

Summary of Consolidated Financial Results

For the Second Quarter of Fiscal Year Ending March 31, 2017 [Japan GAAP] ("Q2/FY2016")

Company: Asunaro Aoki Construction Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (First Section)
 Stock code: 1865
 URL: <https://www.aaconst.co.jp/>
 Representative: Yasunobu Ueno, Representative Director and President
 Contact: Haruyuki Kunitake, Managing Officer and Chief of Administration H.q.
 Contact: 03-5419-1011, Koho@aaconst.co.jp
 Date of filing of quarterly securities report: November 9, 2016
 Date of commencement of dividend payment: -
 Supplementary explanatory documents: No
 Earnings presentation: No

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

1. Financial results for the second quarter of the fiscal year ending March 2017 (April 1, 2016 – September 30, 2016)

(1) Consolidated result of operations (year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q / FY 2016	65,060	2.8	3,922	50.3	3,914	48.4	2,398	0.7
2Q / FY 2015	63,259	15.6	2,610	134.9	2,638	140.3	2,382	290.5

Note: Comprehensive income: 2Q / FY 2016 : 2,424 million yen 4.7% , 2Q / FY 2015 : 2,316 million yen 340.9%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
2Q / FY 2016	42.74	—
2Q / FY 2015	42.46	—

(2) Consolidated financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2016	96,446	59,793	62.0
As of March 31, 2016	97,291	58,380	60.0

(Reference) Shareholders' equity

As of September 30, 2016: 59,768 million yen

As of March 31, 2016: 58,357 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY 3/2016	—	0.00	—	18.00	18.00
FY 3/2017	—	0.00	—	—	—
FY 3/2017 (Est.)	—	—	—	18.00	18.00

Note: Change in the estimation of dividend from the latest announcement: No

3. Consolidated forecast for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	146,000	4.8	6,300	7.5	6,200	5.1	4,000	3.7	71.28

Note: Change in the forecast from the latest announcement: No

* **Notes**

- (1) Changes in significant subsidiaries (Changes of specific subsidiaries that accompanies scope change of consolidation): No
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: No
- (3) Changes in accounting principles and estimates, and retrospective restatement
 - (a) Changes due to revision of accounting standards: Yes
 - (b) Changes other than (a): No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatement: No
- (4) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury shares)

As of September 30, 2016: 59,100,000	As of March 31, 2016: 59,100,000
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 - (b) Treasury shares

As of September 30, 2016: 2,983,896	As of March 31, 2016: 2,983,756
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2016: 56,116,224	Period ended September 30, 2015: 56,116,609
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* Auditing of financial statements is not conducted to this summary of financial results.

* Cautionary statement regarding forecasts and special notes

(Note on forward looking statements)

Forward-looking statements in these materials are based on the information available to management at the time this report was prepared. Actual results may differ significantly from these statements for number of reasons.

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1. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2016(As of March 31, 2016)	Second quarter ended September 2016 (As of September 30, 2016)
ASSETS		
Current assets		
Cash and deposits	26,106	27,249
Notes receivable, accounts receivable from completed construction contracts and other	51,089	42,579
Real estate for sale	1,320	721
Costs on uncompleted construction contracts	94	185
Costs on real estate business	1,862	2,272
Accounts receivable	1,850	9,832
Deferred tax assets	1,044	942
Other	1,953	1,291
Allowance for doubtful accounts	(299)	(351)
Total current assets	85,022	84,723
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	830	821
Machinery, vehicles, tools, furniture and fixtures, net	719	735
Vessels, net	751	808
Land	4,368	4,356
Lease assets, net	95	84
Construction in progress	139	142
Total Tangible assets	6,904	6,949
Intangible assets	186	188
Investments and other assets		
Investment securities	3,591	3,464
Long-term loans receivable	8	7
Long-term accounts receivable	858	769
Deferred tax assets	359	280
Other	1,192	1,040
Allowance for doubtful accounts	(832)	(976)
Total investments and other assets	5,178	4,585
Total noncurrent assets	12,269	11,723
Total assets	97,291	96,446

(Million yen)

	Fiscal year ended March 2016(As of March 31, 2016)	Second quarter ended September 2016 (As of September 30, 2016)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	18,583	15,609
Income taxes payable	1,291	1,197
Advances received on uncompleted construction contracts	5,520	7,143
Provision for warranties for completed construction	552	564
Provision for loss on construction contracts	-	4
Provision for bonuses	1,604	1,438
Other	2,298	1,618
Total current liabilities	29,850	27,575
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	215	215
Provision for special repairs of vessels	75	75
Retirement allowances	8,262	8,332
Other	507	453
Total noncurrent liabilities	9,060	9,077
Total liabilities	38,910	36,653
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	31,454	32,843
Treasury shares	(1,921)	(1,921)
Total shareholders' equity	58,299	59,688
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	491	399
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(482)	(367)
Total accumulated other comprehensive income	57	80
Non-controlling interests	23	25
Total net assets	58,380	59,793
Total liabilities and net assets	97,291	96,446

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
 Quarterly consolidated statements of income
 For the second quarter of fiscal year ending March 31, 2017 (April 1, 2016 – September 30, 2016)

(Million yen)

	Second quarter ended September 2015 (April 1, 2015- September 30, 2015)	Second quarter ended September 2016 (April 1, 2016- September 30, 2016)
Net sales		
Net sales of completed construction contracts	62,336	64,145
Sales on real estate business	922	915
Total net sales	63,259	65,060
Cost of sales		
Cost of sales of completed construction contracts	56,097	56,149
Cost of sales on real estate business	757	683
Total cost of sales	56,855	56,833
Gross profit		
Gross profit on completed construction contracts	6,239	7,995
Gross profit-real estate business	164	231
Total gross profit	6,403	8,227
Selling, general and administrative expenses	3,793	4,304
Operating income	2,610	3,922
Non-operating income		
Interest income	1	0
Dividend income	56	21
Other	40	17
Total non-operating income	97	38
Non-operating expenses		
Interest expense	63	43
Other	5	3
Total non-operating expenses	69	46
Ordinary income (loss)	2,638	3,914
Extraordinary income		
Gain on sales of non-current assets	6	-
Reversal of provision for loss on litigation	10	-
Other	0	-
Total extraordinary income	18	-
Extraordinary losses		
Loss on retirement of non-current assets	1	-
Impairment loss	225	-
Total extraordinary losses	227	-
Income before income taxes	2,429	3,914
Income taxes-current	682	1,291
Income taxes-deferred	(634)	221
Total income taxes	47	1,513
Net earnings	2,381	2,401
Profit (loss) attributable to non-controlling interests	(1)	3
Profit (loss) attributable to owners of parent	2,382	2,398

Quarterly consolidated statements of comprehensive income
 For the second quarter of fiscal year ending March 31, 2017 (April 1, 2016 – September 30, 2016)

(Million yen)

	Second quarter ended September 2015 (April 1, 2015- September 30, 2015)	Second quarter ended September 2016 (April 1, 2016- September 30, 2016)
Quarterly net earnings	2,381	2,401
Other comprehensive income		
Valuation difference on available-for-sale securities	(192)	(91)
Remeasurements of retirement allowance plans	126	114
Total other comprehensive income	(65)	23
Comprehensive income	2,316	2,424
(This splits into...)		
Comprehensive income attributable to owners of parent	2,317	2,421
Comprehensive income attributable to non-controlling interests	(1)	3

2. Quarterly non-consolidated Financial Statements

(1) Quarterly non-consolidated balance sheet

(Million yen)

	Fiscal year ended March 2016(As of March 31, 2016)	Second quarter ended September 2016 (April 1, 2016 -September 30, 2016)
ASSETS		
Current assets		
Cash and deposits	14,104	13,148
Notes receivable, accounts receivable from completed construction contracts and other	29,430	31,942
Real estate for sale	617	116
Costs on uncompleted construction contracts	34	98
Costs on real estate business	1,862	2,272
Other	2,555	5,598
Allowance for doubtful accounts	(163)	(260)
Total current assets	48,442	52,916
Noncurrent assets		
Tangible Assets	3,346	3,290
Intangible assets	118	118
Investments and other assets		
Investment securities	11,741	11,596
Other	1,904	1,530
Allowance for doubtful accounts	(698)	(798)
Total investments and other assets	12,947	12,328
Total noncurrent assets	16,412	15,737
Total assets	64,854	68,653
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	8,431	8,128
Income taxes payable	561	792
Advances received on uncompleted construction contracts	3,563	5,738
Other	1,952	2,041
Total current liabilities	14,508	16,699
Noncurrent liabilities		
Retirement allowances	4571	4,715
Other	177	179
Total noncurrent liabilities	4,748	4,894
Total liabilities	19,257	21,594
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	18,271	19,835
Treasury shares	(1,921)	(1,921)
Total shareholders' equity	45,116	46,680
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	479	378
Total valuation and translation adjustments	479	378
Total net assets	45,596	47,058
Total liabilities and net assets	64,854	68,653

(2) Quarterly Non-consolidated statements of income and comprehensive income

For the second quarter of fiscal year ending March 31, 2017 (April 1, 2016 – September 30, 2016)

(Million yen)

	Second quarter ended September 2015 (April 1, 2015- December 31, 2015)	Second quarter ended September 2016 (April 1, 2016 -September 30, 2016)
Net sales		
Net sales of completed construction contracts	35,849	37,586
Sales on real estate business	938	926
Total net sales	36,788	38,512
Cost of sales		
Cost of sales of completed construction contracts	32,813	32,906
Cost of sales on real estate business	751	678
Total cost of sales	33,564	33,585
Gross profit		
Gross profit on completed construction contracts	3,035	4,679
Gross profit-real estate business	187	247
Total gross profit	3,223	4,926
Selling, general and administrative expenses	1,950	2,377
Operating income	1,272	2,549
Non-operating income		
Interest income	2	0
Dividend income	985	1,154
Other	16	18
Total non-operating income	1,004	1,170
Non-operating expenses		
Interest expense	34	25
Other	5	2
Total non-operating expenses	40	28
Ordinary income (loss)	2,236	3,691
Extraordinary losses	32	-
Income before income taxes	2,203	3,691
Total income taxes	(123)	1,117
Quarterly net earnings	2,327	2,573

3. Orders received and net sales

(1) Consolidated

(Million yen, %)

		2Q / FY 2015		2Q / FY 2016	
		(Apr 1, 2015 - Sep 30, 2015)		(Apr 1, 2016 - Sep 30, 2016)	
		Amount	Share	Amount	Share
Orders received	Architecture	34,082	35.2	25,070	28.5
	Civil engineering	61,784	63.8	62,126	70.5
	Total construction	95,867	99.0	87,197	99.0
	Real estate	922	1.0	915	1.0
	Total	96,789	100.0	88,113	100.0
Net sales	Architecture	17,424	27.5	21,758	33.4
	Civil engineering	44,912	71.0	42,386	65.2
	Total construction	62,336	98.5	64,145	98.6
	Real estate	992	1.5	915	1.4
	Total	63,259	100.0	65,060	100.0

(2) Non-consolidated

(Million yen, %)

			2Q / FY 2015		2Q / FY 2016	
			(Apr 1, 2015 - Sep 30, 2015)		(Apr 1, 2016 - Sep 30, 2016)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	11,127		5,566	
		Private	21,730		18,319	
	Subtotal		32,858	54.2	23,886	47.3
	Civil engineering	Public	19,067		14,365	
		Private	7,817		11,316	
	Subtotal		26,885	44.3	25,682	50.9
	Total construction	Public	30,195		19,932	
		Private	29,548		29,636	
	Total		59,743	98.5	49,568	98.2
	Real estate	Public	-		-	
		Private	938		926	
	Total		938	1.5	926	1.8
	Total	Public	30,195	49.8	19,932	39.5
Private		30,487	50.2	30,562	60.5	
		60,682	100.0	50,494	100.0	
Net sales	Architecture	16,747	45.5	20,595	53.5	
	Civil engineering	19,101	51.9	16,990	44.1	
	Total construction	35,849	97.4	37,586	97.6	
	Real estate	938	2.6	926	2.4	
	Total	36,788	100.0	38,512	100.0	

Disclaimer: All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document is a partial English translation of the Japanese Financial Statements which were filed with Stock Exchanges in Japan on November 8, 2016. The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail