

Translation

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

November 12, 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. Tomoyoshi Shinozaki TEL 03-6361-5450
 Business Administration Div.
 Scheduled date to file Quarterly Securities Report: November 12, 2018
 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, 2018 (from April 1, 2018 to September 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	%
Six months ended September 30, 2018	75,617	(7.2)	3,281	(35.0)	3,491	(30.3)	2,190	(31.5)
Six months ended September 30, 2017	81,500	12.7	5,047	37.3	5,007	86.9	3,196	93.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	23.30	–
Six months ended September 30, 2017	34.01	–

(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, 2018	134,406	49,802	36.2	517.64
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
Full year	164,000	(5.0)	8,200	(24.3)	7,800	(26.0)	5,100	(27.7)	54.26

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2018	349,271 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)

Six months ended September 30, 2018	94,006,915 shares	Six months ended September 30, 2017	93,997,626 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	27,970	25,963
Notes receivable, accounts receivable from completed construction contracts and other	57,858	51,583
Costs on uncompleted construction contracts	9,623	7,034
Real estate for sale	51	5
Advances paid	7,309	3,860
Other	12,140	5,814
Allowance for doubtful accounts	(3)	(6)
Total current assets	114,950	94,256
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,726	12,795
Machinery, vehicles, tools, furniture and fixtures	24,355	24,278
Land	22,419	22,417
Construction in progress	324	1,066
Accumulated depreciation	(27,251)	(27,787)
Total property, plant and equipment	32,572	32,770
Intangible assets	210	195
Investments and other assets		
Investment securities	3,206	3,466
Other	4,773	4,119
Allowance for doubtful accounts	(744)	(401)
Total investments and other assets	7,235	7,184
Total non-current assets	40,018	40,150
Total assets	154,968	134,406

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	53,095	42,216
Short-term loans payable	9,568	4,904
Income taxes payable	2,126	1,040
Advances received on uncompleted construction contracts	13,283	14,575
Deposits received	2,636	1,471
Provision for bonuses	1,022	1,041
Other provision	729	565
Other	10,109	6,462
Total current liabilities	92,571	72,277
Non-current liabilities		
Long-term loans payable	4,349	3,133
Provision	85	105
Net defined benefit liability	6,484	6,383
Other	2,836	2,705
Total non-current liabilities	13,756	12,326
Total liabilities	106,328	84,604
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,052	6,059
Retained earnings	25,332	26,107
Treasury shares	(157)	(148)
Total shareholders' equity	45,276	46,067
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	717	893
Deferred gains or losses on hedges	(9)	51
Revaluation reserve for land	2,732	2,732
Foreign currency translation adjustment	(11)	(37)
Remeasurements of defined benefit plans	(1,171)	(1,038)
Total accumulated other comprehensive income	2,257	2,602
Non-controlling interests	1,106	1,132
Total net assets	48,640	49,802
Total liabilities and net assets	154,968	134,406

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, 2017	Six months ended September 30, 2018
Net sales		
Net sales of completed construction contracts	80,888	75,123
Net sales of sideline business	611	493
Total net sales	81,500	75,617
Cost of sales		
Cost of sales of completed construction contracts	71,928	67,655
Cost of sales on sideline business	397	257
Total cost of sales	72,326	67,913
Gross profit		
Gross profit on completed construction contracts	8,959	7,468
Gross profit on sideline business	213	235
Total gross profit	9,173	7,704
Selling, general and administrative expenses	4,125	4,422
Operating profit	5,047	3,281
Non-operating income		
Interest income	7	4
Dividend income	21	23
Reversal of allowance for doubtful accounts	324	207
Foreign exchange gains	–	102
Other	25	20
Total non-operating income	378	357
Non-operating expenses		
Interest expenses	142	84
Other	276	63
Total non-operating expenses	418	147
Ordinary profit	5,007	3,491
Extraordinary income		
Gain on sales of non-current assets	59	7
Gain on sales of investment securities	14	–
Surrender value of insurance	–	22
Total extraordinary income	73	29
Extraordinary losses		
Loss on retirement of non-current assets	16	12
Loss on sales of non-current assets	3	–
Other	–	5
Total extraordinary losses	19	18
Profit before income taxes	5,061	3,502
Income taxes - current	1,485	1,000
Income taxes - deferred	110	237
Total income taxes	1,596	1,238
Profit	3,465	2,264
Profit attributable to non-controlling interests	268	73
Profit attributable to owners of parent	3,196	2,190

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	3,465	2,264
Other comprehensive income		
Valuation difference on available-for-sale securities	114	176
Deferred gains or losses on hedges	1	61
Foreign currency translation adjustment	(23)	(64)
Remeasurements of defined benefit plans, net of tax	152	133
Total other comprehensive income	244	307
Comprehensive income	3,709	2,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,453	2,536
Comprehensive income attributable to non-controlling interests	255	35

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	5,061	3,502
Depreciation	935	853
Increase (decrease) in allowance for doubtful accounts	(373)	(333)
Increase (decrease) in provision for loss on construction contracts	(185)	(420)
Increase (decrease) in net defined benefit liability	123	88
Interest and dividend income	(28)	(28)
Interest expenses	142	84
Loss (gain) on sales of investment securities	(14)	–
Loss (gain) on sales of property, plant and equipment	(56)	(7)
Loss on retirement of property, plant and equipment	16	12
Decrease (increase) in notes and accounts receivable - trade	3,336	6,167
Decrease (increase) in costs on uncompleted construction contracts	(2,140)	2,587
Decrease (increase) in real estate for sale	76	46
Decrease (increase) in other accounts receivable	(336)	5,742
Decrease (increase) in advances paid	401	3,447
Increase (decrease) in notes and accounts payable - trade	6,583	(10,816)
Increase (decrease) in advances received on uncompleted construction contracts	479	1,308
Increase (decrease) in accrued consumption taxes	441	(3,339)
Increase (decrease) in deposits received	(2,714)	(1,152)
Other, net	922	744
Subtotal	12,672	8,486
Interest and dividend income received	27	27
Interest expenses paid	(133)	(85)
Income taxes paid	(1,112)	(1,939)
Net cash provided by (used in) operating activities	11,454	6,489
Cash flows from investing activities		
Payments into time deposits	(50)	–
Proceeds from withdrawal of time deposits	50	40
Purchase of securities	(71)	(32)
Proceeds from sales and redemption of short-term and long-term investment securities	139	68
Purchase of property, plant and equipment	(215)	(1,348)
Proceeds from sales of property, plant and equipment	135	12
Purchase of intangible assets	(29)	(9)
Purchase of investment securities	(1)	(2)
Payments of loans receivable	–	(15)
Collection of loans receivable	46	17
Net cash provided by (used in) investing activities	2	(1,268)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,266)	(4,660)
Proceeds from long-term loans payable	700	400
Repayments of long-term loans payable	(1,358)	(1,568)
Repayments of lease obligations	(27)	(39)
Cash dividends paid	(1,131)	(1,414)
Dividends paid to non-controlling interests	(2)	(2)
Proceeds from sales of treasury shares	1	4
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(6,085)	(7,280)
Effect of exchange rate change on cash and cash equivalents	(27)	92
Net increase (decrease) in cash and cash equivalents	5,344	(1,967)
Cash and cash equivalents at beginning of period	21,796	27,830
Cash and cash equivalents at end of period	27,140	25,863