

The document is an English-language translation of the consolidated financial summary of the financial results for the third quarter ended December 31, 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 Third Quarter ended December 31, 2017

For the Fiscal Year Ending March 31, 2018

February 9, 2018

# TOYO ENGINEERING CORPORATION

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

Representative: Kiyoshi Nakao, President and Chief Executive Officer,

Contact: Yasuo Miyokawa, General Manager of Accounting Div.

TEL +81-47-454-1521

### 1. Business results for the third quarter of fiscal year 2017 (April 1, 2017 - December 31, 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 - Dec. 31, 2017	263,359	(13.4)	(23,063)	—	(20,993)	—	(23,728)	—
Apr. 1, 2016 - Dec. 31, 2016	304,039	38.9	(1,525)	—	1,434	(70.4)	(1,001)	—

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2017 - Dec. 31, 2017 : (20,875) —% Apr. 1, 2016 - Dec. 31, 2016: 1,367 (83.2%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2017 - Dec. 31, 2017	(618.94)	—
Apr. 1, 2016 - Dec. 31, 2016	(26.12)	—

(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 Dec. 31, 2017	277,988	30,059	10.8
As of Mar. 31, 2017	317,089	51,331	16.2

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

Dec. 31, 2017: 29,992 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	—	Yen				
FY2017 (Forecast)							0.00	Yen	0.00	Yen

(Note) Revision of forecast for this period: No

### 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	350,000	(19.0)	(18,000)	—	(16,000)	—	(18,000)	—	(469.54)

(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 (93.91) 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)

Dec. 31, 2017 : 38,558,507

Mar. 31, 2017 : 38,558,507

Number of treasury stocks at end of period

Dec. 31, 2017 : 223,324

Mar. 31, 2017 : 220,634

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

Third quarter of FY2017 : 38,336,899

Third quarter of FY2016 : 38,339,929

(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	December 31, 2017
[Assets]		Millions of yen	Millions of yen
<b>I</b>	<b>Current assets</b>		
1	Cash and deposits	126,042	86,305
2	Notes receivables, accounts receivable from completed construction contracts	88,394	93,355
3	Short-term investment securities	1,175	4,558
4	Costs on uncompleted construction contracts	49,536	39,645
5	Deferred tax assets	3,020	2,897
6	Accounts receivable - other	6,730	10,443
7	Other	7,958	8,959
8	Allowance for doubtful accounts	(1,074)	(932)
	<b>Total current assets</b>	281,784	245,232
<b>II</b>	<b>Non-current assets</b>		
(1)	Property, plant and equipment		
1	Buildings and structures	16,297	16,042
2	Machinery, vehicles, tools, furniture and fixtures	4,999	5,001
3	Land	6,898	6,607
4	Leased assets	74	37
5	Construction in progress	5	65
6	Accumulated depreciation and impairment loss	(15,658)	(15,819)
	<b>Total property, plant and equipment</b>	12,615	11,935
(2)	Intangible assets		
1	Goodwill	3	2
2	Other	1,408	1,083
	<b>Total intangible assets</b>	1,412	1,085
(3)	Investments and other assets		
1	Investment securities	16,071	14,436
2	Long-term loans receivable	4,576	4,575
3	Deferred tax assets	1,123	496
4	Other	3,981	4,748
5	Allowance for doubtful accounts	(4,474)	(4,522)
	<b>Total investments and other assets</b>	21,277	19,734
	<b>Total non-current assets</b>	35,305	32,756
	<b>Total assets</b>	317,089	277,988
[Liabilities]			
<b>I</b>	<b>Current liabilities</b>		
1	Notes payable, accounts payable for construction contracts and other	123,444	118,022
2	Short-term loans payable	8,415	7,762
3	Income taxes payable	761	474
4	Advances received on uncompleted construction contracts	87,116	66,887
5	Provision for bonuses	654	294
6	Provision for warranties for completed construction	209	175
7	Provision for loss on construction contracts	4,085	12,335
8	Forward exchange contracts	4,995	2,770
9	Other	7,468	6,830
	<b>Total current liabilities</b>	237,149	215,553
<b>II</b>	<b>Non-current liabilities</b>		
1	Long-term loans payable	23,373	24,772
2	Lease obligations	40	35
3	Deferred tax liabilities	1,459	3,542
4	Net defined benefit liability	1,802	2,194
5	Provision for loss on business of subsidiaries and affiliates	140	130
6	Other	1,792	1,699
	<b>Total non-current liabilities</b>	28,608	32,375
	<b>Total liabilities</b>	265,758	247,928
[Net Assets]			
<b>I</b>	<b>Shareholders' equity</b>		
1	Capital stock	18,198	18,198
2	Capital surplus	10,732	10,749
3	Retained earnings	19,064	(5,047)
4	Treasury stock	(440)	(444)
	<b>Total shareholders' equity</b>	47,554	23,456
<b>II</b>	<b>Accumulated other comprehensive income</b>		
1	Valuation difference on available-for-sale securities	2,246	2,536
2	Deferred gains or losses on hedges	(2,842)	(445)
3	Foreign currency translation adjustment	4,319	4,472
4	Remeasurements of defined benefit plans	(5)	(27)
	<b>Total accumulated other comprehensive income</b>	3,718	6,536
<b>III</b>	<b>Non-controlling interests</b>	58	66
	<b>Total net assets</b>	51,331	30,059
	<b>Total liabilities and net assets</b>	317,089	277,988

## Consolidated Statements of Income

		April 1, 2016 - December 31, 2016		April 1, 2017 - December 31, 2017	
		Millions of yen		Millions of yen	
I	Net sales		304,039		263,359
II	Cost of sales		292,768		270,853
	<b>Gross profit (loss)</b>		11,271		(7,493)
III	Selling, general and administrative expenses		12,796		15,569
	<b>Operating loss</b>		(1,525)		(23,063)
IV	Non-operating income				
	1 Interest income	670		731	
	2 Dividends income	283		110	
	3 Foreign exchange gains	92		-	
	4 Equity in earnings of affiliates	988		1,769	
	5 Reversal of allowance for doubtful accounts	1,095		94	
	6 Miscellaneous income	350	3,480	387	3,093
V	Non-operating expenses				
	1 Interest expenses	258		230	
	2 Foreign exchange losses	—		602	
	3 Miscellaneous expenses	262	520	189	1,022
	<b>Ordinary income (loss)</b>		1,434		(20,993)
VI	Extraordinary income				
	1 Gain on sales of property, plant and equipment	—	—	396	396
	Profit (loss) before income taxes		1,434		(20,596)
	Income taxes		2,368		3,084
	Net loss		(933)		(23,680)
	Net profit attributable to non-controlling interests		68		47
	<b>Net loss attributable to owners of parent</b>		(1,001)		(23,728)

## Consolidated Statements of Comprehensive Income

		April 1, 2016 - December 31, 2016		April 1, 2017 - December 31, 2017	
		Millions of yen		Millions of yen	
I	Net loss		(933)		(23,680)
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	1,499		290	
2	Deferred gains or losses on hedges	3,415		2,406	
3	Foreign currency translation adjustment	(2,616)		126	
4	Remeasurements of defined benefit plans	23		(22)	
5	Share of other comprehensive income (loss) of affiliates accounted for using equity method	(21)	2,300	4	2,804
	<b>Comprehensive income</b>		1,367		(20,875)
	<b>Comprehensive income attributable to :</b>				
	Owners of parent		1,352		(20,910)
	Non-controlling interests		14		34

## 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 - Dec. 31, 2016	Overseas	Petrochemicals	492,204	5,284	497,489	177,129	315,658
		Oil & Gas	20,298	17,889	38,187	26,258	10,265
		Power/Railways etc.	86,698	49,051	135,750	41,568	93,710
		Chemicals/Fertilizers	105,091	2,244	107,336	11,595	89,417
		Pharmaceutical/Environmental/Industrial Facilities	110	628	739	151	565
		Others	7,005	1,021	8,026	3,970	3,434
		Subtotal	711,409	76,120	787,529	260,672	513,051
	Domestic	Petrochemicals	2,503	650	3,154	2,054	1,099
		Oil & Gas	1,265	2,456	3,722	606	3,115
		Power/Railways etc.	103,917	1,079	104,996	34,562	70,433
		Pharmaceutical/Environmental/Industrial Facilities	1,595	4,880	6,475	240	6,235
		Others	2,375	7,201	9,577	5,902	3,674
			Subtotal	111,657	16,268	127,925	43,366
		Grand total	*(9,392)	92,388	915,455	304,039	*(35,478)
Apr. 1, 2017 - Dec. 31, 2017	Overseas	Petrochemicals	249,368	41,587	290,955	114,578	164,660
		Oil & Gas	5,321	25,025	30,347	6,136	22,509
		Power/Railways etc.	93,537	23,093	116,631	46,039	71,193
		Chemicals/Fertilizers	79,174	6,194	85,368	40,392	44,761
		Pharmaceutical/Environmental/Industrial Facilities	938	9,789	10,727	840	9,886
		Others	3,066	481	3,548	1,199	1,184
		Subtotal	431,406	106,171	537,578	209,186	314,195
	Domestic	Petrochemicals	63	5,608	5,672	144	5,471
		Oil & Gas	1,464	1,323	2,788	2,854	584
		Power/Railways etc.	55,015	23,866	78,881	43,651	35,187
		Pharmaceutical/Environmental/Industrial Facilities	3,241	2,633	5,875	3,282	3,407
		Others	1,491	4,229	5,720	4,240	38
			Subtotal	61,276	37,661	98,937	54,173
		Grand total	*(14,145)	143,833	636,516	263,359	*(6,542)
		492,682				358,885	

- 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 (17,331) million yen for Apr. 1, 2016 - Dec. 31, 2016 and (7,174) million yen for Apr. 1, 2017 - Dec. 31, 2017.
4. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".  
The amounts are 3,525 million yen for Apr. 1, 2016 - Dec. 31, 2016 and (7,097) million yen for Apr. 1, 2017 - Dec. 31, 2017.
5. Asterisks (\*) represent increase (decrease) due to changes in exchange rates.