

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 Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 7, 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 to file Quarterly Securities Report: August 7, 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 three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2017	38,228	11.9	1,295	16.3	1,501	365.2	836	321.5
Three months ended June 30, 2016	34,149	10.6	1,113	(47.3)	322	(83.4)	198	(81.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	8.89		–	
Three months ended June 30, 2016	2.10		–	

(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, 2017	131,712	42,151	31.2	437.39
As of March 31, 2017	138,021	42,116	29.9	439.29

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, 2017	–	–	–	12.00	12.00
Year ending March 31, 2018	–	–	–	–	–
Year ending March 31, 2018 (Forecast)	–	–	–	12.00	12.00

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 three months ended June 30, 2017
 (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, 2017	94,371,183 shares	As of March 31, 2017	94,371,183 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2017	374,324 shares	As of March 31, 2017	374,227 shares
---------------------	----------------	----------------------	----------------

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

Three months ended June 30, 2017	93,996,888 shares	Three months ended June 30, 2016	94,329,665 shares
----------------------------------	-------------------	----------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	21,946	25,759
Notes receivable, accounts receivable from completed construction contracts and other	52,409	42,471
Costs on uncompleted construction contracts	10,958	11,597
Real estate for sale	156	129
Advances paid	5,267	3,572
Other	7,672	8,703
Allowance for doubtful accounts	(17)	(14)
Total current assets	98,392	92,218
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,176	13,014
Machinery, vehicles, tools, furniture and fixtures	25,238	25,161
Land	22,591	22,582
Construction in progress	1	72
Accumulated depreciation	(27,612)	(27,664)
Total property, plant and equipment	33,395	33,166
Intangible assets	230	229
Investments and other assets		
Investment securities	2,999	3,045
Other	4,166	3,845
Allowance for doubtful accounts	(1,163)	(793)
Total investments and other assets	6,002	6,097
Total non-current assets	39,628	39,493
Total assets	138,021	131,712

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	41,718	40,042
Short-term loans payable	11,003	7,045
Income taxes payable	1,228	615
Advances received on uncompleted construction contracts	11,909	13,855
Deposits received	5,421	3,447
Provision for bonuses	905	1,453
Other provision	931	826
Other	8,191	8,247
Total current liabilities	81,308	75,533
Non-current liabilities		
Long-term loans payable	5,311	4,740
Provision	49	79
Net defined benefit liability	6,452	6,403
Other	2,784	2,804
Total non-current liabilities	14,597	14,027
Total liabilities	95,905	89,560
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,052	6,052
Retained earnings	19,443	19,147
Treasury shares	(159)	(159)
Total shareholders' equity	39,385	39,089
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	567	614
Deferred gains or losses on hedges	(1)	0
Revaluation reserve for land	2,702	2,702
Foreign currency translation adjustment	(10)	(18)
Remeasurements of defined benefit plans	(1,352)	(1,275)
Total accumulated other comprehensive income	1,906	2,023
Non-controlling interests	823	1,038
Total net assets	42,116	42,151
Total liabilities and net assets	138,021	131,712

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, 2016	Three months ended June 30, 2017
Net sales		
Net sales of completed construction contracts	33,985	37,998
Net sales of sideline business	163	229
Total net sales	34,149	38,228
Cost of sales		
Cost of sales of completed construction contracts	30,940	34,703
Cost of sales on sideline business	44	129
Total cost of sales	30,984	34,832
Gross profit		
Gross profit on completed construction contracts	3,045	3,295
Gross profit on sideline business	119	99
Total gross profit	3,164	3,395
Selling, general and administrative expenses	2,050	2,100
Operating profit	1,113	1,295
Non-operating income		
Interest income	11	3
Dividend income	15	19
Reversal of allowance for doubtful accounts	–	324
Other	16	12
Total non-operating income	44	360
Non-operating expenses		
Interest expenses	72	74
Other	762	78
Total non-operating expenses	835	153
Ordinary profit	322	1,501
Extraordinary income		
Gain on sales of non-current assets	–	8
Gain on sales of investment securities	–	13
Gain on bargain purchase	46	–
Total extraordinary income	46	22
Extraordinary losses		
Loss on valuation of golf club membership	3	–
Total extraordinary losses	3	–
Profit before income taxes	366	1,524
Income taxes - current	210	585
Income taxes - deferred	(91)	(125)
Total income taxes	119	459
Profit	246	1,064
Profit attributable to non-controlling interests	48	228
Profit attributable to owners of parent	198	836

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	246	1,064
Other comprehensive income		
Valuation difference on available-for-sale securities	(47)	47
Deferred gains or losses on hedges	4	2
Foreign currency translation adjustment	(15)	(20)
Remeasurements of defined benefit plans, net of tax	67	76
Total other comprehensive income	9	105
Comprehensive income	255	1,169
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	218	953
Comprehensive income attributable to non-controlling interests	37	216