

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2015 (Based on Japanese GAAP)

May 13, 2015

Company name: TOYO CONSTRUCTION CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1890 URL <http://www.toyo-const.co.jp/>
 Representative: Representative Director, President Kyoji Takezawa
 General Manager, Administration Dept.
 Inquiries: Business Administration Div. Masatoshi Maruyama TEL 03-6361-5450
 Scheduled date of ordinary general meeting of shareholders: June 26, 2015
 Scheduled date to file Securities Report: June 26, 2015
 Scheduled date to commence dividend payments: June 29, 2015
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2015	148,468	2.5	5,921	47.1	4,607	37.1	3,346	67.5
Year ended March 31, 2014	144,838	13.2	4,026	41.4	3,362	54.7	1,997	80.3

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2015	41.20	–	11.8	3.9	4.0
Year ended March 31, 2014	24.96	–	8.8	3.0	2.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2015	123,247	35,351	28.0	365.39
As of March 31, 2014	112,812	23,172	19.7	277.31

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2015	(5,984)	(1,674)	5,748	17,506
Year ended March 31, 2014	(951)	(846)	(420)	19,013

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2014	–	–	–	7.00	7.00	560	28.0	2.5
Year ended March 31, 2015	–	–	–	9.00	9.00	848	21.8	3.0
Year ending March 31, 2016 (Forecast)	–	–	–	9.00	9.00		24.3	

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	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
Six months ending September 30, 2015	77,000	16.2	2,600	(18.8)	2,200	(26.4)	1,300	(22.0)	13.78
Full year	164,000	10.5	6,100	3.0	5,400	17.2	3,500	4.6	37.10

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2015

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements after error corrections: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2015	94,371,183 shares	As of March 31, 2014	80,071,183 shares
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Number of treasury shares at the end of the period

As of March 31, 2015	41,195 shares	As of March 31, 2014	40,917 shares
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Average number of shares during the period

Year ended March 31, 2015	81,221,759 shares	Year ended March 31, 2014	80,030,436 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	19,153	17,646
Notes receivable, accounts receivable from completed construction contracts and other	43,434	54,163
Costs on uncompleted construction contracts	4,748	5,862
Real estate for sale	83	211
Deferred tax assets	1,127	779
Other	7,989	7,043
Allowance for doubtful accounts	(72)	(92)
Total current assets	76,464	85,614
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,096	13,604
Machinery, vehicles, tools, furniture and fixtures	19,786	20,760
Land	23,201	22,991
Construction in progress	78	648
Accumulated depreciation	(26,047)	(26,533)
Total property, plant and equipment	31,116	31,471
Intangible assets	149	155
Investments and other assets		
Investment securities	2,634	2,939
Net defined benefit asset	11	26
Deferred tax assets	778	2,120
Other	2,011	2,278
Allowance for doubtful accounts	(354)	(1,359)
Total investments and other assets	5,081	6,005
Total non-current assets	36,348	37,632
Total assets	112,812	123,247

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,489	40,825
Short-term loans payable	11,818	15,061
Advances received on uncompleted construction contracts	9,287	6,515
Income taxes payable	409	1,580
Provision for warranties for completed construction	264	202
Provision for loss on construction contracts	652	603
Provision for bonuses	633	832
Other	7,451	8,353
Total current liabilities	70,007	73,975
Non-current liabilities		
Long-term loans payable	9,148	5,632
Deferred tax liabilities	37	52
Deferred tax liabilities for land revaluation	2,711	2,439
Provision for directors' retirement benefits	28	33
Net defined benefit liability	7,274	5,419
Other	431	344
Total non-current liabilities	19,632	13,921
Total liabilities	89,639	87,896
Net assets		
Shareholders' equity		
Capital stock	10,683	14,049
Capital surplus	2,490	5,856
Retained earnings	8,849	12,421
Treasury shares	(13)	(14)
Total shareholders' equity	22,009	32,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	365	579
Deferred gains or losses on hedges	0	(2)
Revaluation reserve for land	2,542	2,753
Foreign currency translation adjustment	(11)	32
Remeasurements of defined benefit plans	(2,712)	(1,209)
Total accumulated other comprehensive income	183	2,153
Minority interests	980	884
Total net assets	23,172	35,351
Total liabilities and net assets	112,812	123,247

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales		
Net sales of completed construction contracts	144,194	146,847
Net sales of side line business	644	1,621
Total net sales	144,838	148,468
Cost of sales		
Cost of sales of completed construction contracts	134,212	134,561
Cost of sales on side line business	170	1,107
Total cost of sales	134,383	135,668
Gross profit		
Gross profit on completed construction contracts	9,981	12,285
Gross profit on side line business	473	514
Total gross profit	10,455	12,800
Selling, general and administrative expenses	6,428	6,878
Operating income	4,026	5,921
Non-operating income		
Interest income	25	20
Dividend income	28	27
Foreign exchange gains	64	446
Other	133	35
Total non-operating income	252	529
Non-operating expenses		
Interest expenses	474	461
Commitment fee	171	144
Provision of allowance for doubtful accounts	16	982
Other	254	255
Total non-operating expenses	917	1,843
Ordinary income	3,362	4,607
Extraordinary income		
Gain on abolishment of retirement benefit plan	–	268
Gain on sales of investment securities	14	54
Gain on sales of non-current assets	3	49
Compensation income	13	–
Total extraordinary income	31	373
Extraordinary losses		
Impairment loss	195	412
Loss on valuation of investment securities	67	–
Other	78	20
Total extraordinary losses	341	432
Income before income taxes and minority interests	3,051	4,548
Income taxes - current	632	1,883
Income taxes - deferred	238	(507)
Total income taxes	870	1,375
Income before minority interests	2,181	3,172
Minority interests in income (loss)	183	(173)
Net income	1,997	3,346

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income before minority interests	2,181	3,172
Other comprehensive income		
Valuation difference on available-for-sale securities	163	224
Deferred gains or losses on hedges	(122)	(2)
Revaluation reserve for land	–	248
Foreign currency translation adjustment	70	109
Remeasurements of defined benefit plans, net of tax	–	1,509
Total other comprehensive income	111	2,089
Comprehensive income	2,293	5,262
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,060	5,353
Comprehensive income attributable to minority interests	232	(90)

Consolidated statements of changes in net assets

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,683	2,490	7,167	(13)	20,327
Cumulative effects of changes in accounting policies					
Restated balance					
Changes of items during period					
Issuance of new shares					
Dividends of surplus			(400)		(400)
Net income			1,997		1,997
Reversal of revaluation reserve for land			84		84
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,682	(0)	1,681
Balance at end of current period	10,683	2,490	8,849	(13)	22,009

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	208	122	2,626	(39)	-	2,917	895	24,140
Cumulative effects of changes in accounting policies								
Restated balance								
Changes of items during period								
Issuance of new shares								
Dividends of surplus								(400)
Net income								1,997
Reversal of revaluation reserve for land								84
Purchase of treasury shares								(0)
Net changes of items other than shareholders' equity	157	(122)	(84)	28	(2,712)	(2,733)	84	(2,649)
Total changes of items during period	157	(122)	(84)	28	(2,712)	(2,733)	84	(967)
Balance at end of current period	365	0	2,542	(11)	(2,712)	183	980	23,172

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,683	2,490	8,849	(13)	22,009
Cumulative effects of changes in accounting policies			749		749
Restated balance	10,683	2,490	9,598	(13)	22,758
Changes of items during period					
Issuance of new shares	3,365	3,365			6,731
Dividends of surplus			(560)		(560)
Net income			3,346		3,346
Reversal of revaluation reserve for land			37		37
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	3,365	3,365	2,823	(0)	9,555
Balance at end of current period	14,049	5,856	12,421	(14)	32,313

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	365	0	2,542	(11)	(2,712)	183	980	23,172
Cumulative effects of changes in accounting policies								749
Restated balance	365	0	2,542	(11)	(2,712)	183	980	23,921
Changes of items during period								
Issuance of new shares								6,731
Dividends of surplus								(560)
Net income								3,346
Reversal of revaluation reserve for land								37
Purchase of treasury shares								(0)
Net changes of items other than shareholders' equity	213	(2)	211	43	1,503	1,969	(95)	1,874
Total changes of items during period	213	(2)	211	43	1,503	1,969	(95)	11,429
Balance at end of current period	579	(2)	2,753	32	(1,209)	2,153	884	35,351

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	3,051	4,548
Depreciation	1,274	1,689
Impairment loss	195	412
Increase (decrease) in allowance for doubtful accounts	69	1,014
Increase (decrease) in provision for loss on construction contracts	427	(48)
Increase (decrease) in net defined benefit liability	(253)	(998)
Interest and dividend income	(54)	(48)
Interest expenses	474	461
Loss (gain) on valuation of investment securities	67	–
Loss (gain) on sales of investment securities	(14)	(54)
Loss (gain) on sales of property, plant and equipment	(2)	(40)
Loss on retirement of property, plant and equipment	72	7
Decrease (increase) in notes and accounts receivable - trade	(3,295)	(10,569)
Decrease (increase) in costs on uncompleted construction contracts	283	(1,101)
Decrease (increase) in real estate for sale	4	(128)
Increase (decrease) in notes and accounts payable - trade	(4,268)	1,141
Increase (decrease) in advances received on uncompleted construction contracts	370	(2,828)
Other, net	1,546	1,718
Subtotal	(49)	(4,826)
Interest and dividend income received	54	48
Interest expenses paid	(494)	(454)
Income taxes paid	(460)	(751)
Net cash provided by (used in) operating activities	(951)	(5,984)
Cash flows from investing activities		
Payments into time deposits	(240)	(240)
Proceeds from withdrawal of time deposits	240	240
Purchase of securities	–	(197)
Proceeds from sales and redemption of short-term and long-term investment securities	47	175
Purchase of property, plant and equipment	(892)	(1,726)
Proceeds from sales of property, plant and equipment	20	92
Purchase of intangible assets	(30)	(7)
Purchase of investment securities	(8)	(8)
Payments of loans receivable	(29)	(52)
Collection of loans receivable	34	50
Other, net	11	(0)
Net cash provided by (used in) investing activities	(846)	(1,674)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	684	1,156
Proceeds from long-term loans payable	2,205	1,300
Repayments of long-term loans payable	(2,696)	(2,808)
Repayments of lease obligations	(54)	(43)
Redemption of bonds	(22)	(22)
Proceeds from issuance of common shares	–	6,731
Cash dividends paid	(400)	(560)
Cash dividends paid to minority shareholders	(137)	(4)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(420)	5,748
Effect of exchange rate change on cash and cash equivalents	193	403
Net increase (decrease) in cash and cash equivalents	(2,024)	(1,506)
Cash and cash equivalents at beginning of period	21,038	19,013
Cash and cash equivalents at end of period	19,013	17,506

Non-Consolidated Orders Received, Net Sale and Backlog

①Orders Received

	FY2013		FY2014		Rate of Change
	JPY mil	Proportion	JPY mil	Proportion	%
Construction					
Civil Engineering					
Domestic-Public	61,204	45.5	72,516	52.7	18.5
Domestic-Private	10,456	7.8	14,994	10.9	43.4
Overseas	17,435	13.0	8,253	6.0	△ 52.7
Sub-total	89,095	66.3	95,763	69.6	7.5
Building Construction					
Domestic-Public	20,407	15.2	10,413	7.6	△ 49.0
Domestic-Private	23,446	17.5	30,969	22.4	32.1
Overseas	1,354	1.0	523	0.4	61.3
Sub-total	45,207	33.7	41,906	30.4	△ 7.3
Construction Total					
Domestic-Public	81,611	60.8	82,929	60.2	1.6
Domestic-Private	33,902	25.2	45,963	33.4	35.6
Overseas	18,789	14.0	8,776	6.4	△ 53.3
Sub-total	134,303	100.0	137,669	100.0	2.5
Real Estate	442		1,418		220.7
Grand Total	134,745		139,088		3.2

②Net Sales

	FY2013		FY2014		Rate of Change
	JPY mil	Proportion	JPY mil	Proportion	%
Construction					
Civil Engineering					
Domestic-Public	62,378	49.3	62,050	46.7	△ 0.5
Domestic-Private	8,018	6.3	13,075	9.8	63.1
Overseas	13,799	10.9	13,202	9.9	△ 4.3
Sub-total	84,196	66.5	88,329	66.4	4.9
Building Construction					
Domestic-Public	14,505	11.5	15,460	11.6	6.6
Domestic-Private	26,125	20.6	28,686	21.5	9.8
Overseas	1,766	1.4	633	0.5	△ 64.1
Sub-total	42,398	33.5	44,781	33.6	5.6
Construction Total					
Domestic-Public	76,884	60.7	77,510	58.2	0.8
Domestic-Private	34,144	27.0	41,762	31.4	22.3
Overseas	15,566	12.3	13,836	10.4	△ 11.1
Sub-total	126,594	100.0	133,111	100.0	5.1
Real Estate	442		1,418		220.7
Grand Total	127,036		134,529		5.9

③Backlog

	FY2013		FY2014		Rate of Change
	JPY mil	Proportion	JPY mil	Proportion	%
Construction					
Civil Engineering					
Domestic-Public	45,746	40.3	56,211	46.7	22.9
Domestic-Private	5,966	5.2	7,885	6.6	32.2
Overseas	27,422	24.1	24,406	20.3	△ 11.0
Sub-total	79,135	69.6	88,503	73.6	11.8
Building Construction					
Domestic-Public	17,894	15.7	12,846	10.7	△ 28.2
Domestic-Private	16,109	14.2	18,379	15.3	14.1
Overseas	594	0.5	484	0.4	△ 18.5
Sub-total	34,597	30.4	31,710	26.4	△ 8.3
Construction Total					
Domestic-Public	63,640	56.0	69,057	57.5	8.5
Domestic-Private	22,076	19.4	26,264	21.8	19.0
Overseas	28,017	24.6	24,891	20.7	△ 11.2
Sub-total	113,733	100.0	120,214	100.0	5.7
Real Estate	-		-		-
Grand Total	113,733		120,214		5.7