

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

February 7, 2019

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: February 7, 2019
 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 nine months ended December 31, 2018 (from April 1, 2018 to December 31, 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	%
Nine months ended December 31, 2018	116,402	(4.7)	4,934	(32.8)	5,246	(27.7)	3,356	(26.6)
Nine months ended December 31, 2017	122,165	9.7	7,347	34.6	7,259	46.7	4,570	52.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2018	35.70	–
Nine months ended December 31, 2017	48.62	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2018	132,467	50,821	37.4	527.17
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 nine months ended December 31, 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 December 31, 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 December 31, 2018	349,393 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)

Nine months ended December 31, 2018	94,011,882 shares	Nine months ended December 31, 2017	93,998,880 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	27,970	25,661
Notes receivable, accounts receivable from completed construction contracts and other	57,858	47,778
Costs on uncompleted construction contracts	9,623	7,366
Real estate for sale	51	5
Advances paid	7,309	3,913
Other	12,140	7,260
Allowance for doubtful accounts	(3)	(2)
Total current assets	114,950	91,983
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,726	12,784
Machinery, vehicles, tools, furniture and fixtures	24,355	25,568
Land	22,419	22,417
Construction in progress	324	302
Accumulated depreciation	(27,251)	(27,530)
Total property, plant and equipment	32,572	33,542
Intangible assets	210	188
Investments and other assets		
Investment securities	3,206	3,025
Other	4,773	3,852
Allowance for doubtful accounts	(744)	(125)
Total investments and other assets	7,235	6,752
Total non-current assets	40,018	40,483
Total assets	154,968	132,467

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	53,095	41,576
Short-term loans payable	9,568	4,730
Advances received on uncompleted construction contracts	13,283	12,214
Income taxes payable	2,126	85
Deposits received	2,636	3,253
Provision for bonuses	1,022	413
Other provision	729	534
Other	10,109	6,917
Total current liabilities	92,571	69,726
Non-current liabilities		
Long-term loans payable	4,349	2,845
Provision	85	106
Net defined benefit liability	6,484	6,343
Other	2,836	2,625
Total non-current liabilities	13,756	11,920
Total liabilities	106,328	81,646
Net assets		
Shareholders' equity		
Capital stock	14,049	14,049
Capital surplus	6,052	6,059
Retained earnings	25,332	27,273
Treasury shares	(157)	(148)
Total shareholders' equity	45,276	47,233
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	717	633
Deferred gains or losses on hedges	(9)	(29)
Revaluation reserve for land	2,732	2,732
Foreign currency translation adjustment	(11)	(32)
Remeasurements of defined benefit plans	(1,171)	(971)
Total accumulated other comprehensive income	2,257	2,332
Non-controlling interests	1,106	1,255
Total net assets	48,640	50,821
Total liabilities and net assets	154,968	132,467

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales		
Net sales of completed construction contracts	121,311	115,740
Net sales of sideline business	853	661
Total net sales	122,165	116,402
Cost of sales		
Cost of sales of completed construction contracts	108,145	104,560
Cost of sales on sideline business	525	318
Total cost of sales	108,670	104,879
Gross profit		
Gross profit on completed construction contracts	13,165	11,179
Gross profit on sideline business	328	343
Total gross profit	13,494	11,522
Selling, general and administrative expenses	6,146	6,588
Operating profit	7,347	4,934
Non-operating income		
Interest income	9	11
Dividend income	29	34
Reversal of allowance for doubtful accounts	325	418
Other	45	79
Total non-operating income	409	544
Non-operating expenses		
Interest expenses	197	117
Other	300	115
Total non-operating expenses	497	232
Ordinary profit	7,259	5,246
Extraordinary income		
Gain on sales of non-current assets	70	187
Gain on sales of investment securities	14	50
Other	–	23
Total extraordinary income	84	261
Extraordinary losses		
Loss on sales of non-current assets	3	–
Loss on retirement of non-current assets	21	13
Loss on valuation of shares of subsidiaries and associates	–	25
Impairment loss	43	–
Other	–	11
Total extraordinary losses	68	50
Profit before income taxes	7,275	5,456
Income taxes - current	2,131	1,272
Income taxes - deferred	259	633
Total income taxes	2,391	1,906
Profit	4,884	3,550
Profit attributable to non-controlling interests	313	194
Profit attributable to owners of parent	4,570	3,356

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	4,884	3,550
Other comprehensive income		
Valuation difference on available-for-sale securities	252	(87)
Deferred gains or losses on hedges	1	(19)
Foreign currency translation adjustment	(25)	(53)
Remeasurements of defined benefit plans, net of tax	228	200
Total other comprehensive income	456	39
Comprehensive income	5,340	3,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,040	3,431
Comprehensive income attributable to non-controlling interests	300	158