

## Summary of Consolidated Financial Results

### For the Second Quarter of Fiscal Year Ending March 31, 2018 [Japan GAAP] ("Q2/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  
 Contact: Norihiko Fuwa, Officer and Deputy Chief of Administration H.q.  
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 Date of filing of quarterly securities report: November 10, 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 second quarter of the fiscal year ending March 2018 (April 1, 2017 – September 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	%
2Q / FY 2017	70,923	9.0	3,302	(15.8)	3,292	(15.9)	2,080	(13.3)
2Q / FY 2016	65,060	2.8	3,922	50.3	3,914	48.4	2,398	0.7

Note: Comprehensive income: 2Q / FY 2017 : 2,324 million yen (4.1%), 2Q / FY 2016 : 2,424 million yen 4.7%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
2Q / FY 2017	37.23	—
2Q / FY 2016	42.74	—

(2) Consolidated financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2017	103,519	62,298	60.2
As of March 31, 2017	108,286	61,542	56.8

(Reference) Shareholders' equity

As of September 30, 2017: 62,275 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
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 September 30, 2017: 59,100,000	As of March 31, 2017: 59,100,000
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  - (b) Treasury shares

As of September 30, 2017: 3,479,046	As of March 31, 2017: 2,983,946
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  - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2017: 55,879,240	Period ended September 30, 2016: 56,116,224
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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.

## Index for Supplementary Information

1. Quarterly Consolidated Financial Statements.....	2
(1) Quarterly consolidated balance sheet.....	2
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income.....	3
Quarterly consolidated statements of income.....	3
Quarterly consolidated statements of comprehensive income.....	4
2. (Reference) Non-consolidated Financial Statements	6
(1) Quarterly Non-consolidated balance sheet.....	6
(2) Quarterly Non-consolidated statements of income and comprehensive income.....	7
3. Orders received and net sales.....	7

## 1. Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2017(As of March 31, 2017)	Second quarter ended September 2017 (As of September 30, 2017)
<b>ASSETS</b>		
Current assets		
Cash and deposits	27,816	27,400
Notes receivable, accounts receivable from completed construction contracts and other	54,601	50,325
Real estate for sale	2,308	2,914
Costs on uncompleted construction contracts	149	226
Costs on real estate business	3,296	3,482
Deferred tax assets	1,002	822
Accounts receivable	7,033	4,946
Other	819	1,519
Allowance for doubtful accounts	(382)	(359)
Total current assets	96,645	91,279
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	710	723
Machinery, vehicles, tools, furniture and fixtures, net	704	671
Vessels, net	651	1,688
Land	3,618	3,618
Lease assets, net	124	109
Construction in progress	505	27
Total Tangible assets	6,315	6,840
Intangible assets	201	286
Investments and other assets		
Investment securities	3,619	3,746
Long-term loans receivable	6	6
Deferred tax assets	676	534
Long-term accounts receivable	698	696
Other	975	978
Allowance for doubtful accounts	(853)	(848)
Total investments and other assets	5,123	5,113
Total noncurrent assets	11,640	12,239
Total assets	108,286	103,519

(Million yen)

	Fiscal year ended March 2017(As of March 31, 2017)	Second quarter ended September 2017 (As of September 30, 2017)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	22,594	21,366
Income taxes payable	2,304	800
Advances received on uncompleted construction contracts	6,413	5,174
Provision for warranties for completed construction	568	569
Provision for loss on construction contracts	58	120
Provision for bonuses	1,580	1,459
Provision for loss by disaster	385	443
Other	3,623	2,499
<b>Total current liabilities</b>	<b>37,539</b>	<b>32,432</b>
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	215	215
Retirement allowances	8,436	8,049
Provision for special repairs of vessels	91	79
Other	460	444
<b>Total noncurrent liabilities</b>	<b>9,204</b>	<b>8,788</b>
<b>Total liabilities</b>	<b>46,744</b>	<b>41,221</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	34,492	35,451
Treasury shares	(1,921)	(2,364)
<b>Total shareholders' equity</b>	<b>61,337</b>	<b>61,852</b>
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	508	640
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(380)	(266)
<b>Total accumulated other comprehensive income</b>	<b>176</b>	<b>422</b>
<b>Non-controlling interests</b>	<b>27</b>	<b>23</b>
<b>Total net assets</b>	<b>61,542</b>	<b>62,298</b>
<b>Total liabilities and net assets</b>	<b>108,286</b>	<b>103,519</b>

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

(Million yen)

	First half ended September 2016 (April 1, 2016- September 30, 2016)	First half ended September 2017 (April 1, 2017- September 30, 2017)
<b>Net sales</b>		
Net sales of completed construction contracts	64,145	70,535
Sales on real estate business	915	388
<b>Total net sales</b>	<b>65,060</b>	<b>70,923</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	56,149	63,011
Cost of sales on real estate business	683	380
<b>Total cost of sales</b>	<b>56,833</b>	<b>63,392</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	7,995	7,524
Gross profit-real estate business	231	7
<b>Total gross profit</b>	<b>8,227</b>	<b>7,531</b>
<b>Selling, general and administrative expenses</b>	<b>4,304</b>	<b>4,229</b>
<b>Operating income</b>	<b>3,922</b>	<b>3,302</b>
<b>Non-operating income</b>		
Interest income	0	1
Dividend income	21	31
Other	17	9
<b>Total non-operating income</b>	<b>38</b>	<b>42</b>
<b>Non-operating expenses</b>		
Interest expense	43	51
Other	3	0
<b>Total non-operating expenses</b>	<b>46</b>	<b>52</b>
<b>Ordinary income (loss)</b>	<b>3,914</b>	<b>3,292</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 disaster	-	126
Other	-	9
<b>Total extraordinary losses</b>	<b>-</b>	<b>136</b>
<b>Income before income taxes</b>	<b>3,914</b>	<b>3,161</b>
Income taxes-current	1,291	822
Income taxes-deferred	221	260
<b>Total income taxes</b>	<b>1,513</b>	<b>1,083</b>
<b>Net earnings</b>	<b>2,401</b>	<b>2,078</b>
Profit (loss) attributable to non-controlling interests	3	(1)
<b>Profit (loss) attributable to owners of parent</b>	<b>2,398</b>	<b>2,080</b>

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

(Million yen)

	First half ended September 2016 (April 1, 2016- September 30, 2016)	First half ended September 2017 (April 1, 2017- September 30, 2017)
Quarterly net earnings	2,401	2,078
Other comprehensive income		
Valuation difference on available-for-sale securities	(91)	131
Remeasurements of retirement allowance plans	114	114
Total other comprehensive income	23	246
Comprehensive income	2,424	2,324
(This splits into...)		
Comprehensive income attributable to owners of parent	2,421	2,326
Comprehensive income attributable to non-controlling interests	3	(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)	Second quarter ended September 2017 (As of September 30, 2017)
<b>ASSETS</b>		
Current assets		
Cash and deposits	13,693	16,914
Notes receivable, accounts receivable from completed construction contracts and other	36,960	30,793
Real estate for sale	1,809	2,570
Costs on uncompleted construction contracts	49	112
Costs on real estate business	3,296	3,482
Other	4,061	3,673
Allowance for doubtful accounts	(257)	(237)
Total current assets	59,614	57,310
Noncurrent assets		
Tangible Assets	2,451	2,416
Intangible assets	122	164
Investments and other assets		
Investment securities	11,729	9,881
Other	1,900	1,744
Allowance for doubtful accounts	(798)	(795)
Total investments and other assets	12,830	10,830
Total noncurrent assets	15,404	13,410
Total assets	75,018	70,721
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	12,062	10,817
Income taxes payable	1,752	345
Advances received on uncompleted construction contracts	5,000	3,058
Other	3,148	2,716
Total current liabilities	21,963	16,938
Noncurrent liabilities		
Retirement allowances	4,817	4,612
Other	178	185
Total noncurrent liabilities	4,995	4,797
Total liabilities	26,959	21,735
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	20,743	21,988
Treasury shares	(1,921)	(2,364)
Total shareholders' equity	47,588	47,588
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	471	595
Total valuation and translation adjustments	471	595
Total net assets	48,059	48,985
Total liabilities and net assets	75,018	70,721



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

(Million yen)

	First half ended September 2016 (April 1, 2016- September 30, 2016)	First half ended September 2017 (April 1, 2017- September 30, 2017)
<b>Net sales</b>		
Net sales of completed construction contracts	64,145	70,535
Sales on real estate business	915	388
<b>Total net sales</b>	<b>65,060</b>	<b>70,923</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	56,149	63,011
Cost of sales on real estate business	683	380
<b>Total cost of sales</b>	<b>56,833</b>	<b>63,392</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	7,995	7,524
Gross profit-real estate business	231	7
<b>Total gross profit</b>	<b>8,227</b>	<b>7,531</b>
Selling, general and administrative expenses	4,304	4,229
<b>Operating income</b>	<b>3,922</b>	<b>3,302</b>
<b>Non-operating income</b>		
Interest income	0	1
Dividend income	21	31
Other	17	9
<b>Total non-operating income</b>	<b>38</b>	<b>42</b>
<b>Non-operating expenses</b>		
Interest expense	43	51
Other	3	0
<b>Total non-operating expenses</b>	<b>46</b>	<b>52</b>
<b>Ordinary income (loss)</b>	<b>3,914</b>	<b>3,292</b>
<b>Extraordinary losses</b>		
Income before income taxes	3,914	3,161
<b>Total income taxes</b>	<b>1,513</b>	<b>1,083</b>
<b>Quarterly net earnings</b>	<b>2,401</b>	<b>2,078</b>

### 3. Orders received and net sales

(1) Consolidated

(Million yen, %)

		2Q / FY 2016		2Q / FY 2017	
		(Apr 1, 2016 - Sep 30, 2016)		(Apr 1, 2017 - Sep 30, 2017)	
		Amount	Share	Amount	Share
Orders received	Architecture	25,070	28.5	16,027	21.8
	Civil engineering	62,126	70.5	57,020	77.7
	Total construction	87,197	99.0	73,020	99.5
	Real estate	915	1.0	388	0.5
	Total	88,113	100.0	73,436	100.0
Net sales	Architecture	21,758	33.4	20,580	29.0
	Civil engineering	42,386	65.2	49,955	70.5
	Total construction	64,145	98.6	70,535	99.5
	Real estate	915	1.4	388	0.5
	Total	65,060	100.0	70,923	100.0

(2) Non-consolidated

(Million yen, %)

			2Q / FY 2016		2Q / FY 2017	
			(Apr 1, 2016 - Sep 30, 2016)		(Apr 1, 2017 - Sep 30, 2017)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	5,566		9,529	
		Private	18,319		35,426	
	Subtotal		23,886	47.0	44,955	48.6
	Civil engineering	Public	14,365		27,059	
		Private	11,316		19,473	
	Subtotal		25,682	50.0	46,533	50.2
	Total construction	Public	19,932		36,588	
		Private	29,636		54,900	
	Total		49,568	97.0	91,489	98.8
	Real estate	Public	-		-	
		Private	926		1,143	
	Total		926	3.0	1,143	1.2
	Total	Public	19,932		36,588	
Private		30,562		56,044		
		50,494	100.0	92,632	100.0	
Net sales	Architecture	25,595	53.5	19,873	48.6	
	Civil engineering	16,990	44.1	20,752	50.8	
	Total construction	37,586	97.6	40,626	99.4	
	Real estate	926	2.4	244	0.6	
	Total	38,512	100.0	40,870	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 9, 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