

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 2018

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 28, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	172,635	13.1	10,828	52.0	10,534	66.5	7,050	63.8
Year ended March 31, 2017	152,587	(2.3)	7,123	(15.8)	6,326	(15.7)	4,303	(4.8)

	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, 2018	75.01	–	15.9	7.2	6.3
Year ended March 31, 2017	45.71	–	10.8	4.7	4.7

(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, 2018	154,984	48,640	30.7	505.67
As of March 31, 2017	138,021	42,116	29.9	439.29

(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, 2018	10,708	(872)	(3,681)	27,830
Year ended March 31, 2017	12,354	(3,017)	(6,264)	21,796

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, 2017	–	–	–	12.00	12.00	1,131	26.3	2.8
Year ended March 31, 2018	–	–	–	15.00	15.00	1,414	20.0	3.2
Year ending March 31, 2019 (Forecast)	–	–	–	12.00	12.00		22.1	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	83,000	1.8	3,700	(26.7)	3,600	(28.1)	2,400	(24.9)	25.53
Full year	182,000	5.4	8,200	(24.3)	7,800	(26.0)	5,100	(27.7)	54.26

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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, 2018	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 March 31, 2018	369,916 shares	As of March 31, 2017	374,227 shares
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Average number of shares during the period

Year ended March 31, 2018	93,999,481 shares	Year ended March 31, 2017	94,135,619 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	21,946	27,970
Notes receivable, accounts receivable from completed construction contracts and other	52,409	57,858
Costs on uncompleted construction contracts	10,958	9,623
Real estate for sale	156	51
Deferred tax assets	1,082	980
Advances paid	5,267	7,309
Other accounts receivable	2,065	7,862
Other	4,525	4,278
Allowance for doubtful accounts	(17)	(3)
Total current assets	98,392	115,931
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,176	12,726
Machinery, vehicles, tools, furniture and fixtures	25,238	24,355
Land	22,591	22,419
Construction in progress	1	324
Accumulated depreciation	(27,612)	(27,251)
Total property, plant and equipment	33,395	32,572
Intangible assets	230	210
Investments and other assets		
Investment securities	2,999	3,206
Net defined benefit asset	8	—
Deferred tax assets	2,118	2,075
Other	2,040	1,733
Allowance for doubtful accounts	(1,163)	(744)
Total investments and other assets	6,002	6,270
Total non-current assets	39,628	39,053
Total assets	138,021	154,984

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	41,718	53,095
Short-term loans payable	11,003	9,568
Advances received on uncompleted construction contracts	11,909	13,283
Income taxes payable	1,228	2,126
Deposits received	5,421	2,636
Provision for warranties for completed construction	189	234
Provision for loss on construction contracts	741	494
Provision for bonuses	905	1,022
Other	8,191	10,109
Total current liabilities	81,308	92,571
Non-current liabilities		
Long-term loans payable	5,311	4,349
Deferred tax liabilities	72	77
Deferred tax liabilities for land revaluation	2,229	2,227
Provision	49	85
Net defined benefit liability	6,452	6,484
Other	482	548
Total non-current liabilities	14,597	13,773
Total liabilities	95,905	106,344
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,052	6,052
Retained earnings	19,443	25,332
Treasury shares	(159)	(157)
Total shareholders' equity	39,385	45,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	567	717
Deferred gains or losses on hedges	(1)	(9)
Revaluation reserve for land	2,702	2,732
Foreign currency translation adjustment	(10)	(11)
Remeasurements of defined benefit plans	(1,352)	(1,171)
Total accumulated other comprehensive income	1,906	2,257
Non-controlling interests	823	1,106
Total net assets	42,116	48,640
Total liabilities and net assets	138,021	154,984

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales		
Net sales of completed construction contracts	151,687	171,396
Net sales of sideline business	900	1,238
Total net sales	152,587	172,635
Cost of sales		
Cost of sales of completed construction contracts	136,985	152,650
Cost of sales on sideline business	352	765
Total cost of sales	137,337	153,415
Gross profit		
Gross profit on completed construction contracts	14,701	18,746
Gross profit on sideline business	548	473
Total gross profit	15,249	19,219
Selling, general and administrative expenses	8,125	8,391
Operating profit	7,123	10,828
Non-operating income		
Interest income	43	11
Dividend income	31	32
Reversal of allowance for doubtful accounts	61	319
Other	40	37
Total non-operating income	177	401
Non-operating expenses		
Interest expenses	282	249
Foreign exchange losses	301	169
Commitment fee	110	201
Bad debts expenses	117	–
Other	163	74
Total non-operating expenses	975	694
Ordinary profit	6,326	10,534
Extraordinary income		
Gain on sales of non-current assets	16	83
Gain on sales of investment securities	–	14
Gain on bargain purchase	46	–
Insurance income	35	–
Other	10	–
Total extraordinary income	109	97
Extraordinary losses		
Loss on sales of non-current assets	3	7
Loss on retirement of non-current assets	127	44
Impairment loss	60	99
Other	4	–
Total extraordinary losses	194	151
Profit before income taxes	6,240	10,481
Income taxes - current	2,388	3,137
Income taxes - deferred	(587)	3
Total income taxes	1,801	3,141
Profit	4,438	7,339
Profit attributable to non-controlling interests	135	289
Profit attributable to owners of parent	4,303	7,050

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	4,438	7,339
Other comprehensive income		
Valuation difference on available-for-sale securities	116	149
Deferred gains or losses on hedges	3	(8)
Foreign currency translation adjustment	(26)	(2)
Remeasurements of defined benefit plans, net of tax	(174)	178
Total other comprehensive income	(81)	316
Comprehensive income	4,357	7,656
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,235	7,371
Comprehensive income attributable to non-controlling interests	122	284

Consolidated statements of changes in equity

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)
Disposal of treasury shares					–
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)
Disposal of treasury shares								–
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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,049	6,052	19,443	(159)	39,385
Changes of items during period					
Dividends of surplus			(1,131)		(1,131)
Profit attributable to owners of parent			7,050		7,050
Reversal of revaluation reserve for land			(29)		(29)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				2	2
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	5,888	1	5,890
Balance at end of current period	14,049	6,052	25,332	(157)	45,276

	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	567	(1)	2,702	(10)	(1,352)	1,906	823	42,116
Changes of items during period								
Dividends of surplus								(1,131)
Profit attributable to owners of parent								7,050
Reversal of revaluation reserve for land								(29)
Purchase of treasury shares								(0)
Disposal of treasury shares								2
Change in ownership interest of parent due to transactions with non-controlling interests								-
Net changes of items other than shareholders' equity	149	(8)	29	(1)	180	350	282	633
Total changes of items during period	149	(8)	29	(1)	180	350	282	6,524
Balance at end of current period	717	(9)	2,732	(11)	(1,171)	2,257	1,106	48,640

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	6,240	10,481
Depreciation	1,838	1,903
Impairment loss	60	99
Increase (decrease) in allowance for doubtful accounts	(302)	(431)
Increase (decrease) in provision for loss on construction contracts	448	(247)
Increase (decrease) in net defined benefit liability	410	294
Interest and dividend income	(75)	(44)
Interest expenses	282	249
Loss (gain) on sales of investment securities	(0)	(14)
Loss (gain) on sales of property, plant and equipment	(13)	(75)
Loss on retirement of property, plant and equipment	127	44
Loss (gain) on sales of intangible assets	(0)	–
Decrease (increase) in notes and accounts receivable - trade	1,016	(5,485)
Decrease (increase) in costs on uncompleted construction contracts	(4,818)	1,327
Decrease (increase) in real estate for sale	(82)	539
Decrease (increase) in operating receivables	(795)	(5,888)
Decrease (increase) in advances paid	(259)	(2,042)
Increase (decrease) in notes and accounts payable - trade	1,810	11,410
Increase (decrease) in advances received on uncompleted construction contracts	1,661	1,382
Increase (decrease) in accrued consumption taxes	1,188	1,807
Increase (decrease) in deposits received	3,805	(2,775)
Other, net	3,002	704
Subtotal	15,547	13,237
Interest and dividend income received	74	42
Interest expenses paid	(271)	(257)
Income taxes paid	(2,995)	(2,313)
Net cash provided by (used in) operating activities	12,354	10,708
Cash flows from investing activities		
Payments into time deposits	(220)	(190)
Proceeds from withdrawal of time deposits	240	200
Purchase of securities	(101)	(71)
Proceeds from sales and redemption of short-term and long-term investment securities	37	139
Purchase of property, plant and equipment	(3,164)	(1,022)
Proceeds from sales of property, plant and equipment	77	170
Purchase of intangible assets	(60)	(54)
Purchase of investment securities	(51)	(11)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	242	–
Payments of loans receivable	(77)	(84)
Collection of loans receivable	59	52
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(3,017)	(872)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,575)	(1,071)
Proceeds from long-term loans payable	2,450	2,855
Repayments of long-term loans payable	(2,755)	(4,145)
Repayments of lease obligations	(50)	(186)
Redemption of bonds	(22)	–
Cash dividends paid	(1,131)	(1,131)
Dividends paid to non-controlling interests	(4)	(2)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(28)	–
Proceeds from sales of treasury shares	–	1
Purchase of treasury shares	(145)	(0)
Net cash provided by (used in) financing activities	(6,264)	(3,681)
Effect of exchange rate change on cash and cash equivalents	(358)	(120)
Net increase (decrease) in cash and cash equivalents	2,713	6,034
Cash and cash equivalents at beginning of period	19,082	21,796
Cash and cash equivalents at end of period	21,796	27,830