

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 8, 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: August 8, 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 three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(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, 2019	38,821	27.0	2,237	130.2	2,117	77.0	1,380	91.2
Three months ended June 30, 2018	30,571	(20.0)	971	(25.0)	1,196	(20.3)	721	(13.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	14.67		–	
Three months ended June 30, 2018	7.68		–	

(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, 2019	132,777	53,272	39.1	551.26
As of March 31, 2019	140,419	52,966	36.8	549.48

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	–	–	12.00	12.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	15.00	15.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	80,000	5.8	3,300	0.6	3,000	(14.1)	1,900	(13.3)	20.21
Full year	183,000	11.7	9,100	16.4	8,900	10.3	5,500	1.0	58.50

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019
 (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, 2019	94,371,183 shares	As of March 31, 2019	94,371,183 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	180,567 shares	As of March 31, 2019	349,393 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, 2019	94,106,752 shares	Three months ended June 30, 2018	94,002,739 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	32,140	36,758
Notes receivable, accounts receivable from completed construction contracts and other	53,867	42,478
Costs on construction contracts in progress	4,541	5,007
Advances paid	2,533	2,707
other account receivable	3,589	2,279
Other	2,836	2,398
Allowance for doubtful accounts	(2)	(2)
Total current assets	99,505	91,628
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,791	12,794
Machinery, vehicles, tools, furniture and fixtures	25,635	25,972
Land	22,417	22,417
Construction in progress	650	751
Accumulated depreciation	(27,743)	(27,978)
Total property, plant and equipment	33,751	33,957
Intangible assets	180	185
Investments and other assets		
Investment securities	3,045	2,915
Retirement benefit asset	50	50
Deferred tax assets	2,654	2,835
Other	1,354	1,329
Allowance for doubtful accounts	(125)	(125)
Total investments and other assets	6,980	7,005
Total non-current assets	40,913	41,148
Total assets	140,419	132,777

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	41,907	40,396
Short-term borrowings	8,879	3,516
Advances received on construction contracts in progress	10,485	10,001
Income taxes payable	796	887
Deposits received	3,427	2,068
Provision for warranties for completed construction	566	496
Provision for loss on construction contracts	2	5
Provision for bonuses	969	1,550
Other	7,702	8,275
Total current liabilities	74,738	67,196
Non-current liabilities		
Long-term borrowings	3,515	3,164
Deferred tax liabilities	87	91
Deferred tax liabilities for land revaluation	2,227	2,227
Provisions	28	52
Retirement benefit liability	6,497	6,422
Other	357	349
Total non-current liabilities	12,714	12,307
Total liabilities	87,452	79,504
Net assets		
Shareholders' equity		
Share capital	14,049	14,049
Capital surplus	6,057	6,057
Retained earnings	29,363	29,611
Treasury shares	(148)	(75)
Total shareholders' equity	49,321	49,643
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	688	590
Deferred gains or losses on hedges	(3)	(13)
Revaluation reserve for land	2,732	2,732
Foreign currency translation adjustment	(30)	(32)
Remeasurements of defined benefit plans	(1,044)	(96)
Total accumulated other comprehensive income	2,341	2,279
Non-controlling interests	1,304	1,349
Total net assets	52,966	53,272
Total liabilities and net assets	140,419	132,777

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, 2018	Three months ended June 30, 2019
Net sales		
Net sales of completed construction contracts	30,297	38,668
Net sales in sideline businesses	274	153
Total net sales	30,571	38,821
Cost of sales		
Cost of sales of completed construction contracts	27,215	34,285
Cost of sales in sideline businesses	149	36
Total cost of sales	27,365	34,321
Gross profit		
Gross profit on completed construction contracts	3,081	4,382
Gross profit on sideline business	124	117
Total gross profit	3,206	4,500
Selling, general and administrative expenses	2,234	2,262
Operating profit	971	2,237
Non-operating income		
Interest income	1	12
Dividend income	19	20
Reversal of allowance for doubtful accounts	204	–
Foreign exchange gains	65	–
Other	13	24
Total non-operating income	305	58
Non-operating expenses		
Interest expenses	49	51
Foreign exchange losses	–	95
Other	31	31
Total non-operating expenses	80	178
Ordinary profit	1,196	2,117
Extraordinary income		
Gain on sales of non-current assets	1	14
Surrender value of insurance policies	10	–
Total extraordinary income	12	14
Extraordinary losses		
Loss on retirement of non-current assets	3	5
Loss on valuation of golf club membership	1	–
Total extraordinary losses	4	5
Profit before income taxes	1,204	2,126
Income taxes - current	514	855
Income taxes - deferred	(79)	(162)
Total income taxes	434	692
Profit	769	1,434
Profit attributable to non-controlling interests	47	53
Profit attributable to owners of parent	721	1,380

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	769	1,434
Other comprehensive income		
Valuation difference on available-for-sale securities	111	(101)
Deferred gains or losses on hedges	(10)	(10)
Foreign currency translation adjustment	(77)	(5)
Remeasurements of defined benefit plans, net of tax	67	48
Total other comprehensive income	91	(68)
Comprehensive income	861	1,366
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	859	1,318
Comprehensive income attributable to non-controlling interests	2	47