

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

November 11, 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. Tomoyoshi Shinozaki TEL 03-6361-5450  
 Business Administration Div.  
 Scheduled date to file Quarterly Securities Report: November 11, 2016  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 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	%
Six months ended September 30, 2016	72,323	(1.7)	3,675	(21.2)	2,679	(33.7)	1,652	(29.8)
Six months ended September 30, 2015	73,566	11.1	4,663	45.7	4,043	35.4	2,353	41.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	17.53	–
Six months ended September 30, 2015	24.95	–

(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, 2016	122,434	39,639	31.6	412.21
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	Yen	Yen	Yen	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
Full year	158,000	1.1	8,000	(5.5)	7,400	(1.4)	4,600	1.8	48.79

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 30, 2016	94,371,183 shares	As of March 31, 2016	94,371,183 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2016	374,125 shares	As of March 31, 2016	41,518 shares
--------------------------	----------------	----------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	94,274,231 shares	Six months ended September 30, 2015	94,329,841 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	19,222	10,752
Notes receivable, accounts receivable from completed construction contracts and other	53,206	49,393
Costs on uncompleted construction contracts	6,153	9,498
Real estate for sale	74	223
Advances paid	5,019	5,733
Other	9,299	6,843
Allowance for doubtful accounts	(37)	(31)
Total current assets	92,937	82,412
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,469	13,182
Machinery, vehicles, tools, furniture and fixtures	20,736	24,698
Land	22,695	22,589
Construction in progress	2,032	484
Accumulated depreciation	(26,399)	(26,867)
Total property, plant and equipment	32,534	34,087
Intangible assets	191	205
Investments and other assets		
Investment securities	2,761	2,731
Other	4,249	4,393
Allowance for doubtful accounts	(1,359)	(1,396)
Total investments and other assets	5,650	5,728
Total non-current assets	38,376	40,021
Total assets	131,314	122,434

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	39,954	36,864
Short-term loans payable	14,305	7,754
Advances received on uncompleted construction contracts	10,261	10,065
Provision for bonuses	902	939
Other provision	439	545
Other	10,976	10,487
<b>Total current liabilities</b>	<b>76,840</b>	<b>66,656</b>
<b>Non-current liabilities</b>		
Long-term loans payable	6,873	7,465
Provision	32	56
Net defined benefit liability	5,688	5,822
Other	2,808	2,793
<b>Total non-current liabilities</b>	<b>15,404</b>	<b>16,137</b>
<b>Total liabilities</b>	<b>92,245</b>	<b>82,794</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	14,049	14,049
Capital surplus	6,004	6,004
Retained earnings	16,177	16,698
Treasury shares	(14)	(160)
<b>Total shareholders' equity</b>	<b>36,217</b>	<b>36,592</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	455	426
Deferred gains or losses on hedges	(4)	–
Revaluation reserve for land	2,797	2,797
Foreign currency translation adjustment	0	(24)
Remeasurements of defined benefit plans	(1,180)	(1,044)
<b>Total accumulated other comprehensive income</b>	<b>2,068</b>	<b>2,154</b>
<b>Non-controlling interests</b>	<b>782</b>	<b>893</b>
<b>Total net assets</b>	<b>39,069</b>	<b>39,639</b>
<b>Total liabilities and net assets</b>	<b>131,314</b>	<b>122,434</b>

**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, 2015	Six months ended September 30, 2016
Net sales		
Net sales of completed construction contracts	73,262	72,066
Net sales of side line business	304	256
Total net sales	73,566	72,323
Cost of sales		
Cost of sales of completed construction contracts	65,157	64,480
Cost of sales on side line business	81	61
Total cost of sales	65,239	64,542
Gross profit		
Gross profit on completed construction contracts	8,104	7,586
Gross profit on side line business	222	194
Total gross profit	8,326	7,780
Selling, general and administrative expenses	3,662	4,105
Operating income	4,663	3,675
Non-operating income		
Interest income	15	36
Dividend income	16	19
Other	40	21
Total non-operating income	73	77
Non-operating expenses		
Interest expenses	206	146
Foreign exchange losses	254	819
Commitment fee	53	58
Other	177	48
Total non-operating expenses	693	1,073
Ordinary income	4,043	2,679
Extraordinary income		
Gain on sales of non-current assets	37	12
Gain on bargain purchase	–	46
Other	1	3
Total extraordinary income	39	62
Extraordinary losses		
Loss on retirement of non-current assets	6	5
Loss on sales of non-current assets	5	–
Loss on valuation of golf club membership	–	3
Other	1	–
Total extraordinary losses	13	9
Profit before income taxes	4,069	2,732
Income taxes - current	1,381	975
Income taxes - deferred	176	(48)
Total income taxes	1,557	927
Profit	2,512	1,805
Profit attributable to non-controlling interests	158	153
Profit attributable to owners of parent	2,353	1,652

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	2,512	1,805
Other comprehensive income		
Valuation difference on available-for-sale securities	(71)	(30)
Deferred gains or losses on hedges	(16)	4
Revaluation reserve for land	6	–
Foreign currency translation adjustment	(70)	(62)
Remeasurements of defined benefit plans, net of tax	115	135
Total other comprehensive income	(37)	47
Comprehensive income	2,474	1,852
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,358	1,737
Comprehensive income attributable to non-controlling interests	116	115

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	4,069	2,732
Depreciation	584	712
Increase (decrease) in allowance for doubtful accounts	61	(50)
Increase (decrease) in provision for loss on construction contracts	(176)	77
Increase (decrease) in net defined benefit liability	211	220
Interest and dividend income	(32)	(56)
Interest expenses	206	146
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	(32)	(11)
Loss on retirement of property, plant and equipment	6	5
Decrease (increase) in notes and accounts receivable - trade	13,650	3,923
Decrease (increase) in costs on uncompleted construction contracts	(1,983)	(3,364)
Decrease (increase) in real estate for sale	4	(148)
Increase (decrease) in notes and accounts payable - trade	(5,414)	(2,926)
Increase (decrease) in advances received on uncompleted construction contracts	3,215	(192)
Other, net	(4,078)	2,610
Subtotal	10,293	3,678
Interest and dividend income received	32	55
Interest expenses paid	(209)	(140)
Income taxes paid	(1,640)	(1,651)
Net cash provided by (used in) operating activities	8,475	1,942
Cash flows from investing activities		
Payments into time deposits	(70)	(70)
Proceeds from withdrawal of time deposits	70	70
Purchase of securities	(45)	(100)
Proceeds from sales and redemption of short-term and long-term investment securities	94	37
Purchase of property, plant and equipment	(1,264)	(2,743)
Proceeds from sales of property, plant and equipment	64	28
Purchase of intangible assets	(23)	(18)
Purchase of investment securities	(37)	(1)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	242
Payments of loans receivable	–	(16)
Collection of loans receivable	45	51
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	(1,167)	(2,520)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,974)	(6,735)
Proceeds from long-term loans payable	4,300	2,100
Repayments of long-term loans payable	(5,132)	(1,297)
Repayments of lease obligations	(13)	(25)
Redemption of bonds	(11)	(11)
Cash dividends paid	(848)	(1,131)
Dividends paid to non-controlling interests	(5)	(4)
Purchase of treasury shares	(0)	(145)
Net cash provided by (used in) financing activities	(6,685)	(7,252)
Effect of exchange rate change on cash and cash equivalents	(171)	(669)
Net increase (decrease) in cash and cash equivalents	451	(8,499)
Cash and cash equivalents at beginning of period	17,506	19,082
Cash and cash equivalents at end of period	17,958	10,582