	(20)	—
13 Decrease (increase) in notes receivable, accounts receivable from completed construction contracts	(14,728)	(13,514)
14 Decrease (increase) in costs on uncompleted construction contracts	506	3,526
15 Decrease (increase) in accounts receivable - other	232	(2,381)
16 Increase (decrease) in notes and accounts payable - trade	18,554	(2,908)
17 Increase (decrease) in advances received on uncompleted construction contracts	(8,492)	(11,199)
18 Other, net	(614)	(1,587)
Subtotal	3,779	(25,336)
19 Interest and dividends income received	575	718
20 Interest expenses paid	(166)	(225)
21 Income taxes paid	(2,601)	(272)
Net cash provided by (used in) operating activities	1,586	(25,116)
<b>II Cash flows from investing activities</b>		
1 Net decrease (increase) in time deposits	(1,025)	(896)
2 Purchase of property, plant and equipment	(187)	(183)
3 Proceeds from sales of property, plant and equipment	275	795
4 Purchase of intangible assets	(151)	(167)
5 Proceeds from sales of investment securities	22	—
6 Net decrease (increase) in short-term loans receivable	(12,700)	1,212
7 Other, net	(396)	(249)
Net cash provided by (used in) investing activities	(14,163)	510
<b>III Cash flows from financing activities</b>		
1 Net increase (decrease) in short-term loans payable	—	(1,700)
2 Proceeds from long-term loans payable	2,160	3,000
3 Repayment of long-term loans payable	(1,794)	(961)
4 Repayment of finance lease obligations	(10)	(4)
5 Cash dividends paid	(766)	(383)
6 Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(414)	(51)
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	(6,325)	72
<b>V Net increase (decrease) in cash and cash equivalents</b>	(19,317)	(24,584)
<b>VI Cash and cash equivalents at beginning of period</b>	124,125	122,703
<b>VII Cash and cash equivalents at the end of period</b>	104,808	98,119

## Segment Information

The company's reportable operating segment has a single segment, namely EPC Business.

### Consolidated New Orders, Net Sales and Backlog of Contracts

		Millions of yen					
		Backlog Beginning of period	New Orders	Total	Net Sales	Backlog the End of period	
Apr. 1, 2016 - Sep. 30, 2016	Overseas	Petrochemicals	492,204	4,748	496,953	124,668	365,046
		Oil & Gas	20,298	12,205	32,503	19,985	11,190
		Power/Railways etc.	86,698	24,637	111,335	24,738	84,990
		Chemicals/Fertilizers	105,091	1,458	106,549	6,215	93,990
		Pharmaceutical/Environmental/Industrial Facilities	110	433	543	144	388
		Others	7,005	951	7,956	2,838	4,336
		Subtotal	711,409	44,433	755,842	178,592	559,942
	Domestic	Petrochemicals	2,503	477	2,980	1,257	1,723
		Oil & Gas	1,265	0	1,265	17	1,247
		Power/Railways etc.	103,917	758	104,676	21,673	83,003
		Pharmaceutical/Environmental/Industrial Facilities	1,595	1,448	3,043	-	3,043
		Others	2,375	5,564	7,940	3,729	4,210
			Subtotal	111,657	8,249	119,906	26,677
		Grand total	*(9,392)				*(51,310)
		823,066	52,682	875,748	205,269	653,170	
Apr. 1, 2017 - Sep. 30, 2017	Overseas	Petrochemicals	249,368	36,136	285,504	84,833	189,414
		Oil & Gas	5,321	24,014	29,335	3,596	24,173
		Power/Railways etc.	93,537	21,924	115,462	31,041	84,757
		Chemicals/Fertilizers	79,174	1,087	80,262	18,593	60,730
		Pharmaceutical/Environmental/Industrial Facilities	938	5,066	6,004	201	5,628
		Others	3,066	159	3,226	853	1,199
		Subtotal	431,406	88,388	519,795	139,120	365,904
	Domestic	Petrochemicals	63	284	347	9	281
		Oil & Gas	1,464	921	2,386	2,784	252
		Power/Railways etc.	55,015	14,459	69,474	34,572	34,859
		Pharmaceutical/Environmental/Industrial Facilities	3,241	1,301	4,542	1,776	3,581
		Others	1,491	2,715	4,207	2,724	42
			Subtotal	61,276	19,682	80,958	41,867
		Grand total	*(14,145)				*(10,024)
		492,682	108,070	600,754	180,988	404,921	

Notes : 1. The classification of the segment within the EPC business was restructured with effect from this fiscal year.

Therefore New Orders, Net Sales and Backlog of Contracts in this quarter and corresponding period of last year are disclosed under the new classification.

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

3. 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 (17,514) million yen for Apr. 1, 2016 - Sep. 30, 2016 and (7,209) million yen for Apr. 1, 2017 - Sep. 30, 2017.

4. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".

The amounts are 205 million yen for Apr. 1, 2016 - Sep. 30, 2016 and (7,635) million yen for Apr. 1, 2017 - Sep. 30, 2017.

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