

Summary of Consolidated Financial Results

For the Third Quarter of Fiscal Year Ending March 31, 2019 [Japan GAAP] ("Q3/FY2018")

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 12, 2019
 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 2019 (April 1, 2018 – December 31, 2018)

(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 2018	109,669	(2.8)	3,280	(41.2)	3,266	(41.5)	2,018	(45.0)
3Q / FY 2017	112,822	13.4	5,582	(8.4)	5,583	(8.4)	3,668	(4.7)

Note: Comprehensive income: 3Q / FY 2018 : 2,090 million yen (48.4%), 3Q / FY 2017 : 4,048 million yen 0.5%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
3Q / FY 2018	36.62	—
3Q / FY 2017	65.77	—

(2) Consolidated financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2018	100,233	65,552	65.4
As of March 31, 2017	108,720	65,230	60.0

(Reference) Shareholders' equity

As of December 31, 2018: 65,524 million yen

As of March 31, 2018: 65,204 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 3/2018	—	0.00	—	22.00	22.00
FY 3/2019	—	0.00	—		
FY 3/2019 (Est.)				22.00	22.00

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

3. Consolidated forecast for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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	164,000	10.4	152,000	(0.9)	6,300	(17.8)	6,250	(18.3)	4,400	(17.8)	80.37

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, 2018: 59,100,000 As of March 31, 2018: 59,100,000
- (b) Treasury shares
As of December 31, 2018: 4,355,148 As of March 31, 2018: 3,787,946
- (c) Average number of shares (quarterly consolidated cumulative period)
Period ended December 31, 2018: 55,110,623 Period ended December 31, 2017: 55,778,864

* 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.

(5) Non-consolidated forecast for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentage figures represent year on year changes)

	Orders received		Net sales		Operating income		Ordinary income		Net earnings		Net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	100,000	11.6	89,000	2.0	3,700	(7.6)	5,300	4.2	3,800	10.0	69.41

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 2018(As of March 31, 2018)	Third quarter ended December 2018 (As of December 31, 2018)
ASSETS		
Current assets		
Cash and deposits	21,588	16,256
Notes receivable, accounts receivable from completed construction contracts and other	61,749	58,683
Real estate for sale	2,984	2,924
Costs on uncompleted construction contracts	137	410
Costs on real estate business	603	-
Accounts receivable	6,450	6,481
Other	956	2,032
Allowance for doubtful accounts	(267)	(252)
Total current assets	94,202	86,537
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	747	778
Machinery, vehicles, tools, furniture and fixtures, net	794	761
Vessels, net	1,595	1,467
Land	3,618	3,618
Lease assets, net	107	114
Construction in progress	4	12
Total Tangible assets	6,868	6,752
Intangible assets	373	370
Investments and other assets		
Investment securities	4,016	4,015
Long-term loans receivable	5	3
Deferred tax assets	2,457	1,810
Other	1,043	978
Allowance for doubtful accounts	(246)	(235)
Total investments and other assets	7,275	6,572
Total noncurrent assets	14,517	13,695
Total assets	108,720	100,233

(Million yen)

	Fiscal year ended March 2018(As of March 31, 2018)	Third quarter ended December 2018 (As of December 31, 2018)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	23,340	16,996
Income taxes payable	903	157
Advances received on uncompleted construction contracts	3,633	5,148
Provision for warranties for completed construction	447	441
Provision for loss on construction contracts	175	106
Provision for bonuses	1,504	821
Provision for loss by disaster	240	-
Other	4,342	2,333
Total current liabilities	34,586	26,005
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	215	215
Retirement allowances	8,210	7,985
Provision for special repairs of vessels	52	67
Other	424	406
Total noncurrent liabilities	8,903	8,675
Total liabilities	43,489	34,680
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	38,722	39,523
Treasury shares	(2,674)	(3,225)
Total shareholders' equity	64,813	65,063
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	643	627
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(300)	(215)
Total accumulated other comprehensive income	390	460
Non-controlling interests	26	28
Total net assets	65,230	65,552
Total liabilities and net assets	108,720	100,233

(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, 2019 (April 1, 2018 – December 31, 2018)

(Million yen)

	Third quarter ended December 2017 (April 1, 2017- December 31, 2017)	Third quarter ended December 2018 (April 1, 2018- December 31, 2018)
Net sales		
Net sales of completed construction contracts	109,510	108,745
Sales on real estate business	3,311	923
Total net sales	112,822	109,669
Cost of sales		
Cost of sales of completed construction contracts	97,776	98,407
Cost of sales on real estate business	2,994	868
Total cost of sales	100,771	99,276
Gross profit		
Gross profit on completed construction contracts	11,733	10,338
Gross profit-real estate business	316	54
Total gross profit	12,050	10,392
Selling, general and administrative expenses	6,467	7,112
Operating income	5,582	3,280
Non-operating income		
Interest income	1	0
Dividend income	49	56
Other	14	16
Total non-operating income	66	73
Non-operating expenses		
Interest expense	64	50
Idle assets expenses	-	30
Other	1	5
Total non-operating expenses	66	86
Ordinary income (loss)	5,583	3,266
Extraordinary income		
Gain on sales of non-current assets	17	41
Gain on sales of investment securities	5	-
Total extraordinary income	22	41
Extraordinary losses		
Loss on disaster	126	22
Loss on litigation	2	22
Other	7	5
Total extraordinary losses	137	51
Income before income taxes	5,467	3,256
Income taxes-current	1,299	581
Income taxes-deferred	500	654
Total income taxes	1,800	1,235
Net earnings	3,667	2,021
Profit (loss) attributable to non-controlling interests	(1)	2
Profit (loss) attributable to owners of parent	3,668	2,018

Quarterly consolidated statements of comprehensive income
 For the third quarter of fiscal year ending March 31, 2019 (April 1, 2018 – December 31, 2018)

(Million yen)

	Third quarter ended December 2017 (April 1, 2017- December 31, 2017)	Third quarter ended December 2018 (April 1, 2018- December 31, 2018)
Quarterly net earnings	3,667	2,021
Other comprehensive income		
Valuation difference on available-for-sale securities	208	(15)
Remeasurements of retirement allowance plans	171	85
Total other comprehensive income	380	69
Comprehensive income	4,048	2,090
(This splits into...)		
Comprehensive income attributable to owners of parent	4,049	2,087
Comprehensive income attributable to non-controlling interests	(1)	2

2. Quarterly non-consolidated Financial Statements

(1) Quarterly non-consolidated balance sheet

(Million yen)

	Fiscal year ended March 2018(As of March 31, 2018)	Third quarter ended December 2018 (As of December 31, 2018)
ASSETS		
Current assets		
Cash and deposits	12,492	8,698
Notes receivable, accounts receivable from completed construction contracts and other	38,458	38,637
Real estate for sale	2,641	2,581
Costs on uncompleted construction contracts	52	309
Costs on real estate business	603	-
Other	4,978	5,548
Allowance for doubtful accounts	(123)	(118)
Total current assets	59,103	55,657
Noncurrent assets		
Tangible Assets	2,392	2,323
Intangible assets	227	219
Investments and other assets		
Investment securities	9,925	9,962
Other	2,007	1,517
Allowance for doubtful accounts	(195)	(192)
Total investments and other assets	11,737	11,287
Total noncurrent assets	14,357	13,831
Total assets	73,460	69,488
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	11,821	8,751
Income taxes payable	116	48
Advances received on uncompleted construction contracts	2,649	3,059
Other	4,235	2,277
Total current liabilities	18,823	14,136
Noncurrent liabilities		
Retirement allowances	4,695	4,616
Other	183	176
Total noncurrent liabilities	4,878	4,793
Total liabilities	23,701	18,930
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	23,076	24,400
Treasury shares	(2,674)	(3,225)
Total shareholders' equity	49,168	49,941
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	591	616
Total valuation and translation adjustments	591	616
Total net assets	49,759	50,558
Total liabilities and net assets	75,460	69,488

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

For the third quarter of fiscal year ending March 31, 2019 (April 1, 2018 – December 31, 2018)

(Million yen)

	Third quarter ended December 2017 (April 1, 2017- December 31, 2017)	Third quarter ended December 2018 (April 1, 2018- December 31, 2018)
Net sales		
Net sales of completed construction contracts	61,497	61,990
Sales on real estate business	3,172	934
Total net sales	64,669	62,924
Cost of sales		
Cost of sales of completed construction contracts	55,415	56,569
Cost of sales on real estate business	2,852	861
Total cost of sales	58,268	57,430
Gross profit		
Gross profit on completed construction contracts	6,081	5,420
Gross profit-real estate business	320	73
Total gross profit	6,401	5,493
Selling, general and administrative expenses	3,523	3,943
Operating income	2,877	1,550
Non-operating income		
Interest income	1	0
Dividend income	1,106	1,590
Other	13	14
Total non-operating income	1,121	1,605
Non-operating expenses		
Interest expense	36	23
Other	0	1
Total non-operating expenses	37	24
Ordinary income (loss)	3,961	3,130
Loss on disaster	-	22
Other	4	23
Extraordinary losses	4	45
Income before income taxes	3,957	3,085
Total income taxes	944	544
Quarterly net earnings	3,012	2,541

3. Orders received and net sales

(1) Consolidated

(Million yen, %)

		3Q / FY 2017		3Q / FY 2018	
		(Apr 1, 2017 - Dec 31, 2017)		(Apr 1, 2018 - Dec 31, 2018)	
		Amount	Share	Amount	Share
Orders received	Architecture	26,249	23.4	38,073	30.8
	Civil engineering	82,712	73.7	84,438	68.5
	Total construction	108,961	97.1	122,511	99.3
	Real estate	3,311	2.9	923	0.7
	Total	112,273	100.0	123,435	100.0
Net sales	Architecture	30,959	27.5	29,817	27.2
	Civil engineering	78,551	69.6	78,928	72.0
	Total construction	109,510	97.1	108,745	99.2
	Real estate	3,311	2.9	923	0.8
	Total	112,822	100.0	109,669	100.0

(2) Non-consolidated

(Million yen, %)

			3Q / FY 2017		3Q / FY 2018	
			(Apr 1, 2017 - Dec 31, 2017)		(Apr 1, 2018 - Dec 31, 2018)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	8,341		15,329	
		Private	16,637		21,052	
	Subtotal		24,978	37.6	36,381	49.2
	Civil engineering	Public	9,618		27,774	
		Private	28,632		8,804	
	Subtotal		38,251	57.6	36,578	49.5
	Total construction	Public	17,959		43,104	
		Private	45,270		29,856	
	Total		63,230	95.2	72,960	98.7
	Real estate	Public	-		-	
		Private	3,172		934	
	Total		3,172	4.8	934	1.3
	Total	Public	17,959	27.0	43,104	58.3
Private		48,442	73.0	30,791	41.7	
		66,402	100.0	73,895	100.0	
Net sales	Architecture	29,782	46.1	28,130	44.7	
	Civil engineering	31,714	49.0	33,859	53.8	
	Total construction	61,497	95.1	61,990	98.5	
	Real estate	3,172	4.9	934	1.5	
	Total	64,669	100.0	62,924	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 8, 2019. 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