

Summary of Consolidated Financial Results

For the Third Quarter of Fiscal Year Ending March 31, 2018 [Japan GAAP] ("Q3/FY2017")

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 13, 2018
 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 2018 (April 1, 2017 – December 31, 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	%
3Q / FY 2017	112,822	13.4	5,582	(8.4)	5,583	(8.4)	3,668	(4.7)
3Q / FY 2016	99,510	(1.5)	6,094	42.5	6,095	40.7	3,848	14.8

Note: Comprehensive income: 3Q / FY 2017 : 4,048 million yen 0.5% , 3Q / FY 2016 : 4,028 million yen 14.4%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
3Q / FY 2017	65.77	—
3Q / FY 2016	68.58	—

(2) Consolidated financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2017	103,493	63,917	61.7
As of March 31, 2016	108,286	61,542	56.8

(Reference) Shareholders' equity

As of December 31, 2017: 63,893 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	80.68

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 December 31, 2017: 59,100,000 As of March 31, 2017: 59,100,000
 - (b) Treasury shares
As of December 31, 2017: 3,582,246 As of March 31, 2017: 2,983,946
 - (c) Average number of shares (quarterly consolidated cumulative period)
Period ended December 31, 2017: 55,778,864 Period ended December 31, 2016: 56,116,178

* 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)	Third quarter ended December 2016 (As of December 31, 2016)
ASSETS		
Current assets		
Cash and deposits	27,816	25,396
Notes receivable, accounts receivable from completed construction contracts and other	54,601	54,615
Real estate for sale	2,308	1,223
Costs on uncompleted construction contracts	149	224
Costs on real estate business	3,296	2,838
Deferred tax assets	1,002	550
Accounts receivable	7,033	4,891
Other	819	1,697
Allowance for doubtful accounts	(382)	(363)
Total current assets	96,645	91,075
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	710	718
Machinery, vehicles, tools, furniture and fixtures, net	704	789
Vessels, net	651	1,647
Land	3,618	3,618
Lease assets, net	124	110
Construction in progress	505	1
Total Tangible assets	6,315	6,886
Intangible assets	201	308
Investments and other assets		
Investment securities	3,619	3,860
Long-term loans receivable	6	5
Deferred tax assets	676	531
Long-term accounts receivable	598	695
Other	975	976
Allowance for doubtful accounts	(853)	(847)
Total investments and other assets	5,123	5,222
Total noncurrent assets	11,640	12,417
Total assets	108,286	103,493

(Million yen)

	Fiscal year ended March 2017(As of March 31, 2017)	Third quarter ended December 2017 (As of December 31, 2017)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	22,594	21,632
Income taxes payable	2,304	427
Advances received on uncompleted construction contracts	6,413	4,261
Provision for warranties for completed construction	568	564
Provision for loss on construction contracts	58	70
Provision for bonuses	1,580	732
Provision for loss on disaster	385	286
Other	3,632	2,776
Total current liabilities	37,539	30,751
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	215	215
Retirement allowances	8,436	8,094
Provision for special repairs of vessels	91	68
Other	460	445
Total noncurrent liabilities	9,204	8,823
Total liabilities	46,744	39,575
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	34,492	37,039
Treasury shares	(1,921)	(2,468)
Total shareholders' equity	61,337	63,336
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	508	717
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(380)	(208)
Total accumulated other comprehensive income	176	557
Non-controlling interests	27	23
Total net assets	61,542	63,917
Total liabilities and net assets	108,286	103,493

(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, 2018 (April 1, 2017 – December 31, 2017)

(Million yen)

	Third quarter ended December 2016 (April 1, 2016- December 31, 2016)	Third quarter ended December 2017 (April 1, 2017- December 31, 2017)
Net sales		
Net sales of completed construction contracts	98,566	109,510
Sales on real estate business	943	3,311
Total net sales	99,510	112,822
Cost of sales		
Cost of sales of completed construction contracts	86,249	97,776
Cost of sales on real estate business	751	2,994
Total cost of sales	87,000	100,771
Gross profit		
Gross profit on completed construction contracts	12,317	11,733
Gross profit-real estate business	191	316
Total gross profit	12,509	12,050
Selling, general and administrative expenses	6,415	6,467
Operating income	6,094	5,582
Non-operating income		
Interest income	0	1
Dividend income	38	49
Other	23	14
Total non-operating income	62	66
Non-operating expenses		
Interest expense	60	64
Other	1	1
Total non-operating expenses	61	66
Ordinary income (loss)	6,095	5,583
Extraordinary income		
Gain on sales of non-current assets	-	17
Gain on sales of investment securities	-	5
Total extraordinary income	-	22
Extraordinary losses		
Loss on disaster	-	126
Other	6	10
Total extraordinary losses	6	137
Income before income taxes	6,089	5,467
Income taxes-current	1,776	1,299
Income taxes-deferred	459	500
Total income taxes	2,235	1,800
Net earnings	3,853	3,667
Profit (loss) attributable to non-controlling interests	5	(1)
Profit (loss) attributable to owners of parent	3,848	3,668

Quarterly consolidated statements of comprehensive income
 For the third quarter of fiscal year ending March 31, 2018 (April 1, 2017 – December 31, 2017)

(Million yen)

	Third quarter ended December 2016 (April 1, 2016- December 31, 2016)	Third quarter ended December 2017 (April 1, 2017- December 31, 2017)
Quarterly net earnings	3,853	3,667
Other comprehensive income		
Valuation difference on available-for-sale securities	117	208
Remeasurements of retirement allowance plans	58	171
Total other comprehensive income	175	380
Comprehensive income	4,028	4,048
(This splits into...)		
Comprehensive income attributable to owners of parent	4,023	4,049
Comprehensive income attributable to non-controlling interests	5	(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)	Third quarter ended December 2017 (As of December 31, 2017)
ASSETS		
Current assets		
Cash and deposits	13,693	14,406
Notes receivable, accounts receivable from completed construction contracts and other	36,960	35,164
Real estate for sale	1,809	879
Costs on uncompleted construction contracts	49	57
Costs on real estate business	3,296	2,838
Other	4,061	3,965
Allowance for doubtful accounts	(257)	(249)
Total current assets	59,614	57,063
Noncurrent assets		
Tangible Assets	2,451	2,386
Intangible assets	122	178
Investments and other assets		
Investment securities	11,729	9,971
Other	1,900	1,749
Allowance for doubtful accounts	(798)	(795)
Total investments and other assets	12,830	10,924
Total noncurrent assets	15,404	13,490
Total assets	75,018	70,553
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	12,062	11,052
Advances received on uncompleted construction contracts	5,000	2,896
Other	4,900	2,146
Total current liabilities	21,963	16,094
Noncurrent liabilities		
Retirement allowances	4,817	4,685
Other	178	184
Total noncurrent liabilities	4,995	4,869
Total liabilities	26,959	20,964
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	20,743	22,634
Treasury shares	(1,921)	(2,468)
Total shareholders' equity	47,588	48,931
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	471	657
Total valuation and translation adjustments	471	657
Total net assets	48,059	49,588
Total liabilities and net assets	75,018	70,553

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

For the third quarter of fiscal year ending March 31, 2018 (April 1, 2017 – December 31, 2017)

(Million yen)

	Third quarter ended December 2016 (April 1, 2016- December 31, 2016)	Third quarter ended December 2017 (April 1, 2017- December 31, 2017)
Net sales		
Net sales of completed construction contracts	57,792	61,497
Sales on real estate business	958	3,172
Total net sales	58,751	64,669
Cost of sales		
Cost of sales of completed construction contracts	50,723	55,415
Cost of sales on real estate business	700	2,852
Total cost of sales	51,423	58,268
Gross profit		
Gross profit on completed construction contracts	7,069	6,081
Gross profit-real estate business	258	320
Total gross profit	7,327	6,401
Selling, general and administrative expenses	3,523	3,523
Operating income	3,804	2,877
Non-operating income		
Interest income	0	1
Dividend income	1,169	1,106
Other	18	13
Total non-operating income	1,189	1,121
Non-operating expenses		
Interest expense	35	36
Other	0	0
Total non-operating expenses	36	37
Ordinary income (loss)	4,957	3,961
Extraordinary losses	6	4
Income before income taxes	4,951	3,957
Total income taxes	1,536	944
Quarterly net earnings	3,414	3,012

3. Orders received and net sales

(1) Consolidated

(Million yen, %)

		3Q / FY 2016		3Q / FY 2017	
		(Apr 1, 2016 - Dec 31, 2016)		(Apr 1, 2017 - Dec 31, 2017)	
		Amount	Share	Amount	Share
Orders received	Architecture	34,440	30.5	26,249	23.4
	Civil engineering	77,573	68.7	82,712	73.7
	Total construction	112,014	99.2	108,961	97.1
	Real estate	943	0.8	3,311	2.9
	Total	112,958	100.0	112,273	100.0
Net sales	Architecture	33,051	33.3	30,959	27.5
	Civil engineering	65,515	65.8	78,551	69.6
	Total construction	98,566	99.1	109,510	97.1
	Real estate	943	0.9	3,311	2.9
	Total	99,510	100.0	112,822	100.0

(2) Non-consolidated

(Million yen, %)

			3Q / FY 2016		3Q / FY 2017	
			(Apr 1, 2016 - Dec 31, 2016)		(Apr 1, 2017 - Dec 31, 2017)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	8,709		8,341	
		Private	23,666		16,637	
	Subtotal		32,375	49.5	24,978	37.6
	Civil engineering	Public	18,383		9,618	
		Private	13,722		28,632	
	Subtotal		32,106	49.0	38,251	57.6
	Total construction	Public	27,092		17,959	
		Private	37,389		45,270	
	Total		64,481	98.5	63,230	95.2
	Real estate	Public	-		-	
		Private	958		3,172	
	Total		958	1.5	3,172	4.8
	Total	Public	27,092	41.4	17,959	27.0
Private		38,348	58.6	48,442	73.0	
		65,440	100.0	66,402	100.0	
Net sales	Architecture	31,289	53.3	29,782	46.1	
	Civil engineering	26,502	45.1	31,714	49.0	
	Total construction	57,792	98.4	61,497	95.1	
	Real estate	958	1.6	3,172	4.9	
	Total	58,751	100.0	64,669	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 9, 2018. 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