

The document is an English-language translation of the consolidated financial summary of the financial results for the third quarter ended December 31, 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 Third Quarter ended December 31, 2016

For the Fiscal Year Ending March 31, 2017

February 10, 2017

TOYO ENGINEERING CORPORATION

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

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1. Business results for the third quarter of fiscal year 2016 (April 1, 2016 - December 31, 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 - Dec. 31, 2016	304,039	38.9	Δ 1,525	—	1,434	Δ 70.4	Δ 1,001	—
Apr. 1, 2015 - Dec. 31, 2015	218,840	2.8	4,702	—	4,845	—	2,642	—

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2016 - Dec. 31, 2016 : 1,367 (Δ 83.2%) Apr. 1, 2015 - Dec. 31, 2015 : 8,118 (—%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2016 - Dec. 31, 2016	Δ 5.22	—
Apr. 1, 2015 - Dec. 31, 2015	13.79	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2016	319,081	51,633	16.2
As of Mar. 31, 2016	321,836	51,036	15.8

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

Dec. 31, 2016: 51,559

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)				Undetermined	Undetermined

Revision of cash dividend forecast for this period: Yes

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
Full year	450,000	50.1	0	Δ 100.0	1,000	Δ 74.2	0	Δ 100.0	0.00

(Note) Revision of forecast for this period: Yes

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, 2016 : 192,792,539

Mar. 31, 2016 : 192,792,539

Number of treasury stocks at end of period

Dec. 31, 2016 : 1,100,051

Mar. 31, 2016 : 1,089,256

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

Third quarter of FY2016 : 191,699,647

Third quarter of FY2015 : 191,709,955

* 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		December 31, 2016	
	Millions of yen		Millions of yen	
[Assets]				
I Current assets				
1 Cash and deposits		126,815		112,563
2 Notes receivables, accounts receivable from completed construction contracts		78,261		79,517
3 Short-term investment securities		998		1,043
4 Costs on uncompleted construction contracts		54,418		57,744
5 Deferred tax assets		3,536		3,585
6 Accounts receivable - other		12,535		14,646
7 Other		4,925		9,909
8 Allowance for doubtful accounts		(1,601)		(511)
Total current assets		279,889		278,500
II Non-current assets				
(1) Property, plant and equipment				
1 Buildings and structures		16,299		16,049
2 Machinery, vehicles, tools, furniture and fixtures		5,274		4,848
3 Land		6,944		6,710
4 Leased assets		197		78
5 Construction in progress		6		13
6 Accumulated depreciation and impairment loss		(15,735)		(15,335)
Total property, plant and equipment		12,986		12,364
(2) Intangible assets				
1 Goodwill		5		3
2 Other		1,893		1,467
Total intangible assets		1,898		1,471
(3) Investments and other assets				
1 Investment securities		21,470		21,756
2 Long-term loans receivable		4,575		4,575
3 Deferred tax assets		1,168		927
4 Other		4,502		4,111
5 Allowance for doubtful accounts		(4,654)		(4,626)
Total investments and other assets		27,061		26,745
Total non-current assets		41,946		40,580
Total assets		321,836		319,081
[Liabilities]				
I Current liabilities				
1 Notes payable, accounts payable for construction contracts and other		85,653		106,282
2 Short-term loans payable		13,793		9,264
3 Income taxes payable		1,928		583
4 Advances received on uncompleted construction contracts		112,994		97,497
5 Provision for bonuses		724		433
6 Provision for warranties for completed construction		67		53
7 Provision for loss on construction contracts		1,404		7,247
8 Forward exchange contracts		7,316		4,479
9 Other		10,021		9,464
Total current liabilities		233,905		235,305
II Non-current liabilities				
1 Long-term loans payable		18,764		21,571
2 Lease obligations		52		43
3 Deferred tax liabilities		835		2,525
4 Net defined benefit liability		5,732		5,578
5 Provision for loss on business of subsidiaries and affiliates		458		586
6 Liabilities from application of equity method		9,288		-
7 Other		1,762		1,837
Total non-current liabilities		36,894		32,142
Total liabilities		270,799		267,447
[Net Assets]				
I Shareholders' equity				
1 Capital stock		18,198		18,198
2 Capital surplus		17,656		10,732
3 Retained earnings		11,433		16,589
4 Treasury stock		(436)		(439)
Total shareholders' equity		46,852		45,081
II Accumulated other comprehensive income				
1 Valuation difference on available-for-sale securities		3,862		5,362
2 Deferred gains or losses on hedges		(4,761)		(1,328)
3 Foreign currency translation adjustment		4,936		2,334
4 Remeasurements of defined benefit plans		87		110
Total accumulated other comprehensive income		4,124		6,478
III Non-controlling interests		58		73
Total net assets		51,036		51,633
Total liabilities and net assets		321,836		319,081

Consolidated Statements of Income

		April 1, 2015 - December 31, 2015		April 1, 2016 - December 31, 2016	
		Millions of yen		Millions of yen	
I	Net sales		218,840		304,039
II	Cost of sales		199,792		292,768
	Gross profit		19,048		11,271
III	Selling, general and administrative expenses		14,345		12,796
	Operating income (loss)		4,702		(1,525)
IV	Non-operating income				
1	Interest income	444		670	
2	Dividends income	180		283	
3	Foreign exchange gains	1,902		92	
4	Equity in earnings of affiliates	—		988	
5	Reversal of allowance for doubtful accounts	425		1,095	
6	Miscellaneous income	279	3,233	350	3,480
V	Non-operating expenses				
1	Interest expenses	255		258	
2	Equity in losses of affiliates	2,056		—	
3	Miscellaneous expenses	778	3,090	262	520
	Ordinary income		4,845		1,434
VI	Extraordinary income				
1	Gain on sales of investment securities	826		—	—
2	Gain on sales of shares of subsidiaries and affiliates	880	1,706	—	—
	Profit before income taxes		6,552		1,434
	Income taxes		3,933		1,542
	Income taxes for prior periods		—		825
	Profit (loss)		2,618		(933)
	Profit (loss) attributable to non-controlling interests		(24)		68
	Profit (loss) attributable to owners of parent		2,642		(1,001)

Consolidated Statements of Comprehensive Income

		April 1, 2015 - December 31, 2015		April 1, 2016 - December 31, 2016	
		Millions of yen		Millions of yen	
I	Profit (loss)		2,618		(933)
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	3,105		1,499	
2	Deferred gains or losses on hedges	(86)		3,415	
3	Foreign currency translation adjustment	(1,281)		(2,616)	
4	Remeasurements of defined benefit plans	(150)		23	
5	Share of other comprehensive income of affiliates accounted for using equity method	3,912	5,500	(21)	2,300
	Comprehensive income		8,118		1,367
	Comprehensive income attributable to :				
	Owners of parent		8,136		1,352
	Non-controlling interests		(17)		14

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 - Dec. 31, 2015	Overseas	Chemical fertilizers	39,514	1,531	41,045	12,388	30,121
		Petrochemicals	373,482	216,628	590,111	90,131	505,752
		Oil refinery	64,078	15,698	79,777	55,410	20,782
		Energy-related	21,508	74,392	95,901	14,352	81,571
		General manufacturing facilities	2,050	1,034	3,084	2,106	700
		Others	34,462	9,154	43,616	16,816	27,606
		Subtotal	535,096	318,439	853,536	191,204	666,533
	Domestic	Petrochemicals	3,117	1,720	4,838	1,347	3,167
		Oil refinery	1,157	6	1,163	6	1,156
		Energy-related	114,235	21,009	135,245	18,697	116,548
		General manufacturing facilities	2,368	2,206	4,574	1,787	2,683
		Others	3,028	6,807	9,835	5,796	3,902
			Subtotal	123,908	31,750	155,658	27,636
			*36,930				*24,378
	Grand total	659,005	350,189	1,009,194	218,840	793,992	
Apr. 1, 2016 - Dec. 31, 2016	Overseas	Chemical fertilizers	105,091	2,244	107,336	11,595	89,417
		Petrochemicals	492,204	5,284	497,489	177,129	315,658
		Oil refinery	17,525	17,310	34,835	24,064	9,183
		Energy-related	73,404	48,244	121,648	42,115	78,985
		General manufacturing facilities	110	827	938	151	764
		Others	23,072	2,209	25,281	5,617	19,042
		Subtotal	711,409	76,120	787,529	260,672	513,051
	Domestic	Petrochemicals	2,503	650	3,154	2,054	1,099
		Oil refinery	1,157	1	1,159	3	1,155
		Energy-related	104,010	1,124	105,134	34,701	70,433
		General manufacturing facilities	1,598	1,649	3,247	86	3,161
		Others	2,387	12,841	15,229	6,521	8,708
			Subtotal	111,657	16,268	127,925	43,366
			*(9,392)				*(35,478)
	Grand total	823,066	92,388	915,455	304,039	597,610	

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 2,115 million yen for Apr. 1, 2015 - Dec. 31, 2015 and (17,331) million yen for Apr. 1, 2016 - Dec. 31, 2016.

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

The amounts are 1,523 million yen for Apr. 1, 2015 - Dec. 31, 2015 and 3,525 million yen for Apr. 1, 2016 - Dec. 31, 2016.

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