

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 9, 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 to file Quarterly Securities Report: August 9, 2018
 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, 2018 (from April 1, 2018 to June 30, 2018)

(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, 2018	30,571	(20.0)	971	(25.0)	1,196	(20.3)	721	(13.6)
Three months ended June 30, 2017	38,228	11.9	1,295	16.3	1,501	365.2	836	321.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	7.68	–
Three months ended June 30, 2017	8.89	–

(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, 2018	140,900	48,086	33.3	499.75
As of March 31, 2018	154,968	48,640	30.7	505.67

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, 2018	–	–	–	15.00	15.00
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	12.00	12.00

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 three months ended June 30, 2018
 (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, 2018	94,371,183 shares	As of March 31, 2018	94,371,183 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	365,495 shares	As of March 31, 2018	369,916 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	94,002,739 shares	Three months ended June 30, 2017	93,996,888 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	27,970	39,419
Notes receivable, accounts receivable from completed construction contracts and other	57,858	38,137
Costs on uncompleted construction contracts	9,623	14,052
Real estate for sale	51	5
Advances paid	7,309	3,129
Other	12,140	5,745
Allowance for doubtful accounts	(3)	(3)
Total current assets	114,950	100,487
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,726	12,733
Machinery, vehicles, tools, furniture and fixtures	24,355	24,358
Land	22,419	22,416
Construction in progress	324	793
Accumulated depreciation	(27,251)	(27,506)
Total property, plant and equipment	32,572	32,795
Intangible assets	210	200
Investments and other assets		
Investment securities	3,206	3,369
Other	4,773	4,439
Allowance for doubtful accounts	(744)	(391)
Total investments and other assets	7,235	7,417
Total non-current assets	40,018	40,413
Total assets	154,968	140,900

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	53,095	46,537
Short-term loans payable	9,568	4,413
Income taxes payable	2,126	511
Advances received on uncompleted construction contracts	13,283	17,993
Deposits received	2,636	1,912
Provision for bonuses	1,022	1,639
Other provision	729	586
Other	10,109	5,993
Total current liabilities	92,571	79,587
Non-current liabilities		
Long-term loans payable	4,349	3,918
Provision	85	103
Net defined benefit liability	6,484	6,469
Other	2,836	2,735
Total non-current liabilities	13,756	13,226
Total liabilities	106,328	92,814
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,052	6,052
Retained earnings	25,332	24,639
Treasury shares	(157)	(155)
Total shareholders' equity	45,276	44,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	717	828
Deferred gains or losses on hedges	(9)	(19)
Revaluation reserve for land	2,732	2,732
Foreign currency translation adjustment	(11)	(42)
Remeasurements of defined benefit plans	(1,171)	(1,104)
Total accumulated other comprehensive income	2,257	2,394
Non-controlling interests	1,106	1,106
Total net assets	48,640	48,086
Total liabilities and net assets	154,968	140,900

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, 2017	Three months ended June 30, 2018
Net sales		
Net sales of completed construction contracts	37,998	30,297
Net sales of sideline business	229	274
Total net sales	38,228	30,571
Cost of sales		
Cost of sales of completed construction contracts	34,703	27,215
Cost of sales on sideline business	129	149
Total cost of sales	34,832	27,365
Gross profit		
Gross profit on completed construction contracts	3,295	3,081
Gross profit on sideline business	99	124
Total gross profit	3,395	3,206
Selling, general and administrative expenses	2,100	2,234
Operating profit	1,295	971
Non-operating income		
Interest income	3	1
Dividend income	19	19
Reversal of allowance for doubtful accounts	324	204
Foreign exchange gains	–	65
Other	12	13
Total non-operating income	360	305
Non-operating expenses		
Interest expenses	74	49
Other	78	31
Total non-operating expenses	153	80
Ordinary profit	1,501	1,196
Extraordinary income		
Gain on sales of non-current assets	8	1
Gain on sales of investment securities	13	–
Surrender value of insurance	–	10
Total extraordinary income	22	12
Extraordinary losses		
Loss on retirement of non-current assets	–	3
Loss on valuation of golf club membership	–	1
Total extraordinary losses	–	4
Profit before income taxes	1,524	1,204
Income taxes - current	585	514
Income taxes - deferred	(125)	(79)
Total income taxes	459	434
Profit	1,064	769
Profit attributable to non-controlling interests	228	47
Profit attributable to owners of parent	836	721

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	1,064	769
Other comprehensive income		
Valuation difference on available-for-sale securities	47	111
Deferred gains or losses on hedges	2	(10)
Foreign currency translation adjustment	(20)	(77)
Remeasurements of defined benefit plans, net of tax	76	67
Total other comprehensive income	105	91
Comprehensive income	1,169	861
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	953	859
Comprehensive income attributable to non-controlling interests	216	2