

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 11, 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.
 Inquiries: Business Administration Div. Tomoyoshi Shinozaki TEL 03-6361-5450
 Scheduled date of ordinary general meeting of shareholders: June 29, 2017
 Scheduled date to file Securities Report: June 29, 2017
 Scheduled date to commence dividend payments: June 30, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	152,587	(2.3)	7,123	(15.8)	6,326	(15.7)	4,303	(4.8)
Year ended March 31, 2016	156,235	5.2	8,464	42.9	7,501	62.8	4,520	35.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	45.71	–	10.8	4.7	4.7
Year ended March 31, 2016	47.92	–	12.4	5.9	5.4

(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, 2017	138,021	42,116	29.9	439.29
As of March 31, 2016	131,314	39,069	29.2	405.88

(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, 2017	12,354	(3,017)	(6,264)	21,796
Year ended March 31, 2016	4,536	(2,238)	(446)	19,082

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, 2016	–	–	–	12.00	12.00	1,131	25.0	3.1
Year ended March 31, 2017	–	–	–	12.00	12.00	1,131	26.3	2.8
Year ending March 31, 2018 (Forecast)	–	–	–	12.00	12.20		23.5	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2017	83,000	14.8	3,000	(18.4)	2,700	0.8	1,800	8.9	19.12
Full year	182,000	19.3	7,500	5.3	7,100	12.2	4,800	11.5	50.99

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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: No

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, 2017	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 March 31, 2017	374,227 shares	As of March 31, 2016	41,518 shares
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Average number of shares during the period

Year ended March 31, 2017	94,135,619 shares	Year ended March 31, 2016	94,329,760 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	19,222	21,946
Notes receivable, accounts receivable from completed construction contracts and other	53,206	52,409
Costs on uncompleted construction contracts	6,153	10,958
Real estate for sale	74	156
Deferred tax assets	654	1,082
Advances paid	5,019	5,267
Other	8,644	6,590
Allowance for doubtful accounts	(37)	(17)
Total current assets	92,937	98,392
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,469	13,176
Machinery, vehicles, tools, furniture and fixtures	20,736	25,238
Land	22,695	22,591
Construction in progress	2,032	1
Accumulated depreciation	(26,399)	(27,612)
Total property, plant and equipment	32,534	33,395
Intangible assets	191	230
Investments and other assets		
Investment securities	2,761	2,999
Net defined benefit asset	18	8
Deferred tax assets	1,951	2,118
Other	2,278	2,040
Allowance for doubtful accounts	(1,359)	(1,163)
Total investments and other assets	5,650	6,002
Total non-current assets	38,376	39,628
Total assets	131,314	138,021

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	39,954	41,718
Short-term loans payable	14,305	11,003
Advances received on uncompleted construction contracts	10,261	11,909
Income taxes payable	1,611	1,228
Deposits received	1,650	5,421
Provision for warranties for completed construction	147	189
Provision for loss on construction contracts	292	741
Provision for bonuses	902	905
Other	7,714	8,191
Total current liabilities	76,840	81,308
Non-current liabilities		
Long-term loans payable	6,873	5,311
Deferred tax liabilities	39	72
Deferred tax liabilities for land revaluation	2,271	2,229
Provision	32	49
Net defined benefit liability	5,688	6,452
Other	498	482
Total non-current liabilities	15,404	14,597
Total liabilities	92,245	95,905
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,004	6,052
Retained earnings	16,177	19,443
Treasury shares	(14)	(159)
Total shareholders' equity	36,217	39,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	455	567
Deferred gains or losses on hedges	(4)	(1)
Revaluation reserve for land	2,797	2,702
Foreign currency translation adjustment	0	(10)
Remeasurements of defined benefit plans	(1,180)	(1,352)
Total accumulated other comprehensive income	2,068	1,906
Non-controlling interests	782	823
Total net assets	39,069	42,116
Total liabilities and net assets	131,314	138,021

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales		
Net sales of completed construction contracts	155,508	151,687
Net sales of sideline business	727	900
Total net sales	156,235	152,587
Cost of sales		
Cost of sales of completed construction contracts	140,129	136,985
Cost of sales on sideline business	270	352
Total cost of sales	140,399	137,337
Gross profit		
Gross profit on completed construction contracts	15,379	14,701
Gross profit on sideline business	456	548
Total gross profit	15,835	15,249
Selling, general and administrative expenses	7,371	8,125
Operating profit	8,464	7,123
Non-operating income		
Interest income	40	43
Dividend income	27	31
Reversal of allowance for doubtful accounts	20	61
Other	20	40
Total non-operating income	108	177
Non-operating expenses		
Interest expenses	358	282
Foreign exchange losses	350	301
Commitment fee	107	110
Bad debts expenses	–	117
Other	254	163
Total non-operating expenses	1,070	975
Ordinary profit	7,501	6,326
Extraordinary income		
Gain on sales of non-current assets	62	16
Gain on bargain purchase	–	46
Surrender value of insurance	17	–
Insurance income	–	35
Other	1	10
Total extraordinary income	81	109
Extraordinary losses		
Loss on retirement of non-current assets	20	127
Impairment loss	124	60
Other	18	7
Total extraordinary losses	164	194
Profit before income taxes	7,419	6,240
Income taxes - current	2,454	2,388
Income taxes - deferred	289	(587)
Total income taxes	2,743	1,801
Profit	4,675	4,438
Profit attributable to non-controlling interests	154	135
Profit attributable to owners of parent	4,520	4,303

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	4,675	4,438
Other comprehensive income		
Valuation difference on available-for-sale securities	(128)	116
Deferred gains or losses on hedges	(1)	3
Revaluation reserve for land	127	–
Foreign currency translation adjustment	(79)	(26)
Remeasurements of defined benefit plans, net of tax	27	(174)
Total other comprehensive income	(55)	(81)
Comprehensive income	4,620	4,357
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,520	4,235
Comprehensive income attributable to non-controlling interests	99	122

Consolidated statements of changes in equity

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)
Change in ownership interest of parent due to transactions with non-controlling interests		148			148
Net changes of items other than shareholders' equity					
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)
Change in ownership interest of parent due to transactions with non-controlling interests								148
Net changes of items other than shareholders' equity	(123)	(1)	43	(31)	29	(84)	(102)	(186)
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

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,049	6,004	16,177	(14)	36,217
Changes of items during period					
Dividends of surplus			(1,131)		(1,131)
Profit attributable to owners of parent			4,303		4,303
Reversal of revaluation reserve for land			94		94
Purchase of treasury shares				(145)	(145)
Change in ownership interest of parent due to transactions with non-controlling interests		47			47
Net changes of items other than shareholders' equity					
Total changes of items during period	-	47	3,265	(145)	3,167
Balance at end of current period	14,049	6,052	19,443	(159)	39,385

	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	455	(4)	2,797	0	(1,180)	2,068	782	39,069
Changes of items during period								
Dividends of surplus								(1,131)
Profit attributable to owners of parent								4,303
Reversal of revaluation reserve for land								94
Purchase of treasury shares								(145)
Change in ownership interest of parent due to transactions with non-controlling interests								47
Net changes of items other than shareholders' equity	111	3	(94)	(10)	(171)	(162)	41	(120)
Total changes of items during period	111	3	(94)	(10)	(171)	(162)	41	3,047
Balance at end of current period	567	(1)	2,702	(10)	(1,352)	1,906	823	42,116

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	7,419	6,240
Depreciation	1,251	1,838
Impairment loss	124	60
Increase (decrease) in allowance for doubtful accounts	(50)	(302)
Increase (decrease) in provision for loss on construction contracts	(311)	448
Increase (decrease) in net defined benefit liability	357	410
Interest and dividend income	(67)	(75)
Interest expenses	358	282
Loss (gain) on valuation of investment securities	1	–
Loss (gain) on sales of investment securities	(1)	(0)
Loss (gain) on sales of property, plant and equipment	(47)	(13)
Loss on retirement of property, plant and equipment	20	127
Loss (gain) on sales of intangible assets	–	(0)
Decrease (increase) in notes and accounts receivable - trade	903	1,016
Decrease (increase) in costs on uncompleted construction contracts	(298)	(4,818)
Decrease (increase) in real estate for sale	137	(82)
Increase (decrease) in notes and accounts payable - trade	(795)	1,810
Increase (decrease) in advances received on uncompleted construction contracts	3,778	1,661
Other, net	(5,434)	6,941
Subtotal	7,345	15,547
Interest and dividend income received	56	74
Interest expenses paid	(353)	(271)
Income taxes paid	(2,511)	(2,995)
Net cash provided by (used in) operating activities	4,536	12,354
Cash flows from investing activities		
Payments into time deposits	(240)	(220)
Proceeds from withdrawal of time deposits	240	240
Purchase of securities	(45)	(101)
Proceeds from sales and redemption of short-term and long-term investment securities	94	37
Purchase of property, plant and equipment	(2,449)	(3,164)
Proceeds from sales of property, plant and equipment	270	77
Purchase of intangible assets	(70)	(60)
Purchase of investment securities	(41)	(51)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	242
Payments of loans receivable	(48)	(77)
Collection of loans receivable	51	59
Other, net	0	(0)
Net cash provided by (used in) investing activities	(2,238)	(3,017)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,572	(4,575)
Proceeds from long-term loans payable	4,350	2,450
Repayments of long-term loans payable	(6,421)	(2,755)
Repayments of lease obligations	(24)	(50)
Redemption of bonds	(22)	(22)
Cash dividends paid	(848)	(1,131)
Dividends paid to non-controlling interests	(5)	(4)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(45)	(28)
Purchase of treasury shares	(0)	(145)
Net cash provided by (used in) financing activities	(446)	(6,264)
Effect of exchange rate change on cash and cash equivalents	(276)	(358)
Net increase (decrease) in cash and cash equivalents	1,575	2,713
Cash and cash equivalents at beginning of period	17,506	19,082
Cash and cash equivalents at end of period	19,082	21,796