

Summary of Consolidated Financial Results

For the Third Quarter of Fiscal Year Ending March 31, 2017 [Japan GAAP] ("Q3/FY2016")

Company: Asunaro Aoki Construction Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (First Section)
 Stock code: 1865
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 Date of filing of quarterly securities report: February 8, 2017
 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 third quarter of the fiscal year ending March 2017 (April 1, 2016 – December 31, 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	%
3Q / FY 2016	99,510	(1.5)	6,094	42.5	6,095	40.7	3,848	14.8
3Q / FY 2015	100,981	12.6	4,276	68.7	4,331	71.5	3,352	96.3

Note: Comprehensive income: 3Q / FY 2016 : 4,028 million yen 14.4%, 3Q / FY 2015 : 3,522 million yen 103.7%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
3Q / FY 2016	68.58	—
3Q / FY 2015	59.75	—

(2) Consolidated financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2016	100,658	61,397	61.0
As of March 31, 2015	97,291	58,380	60.0

(Reference) Shareholders' equity

As of December 31, 2016: 61,370 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	140,000	0.5	7,000	19.4	7,000	18.6	4,200	8.9	74.84

Note: Change in the forecast from the latest announcement: Yes

* **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: No
- (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 December 31, 2016: 59,100,000 As of March 31, 2016: 59,100,000
- (b) Treasury shares
As of December 31, 2016: 2,983,946 As of March 31, 2016: 2,983,756
- (c) Average number of shares (quarterly consolidated cumulative period)
Period ended December 31, 2016: 56,116,178 Period ended December 31, 2015: 56,116,521

* 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.

(Reference) Non-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	80,000	1.6	4,100	34.8	5,200	29.3	3,400	12.1	60.59

Note: Change in the forecast from the latest announcement: Yes

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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)	Third quarter ended December 2016 (As of December 31, 2016)
ASSETS		
Current assets		
Cash and deposits	26,106	30,201
Notes receivable, accounts receivable from completed construction contracts and other	51,089	45,266
Real estate for sale	1,320	678
Costs on uncompleted construction contracts	94	157
Costs on real estate business	1,862	2,850
Accounts receivable	1,850	7,574
Deferred tax assets	1,044	618
Other	1,953	1,512
Allowance for doubtful accounts	(299)	(342)
Total current assets	85,022	88,517
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	830	804
Machinery, vehicles, tools, furniture and fixtures, net	719	703
Vessels, net	751	976
Land	4,368	4,356
Lease assets, net	95	77
Construction in progress	139	144
Total Tangible assets	6,904	7,063
Intangible assets	186	206
Investments and other assets		
Investment securities	3,591	3,759
Long-term loans receivable	8	7
Long-term accounts receivable	858	762
Deferred tax assets	359	282
Other	1,192	1,028
Allowance for doubtful accounts	(832)	(969)
Total investments and other assets	5,178	4,871
Total noncurrent assets	12,269	12,141
Total assets	97,291	100,658

(Million yen)

	Fiscal year ended March 2016(As of March 31, 2016)	Third quarter ended December 2016 (As of December 31, 2016)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	18,583	17,030
Income taxes payable	1,291	1,051
Advances received on uncompleted construction contracts	5,520	7,596
Provision for warranties for completed construction	552	569
Provision for loss on construction contracts	-	3
Provision for bonuses	1,604	676
Other	2,298	3,147
Total current liabilities	29,850	30,074
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	215	215
Provision for special repairs of vessels	75	83
Retirement allowances	8,262	8,451
Other	507	435
Total noncurrent liabilities	9,060	9,186
Total liabilities	38,910	39,261
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	31,454	34,292
Treasury shares	(1,921)	(1,921)
Total shareholders' equity	58,299	61,137
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	491	608
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(482)	(424)
Total accumulated other comprehensive income	57	232
Non-controlling interests	23	27
Total net assets	58,380	61,397
Total liabilities and net assets	97,291	100,658

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

(Million yen)

	Third quarter ended December 2015 (April 1, 2015- December 31, 2015)	Third quarter ended December 2016 (April 1, 2016- December 31, 2016)
Net sales		
Net sales of completed construction contracts	98,899	98,566
Sales on real estate business	2,082	943
Total net sales	100,981	99,510
Cost of sales		
Cost of sales of completed construction contracts	89,185	86,249
Cost of sales on real estate business	1,771	751
Total cost of sales	90,957	87,000
Gross profit		
Gross profit on completed construction contracts	9,713	12,317
Gross profit-real estate business	310	191
Total gross profit	10,024	12,509
Selling, general and administrative expenses	5,747	6,415
Operating income	4,276	6,094
Non-operating income		
Interest income	1	0
Dividend income	68	38
Other	79	23
Total non-operating income	149	62
Non-operating expenses		
Interest expense	86	60
Other	6	1
Total non-operating expenses	93	61
Ordinary income (loss)	4,331	6,095
Extraordinary income		
Gain on sales of non-current assets	7	-
Reversal of provision for loss on litigation	10	-
Other	0	-
Total extraordinary income	18	-
Extraordinary losses		
Loss on litigation	-	6
Impairment loss	426	-
Other	1	0
Total extraordinary losses	427	6
Income before income taxes	3,922	6,089
Income taxes-current	863	1,776
Income taxes-deferred	(293)	459
Total income taxes	570	2,235
Net earnings	3,352	3,853
Profit (loss) attributable to non-controlling interests	(0)	5
Profit (loss) attributable to owners of parent	3,352	3,848

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

(Million yen)

	Third quarter ended December 2015 (April 1, 2015- December 31, 2015)	Third quarter ended December 2016 (April 1, 2016- December 31, 2016)
Quarterly net earnings	3,351	3,853
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	117
Remeasurements of retirement allowance plans	189	58
Total other comprehensive income	169	175
Comprehensive income	3,522	4,028
(This splits into...)		
Comprehensive income attributable to owners of parent	3,522	4,023
Comprehensive income attributable to non-controlling interests	(0)	5

2. Quarterly non-consolidated Financial Statements

(1) Quarterly non-consolidated balance sheet

(Million yen)

	Fiscal year ended March 2016(As of March 31, 2016)	Third quarter ended December 2016 (As of December 31, 2016)
ASSETS		
Current assets		
Cash and deposits	14,104	15,307
Notes receivable, accounts receivable from completed construction contracts and other	29,430	31,803
Real estate for sale	617	116
Costs on uncompleted construction contracts	34	94
Costs on real estate business	1,862	2,850
Other	2,555	5,245
Allowance for doubtful accounts	(163)	(245)
Total current assets	48,442	55,172
Noncurrent assets		
Tangible Assets	3,346	3,272
Intangible assets	118	126
Investments and other assets		
Investment securities	11,741	11,874
Other	1,904	1,536
Allowance for doubtful accounts	(698)	(798)
Total investments and other assets	12,947	12,612
Total noncurrent assets	16,412	16,011
Total assets	64,854	71,184
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	8,431	8,984
Income taxes payable	561	846
Advances received on uncompleted construction contracts	3,563	5,834
Other	1,952	2,500
Total current liabilities	14,508	18,165
Noncurrent liabilities		
Retirement allowances	4,571	4,749
Other	177	176
Total noncurrent liabilities	4,748	4,926
Total liabilities	19,257	23,091
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	18,271	20,676
Treasury shares	(1,921)	(1,921)
Total shareholders' equity	45,116	47,521
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	479	571
Total valuation and translation adjustments	479	571
Total net assets	45,596	48,092
Total liabilities and net assets	64,854	71,184

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

For the third quarter of fiscal year ending March 31, 2017 (April 1, 2016 – December 31, 2016)

(Million yen)

	Third quarter ended December 2015 (April 1, 2015- December 31, 2015)	Third quarter ended December 2016 (April 1, 2016- December 31, 2016)
Net sales		
Net sales of completed construction contracts	55,624	57,792
Sales on real estate business	2,106	958
Total net sales	57,731	58,751
Cost of sales		
Cost of sales of completed construction contracts	50,820	50,723
Cost of sales on real estate business	1,761	700
Total cost of sales	52,581	51,423
Gross profit		
Gross profit on completed construction contracts	4,804	7,069
Gross profit-real estate business	345	258
Total gross profit	5,150	7,327
Selling, general and administrative expenses	2,955	3,523
Operating income	2,194	3,804
Non-operating income		
Interest income	2	0
Dividend income	996	1,169
Other	49	18
Total non-operating income	1,048	1,189
Non-operating expenses		
Interest expense	49	35
Other	6	0
Total non-operating expenses	56	36
Ordinary income (loss)	3,186	4,957
Extraordinary losses	32	6
Income before income taxes	3,153	4,951
Total income taxes	215	1,536
Quarterly net earnings	2,938	3,414

3. Orders received and net sales

(1) Consolidated

(Million yen, %)

		3Q / FY 2015		3Q / FY 2016	
		(Apr 1, 2015 - Dec 31, 2015)		(Apr 1, 2016 - Dec 31, 2016)	
		Amount	Share	Amount	Share
Orders received	Architecture	40,102	32.9	34,440	30.5
	Civil engineering	79,783	65.4	77,573	68.7
	Total construction	119,885	98.3	112,014	99.2
	Real estate	2,082	1.7	943	0.8
	Total	121,967	100.0	112,958	100.0
Net sales	Architecture	28,138	27.8	33,051	33.3
	Civil engineering	70,760	70.1	65,515	65.8
	Total construction	98,899	97.9	98,566	99.1
	Real estate	2,082	2.1	943	0.9
	Total	100,981	100.0	99,510	100.0

(2) Non-consolidated

(Million yen, %)

			3Q / FY 2015		3Q / FY 2016	
			(Apr 1, 2015 - Dec 31, 2015)		(Apr 1, 2016 - Dec 31, 2016)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	15,072		8,709	
		Private	23,459		23,666	
	Subtotal		38,531	52.0	32,375	49.5
	Civil engineering	Public	24,111		18,383	
		Private	9,444		13,722	
	Subtotal		33,556	45.2	32,106	49.0
	Total construction	Public	39,183		27,092	
		Private	32,903		37,389	
	Total		73,087	97.2	64,481	98.5
	Real estate	Public	-		-	
		Private	2,106		958	
	Total		2,106	2.8	958	1.5
	Total	Public	39,183	52.8	27,092	41.4
Private		35,010	47.2	38,348	58.6	
		74,194	100.0	65,440	100.0	
Net sales	Architecture	26,804	46.5	31,289	53.3	
	Civil engineering	28,820	49.9	26,502	45.1	
	Total construction	55,624	96.4	57,792	98.4	
	Real estate	2,106	3.6	958	1.6	
	Total	57,731	100.0	58,751	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 February 7, 2017. 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