

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2016
(Based on Japanese GAAP)**

May 12, 2016

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. Tomoyoshi Shinozaki TEL 03-6361-5450
 Scheduled date of ordinary general meeting of shareholders: June 29, 2016
 Scheduled date to file Securities Report: June 29, 2016
 Scheduled date to commence dividend payments: June 30, 2016
 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, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

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	%
Year ended March 31, 2016	156,235	5.2	8,464	42.9	7,501	62.8	4,520	35.1
Year ended March 31, 2015	148,468	2.5	5,921	47.1	4,607	37.1	3,346	67.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	47.92	–	12.4	5.9	5.4
Year ended March 31, 2015	41.20	–	11.8	3.9	4.0

(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, 2016	131,314	39,069	29.2	405.88
As of March 31, 2015	123,247	35,351	28.0	365.39

(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, 2016	4,536	(2,238)	(446)	19,082
Year ended March 31, 2015	(5,984)	(1,674)	5,748	17,506

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, 2015	–	–	–	9.00	9.00	848	21.8	3.0
Year ended March 31, 2016	–	–	–	12.00	12.00	1,131	25.0	3.1
Year ending March 31, 2017 (Forecast)	–	–	–	12.00	12.00		24.6	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

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
Six months ending September 30, 2016	79,000	7.4	3,400	(27.1)	3,000	(25.8)	1,800	(23.5)	19.08
Full year	173,000	10.7	8,000	(5.5)	7,400	(1.4)	4,600	1.8	48.77

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(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: 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, 2016	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 March 31, 2016	41,518 shares	As of March 31, 2015	41,195 shares
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Average number of shares during the period

Year ended March 31, 2016	94,329,760 shares	Year ended March 31, 2015	81,221,759 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	17,646	19,222
Notes receivable, accounts receivable from completed construction contracts and other	54,163	53,206
Costs on uncompleted construction contracts	5,862	6,153
Real estate for sale	211	74
Deferred tax assets	779	654
Other	7,043	13,664
Allowance for doubtful accounts	(92)	(37)
Total current assets	85,614	92,937
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,604	13,469
Machinery, vehicles, tools, furniture and fixtures	20,760	20,736
Land	22,991	22,695
Construction in progress	648	2,032
Accumulated depreciation	(26,533)	(26,399)
Total property, plant and equipment	31,471	32,534
Intangible assets	155	191
Investments and other assets		
Investment securities	2,939	2,761
Net defined benefit asset	26	18
Deferred tax assets	2,120	1,951
Other	2,278	2,278
Allowance for doubtful accounts	(1,359)	(1,359)
Total investments and other assets	6,005	5,650
Total non-current assets	37,632	38,376
Total assets	123,247	131,314

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	40,825	39,954
Short-term loans payable	15,061	14,305
Advances received on uncompleted construction contracts	6,515	10,261
Income taxes payable	1,580	1,611
Provision for warranties for completed construction	202	147
Provision for loss on construction contracts	603	292
Provision for bonuses	832	902
Other	8,353	9,365
Total current liabilities	73,975	76,840
Non-current liabilities		
Long-term loans payable	5,632	6,873
Deferred tax liabilities	52	39
Deferred tax liabilities for land revaluation	2,439	2,271
Provision for directors' retirement benefits	33	32
Net defined benefit liability	5,419	5,688
Other	344	498
Total non-current liabilities	13,921	15,404
Total liabilities	87,896	92,245
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	5,856	6,004
Retained earnings	12,421	16,177
Treasury shares	(14)	(14)
Total shareholders' equity	32,313	36,217
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	579	455
Deferred gains or losses on hedges	(2)	(4)
Revaluation reserve for land	2,753	2,797
Foreign currency translation adjustment	32	0
Remeasurements of defined benefit plans	(1,209)	(1,180)
Total accumulated other comprehensive income	2,153	2,068
Non-controlling interests	884	782
Total net assets	35,351	39,069
Total liabilities and net assets	123,247	131,314

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales		
Net sales of completed construction contracts	146,847	155,508
Net sales of side line business	1,621	727
Total net sales	148,468	156,235
Cost of sales		
Cost of sales of completed construction contracts	134,561	140,129
Cost of sales on side line business	1,107	270
Total cost of sales	135,668	140,399
Gross profit		
Gross profit on completed construction contracts	12,285	15,379
Gross profit on side line business	514	456
Total gross profit	12,800	15,835
Selling, general and administrative expenses	6,878	7,371
Operating income	5,921	8,464
Non-operating income		
Interest income	20	40
Dividend income	27	27
Reversal of allowance for doubtful accounts	–	20
Foreign exchange gains	446	–
Other	35	20
Total non-operating income	529	108
Non-operating expenses		
Interest expenses	461	358
Foreign exchange losses	–	350
Commitment fee	144	107
Provision of allowance for doubtful accounts	982	–
Other	255	254
Total non-operating expenses	1,843	1,070
Ordinary income	4,607	7,501
Extraordinary income		
Gain on abolishment of retirement benefit plan	268	–
Gain on sales of non-current assets	49	62
Surrender value of insurance	–	17
Other	54	1
Total extraordinary income	373	81
Extraordinary losses		
Impairment loss	412	124
Loss on retirement of non-current assets	7	20
Other	13	18
Total extraordinary losses	432	164
Profit before income taxes	4,548	7,419
Income taxes - current	1,883	2,454
Income taxes - deferred	(507)	289
Total income taxes	1,375	2,743
Profit	3,172	4,675
Profit attributable to non-controlling interests	(173)	154
Profit attributable to owners of parent	3,346	4,520

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	3,172	4,675
Other comprehensive income		
Valuation difference on available-for-sale securities	224	(128)
Deferred gains or losses on hedges	(2)	(1)
Revaluation reserve for land	248	127
Foreign currency translation adjustment	109	(79)
Remeasurements of defined benefit plans, net of tax	1,509	27
Total other comprehensive income	2,089	(55)
Comprehensive income	5,262	4,620
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,353	4,520
Comprehensive income attributable to non-controlling interests	(90)	99

Consolidated statements of changes in equity

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)
Profit attributable to owners of parent			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						Non-controlling 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)
Profit attributable to owners of parent								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

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,049	5,856	12,421	(14)	32,313
Changes of items during period					
Dividends of surplus			(848)		(848)
Profit attributable to owners of parent			4,520		4,520
Reversal of revaluation reserve for land			84		84
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity		148			148
Total changes of items during period		148	3,755	(0)	3,904
Balance at end of current period	14,049	6,004	16,177	(14)	36,217

	Accumulated other comprehensive income						Non-controlling 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	579	(2)	2,753	32	(1,209)	2,153	884	35,351
Changes of items during period								
Dividends of surplus								(848)
Profit attributable to owners of parent								4,520
Reversal of revaluation reserve for land								84
Purchase of treasury shares								(0)
Net changes of items other than shareholders' equity	(123)	(1)	43	(31)	29	(84)	(102)	(38)
Total changes of items during period	(123)	(1)	43	(31)	29	(84)	(102)	3,717
Balance at end of current period	455	(4)	2,797	0	(1,180)	2,068	782	39,069

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	4,548	7,419
Depreciation	1,689	1,251
Impairment loss	412	124
Increase (decrease) in allowance for doubtful accounts	1,014	(50)
Increase (decrease) in provision for loss on construction contracts	(48)	(311)
Increase (decrease) in net defined benefit liability	(998)	357
Interest and dividend income	(48)	(67)
Interest expenses	461	358
Loss (gain) on valuation of investment securities	–	1
Loss (gain) on sales of investment securities	(54)	(1)
Loss (gain) on sales of property, plant and equipment	(40)	(47)
Loss on retirement of property, plant and equipment	7	20
Decrease (increase) in notes and accounts receivable - trade	(10,569)	903
Decrease (increase) in costs on uncompleted construction contracts	(1,101)	(298)
Decrease (increase) in real estate for sale	(128)	137
Increase (decrease) in notes and accounts payable - trade	1,141	(795)
Increase (decrease) in advances received on uncompleted construction contracts	(2,828)	3,778
Other, net	1,718	(5,434)
Subtotal	(4,826)	7,345
Interest and dividend income received	48	56
Interest expenses paid	(454)	(353)
Income taxes paid	(751)	(2,511)
Net cash provided by (used in) operating activities	(5,984)	4,536
Cash flows from investing activities		
Payments into time deposits	(240)	(240)
Proceeds from withdrawal of time deposits	240	240
Purchase of securities	(197)	(45)
Proceeds from sales and redemption of short-term and long-term investment securities	175	94
Purchase of property, plant and equipment	(1,726)	(2,449)
Proceeds from sales of property, plant and equipment	92	270
Purchase of intangible assets	(7)	(70)
Purchase of investment securities	(8)	(41)
Payments of loans receivable	(52)	(48)
Collection of loans receivable	50	51
Other, net	(0)	0
Net cash provided by (used in) investing activities	(1,674)	(2,238)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,156	2,572
Proceeds from long-term loans payable	1,300	4,350
Repayments of long-term loans payable	(2,808)	(6,421)
Repayments of lease obligations	(43)	(24)
Redemption of bonds	(22)	(22)
Proceeds from issuance of common shares	6,731	–
Cash dividends paid	(560)	(848)
Dividends paid to non-controlling interests	(4)	(5)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(45)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	5,748	(446)
Effect of exchange rate change on cash and cash equivalents	403	(276)
Net increase (decrease) in cash and cash equivalents	(1,506)	1,575
Cash and cash equivalents at beginning of period	19,013	17,506
Cash and cash equivalents at end of period	17,506	19,082