

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2016 (Based on Japanese GAAP)

August 5, 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 to file Quarterly Securities Report: August 5, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

(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	%
Three months ended June 30, 2016	34,149	10.6	1,113	(47.3)	322	(83.4)	198	(81.8)
Three months ended June 30, 2015	30,881	1.3	2,113	59.1	1,949	79.8	1,090	63.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	2.10		–	
Three months ended June 30, 2015	11.57		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	117,918	38,188	31.7	396.20
As of March 31, 2016	131,314	39,069	29.2	405.88

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2016	–	–	–	12.00	12.00
Year ending March 31, 2017	–	–	–	–	–
Year ending March 31, 2017 (Forecast)	–	–	–	12.00	12.00

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 three months ended June 30, 2016
 (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: No
- 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 June 30, 2016	94,371,183 shares	As of March 31, 2016	94,371,183 shares
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Number of treasury shares at the end of the period

As of June 30, 2016	41,518 shares	As of March 31, 2016	41,518 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2016	94,329,665 shares	Three months ended June 30, 2015	94,329,911 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	19,222	20,957
Notes receivable, accounts receivable from completed construction contracts and other	53,206	39,295
Costs on uncompleted construction contracts	6,153	7,347
Real estate for sale	74	74
Advances paid	5,019	4,216
Other	9,299	6,617
Allowance for doubtful accounts	(37)	(29)
Total current assets	92,937	78,478
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,469	13,478
Machinery, vehicles, tools, furniture and fixtures	20,736	21,221
Land	22,695	22,735
Construction in progress	2,032	3,010
Accumulated depreciation	(26,399)	(26,934)
Total property, plant and equipment	32,534	33,512
Intangible assets	191	200
Investments and other assets		
Investment securities	2,761	2,704
Other	4,249	4,516
Allowance for doubtful accounts	(1,359)	(1,494)
Total investments and other assets	5,650	5,726
Total non-current assets	38,376	39,440
Total assets	131,314	117,918

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,954	35,760
Short-term loans payable	14,305	5,527
Advances received on uncompleted construction contracts	10,261	11,463
Provision for bonuses	902	1,464
Other provision	439	364
Other	10,976	10,073
Total current liabilities	76,840	64,653
Non-current liabilities		
Long-term loans payable	6,873	6,425
Provision for directors' retirement benefits	32	28
Net defined benefit liability	5,688	5,812
Other	2,808	2,810
Total non-current liabilities	15,404	15,076
Total liabilities	92,245	79,730
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,004	6,004
Retained earnings	16,177	15,244
Treasury shares	(14)	(14)
Total shareholders' equity	36,217	35,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	455	410
Deferred gains or losses on hedges	(4)	–
Revaluation reserve for land	2,797	2,797
Foreign currency translation adjustment	0	(5)
Remeasurements of defined benefit plans	(1,180)	(1,112)
Total accumulated other comprehensive income	2,068	2,089
Non-controlling interests	782	814
Total net assets	39,069	38,188
Total liabilities and net assets	131,314	117,918

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales		
Net sales of completed construction contracts	30,727	33,985
Net sales of side line business	154	163
Total net sales	30,881	34,149
Cost of sales		
Cost of sales of completed construction contracts	26,877	30,940
Cost of sales on side line business	30	44
Total cost of sales	26,908	30,984
Gross profit		
Gross profit on completed construction contracts	3,849	3,045
Gross profit on side line business	123	119
Total gross profit	3,972	3,164
Selling, general and administrative expenses	1,859	2,050
Operating income	2,113	1,113
Non-operating income		
Interest income	7	11
Dividend income	13	15
Other	14	16
Total non-operating income	35	44
Non-operating expenses		
Interest expenses	111	72
Foreign exchange losses	–	704
Other	87	58
Total non-operating expenses	199	835
Ordinary income	1,949	322
Extraordinary income		
Gain on sales of non-current assets	9	–
Gain on bargain purchase	–	46
Total extraordinary income	9	46
Extraordinary losses		
Loss on retirement of non-current assets	2	–
Loss on valuation of investment securities	1	–
Loss on valuation of golf club membership	–	3
Total extraordinary losses	3	3
Profit before income taxes	1,954	366
Income taxes - current	763	210
Income taxes - deferred	73	(91)
Total income taxes	836	119
Profit	1,118	246
Profit attributable to non-controlling interests	27	48
Profit attributable to owners of parent	1,090	198

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	1,118	246
Other comprehensive income		
Valuation difference on available-for-sale securities	64	(47)
Deferred gains or losses on hedges	14	4
Foreign currency translation adjustment	(73)	(15)
Remeasurements of defined benefit plans, net of tax	56	67
Total other comprehensive income	62	9
Comprehensive income	1,180	255
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,193	218
Comprehensive income attributable to non-controlling interests	(12)	37