

## Summary of Consolidated Financial Results

### For the First Quarter of Fiscal Year Ending March 31, 2018 [Japan GAAP] ("Q1/FY2017")

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  
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 Date of filing of quarterly securities report: August 9, 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 first quarter of the fiscal year ending March 2018 (April 1, 2017 – June 30, 2017)

(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	%
1Q / FY 2017	32,245	5.3	1,074	(24.0)	1,078	(24.2)	691	(4.4)
1Q / FY 2016	30,618	7.2	1,414	73.2	1,423	72.8	723	27.3

Note: Comprehensive income: 1Q / FY 2017 : 773 million yen (16.9%), 1Q / FY 2016 : 662 million yen 3.0%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
1Q / FY 2017	12.35	—
1Q / FY 2016	12.90	—

#### (2) Consolidated financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2017	105,425	60,985	57.8
As of March 31, 2017	108,286	61,542	56.8

(Reference) Shareholders' equity

As of June 30, 2017: 60,962 million yen

As of March 31, 2017: 61,514 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 3/2017	—	0.00	—	20.00	20.00
FY 3/2018	—	0.00	—	—	—
FY 3/2018 (Est.)	—	—	—	20.00	20.00

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

#### 3. Consolidated forecast for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentage figures represent year on year changes)

	Orders received		Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	69,000	(21.7)	67,000	3.0	2,500	(36.3)	2,500	(36.1)	1,500	(37.5)	26.73
Full year	154,000	(4.5)	150,000	8.7	7,000	(6.2)	7,000	(6.0)	4,500	11.2	80.53

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: 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 June 30, 2017: 59,100,000    As of March 31, 2017: 59,100,000
  - (b) Treasury shares  
As of June 30, 2017: 3,221,746    As of March 31, 2017: 2,983,946
  - (c) Average number of shares (quarterly consolidated cumulative period)  
Period ended June 30, 2017: 56,022,304    Period ended June 30, 2016: 56,116,224

\* 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 2017(As of March 31, 2017)	First quarter ended June 2017 (As of June 30, 2017)
<b>ASSETS</b>		
Current assets		
Cash and deposits	27,816	34,945
Notes receivable, accounts receivable from completed construction contracts and other	54,601	41,908
Real estate for sale	2,308	3,215
Costs on uncompleted construction contracts	149	160
Costs on real estate business	3,296	3,213
Deferred tax assets	1,002	1,010
Accounts receivable	7,033	8,302
Other	819	1,301
Allowance for doubtful accounts	(382)	(352)
Total current assets	96,645	93,706
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	710	708
Machinery, vehicles, tools, furniture and fixtures, net	704	677
Vessels, net	651	610
Land	3,618	3,618
Lease assets, net	124	121
Construction in progress	505	757
Total Tangible assets	6,315	6,493
Intangible assets	201	267
Investments and other assets		
Investment securities	3,619	3,592
Long-term loans receivable	6	6
Deferred tax assets	676	547
Long-term accounts receivable	698	697
Other	975	965
Allowance for doubtful accounts	(853)	(852)
Total investments and other assets	5,123	4,957
Total noncurrent assets	11,640	11,719
Total assets	108,286	105,425

(Million yen)

	Fiscal year ended March 2017(As of March 31, 2017)	Second quarter ended June 2017 (As of June 30, 2017)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	22,594	21,035
Income taxes payable	2,304	249
Advances received on uncompleted construction contracts	6,413	8,378
Provision for warranties for completed construction	568	573
Provision for loss on construction contracts	58	46
Provision for bonuses	1,580	2,056
Provision for loss by disaster	385	367
Other	3,623	2,980
<b>Total current liabilities</b>	<b>37,539</b>	<b>35,688</b>
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	215	215
Retirement allowances	8,436	8,001
Provision for special repairs of vessels	91	91
Other	460	442
<b>Total noncurrent liabilities</b>	<b>9,204</b>	<b>8,751</b>
<b>Total liabilities</b>	<b>46,744</b>	<b>44,439</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	34,492	34,062
Treasury shares	(1,921)	(2,126)
<b>Total shareholders' equity</b>	<b>61,337</b>	<b>60,702</b>
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	508	535
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(380)	(323)
<b>Total accumulated other comprehensive income</b>	<b>176</b>	<b>260</b>
<b>Non-controlling interests</b>	<b>27</b>	<b>23</b>
<b>Total net assets</b>	<b>61,542</b>	<b>60,985</b>
<b>Total liabilities and net assets</b>	<b>108,286</b>	<b>105,425</b>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
 Quarterly consolidated statements of income  
 For the first Quarter of fiscal year ending March 31, 2018 (April 1, 2017 – June 30, 2017)

(Million yen)

	First Quarter ended June 2016 (April 1, 2016- June 30, 2016)	First Quarter ended June 2017 (April 1, 2017- June 30, 2017)
<b>Net sales</b>		
Net sales of completed construction contracts	30,115	32,222
Sales on real estate business	503	23
<b>Total net sales</b>	<b>30,618</b>	<b>32,245</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	26,854	29,125
Cost of sales on real estate business	379	37
<b>Total cost of sales</b>	<b>27,234</b>	<b>29,163</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	3,260	3,096
Gross profit-real estate business	123	(14)
<b>Total gross profit</b>	<b>3,384</b>	<b>3,082</b>
<b>Selling, general and administrative expenses</b>	<b>1,970</b>	<b>2,008</b>
<b>Operating income</b>	<b>1,414</b>	<b>1,074</b>
<b>Non-operating income</b>		
Interest income	0	0
Dividend income	18	29
Interest on refund	6	-
Other	5	4
<b>Total non-operating income</b>	<b>30</b>	<b>33</b>
<b>Non-operating expenses</b>		
Interest expense	18	29
Other	2	0
<b>Total non-operating expenses</b>	<b>21</b>	<b>29</b>
<b>Ordinary income (loss)</b>	<b>1,423</b>	<b>1,078</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	-	5
Other	-	0
<b>Total extraordinary income</b>	<b>-</b>	<b>5</b>
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	-	4
Loss on valuation of investment securities	-	1
<b>Total extraordinary losses</b>	<b>-</b>	<b>6</b>
<b>Income before income taxes</b>	<b>1,423</b>	<b>1,077</b>
<b>Income taxes-current</b>	<b>659</b>	<b>282</b>
<b>Income taxes-deferred</b>	<b>38</b>	<b>104</b>
<b>Total income taxes</b>	<b>698</b>	<b>387</b>
<b>Net earnings</b>	<b>724</b>	<b>689</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>0</b>	<b>(1)</b>
<b>Profit (loss) attributable to owners of parent</b>	<b>723</b>	<b>691</b>

Quarterly consolidated statements of comprehensive income  
 For the first Quarter of fiscal year ending March 31, 2018 (April 1, 2017 – June 30, 2017)

(Million yen)

	First Quarter ended June 2016 (April 1, 2016- June 30, 2016)	First Quarter ended June 2017 (April 1, 2017- June 30, 2017)
Quarterly net earnings	724	689
Other comprehensive income		
Valuation difference on available-for-sale securities	(119)	26
Remeasurements of retirement allowance plans	57	57
Total other comprehensive income	(62)	84
Comprehensive income	662	773
(This splits into...)		
Comprehensive income attributable to owners of parent	661	775
Comprehensive income attributable to non-controlling interests	0	(1)

## 2. Quarterly non-consolidated Financial Statements

### (1) Quarterly non-consolidated balance sheet

(Million yen)

	Fiscal year ended March 2017(As of March 31, 2017)	First quarter ended June 2017 (As of June 30, 2017)
<b>ASSETS</b>		
Current assets		
Cash and deposits	13,693	19,894
Notes receivable, accounts receivable from completed construction contracts and other	36,960	29,997
Real estate for sale	1,809	2,739
Costs on uncompleted construction contracts	49	64
Costs on real estate business	3,296	3,213
Other	4,061	5,236
Allowance for doubtful accounts	(257)	(259)
Total current assets	59,614	60,886
Noncurrent assets		
Tangible Assets	2,451	2,425
Intangible assets	122	148
Investments and other assets		
Investment securities	11,729	9,743
Other	1,900	1,780
Allowance for doubtful accounts	(798)	(798)
Total investments and other assets	12,830	10,724
Total noncurrent assets	15,404	13,298
Total assets	75,018	74,185
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	12,062	12,098
Income taxes payable	1,752	79
Advances received on uncompleted construction contracts	5,000	5,784
Other	3,148	3,064
Total current liabilities	21,963	21,025
Noncurrent liabilities		
Retirement allowances	4,817	4,545
Other	178	186
Total noncurrent liabilities	4,995	4,732
Total liabilities	26,959	25,757
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	20,743	21,288
Treasury shares	(1,921)	(2,126)
Total shareholders' equity	47,588	47,927
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	471	499
Total valuation and translation adjustments	471	499
Total net assets	48,059	48,427
Total liabilities and net assets	75,018	74,185



(2) Quarterly Non-consolidated statements of income and comprehensive income  
For the first Quarter of fiscal year ending March 31,2018 (April 1, 2017 – June 30, 2017)

(Million yen)

	First Quarter ended June 2016 (April 1, 2016- June 30, 2016)	First Quarter ended June 2017 (April 1, 2017- June 30, 2017)
<b>Net sales</b>		
Net sales of completed construction contracts	17,847	20,015
Sales on real estate business	509	28
<b>Total net sales</b>	<b>18,357</b>	<b>20,044</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	15,914	18,070
Cost of sales on real estate business	376	34
<b>Total cost of sales</b>	<b>16,291</b>	<b>18,105</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	1,933	1,944
Gross profit-real estate business	132	(5)
<b>Total gross profit</b>	<b>2,065</b>	<b>1,939</b>
Selling, general and administrative expenses	1,038	1,055
<b>Operating income</b>	<b>1,027</b>	<b>883</b>
<b>Non-operating income</b>		
Interest income	0	0
Dividend income	1,152	1,087
Other	9	3
<b>Total non-operating income</b>	<b>1,162</b>	<b>1,091</b>
<b>Non-operating expenses</b>		
Interest expense	12	14
Other	2	0
<b>Total non-operating expenses</b>	<b>14</b>	<b>15</b>
<b>Ordinary income (loss)</b>	<b>2,175</b>	<b>1,959</b>
Extraordinary losses	-	1
<b>Income before income taxes</b>	<b>2,175</b>	<b>1,957</b>
<b>Total income taxes</b>	<b>555</b>	<b>291</b>
<b>Quarterly net earnings</b>	<b>1,620</b>	<b>1,666</b>

### 3. Orders received and net sales

(1) Consolidated

(Million yen, %)

		1Q / FY 2016		1Q / FY 2017	
		(Apr 1, 2016 - Jun 30, 2016)		(Apr 1, 2017 - Jun 30, 2017)	
		Amount	Share	Amount	Share
Orders received	Architecture	11,836	28.7	9,305	20.0
	Civil engineering	28,939	70.1	37,234	79.9
	Total construction	40,776	98.8	46,539	99.9
	Real estate	503	1.2	23	0.1
	Total	41,279	100.0	46,563	100.0
Net sales	Architecture	10,201	33.4	10,051	31.2
	Civil engineering	19,913	65.0	22,171	68.7
	Total construction	30,115	98.4	32,222	99.9
	Real estate	503	1.6	23	0.1
	Total	30,618	100.0	32,245	100.0

(2) Non-consolidated

(Million yen, %)

			1Q / FY 2016		1Q / FY 2017	
			(Apr 1, 2016 - Jun 30, 2016)		(Apr 1, 2017 - Jun 30, 2017)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	4,271		5,746	
		Private	6,797		3,180	
	Subtotal		11,069	48.9	8,927	31.5
	Civil engineering	Public	3,095		2,348	
		Private	7,946		17,075	
	Subtotal		11,042	48.8	19,423	68.4
	Total construction	Public	7,367		8,094	
		Private	14,744		20,256	
	Total		22,111	97.7	28,350	99.9
	Real estate	Public	-		-	
		Private	509		28	
	Total		509	2.3	28	0.1
	Total	Public	7,367		8,094	
Private		15,253		20,284		
		22,621	100.0	28,379	100.0	
Net sales	Architecture	9,739	53.0	9,724	28.5	
	Civil engineering	8,108	44.2	10,291	71.5	
	Total construction	17,847	97.2	20,015	99.9	
	Real estate	509	2.8	28	0.1	
	Total	18,357	100.0	20,044	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 August 8, 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