

The document is an English-language translation of the consolidated financial summary of the financial results for the fiscal year ended March 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 Fiscal Year Ended March 31, 2017

May 19, 2017

### TOYO ENGINEERING CORPORATION

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

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#### 1. Business results for the fiscal year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

Note: Amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2016	431,917	44.1	(2,009)	—	1,603	(58.6)	1,472	(51.5)
FY2015	299,813	(3.7)	11,087	—	3,873	—	3,038	—

(Reference) Comprehensive income (millions of yen):

FY2016 : 1,066 (87.4%)                      FY2015 : 8,492 —%

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2016	7.68	—	2.9	0.5	(0.5)
FY2015	15.85	—	6.3	1.3	3.7

(Reference) Equity in earnings of affiliates (millions of yen):

FY2016 : 15    FY2015 : (8,281)

#### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	%
FY2016	317,089	51,331	16.2	267.48
FY2015	321,836	51,036	15.8	265.92

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

FY2016 : 51,273    FY2015 : 50,977

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2016	18,984	(16,650)	(1,548)	122,703
FY2015	46,376	(11,776)	1,099	124,125

#### 2. Dividends

	Cash dividends per share					Total Cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	Q1	Q2	Q3	Q4	Annual			
FY2015	—	0.00	—	4.00	4.00	766	25.2	1.6
FY2016	—	0.00	—	2.00	2.00	383	26.0	0.7
FY2017 (Forecast)	—	0.00	—	15.00	15.00		28.8	

Since we plan to conduct a one-for-five reverse stock split of our company's shares effective October 1, 2017, it is factored into the per-share amount of the year-end dividend for the fiscal year ending March 31, 2018 shown here. The estimated year-end dividend for the fiscal year ending March 31, 2018 would be 3.00 yen per share if the reverse stock split were not taken into account.

#### 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	370,000	(14.3)	6,500	—	5,000	211.7	2,000	35.8	52.17	

Since we plan to conduct a one-for-five reverse stock split of our company's shares effective October 1, 2017, it 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 10.43 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)

FY2016 : 192,792,539

FY2015 : 192,792,539

Number of treasury stocks at end of term

FY2016 : 1,103,172

FY2015 : 1,089,256

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

FY2016 : 191,697,510

FY2015 : 191,708,451

**(Reference) Non-consolidated business results**

**1. Business results for the fiscal year ended March 31, 2017 (April 1, 2016 - March 31, 2017)**

Notes: Amounts are rounded down to the nearest million yen.

(1) Non-consolidated operating results (% of changes from the corresponding periods of the previous 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	%
FY2016	256,980	41.6	(6,911)	-	(899)	-	425	-
FY2015	181,532	(5.6)	6,038	-	(6,675)	-	(6,157)	-

	Net income per share		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
FY2016	2.22	-	-	-
FY2015	(32.12)	-	-	-

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Book value per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen	
FY2016	214,640	30,660	30,660	14.3	159.95			
FY2015	213,532	31,051	31,051	14.5	161.98			

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

FY2016 : 30,660

FY2015 : 31,051

\* 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, 2016	March 31, 2017
		Millions of yen	Millions of yen
[Assets]			
<b>I</b>	<b>Current assets</b>		
1	Cash and deposits	126,815	126,042
2	Notes receivables, accounts receivable from completed construction contracts	78,261	88,394
3	Short-term investment securities	998	1,175
4	Costs on uncompleted construction contracts	54,418	49,536
5	Deferred tax assets	3,536	3,020
6	Accounts receivable - other	12,535	6,730
7	Other	4,925	7,958
8	Allowance for doubtful accounts	(1,601)	(1,074)
	<b>Total current assets</b>	279,889	281,784
<b>II</b>	<b>Non-current assets</b>		
(1)	Property, plant and equipment		
1	Buildings and structures	16,299	16,297
2	Machinery, vehicles, tools, furniture and fixtures	5,274	4,999
3	Land	6,944	6,898
4	Leased assets	197	74
5	Construction in progress	6	5
6	Accumulated depreciation and impairment loss	(15,735)	(15,658)
	<b>Total property, plant and equipment</b>	12,986	12,615
(2)	Intangible assets		
1	Goodwill	5	3
2	Other	1,893	1,408
	<b>Total intangible assets</b>	1,898	1,412
(3)	Investments and other assets		
1	Investment securities	21,470	16,071
2	Long-term loans receivable	4,575	4,576
3	Deferred tax assets	1,168	1,123
4	Other	4,502	3,981
5	Allowance for doubtful accounts	(4,654)	(4,474)
	<b>Total investments and other assets</b>	27,061	21,277
	<b>Total non-current assets</b>	41,946	35,305
	<b>Total assets</b>	321,836	317,089
[Liabilities]			
<b>I</b>	<b>Current liabilities</b>		
1	Notes payable, accounts payable for construction contracts and other	85,653	123,444
2	Short-term loans payable	13,793	8,415
3	Income taxes payable	1,928	761
4	Advances received on uncompleted construction contracts	112,994	87,116
5	Provision for bonuses	724	654
6	Provision for warranties for completed construction	67	209
7	Provision for loss on construction contracts	1,404	4,085
8	Forward exchange contracts	7,316	4,995
9	Other	10,021	7,468
	<b>Total current liabilities</b>	233,905	237,149
<b>II</b>	<b>Non-current liabilities</b>		
1	Long-term loans payable	18,764	23,373
2	Lease obligations	52	40
3	Deferred tax liabilities	835	1,459
4	Net defined benefit liability	5,732	1,802
5	Provision for loss on business of subsidiaries and affiliates	458	140
6	Liabilities from application of equity method	9,288	—
7	Other	1,762	1,792
	<b>Total non-current liabilities</b>	36,894	28,608
	<b>Total liabilities</b>	270,799	265,758
[Net Assets]			
<b>I</b>	<b>Shareholders' equity</b>		
1	Capital stock	18,198	18,198
2	Capital surplus	17,656	10,732
3	Retained earnings	11,433	19,064
4	Treasury stock	(436)	(440)
	<b>Total shareholders' equity</b>	46,852	47,554
<b>II</b>	<b>Accumulated other comprehensive income</b>		
1	Valuation difference on available-for-sale securities	3,862	2,246
2	Deferred gains or losses on hedges	(4,761)	(2,842)
3	Foreign currency translation adjustment	4,936	4,319
4	Remeasurements of defined benefit plans	87	(5)
	<b>Total accumulated other comprehensive income</b>	4,124	3,718
<b>III</b>	<b>Non-controlling interests</b>	58	58
	<b>Total net assets</b>	51,036	51,331
	<b>Total liabilities and net assets</b>	321,836	317,089

### Consolidated Statements of Income

		April 1, 2015 - March 31, 2016		April 1, 2016 - March 31, 2017	
		Millions of yen		Millions of yen	
I	Net sales		299,813		431,917
II	Cost of sales		269,299		415,945
	<b>Gross profit</b>		30,513		15,971
III	Selling, general and administrative expenses		19,426		17,980
	<b>Operating income (loss)</b>		11,087		(2,009)
IV	Non-operating income				
	1 Interest income	585		934	
	2 Dividends income	308		535	
	3 Foreign exchange gains	735		1,311	
	4 Equity in earnings of affiliates	—		15	
	5 Reversal of allowance for doubtful accounts	75		680	
	6 Miscellaneous income	337	2,041	1,039	4,517
V	Non-operating expenses				
	1 Interest expenses	356		375	
	2 Equity in losses of affiliates	8,281		—	
	3 Loss on valuation of investments in capital of subsidiaries and affiliates	—		274	
	4 Miscellaneous expenses	617	9,255	254	903
	<b>Ordinary income</b>		3,873		1,603
VI	Extraordinary income				
	1 Gain on sales of property, plant and equipment	2,502		310	
	2 Gain on sales of investment securities	1,442		1,289	
	3 Gain on sales of shares of subsidiaries and affiliates	880		—	
	4 Gain on securities contribution to retirement benefits trust	—	4,824	2,625	4,224
	Profit before income taxes		8,697		5,828
	Income taxes-current	2,596		2,558	
	Income taxes for prior periods	—		825	
	Income taxes-deferred	3,085	5,682	973	4,357
	Profit		3,015		1,471
	Loss attributable to non-controlling interests		(22)		(1)
	<b>Profit attributable to owners of parent</b>		3,038		1,472

## Consolidated Statements of Comprehensive Income

		April 1, 2015 - March 31, 2016		April 1, 2016 - March 31, 2017	
		Millions of yen		Millions of yen	
I	Profit		3,015		1,471
II	Other comprehensive income				
1	Valuation difference on available-for-sale securities	1,563		(1,616)	
2	Deferred gains or losses on hedges	3,064		1,928	
3	Foreign currency translation adjustment	(1,418)		(516)	
4	Remeasurements of defined benefit plans	(1,221)		(92)	
5	Share of other comprehensive income of affiliates accounted for using equity method	3,489	5,477	(107)	(405)
	<b>Comprehensive income</b>		8,492		1,066
	<b>Comprehensive income attributable to :</b>				
	Owners of parent		8,513		1,066
	Non-controlling interests		(21)		(0)

### Consolidated Statement of Changes in Net Assets

From April 1, 2015 through March 31, 2016

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year (Millions of yen)	18,198	20,759	7,724	(432)	46,249	2,299	(9,717)	4,759	1,308	(1,350)	79	44,979
Changes in the fiscal year												
Reversal of capital surplus		(3,102)	3,102		—					—		—
Profit attributable to owners of parent			3,038		3,038					—		3,038
Change of scope of equity method			(2,431)		(2,431)					—		(2,431)
Purchase of treasury stock				(3)	(3)					—		(3)
Net changes of items other than shareholders' equity					—	1,563	4,956	177	(1,221)	5,475	(21)	5,454
Total changes in the fiscal year (Millions of yen)	—	(3,102)	3,709	(3)	603	1,563	4,956	177	(1,221)	5,475	(21)	6,057
Balance at end of year (Millions of yen)	18,198	17,656	11,433	(436)	46,852	3,862	(4,761)	4,936	87	4,124	58	51,036

From April 1, 2016 through March 31, 2017

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year (Millions of yen)	18,198	17,656	11,433	(436)	46,852	3,862	(4,761)	4,936	87	4,124	58	51,036
Changes in the fiscal year												
Dividends paid to shareholders		(766)			(766)					—		(766)
Reversal of capital surplus		(6,157)	6,157		—					—		—
Profit attributable to owners of parent			1,472		1,472					—		1,472
Purchase of treasury stock				(4)	(4)					—		(4)
Sale of treasury stock		(0)		0	0					—		0
Net changes of items other than shareholders' equity					—	(1,616)	1,919	(616)	(92)	(406)	(0)	(406)
Total changes in the fiscal year (Millions of yen)	—	(6,924)	7,630	(4)	701	(1,616)	1,919	(616)	(92)	(406)	(0)	294
Balance at end of year (Millions of yen)	18,198	10,732	19,064	(440)	47,554	2,246	(2,842)	4,319	(5)	3,718	57	51,331

### Consolidated Statements of Cash Flows

	April 1, 2015 - March 31, 2016	April 1, 2016 - March 31, 2017
	Millions of yen	Millions of yen
<b>I Cash flows from operating activities</b>		
1 Profit before income taxes	8,697	5,828
2 Depreciation and amortization	1,532	1,293
3 Amortization of goodwill	(9)	(9)
4 Increase (decrease) in allowance for doubtful accounts	(84)	(706)
5 Increase (decrease) in net defined benefit liability	(1,020)	(1,435)
6 Increase (decrease) in provision for loss on construction contracts	(2,514)	2,697
7 Interest and dividends income	(893)	(1,470)
8 Interest expenses	356	375
9 Foreign exchange losses (gains)	(100)	424
10 Loss (gain) on sales of property, plant and equipment	(2,501)	(297)
11 Equity in (earnings) losses of affiliates	8,281	(15)
12 Loss (gain) on sales of investment securities	(1,442)	(1,289)
13 Loss (gain) on sales of shares of subsidiaries and affiliates	(880)	—
14 Loss on valuation of investments in capital of subsidiaries and affiliates	—	274
15 Gain on securities contribution to retirement benefits trust	—	(2,625)
16 Decrease (increase) in notes receivable, accounts receivable from completed construction contracts	(17,637)	(10,381)
17 Decrease (increase) in costs on uncompleted construction contracts	(21,300)	4,344
18 Decrease (increase) in accounts receivable - other	2,154	6,305
19 Increase (decrease) in notes and accounts payable - trade	1,481	38,231
20 Increase (decrease) in advances received on uncompleted construction contracts	70,293	(23,933)
21 Increase (decrease) in provision for loss on business of subsidiaries and affiliates	(50)	(317)
Other, net	102	1,565
22 subtotal	44,465	18,860
23 Interest and dividends income received	2,782	4,768
24 Interest expenses paid	(351)	(359)
25 Income taxes paid	(519)	(4,285)
Net cash provided by (used in) operating activities	46,376	18,984
<b>II Cash flows from investing activities</b>		
1 Net decrease (increase) in time deposits	(512)	(700)
2 Purchase of property, plant and equipment	(281)	(555)
3 Proceeds from sales of property, plant and equipment	4,988	337
4 Purchase of intangible assets	(581)	(246)
5 Purchase of investment securities	(3)	(54)
6 Proceeds from sales of investment securities	2,358	1,418
7 Proceeds from sales of shares of subsidiaries and affiliates	1,661	—
8 Net decrease (increase) in short-term loans receivable	(18,527)	(16,234)
9 Other, net	(878)	(614)
Net cash provided by (used in) investing activities	(11,776)	(16,650)
<b>III Cash flows from financing activities</b>		
1 Net increase (decrease) in short-term loans payable	532	(2,000)
2 Proceeds from long-term loans payable	6,685	11,025
3 Repayment of long-term loans payable	(6,059)	(9,784)
4 Repayment of finance lease obligations	(55)	(18)
5 Cash dividends paid	—	(766)
6 Other, net	(3)	(4)
Net cash provided by (used in) financing activities	1,099	(1,548)
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	(2,035)	(2,207)
<b>V Net increase (decrease) in cash and cash equivalents</b>	33,663	(1,422)
<b>VI Cash and cash equivalents at beginning of period</b>	90,462	124,125
<b>VII Cash and cash equivalents at the end of period</b>	124,125	122,703

## 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 - Mar. 31, 2016	Overseas	Chemical fertilizers	39,514	77,409	116,923	13,049	105,091
		Petrochemicals	373,482	217,240	590,723	124,896	492,204
		Oil refinery	64,078	25,239	89,318	66,451	17,525
		Energy-related	21,508	74,877	96,386	22,153	73,404
		General manufacturing facilities	2,050	1,251	3,301	2,950	110
		Others	34,462	9,281	43,743	20,386	23,072
		Subtotal	535,096	405,299	940,395	249,887	711,409
	Domestic	Petrochemicals	3,117	1,889	5,007	2,216	2,503
		Oil refinery	1,157	7	1,165	7	1,157
		Energy-related	114,235	22,897	137,133	33,123	104,010
		General manufacturing facilities	2,368	3,878	6,247	4,766	1,598
		Others	3,028	9,563	12,592	9,810	2,387
			Subtotal	123,908	38,238	162,146	49,925
		Grand total	*36,930				*(9,392)
		659,005	443,537	1,102,542	299,813	823,066	
Apr. 1, 2016 - Mar. 31, 2017	Overseas	Chemical fertilizers	105,091	2,927	108,019	22,277	79,174
		Petrochemicals	492,204	5,943	498,147	244,590	249,368
		Oil refinery	17,525	19,990	37,516	31,123	4,695
		Energy-related	73,404	60,823	134,227	55,117	78,318
		General manufacturing facilities	110	1,791	1,902	767	1,127
		Others	23,072	3,160	26,232	7,009	18,722
		Subtotal	711,409	94,636	806,046	360,884	431,406
	Domestic	Petrochemicals	2,503	809	3,312	3,248	63
		Oil refinery	1,157	6,314	7,471	6,013	1,458
		Energy-related	104,010	1,491	105,501	48,986	55,015
		General manufacturing facilities	1,598	1,758	3,356	3,219	136
		Others	2,387	11,779	14,167	9,565	4,601
			Subtotal	111,657	22,153	133,810	71,032
			*(9,392)				*(14,145)
	Grand total	823,066	116,790	939,856	431,917	492,682	

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 (1,921) million yen for Apr. 1, 2015 - Mar. 31, 2016 and (12,187) million yen for Apr. 1, 2016 - Mar. 31, 2017.

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

The amounts are 22,259 million yen for Apr. 1, 2015 - Mar. 31, 2016 and (3,068) million yen for Apr. 1, 2016 - Mar. 31, 2017.

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