

The document is an English-language translation of the consolidated financial summary of the financial results for the first quarter ended June 30, 2018. 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 First Quarter ended June 30, 2018

For the Fiscal Year Ending March 31, 2019

August 10, 2018

TOYO ENGINEERING CORPORATION

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1. Business results for the first quarter of fiscal year 2018 (April 1, 2018 - June 30, 2018)

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, 2018 - Jun. 30, 2018	78,718	(9.9)	1,900	219.6	2,428	25.9	1,387	31.6
Apr. 1, 2017 - Jun. 30, 2017	87,371	(11.8)	594	(83.2)	1,928	(62.5)	1,054	(43.4)

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2018 - Jun. 30, 2018 : (394) -% Apr. 1, 2017 - Jun. 30, 2017: 2,127 (42.8)%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2018 - Jun. 30, 2018	36.19	—
Apr. 1, 2017 - Jun. 30, 2017	27.50	—

(Note)

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

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2018	248,364	24,782	9.9
As of Mar. 31, 2018	251,861	25,176	10.0

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

Jun. 30, 2018: 24,708 Mar. 31, 2018 : 25,105

(Note)

The company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (The Accounting Standards Board of Japan ("ASBJ") Statement No. 28, February 16, 2018), etc. from the beginning of the fiscal year ending March 31, 2019. The figures as of March 31, 2018 is based on retrospective application.

2. Dividends

	Cash dividends per share					
	Q1	Q2	Q3	Q4	Annual	
FY2017	— Yen	0.00 Yen	— Yen	0.00 Yen	0.00 Yen	
FY2018	— Yen					
FY2018 (Forecast)		0.00 Yen	— Yen	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, 2019 (April 1, 2018 - March 31, 2019)

(% 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	300,000	(10.6)	2,000	—	2,500	—	1,000	—	26.09

(Note) Revision of forecast for this period: No

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)

Jun. 30, 2018 : 38,558,507

Mar. 31, 2018 : 38,558,507

Number of treasury stocks at end of period

Jun. 30, 2018 : 223,776

Mar. 31, 2018 : 223,648

Average number of stock outstanding during the period: First quarter of FY2018 and FY2017

First quarter of FY2018 : 38,334,786

First quarter of FY2017 : 38,337,672

(Note)

The company conducted a one-for-five reverse stock split of common 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 reverse stock split had been conducted at the beginning of the 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, 2018	June 30, 2018
		Millions of yen	
[Assets]			
I	Current assets		
1	Cash and deposits	111,068	99,037
2	Notes receivables, accounts receivable from completed construction contracts	62,057	74,336
3	Short-term investments in securities	1,049	961
4	Costs on uncompleted construction contracts	31,798	29,613
5	Accounts receivable - other	7,850	8,639
6	Other	8,498	6,384
7	Allowance for doubtful accounts	(970)	(745)
	Total current assets	221,352	218,227
II	Non-current assets		
(1)	Property, plant and equipment		
1	Buildings and structures	16,013	15,927
2	Machinery, vehicles, tools, furniture and fixtures	5,296	5,144
3	Land	6,601	6,534
4	Leased assets	45	45
5	Construction in progress	4	-
6	Accumulated depreciation and impairment loss	(15,980)	(15,899)
	Total property, plant and equipment	11,980	11,751
(2)	Intangible assets		
1	Goodwill	1	1
2	Other	956	860
	Total intangible assets	958	862
(3)	Investments and other assets		
1	Investments in securities	10,335	10,513
2	Long-term loans receivable	4,572	4,572
3	Net defined benefit asset	886	848
4	Deferred income taxes	1,305	1,114
5	Other	5,029	5,043
6	Allowance for doubtful accounts	(4,560)	(4,568)
	Total investments and other assets	17,569	17,523
	Total non-current assets	30,508	30,137
	Total assets	251,861	248,364
[Liabilities]			
I	Current liabilities		
1	Notes payable, accounts payable for construction contracts and other	104,715	110,163
2	Short-term loans payable	7,125	7,192
3	Income taxes payable	624	896
4	Advances received on uncompleted construction contracts	62,492	58,535
5	Provision for bonuses	407	313
6	Provision for warranties for completed construction	52	49
7	Provision for loss on construction contracts	13,889	9,611
8	Forward exchange contracts	1,808	1,600
9	Other	7,285	7,053
	Total current liabilities	198,402	195,416
II	Non-current liabilities		
1	Long-term loans payable	23,659	23,564
2	Lease obligations	42	38
3	Deferred income taxes	1,555	1,677
4	Net defined benefit liability	1,323	1,262
5	Provision for losses on business of subsidiaries and affiliates	123	134
6	Other	1,578	1,487
	Total non-current liabilities	28,282	28,166
	Total liabilities	226,684	223,582
[Net Assets]			
I	Shareholders' equity		
1	Capital stock	18,198	18,198
2	Capital surplus	10,749	10,749
3	Retained deficit	(8,165)	(6,778)
4	Treasury stock, at cost	(444)	(444)
	Total shareholders' equity	20,338	21,725
II	Accumulated other comprehensive income		
1	Valuation difference on available-for-sale securities	8	(44)
2	Deferred losses on hedges	(801)	(992)
3	Foreign currency translation adjustments	4,835	3,340
4	Remeasurements of defined benefit plans	725	679
	Total accumulated other comprehensive income	4,767	2,983
III	Non-controlling interests	71	73
	Total net assets	25,176	24,782
	Total liabilities and net assets	251,861	248,364

Consolidated Statements of Income

		April 1, 2017 - June 30, 2017		April 1, 2018 - June 30, 2018	
		Millions of yen		Millions of yen	
I	Net sales		87,371		78,718
II	Cost of sales		81,655		72,855
	Gross profit		5,716		5,862
III	Selling, general and administrative expenses		5,121		3,961
	Operating income		594		1,900
IV	Non-operating income				
	1 Interest income	221		349	
	2 Dividends income	84		42	
	3 Foreign exchange gains, net	-		161	
	4 Equity in earnings of affiliates	876		-	
	5 Reversal of allowance for doubtful accounts	292		216	
	6 Miscellaneous income	235	1,710	107	877
V	Non-operating expenses				
	1 Interest expenses	74		101	
	2 Equity in losses of affiliates	-		174	
	3 Foreign exchange losses, net	276		-	
	4 Miscellaneous expenses	25	376	72	349
	Ordinary income		1,928		2,428
	Profit before income taxes		1,928		2,428
	Income taxes		800		1,038
	Net Profit		1,128		1,390
	Net profit attributable to non-controlling interests		74		3
	Net profit attributable to owners of parent		1,054		1,387

Consolidated Statements of Comprehensive Income (Loss)

		April 1, 2017 - June 30, 2017		April 1, 2018 - June 30, 2018	
		Millions of yen		Millions of yen	
I	Net Profit		1,128		1,390
II	Other comprehensive income				
	1 Valuation difference on available-for-sale securities	247		(52)	
	2 Deferred gains (losses) on hedges	1,062		(190)	
	3 Foreign currency translation adjustments	(303)		(1,424)	
	4 Remeasurements of defined benefit plans	(4)		(45)	
	5 Share of other comprehensive loss of affiliates accounted for by the equity method	(3)	998	(71)	(1,785)
	Comprehensive income (loss)		2,127		(394)
	Comprehensive income (loss) attributable to :				
	Owners of parent		2,109		(396)
	Non-controlling interests		17		2

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 End of period	
Apr. 1, 2017 - Jun. 30, 2017	Overseas	Petrochemicals	249,368	5,021	254,389	43,928	202,998
		Oil & Gas	5,321	22,765	28,087	1,344	26,515
		Power/Railways etc.	93,537	19,515	113,053	15,199	97,886
		Chemicals/Fertilizers	79,174	333	79,507	8,535	70,039
		Pharmaceutical/Environmental/Industrial Facilities	938	202	1,140	130	836
		Others	3,066	76	3,143	458	1,449
		Subtotal	431,406	47,915	479,322	69,597	399,725
	Domestic	Petrochemicals	63	127	190	4	129
		Oil & Gas	1,464	829	2,294	2,817	127
		Power/Railways etc.	55,015	1,133	56,148	12,730	43,450
		Pharmaceutical/Environmental/Industrial Facilities	3,241	292	3,534	809	3,270
		Others	1,491	1,409	2,900	1,412	316
			Subtotal	61,276	3,792	65,068	17,774
		Grand total	492,682	51,708	544,391	87,371	447,019
		*(14,145)				*(15,777)	
Apr. 1, 2018 - Jun. 30, 2018	Overseas	Petrochemicals	141,082	15,503	156,586	42,133	110,503
		Oil & Gas	20,858	321	21,180	2,789	18,146
		Power/Railways etc.	53,339	306	53,645	12,673	40,541
		Chemicals/Fertilizers	161,608	1,081	162,689	8,939	139,994
		Pharmaceutical/Environmental/Industrial Facilities	6,872	378	7,251	819	6,418
		Others	778	165	943	290	635
		Subtotal	384,540	17,757	402,297	67,647	316,240
	Domestic	Petrochemicals	6,328	7,531	13,860	246	13,607
		Oil & Gas	3,286	875	4,162	3,046	1,059
		Power/Railways etc.	51,865	2,173	54,038	5,637	48,403
		Pharmaceutical/Environmental/Industrial Facilities	2,581	3,824	6,405	613	5,840
		Others	27	1,564	1,591	1,527	64
			Subtotal	64,089	15,969	80,058	11,071
		Grand total	448,629	33,726	482,356	78,718	385,215
		*(6,946)				*(8,874)	

- 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 (3,963) million yen for Apr. 1, 2017 - Jun. 30, 2017 and (4,222) million yen for Apr. 1, 2018 - Jun. 30, 2018.
3. Adjustment of orders awarded in prior years are included in the "Backlog, End of period".
The amounts are (6,037) million yen for Apr. 1, 2017 - Jun. 30, 2017 and (14,200) million yen for Apr. 1, 2018 - Jun. 30, 2018.
4. Asterisks (*) represent increase (decrease) due to changes in exchange rates.