

The document is an English-language translation of the consolidated financial summary of the financial results for the first quarter ended June 30, 2019. 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, 2019

For the Fiscal Year Ending March 31, 2020

August 8, 2019

TOYO ENGINEERING CORPORATION

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

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1. Business results for the first quarter of fiscal year 2019 (April 1, 2019 - June 30, 2019)

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, 2019 - Jun. 30, 2019	58,413	(25.8)	1,990	4.7	1,540	(36.6)	2,535	82.7
Apr. 1, 2018 - Jun. 30, 2018	78,718	(9.9)	1,900	219.6	2,428	25.9	1,387	31.6

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2019 - Jun. 30, 2019 : 2,752 — % Apr. 1, 2018 - Jun. 30, 2018: (394) — %

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2019 - Jun. 30, 2019	43.26	—
Apr. 1, 2018 - Jun. 30, 2018	36.19	—

(Note) Upon calculation of "Net income per share", the number of class A preferred stocks which were issued in March 2019 is included.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2019	215,454	39,110	18.1
As of Mar. 31, 2019	239,694	36,357	15.1

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

Jun. 30, 2019: 38,992 Mar. 31, 2019 : 36,241

2. Dividends

	Cash dividends per share									
	Q1		Q2		Q3		Q4		Annual	
FY2018	—	Yen	0.00	Yen	—	Yen	0.00	Yen	0.00	Yen
FY2019	—	Yen								
FY2019 (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, 2020 (April 1, 2019 - March 31, 2020)

(% 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	240,000	(18.6)	3,000	—	3,000	(12.5)	2,000	—	34.13

(Note) Revision of forecast for this period: No

(Note) Upon calculation of "Net income per share", the number of class A preferred stocks which were issued in March 2019 is included.

4. Others

(1) Significant changes in scope of consolidation : No

(2) Number of shares issued (common shares)

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

Jun. 30, 2019 : 38,558,507 Mar. 31, 2019 : 38,558,507

Number of treasury stocks at end of period

Jun. 30, 2019 : 224,852 Mar. 31, 2019 : 224,680

Average number of stock outstanding during the period: First quarter of FY2019 and FY2018

First quarter of FY2019 : 38,333,739 First quarter of FY2018 : 38,334,786

(Note) The number of class A preferred stocks is not included in the number of shares issued.

* 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, 2019	June 30, 2019
		Millions of yen	Millions of yen
[Assets]			
I	Current assets		
1	Cash and deposits	101,759	89,557
2	Notes receivable, accounts receivable from completed construction contracts and other	68,193	53,135
3	Costs on uncompleted construction contracts	26,422	26,963
4	Accounts receivable - other	5,793	7,335
5	Other	11,187	13,482
6	Allowance for doubtful accounts	(655)	(642)
	Total current assets	212,700	189,830
II	Non-current assets		
(1)	Property, plant and equipment		
1	Buildings and structures	14,581	14,565
2	Machinery, vehicles, tools, furniture and fixtures	5,113	5,164
3	Land	6,289	6,286
4	Leased assets	44	1,098
5	Construction in progress	36	11
6	Accumulated depreciation and impairment loss	(14,869)	(15,087)
	Total property, plant and equipment	11,196	12,040
(2)	Intangible assets		
1	Other	983	1,155
	Total intangible assets	983	1,155
(3)	Investments and other assets		
1	Investments in securities	5,895	5,916
2	Long-term loans receivable	4,572	4,571
3	Net defined benefit asset	635	704
4	Deferred income taxes	828	896
5	Other	7,468	4,890
6	Allowance for doubtful accounts	(4,585)	(4,551)
	Total investments and other assets	14,813	12,428
	Total non-current assets	26,993	25,624
	Total assets	239,694	215,454
[Liabilities]			
I	Current liabilities		
1	Notes payable, accounts payable for construction contracts and other	82,509	70,447
2	Short-term loans payable	13,374	10,066
3	Income taxes payable	701	757
4	Advances received on uncompleted construction contracts	69,296	58,706
5	Provision for bonuses	778	417
6	Provision for warranties for completed construction	273	254
7	Provision for loss on construction contracts	2,144	722
8	Forward exchange contracts	1,647	2,248
9	Other	7,718	7,207
	Total current liabilities	178,443	150,828
II	Non-current liabilities		
1	Long-term loans payable	19,294	18,990
2	Lease obligations	27	482
3	Deferred income taxes	2,238	2,291
4	Net defined benefit liability	1,200	1,307
5	Provision for losses on business of subsidiaries and affiliates	440	462
6	Other	1,691	1,981
	Total non-current liabilities	24,893	25,515
	Total liabilities	203,337	176,344
[Net Assets]			
I	Shareholders' equity		
1	Capital stock	18,198	18,198
2	Capital surplus	25,749	4,567
3	Retained (deficit) earnings	(8,984)	14,733
4	Treasury stock, at cost	(445)	(445)
	Total shareholders' equity	34,519	37,054
II	Accumulated other comprehensive income		
1	Valuation difference on available-for-sale securities	(123)	(170)
2	Deferred losses on hedges	(1,463)	(1,413)
3	Foreign currency translation adjustments	2,908	3,152
4	Remeasurements of defined benefit plans	400	370
	Total accumulated other comprehensive income	1,722	1,938
III	Non-controlling interests	116	117
	Total net assets	36,357	39,110
	Total liabilities and net assets	239,694	215,454

Consolidated Statements of Income

		April 1, 2018 - June 30, 2018		April 1, 2019 - June 30, 2019	
		Millions of yen		Millions of yen	
I	Net sales		78,718		58,413
II	Cost of sales		72,855		52,577
	Gross profit		5,862		5,836
III	Selling, general and administrative expenses		3,961		3,845
	Operating income		1,900		1,990
IV	Non-operating income				
	1 Interest income	349		269	
	2 Dividends income	42		24	
	3 Foreign exchange gains, net	161		-	
	4 Reversal of allowance for doubtful accounts	216		26	
	5 Miscellaneous income	107	877	40	360
V	Non-operating expenses				
	1 Interest expenses	101		120	
	2 Equity in losses of affiliates	174		195	
	3 Foreign exchange losses, net	-		466	
	4 Miscellaneous expenses	72	349	28	810
	Ordinary income		2,428		1,540
VI	Extraordinary income				
	1 Gain on sales of investments in securities	-	-	1,857	1,857
	Profit before income taxes		2,428		3,398
	Income taxes		1,038		859
	Net Profit		1,390		2,539
	Net profit attributable to non-controlling interests		3		4
	Net profit attributable to owners of parent		1,387		2,535

Consolidated Statements of Comprehensive (Loss) Income

		April 1, 2018 - June 30, 2018		April 1, 2019 - June 30, 2019	
		Millions of yen		Millions of yen	
I	Net profit		1,390		2,539
II	Other comprehensive (loss) income				
1	Valuation difference on available-for-sale securities	(52)		(47)	
2	Deferred (losses) gains on hedges	(190)		49	
3	Foreign currency translation adjustments	(1,424)		356	
4	Remeasurements of defined benefit plans	(45)		(29)	
5	Share of other comprehensive loss of affiliates accounted for by the equity method	(71)	(1,785)	(115)	213
	Comprehensive (loss) income		(394)		2,752
	Comprehensive (loss) income attributable to :				
	Owners of parent		(396)		2,751
	Non-controlling interests		2		1

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, 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
Apr. 1, 2019 - Jun. 30, 2019	Overseas	Petrochemicals	158,220	3,030	161,251	23,141	139,029
		Oil & Gas	10,232	20,642	30,874	2,156	28,551
		Power/Railways etc.	13,577	241	13,818	2,411	11,365
		Chemicals/Fertilizers	105,771	1,036	106,808	18,869	87,788
		Pharmaceutical/Environmental/Industrial Facilities	2,391	203	2,594	532	2,041
		Others	298	297	595	203	389
		Subtotal	290,491	25,451	315,943	47,314	269,165
	Domestic	Petrochemicals	11,798	238	12,037	1,321	10,710
		Oil & Gas	13,349	2,607	15,957	1,627	14,329
		Power/Railways etc.	107,498	2,017	109,515	5,949	103,567
		Pharmaceutical/Environmental/Industrial Facilities	3,209	342	3,551	608	2,942
		Others	26	1,595	1,621	1,593	28
			Subtotal	135,881	6,800	142,682	11,099
		Grand total	426,373	32,252	458,626	58,413	400,745
		*(6,946)				*(8,874)	
		*(1,550)				*(4,015)	

- 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 (4,222) million yen for Apr. 1, 2018 - Jun. 30, 2018 and (266) million yen for Apr. 1, 2019 - Jun. 30, 2019.
3. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".
The amounts are (14,200) million yen for Apr. 1, 2018 - Jun. 30, 2018 and 799 million yen for Apr. 1, 2019 - Jun. 30, 2019.
4. Asterisks (*) represent increase (decrease) due to changes in exchange rates.