

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 9, 2017

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
 Business Administration Div. TEL 03-6361-5450
 Scheduled date to file Quarterly Securities Report: February 9, 2017
 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 nine months ended December 31, 2016 (from April 1, 2016 to December 31, 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	%
Nine months ended December 31, 2016	111,352	(0.8)	5,457	(15.4)	4,948	(14.6)	3,001	(15.9)
Nine months ended December 31, 2015	112,256	6.4	6,453	31.1	5,794	18.7	3,570	26.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2016	31.86	–
Nine months ended December 31, 2015	37.85	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2016	128,744	41,233	31.3	428.98
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 nine months ended December 31, 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 December 31, 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 December 31, 2016	374,180 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)

Nine months ended December 31, 2016	94,181,834 shares	Nine months ended December 31, 2015	94,329,792 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	19,222	18,719
Notes receivable, accounts receivable from completed construction contracts and other	53,206	47,684
Costs on uncompleted construction contracts	6,153	10,156
Real estate for sale	74	113
Advances paid	5,019	4,729
Other	9,299	7,273
Allowance for doubtful accounts	(37)	(26)
Total current assets	92,937	88,651
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,469	13,182
Machinery, vehicles, tools, furniture and fixtures	20,736	25,012
Land	22,695	22,588
Construction in progress	2,032	134
Accumulated depreciation	(26,399)	(27,161)
Total property, plant and equipment	32,534	33,756
Intangible assets	191	220
Investments and other assets		
Investment securities	2,761	2,985
Other	4,249	4,524
Allowance for doubtful accounts	(1,359)	(1,394)
Total investments and other assets	5,650	6,115
Total non-current assets	38,376	40,093
Total assets	131,314	128,744

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,954	44,619
Short-term loans payable	14,305	6,034
Advances received on uncompleted construction contracts	10,261	9,102
Income taxes payable	1,611	688
Deposits received	1,650	1,985
Provision for bonuses	902	374
Other provision	439	989
Other	7,714	8,030
Total current liabilities	76,840	71,825
Non-current liabilities		
Long-term loans payable	6,873	6,979
Provision	32	58
Net defined benefit liability	5,688	5,860
Other	2,808	2,787
Total non-current liabilities	15,404	15,686
Total liabilities	92,245	87,511
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,004	6,004
Retained earnings	16,177	18,141
Treasury shares	(14)	(160)
Total shareholders' equity	36,217	38,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	455	593
Deferred gains or losses on hedges	(4)	(1)
Revaluation reserve for land	2,797	2,702
Foreign currency translation adjustment	0	(30)
Remeasurements of defined benefit plans	(1,180)	(977)
Total accumulated other comprehensive income	2,068	2,286
Non-controlling interests	782	910
Total net assets	39,069	41,233
Total liabilities and net assets	131,314	128,744

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales		
Net sales of completed construction contracts	111,690	110,632
Net sales of side line business	565	719
Total net sales	112,256	111,352
Cost of sales		
Cost of sales of completed construction contracts	100,099	99,470
Cost of sales on side line business	244	310
Total cost of sales	100,343	99,781
Gross profit		
Gross profit on completed construction contracts	11,591	11,161
Gross profit on side line business	321	409
Total gross profit	11,912	11,570
Selling, general and administrative expenses	5,459	6,113
Operating income	6,453	5,457
Non-operating income		
Interest income	22	40
Dividend income	25	28
Other	28	26
Total non-operating income	77	95
Non-operating expenses		
Interest expenses	280	216
Foreign exchange losses	172	200
Commitment fee	82	82
Other	202	105
Total non-operating expenses	737	605
Ordinary income	5,794	4,948
Extraordinary income		
Gain on sales of non-current assets	65	15
Gain on bargain purchase	-	46
Other	5	7
Total extraordinary income	71	69
Extraordinary losses		
Loss on sales of non-current assets	5	3
Loss on retirement of non-current assets	9	125
Loss on valuation of golf club membership	-	4
Other	1	-
Total extraordinary losses	16	132
Profit before income taxes	5,848	4,886
Income taxes - current	1,756	1,714
Income taxes - deferred	312	(2)
Total income taxes	2,069	1,712
Profit	3,779	3,173
Profit attributable to non-controlling interests	209	172
Profit attributable to owners of parent	3,570	3,001

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	3,779	3,173
Other comprehensive income		
Valuation difference on available-for-sale securities	8	144
Deferred gains or losses on hedges	(4)	2
Revaluation reserve for land	6	–
Foreign currency translation adjustment	(102)	(77)
Remeasurements of defined benefit plans, net of tax	168	203
Total other comprehensive income	75	272
Comprehensive income	3,855	3,446
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,706	3,313
Comprehensive income attributable to non-controlling interests	149	132