

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 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: November 9, 2017  
 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, 2017 (from April 1, 2017 to September 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	%
Six months ended September 30, 2017	81,500	12.7	5,047	37.3	5,007	86.9	3,196	93.5
Six months ended September 30, 2016	72,323	(1.7)	3,675	(21.2)	2,679	(33.7)	1,652	(29.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	34.01		–	
Six months ended September 30, 2016	17.53		–	

(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, 2017	140,579	44,693	31.0	463.99
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
Full year	176,000	15.3	8,700	22.1	8,400	32.8	5,600	30.1	59.58

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 30, 2017	94,371,183 shares	As of March 31, 2017	94,371,183 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	369,742 shares	As of March 31, 2017	374,227 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	93,997,626 shares	Six months ended September 30, 2016	94,274,231 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	21,946	27,290
Notes receivable, accounts receivable from completed construction contracts and other	52,409	49,004
Costs on uncompleted construction contracts	10,958	13,091
Real estate for sale	156	95
Advances paid	5,267	4,863
Other	7,672	6,993
Allowance for doubtful accounts	(17)	(14)
Total current assets	98,392	101,325
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,176	12,948
Machinery, vehicles, tools, furniture and fixtures	25,238	24,676
Land	22,591	22,495
Construction in progress	1	369
Accumulated depreciation	(27,612)	(27,621)
Total property, plant and equipment	33,395	32,869
Intangible assets	230	226
Investments and other assets		
Investment securities	2,999	3,144
Other	4,166	3,803
Allowance for doubtful accounts	(1,163)	(790)
Total investments and other assets	6,002	6,157
Total non-current assets	39,628	39,254
Total assets	138,021	140,579

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	41,718	48,249
Short-term loans payable	11,003	6,803
Income taxes payable	1,228	1,589
Advances received on uncompleted construction contracts	11,909	12,375
Deposits received	5,421	2,694
Provision for bonuses	905	916
Other provision	931	725
Other	8,191	8,769
Total current liabilities	81,308	82,123
Non-current liabilities		
Long-term loans payable	5,311	4,538
Provision	49	78
Net defined benefit liability	6,452	6,356
Other	2,784	2,789
Total non-current liabilities	14,597	13,762
Total liabilities	95,905	95,886
<b>Net assets</b>		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,052	6,052
Retained earnings	19,443	21,508
Treasury shares	(159)	(157)
Total shareholders' equity	39,385	41,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	567	680
Deferred gains or losses on hedges	(1)	–
Revaluation reserve for land	2,702	2,702
Foreign currency translation adjustment	(10)	(19)
Remeasurements of defined benefit plans	(1,352)	(1,199)
Total accumulated other comprehensive income	1,906	2,163
Non-controlling interests	823	1,077
Total net assets	42,116	44,693
Total liabilities and net assets	138,021	140,579

**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, 2016	Six months ended September 30, 2017
Net sales		
Net sales of completed construction contracts	72,066	80,888
Net sales of sideline business	256	611
Total net sales	72,323	81,500
Cost of sales		
Cost of sales of completed construction contracts	64,480	71,928
Cost of sales on sideline business	61	397
Total cost of sales	64,542	72,326
Gross profit		
Gross profit on completed construction contracts	7,586	8,959
Gross profit on sideline business	194	213
Total gross profit	7,780	9,173
Selling, general and administrative expenses	4,105	4,125
Operating profit	3,675	5,047
Non-operating income		
Interest income	36	7
Dividend income	19	21
Reversal of allowance for doubtful accounts	–	324
Other	21	25
Total non-operating income	77	378
Non-operating expenses		
Interest expenses	146	142
Commitment fee	58	187
Other	867	88
Total non-operating expenses	1,073	418
Ordinary profit	2,679	5,007
Extraordinary income		
Gain on sales of non-current assets	12	59
Gain on sales of investment securities	–	14
Gain on bargain purchase	46	–
Other	3	–
Total extraordinary income	62	73
Extraordinary losses		
Loss on retirement of non-current assets	5	16
Loss on sales of non-current assets	–	3
Loss on valuation of golf club membership	3	–
Total extraordinary losses	9	19
Profit before income taxes	2,732	5,061
Income taxes - current	975	1,485
Income taxes - deferred	(48)	110
Total income taxes	927	1,596
Profit	1,805	3,465
Profit attributable to non-controlling interests	153	268
Profit attributable to owners of parent	1,652	3,196

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

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	1,805	3,465
Other comprehensive income		
Valuation difference on available-for-sale securities	(30)	114
Deferred gains or losses on hedges	4	1
Foreign currency translation adjustment	(62)	(23)
Remeasurements of defined benefit plans, net of tax	135	152
Total other comprehensive income	47	244
Comprehensive income	1,852	3,709
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,737	3,453
Comprehensive income attributable to non-controlling interests	115	255

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	2,732	5,061
Depreciation	712	935
Increase (decrease) in allowance for doubtful accounts	(50)	(373)
Increase (decrease) in provision for loss on construction contracts	77	(185)
Increase (decrease) in net defined benefit liability	220	123
Interest and dividend income	(56)	(28)
Interest expenses	146	142
Loss (gain) on sales of investment securities	–	(14)
Loss (gain) on sales of property, plant and equipment	(11)	(56)
Loss on retirement of property, plant and equipment	5	16
Decrease (increase) in notes and accounts receivable - trade	3,923	3,336
Decrease (increase) in costs on uncompleted construction contracts	(3,364)	(2,140)
Decrease (increase) in real estate for sale	(148)	76
Increase (decrease) in notes and accounts payable - trade	(2,926)	6,583
Increase (decrease) in advances received on uncompleted construction contracts	(192)	479
Other, net	2,610	(1,284)
Subtotal	3,678	12,672
Interest and dividend income received	55	27
Interest expenses paid	(140)	(133)
Income taxes paid	(1,651)	(1,112)
Net cash provided by (used in) operating activities	1,942	11,454
Cash flows from investing activities		
Payments into time deposits	(70)	(50)
Proceeds from withdrawal of time deposits	70	50
Purchase of securities	(100)	(71)
Proceeds from sales and redemption of short-term and long-term investment securities	37	139
Purchase of property, plant and equipment	(2,743)	(215)
Proceeds from sales of property, plant and equipment	28	135
Purchase of intangible assets	(18)	(29)
Purchase of investment securities	(1)	(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	51	46
Other, net	(0)	–
Net cash provided by (used in) investing activities	(2,520)	2

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,735)	(4,266)
Proceeds from long-term loans payable	2,100	700
Repayments of long-term loans payable	(1,297)	(1,358)
Repayments of lease obligations	(25)	(27)
Redemption of bonds	(11)	–
Cash dividends paid	(1,131)	(1,131)
Dividends paid to non-controlling interests	(4)	(2)
Proceeds from sales of treasury shares	–	1
Purchase of treasury shares	(145)	(0)
Net cash provided by (used in) financing activities	(7,252)	(6,085)
Effect of exchange rate change on cash and cash equivalents	(669)	(27)
Net increase (decrease) in cash and cash equivalents	(8,499)	5,344
Cash and cash equivalents at beginning of period	19,082	21,796
Cash and cash equivalents at end of period	10,582	27,140