

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 11, 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. Masatoshi Maruyama
 Business Administration Div. TEL 03-6361-5450
 Scheduled date to file Quarterly Securities Report: November 11, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	73,566	11.1	4,663	45.7	4,043	35.4	2,353	41.3
Six months ended September 30, 2014	66,238	(3.3)	3,201	48.8	2,987	71.8	1,665	138.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2015	24.95	–
Six months ended September 30, 2014	20.81	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2015	116,114	36,971	31.0	381.39
As of March 31, 2015	123,247	35,351	28.0	365.39

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	–	–	–	9.00	9.00
Year ending March 31, 2016	–	–	–	–	–
Year ending March 31, 2016 (Forecast)	–	–	–	9.00	9.00

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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	155,000	4.4	8,000	35.1	7,000	51.9	4,300	28.5	45.58

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No

(4) Number of issued shares (common shares)

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

As of September 30, 2015	94,371,183 shares	As of March 31, 2015	94,371,183 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	41,456 shares	As of March 31, 2015	41,195 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015	94,329,841 shares	Six months ended September 30, 2014	80,030,139 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	17,646	18,098
Notes receivable, accounts receivable from completed construction contracts and other	54,163	40,518
Costs on uncompleted construction contracts	5,862	7,846
Real estate for sale	211	207
Other	7,822	10,929
Allowance for doubtful accounts	(92)	(118)
Total current assets	85,614	77,481
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,604	13,679
Machinery, vehicles, tools, furniture and fixtures	20,760	20,363
Land	22,991	22,991
Construction in progress	648	1,617
Accumulated depreciation	(26,533)	(26,482)
Total property, plant and equipment	31,471	32,169
Intangible assets	155	185
Investments and other assets		
Investment securities	2,939	2,864
Other	4,425	4,807
Allowance for doubtful accounts	(1,359)	(1,395)
Total investments and other assets	6,005	6,277
Total non-current assets	37,632	38,632
Total assets	123,247	116,114

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	40,825	35,417
Short-term loans payable	15,061	6,995
Advances received on uncompleted construction contracts	6,515	9,732
Provision	1,639	1,337
Other	9,933	9,273
Total current liabilities	73,975	62,756
Non-current liabilities		
Long-term loans payable	5,632	7,895
Provision	33	28
Net defined benefit liability	5,419	5,463
Other	2,836	2,999
Total non-current liabilities	13,921	16,386
Total liabilities	87,896	79,142
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	5,856	5,856
Retained earnings	12,421	13,926
Treasury shares	(14)	(14)
Total shareholders' equity	32,313	33,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	579	509
Deferred gains or losses on hedges	(2)	(19)
Revaluation reserve for land	2,753	2,760
Foreign currency translation adjustment	32	3
Remeasurements of defined benefit plans	(1,209)	(1,095)
Total accumulated other comprehensive income	2,153	2,158
Non-controlling interests	884	994
Total net assets	35,351	36,971
Total liabilities and net assets	123,247	116,114

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales		
Net sales of completed construction contracts	64,928	73,262
Net sales of side line business	1,309	304
Total net sales	66,238	73,566
Cost of sales		
Cost of sales of completed construction contracts	58,665	65,157
Cost of sales on side line business	1,046	81
Total cost of sales	59,711	65,239
Gross profit		
Gross profit on completed construction contracts	6,263	8,104
Gross profit on side line business	263	222
Total gross profit	6,526	8,326
Selling, general and administrative expenses	3,325	3,662
Operating income	3,201	4,663
Non-operating income		
Interest income	11	15
Dividend income	15	16
Foreign exchange gains	161	–
Other	15	40
Total non-operating income	204	73
Non-operating expenses		
Interest expenses	228	206
Foreign exchange losses	–	254
Commitment fee	94	53
Other	95	177
Total non-operating expenses	418	693
Ordinary income	2,987	4,043
Extraordinary income		
Gain on abolishment of retirement benefit plan	268	–
Gain on sales of non-current assets	11	37
Other	–	1
Total extraordinary income	280	39
Extraordinary losses		
Loss on retirement of non-current assets	4	6
Loss on sales of non-current assets	–	5
Other	3	1
Total extraordinary losses	7	13
Income before income taxes and minority interests	3,259	4,069
Income taxes - current	684	1,381
Income taxes - deferred	720	176
Total income taxes	1,404	1,557
Profit	1,855	2,512
Profit attributable to non-controlling interests	189	158
Profit attributable to owners of parent	1,665	2,353

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	1,855	2,512
Other comprehensive income		
Valuation difference on available-for-sale securities	57	(71)
Deferred gains or losses on hedges	(2)	(16)
Revaluation reserve for land	–	6
Foreign currency translation adjustment	(17)	(70)
Remeasurements of defined benefit plans, net of tax	642	115
Total other comprehensive income	680	(37)
Comprehensive income	2,535	2,474
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,356	2,358
Comprehensive income attributable to non-controlling interests	178	116

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	3,259	4,069
Depreciation	644	584
Increase (decrease) in allowance for doubtful accounts	1	61
Increase (decrease) in provision for loss on construction contracts	(121)	(176)
Increase (decrease) in net defined benefit liability	(315)	211
Interest and dividend income	(27)	(32)
Interest expenses	228	206
Loss (gain) on valuation of investment securities	–	1
Loss (gain) on sales of investment securities	–	(1)
Loss (gain) on sales of property, plant and equipment	(11)	(32)
Loss on retirement of property, plant and equipment	4	6
Decrease (increase) in notes and accounts receivable - trade	4,334	13,650
Decrease (increase) in costs on uncompleted construction contracts	(2,244)	(1,983)
Decrease (increase) in real estate for sale	4	4
Increase (decrease) in notes and accounts payable - trade	(3,971)	(5,414)
Increase (decrease) in advances received on uncompleted construction contracts	(530)	3,215
Other, net	(1,852)	(4,078)
Subtotal	(596)	10,293
Interest and dividend income received	27	32
Interest expenses paid	(237)	(209)
Income taxes paid	(470)	(1,640)
Net cash provided by (used in) operating activities	(1,277)	8,475
Cash flows from investing activities		
Payments into time deposits	(70)	(70)
Proceeds from withdrawal of time deposits	70	70
Purchase of securities	(197)	(45)
Proceeds from sales and redemption of short-term and long-term investment securities	105	94
Purchase of property, plant and equipment	(837)	(1,264)
Proceeds from sales of property, plant and equipment	19	64
Purchase of intangible assets	(5)	(23)
Purchase of investment securities	(4)	(37)
Collection of loans receivable	42	45
Other, net	–	(1)
Net cash provided by (used in) investing activities	(877)	(1,167)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,570)	(4,974)
Proceeds from long-term loans payable	1,300	4,300
Repayments of long-term loans payable	(1,374)	(5,132)
Repayments of lease obligations	(24)	(13)
Redemption of bonds	(11)	(11)
Cash dividends paid	(560)	(848)
Dividends paid to non-controlling interests	(4)	(5)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(4,245)	(6,685)
Effect of exchange rate change on cash and cash equivalents	117	(171)
Net increase (decrease) in cash and cash equivalents	(6,282)	451
Cash and cash equivalents at beginning of period	19,013	17,506
Cash and cash equivalents at end of period	12,730	17,958