

The document is an English-language translation of the consolidated financial summary of the financial results for the second quarter ended September 30, 2016. 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, 2016

For the Fiscal Year Ending March 31, 2017

November 11, 2016

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 second quarter of fiscal year 2016(April 1, 2016 - September 30, 2016)

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, 2016 - Sep. 30, 2016	205,269	36.3	5,317	20.4	6,827	62.2	2,409	42.6
Apr. 1, 2015 - Sep. 30, 2015	150,577	13.6	4,416	—	4,208	56.1	1,689	34.5

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2016 - Sep. 30, 2016 : 1,393 (79.7%) Apr. 1, 2015 - Sep. 30, 2015: 6,847 —%

	Net income per share		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
Apr. 1, 2016 - Sep. 30, 2016	12.57	—	—	—
Apr. 1, 2015 - Sep. 30, 2015	8.81	—	—	—

(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, 2016	317,012	51,661	51,661	16.3	16.3	16.3
As of Mar. 31, 2016	321,836	51,036	51,036	15.8	15.8	15.8

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

Sep. 30, 2016: 51,589 Mar. 31, 2016: 50,977

2. Dividends

	Cash dividends per share									
	Q1		Q2		Q3		Q4		Annual	
FY2015	—	Yen	0.00	Yen	—	Yen	4.00	Yen	4.00	Yen
FY2016	—	Yen	0.00	Yen						
FY2016 (Forecast)					—	Yen	6.00	Yen	6.00	Yen

3. Forecast of consolidated operating results for FY2016

(% 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	Yen
Full year	450,000	50.1	12,500	12.7	10,500	171.1	5,000	64.6	26.08	26.08

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, 2016: 192,792,539

Mar. 31, 2016: 192,792,539

Number of treasury stocks at end of period

Sep. 30, 2016: 1,094,019

Mar. 31, 2016: 1,089,256

Average number of stock outstanding during the period: Second quarter of FY2016 and FY2015

Second quarter of FY2016: 191,701,434

Second quarter of FY2015: 191,711,542

* 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, 2016		September 30, 2016	
	Millions of yen		Millions of yen	
[Asstes]				
I Current assets				
1 Cash and deposits		126,815		108,174
2 Notes receivables, accounts receivable from completed construction contracts		78,261		90,260
3 Short-term investment securities		998		1,079
4 Costs on uncompleted construction contracts		54,418		52,290
5 Deferred tax assets		3,536		3,677
6 Accounts receivable - other		12,535		11,884
7 Other		4,925		9,459
8 Allowance for doubtful accounts		(1,601)		(634)
Total current assets		279,889		276,192
II Non-current assets				
(1) Property, plant and equipment				
1 Buildings and structures		16,299		15,872
2 Machinery, vehicles, tools, furniture and fixtures		5,274		4,652
3 Land		6,944		6,721
4 Leased assets		197		78
5 Construction in progress		6		2
6 Accumulated depreciation and impairment loss		(15,735)		(15,123)
Total property, plant and equipment		12,986		12,203
(2) Intangible assets				
1 Goodwill		5		4
2 Other		1,893		1,594
Total intangible assets		1,898		1,598
(3) Investments and other assets				
1 Investment securities		21,470		22,099
2 Long-term loans receivable		4,575		4,571
3 Deferred tax assets		1,168		728
4 Other		4,502		4,246
5 Allowance for doubtful accounts		(4,654)		(4,628)
Total investments and other assets		27,061		27,018
Total non-current assets		41,946		40,820
Total assets		321,836		317,012
[Liabilities]				
I Current liabilities				
1 Notes payable, accounts payable for construction contracts and other		85,653		101,818
2 Short-term loans payable		13,793		12,674
3 Income taxes payable		1,928		3,255
4 Advances received on uncompleted construction contracts		112,994		98,020
5 Provision for bonuses		724		671
6 Provision for warranties for completed construction		67		60
7 Provision for loss on construction contracts		1,404		3,753
8 Forward exchange contracts		7,316		7,296
9 Other		10,021		9,055
Total current liabilities		233,905		236,606
II Non-current liabilities				
1 Long-term loans payable		18,764		19,766
2 Lease obligations		52		46
3 Deferred tax liabilities		835		1,230
4 Net defined benefit liability		5,732		5,474
5 Provision for loss on business of subsidiaries and affiliates		458		506
6 Liabilities from application of equity method		9,288		-
7 Other		1,762		1,719
Total non-current liabilities		36,894		28,745
Total liabilities		270,799		265,351
[Net Assets]				
I Shareholders' equity				
1 Capital stock		18,198		18,198
2 Capital surplus		17,656		10,732
3 Retained earnings		11,433		20,000
4 Treasury stock		(436)		(437)
Total shareholders' equity		46,852		48,494
II Accumulated other comprehensive income				
1 Valuation difference on available-for-sale securities		3,862		4,622
2 Deferred gains or losses on hedges		(4,761)		(3,394)
3 Foreign currency translation adjustment		4,936		1,765
4 Remeasurements of defined benefit plans		87		102
Total accumulated other comprehensive income		4,124		3,095
III Non-controlling interests		58		71
Total net assets		51,036		51,661
Total liabilities and net assets		321,836		317,012

Consolidated Statements of Income

		April 1, 2015- September 30, 2015		April 1, 2016- September 30, 2016	
		Millions of yen		Millions of yen	
I	Net sales		150,577		205,269
II	Cost of sales		136,414		191,954
	Gross profit		14,162		13,315
III	Selling, general and administrative expenses		9,746		7,997
	Operating income		4,416		5,317
IV	Non-operating income				
	1 Interest income	309		351	
	2 Dividends income	96		219	
	3 Foreign exchange gains	1,439		—	
	4 Equity in earnings of affiliates	—		271	
	5 Reversal of allowance for doubtful accounts	893		970	
	6 Miscellaneous income	144	2,883	307	2,121
V	Non-operating expenses				
	1 Interest expenses	183		162	
	2 Foreign exchange losses	—		295	
	3 Equity in losses of affiliates	2,477		—	
	4 Miscellaneous expenses	429	3,090	152	610
	Ordinary income		4,208		6,827
	Profit before income taxes		4,208		6,827
	Income taxes		2,497		3,527
	Income taxes for prior periods		—		825
	Profit		1,710		2,474
	Profit attributable to non-controlling interests		21		65
	Profit attributable to owners of parent		1,689		2,409

Consolidated Statements of Comprehensive Income

		April 1, 2015- September 30, 2015		April 1, 2016- September 30, 2016	
		Millions of yen		Millions of yen	
I	Profit		1,710		2,474
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	(379)		759	
2	Deferred gains or losses on hedges	1,496		1,353	
3	Foreign currency translation adjustment	(163)		(2,434)	
4	Remeasurements of defined benefit plans	(104)		15	
5	Share of other comprehensive income of affiliates accounted for using equity method	4,288	5,137	(775)	(1,081)
	Comprehensive income		6,847		1,393
	Comprehensive income attributable to :				
	Owners of parent		6,850		1,380
	Non-controlling interests		(2)		12

Consolidated Statements of Cash Flows

	April 1, 2015- September 30, 2015	April 1, 2016- September 30, 2016
	Millions of yen	Millions of yen
I Cash flows from operating activities		
1 Profit (loss) before income taxes	4,208	6,827
2 Depreciation and amortization	819	620
3 Amortization of goodwill	(4)	(4)
4 Increase (decrease) in allowance for doubtful accounts	(919)	(993)
5 Increase (decrease) in net defined benefit liability	(697)	(236)
6 Increase (decrease) in provision for loss on construction contracts	(1,401)	2,413
7 Interest and dividends income	(406)	(571)
8 Interest expenses	183	162
9 Foreign exchange losses (gains)	(310)	589
10 Loss (gain) on sales of property, plant and equipment	(0)	(195)
11 Equity in (earnings) losses of affiliates	2,477	(271)
12 Loss (gain) on sales of investment securities	—	(20)
13 Decrease (increase) in notes receivable, accounts receivable from completed construction contracts	(19,914)	(14,728)
14 Decrease (increase) in costs on uncompleted construction contracts	(9,083)	506
15 Decrease (increase) in accounts receivable - other	(53)	232
16 Increase (decrease) in notes and accounts payable - trade	12,682	18,554
17 Increase (decrease) in advances received on uncompleted construction contracts	39,908	(8,492)
18 Other, net	480	(614)
subtotal	27,970	3,779
19 Interest and dividends income received	619	575
20 Interest expenses paid	(196)	(166)
21 Income taxes paid	(653)	(2,601)
Net cash provided by (used in) operating activities	27,739	1,586
II Cash flows from investing activities		
1 Net decrease (increase) in time deposits	(1,475)	(1,025)
2 Purchase of property, plant and equipment	(168)	(187)
3 Proceeds from sales of property, plant and equipment	4	275
4 Purchase of intangible assets	(424)	(151)
5 Purchase of investment securities	(108)	—
6 Proceeds from sales of investment securities	—	22
7 Net decrease (increase) in short-term loans receivable	(12,719)	(12,700)
8 Other, net	(780)	(396)
Net cash provided by (used in) investing activities	(15,673)	(14,163)
III Cash flows from financing activities		
1 Net increase (decrease) in short-term loans payable	532	—
2 Proceeds from long-term loans payable	1,305	2,160
3 Repayment of long-term loans payable	(3,167)	(1,794)
4 Repayment of finance lease obligations	(34)	(10)
5 Cash dividends paid	—	(766)
6 Other, net	(2)	(1)
Net cash provided by (used in) financing activities	(1,366)	(414)
IV Effect of exchange rate change on cash and cash equivalents	(336)	(6,325)
V Net increase (decrease) in cash and cash equivalents	10,363	(19,317)
VI Cash and cash equivalents at beginning of period	90,462	124,125
VII Cash and cash equivalents at the end of period	100,825	104,808

Segment Information

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

Consolidated New Orders, Net Sales and Backlog of Contracts

(1) New Orders and Backlog of Contracts

			Millions of yen				
			Backlog Beginning of period	New Orders	Total	Net Sales	Backlog the End of period
Apr. 1, 2015- Sep. 30, 2015	Overseas	Chemical fertilizers	39,514	285	39,799	8,471	32,582
		Petrochemicals	373,482	212,952	586,435	58,599	533,971
		Oil refinery	64,078	1,280	65,359	43,926	22,024
		Energy-related	21,508	47,423	68,932	10,545	58,361
		General manufacturing facilities	2,050	1,082	3,133	2,160	908
		Others	34,462	20,716	55,178	11,120	44,569
		Subtotal	535,096	283,742	818,838	134,823	692,418
	Domestic	Petrochemicals	3,117	934	4,052	641	3,086
		Oil refinery	1,157	3	1,161	1	1,159
		Energy-related	114,235	20,765	135,001	9,867	125,133
		General manufacturing facilities	2,368	2,186	4,554	1,389	3,062
		Others	3,028	4,374	7,402	3,852	3,413
			Subtotal	123,908	28,263	152,171	15,753
			*36,930				*33,730
	Grand total	659,005	312,005	971,010	150,577	828,273	
Apr. 1, 2016- Sep. 30, 2016	Overseas	Chemical fertilizers	105,091	1,458	106,549	6,215	93,990
		Petrochemicals	492,204	4,748	496,953	124,668	365,046
		Oil refinery	17,525	11,677	29,202	18,355	9,592
		Energy-related	73,404	24,781	98,185	25,228	71,279
		General manufacturing facilities	110	433	543	144	388
		Others	23,072	1,334	24,406	3,979	19,645
		Subtotal	711,409	44,433	755,842	178,592	559,942
	Domestic	Petrochemicals	2,503	477	2,980	1,257	1,723
		Oil refinery	1,157	0	1,157	1	1,155
		Energy-related	104,010	758	104,769	21,673	83,095
		General manufacturing facilities	1,598	1,448	3,047	3	3,043
		Others	2,387	5,564	7,952	3,741	4,210
			Subtotal	111,657	8,249	119,906	26,677
			*(9,392)				*(51,310)
	Grand total	823,066	52,682	875,748	205,269	653,170	

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 6,054 million yen for Apr. 1, 2015-Sep. 30, 2015 and (17,514) million yen for Apr. 1, 2016-Sep. 30, 2016.

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

The amounts are 1,785 million yen for Apr. 1, 2015-Sep. 30, 2015 and 205 million yen for Apr. 1, 2016-Sep. 30, 2016.

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