

Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2016 [Japan GAAP]

Company: Asunaro Aoki Construction Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (First Section)
 Stock code: 1865
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 Date of Ordinary shareholders Meeting: June 16, 2016 (tentative)
 Date of commencement of dividend payment: June 17, 2016 (tentative)
 Date of filing of securities report: June 17, 2016 (tentative)
 Supplementary explanatory documents: Yes (for analysts)
 Earnings presentation: Yes (for analysts)

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

1. Consolidated results of operations for the year ended March 2016 (April 1, 2015 – March 31, 2016)

(1) Consolidated result of operations (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	%
FY 3/2016	139,269	10.0	5,861	58.2	5,900	59.1	3,855	35.9
FY 3/2015	126,560	5.2	3,705	69.7	3,709	58.5	2,837	76.8

Note: Comprehensive income: FY3/16: 3,993 million yen 28.0% FY3/15: 3,121 million yen 87.2%

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 3/2016	68.71	—	6.8	6.0	4.2
FY 3/2015	47.08	—	5.1	3.8	2.9

(Reference) Share of profit (loss) of entities accounted for using equity method: FY3/16: - million yen
 FY3/15: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 3/2016	97,291	58,380	60.0	1,039.93
FY 3/2015	97,929	55,230	56.4	983.83

(Reference) Shareholders' equity: FY3/16: 58,357 million yen FY3/15: 55,209 million yen

(3) Consolidated cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 3/2016	(991)	(591)	(950)	26,106
FY 3/2015	4,452	(65)	(4,140)	28,639

2. Dividends

	Dividend per share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend-to-equity ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 3/2015	—	0.00	—	15.00	15.00	841	31.9	1.6
FY 3/2016	—	0.00	—	18.00	18.00	1,010	26.2	1.8
FY 3/2017 (Est.)	—	0.00	—	18.00	18.00		25.3	

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
First half	67,000	5.9	3,000	14.9	3,000	13.7	1,500	(16.1)	35.64
Full year	146,000	4.8	6,300	7.5	6,200	5.1	4,000	3.7	71.28

* **Notes**

- (1) Changes in significant subsidiaries (Changes of specific subsidiaries that accompanies scope change of consolidation): No
- (2) Changes in accounting principles and estimates, and retrospective restatement
- (a) Changes due to revision of accounting standards: Yes
- (b) Changes other than (a): No
- (c) Changes in accounting estimates: No
- (d) Retrospective restatement: No

(3) Number of shares outstanding (ordinary shares)

(a) Shares outstanding (including treasury stock)

As of March 31, 2016: 59,100,000 As of March 31, 2015: 59,100,000

(b) Treasury shares

As of March 31, 2016: 2,983,756 As of March 31, 2015: 2,983,318

(c) Average number of shares

Period ended March 31, 2016: 56,116,457 Period ended March 31, 2015: 60,273,614

(Reference) Outline of non-consolidated results

1. Non-consolidated results of operations for the year ended March 2016 (April 1, 2015 – March 31, 2016)

(1) Non-consolidated result of operations (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/16	78,725	19.5	3,040	175.8	4,021	130.7	3,034	69.8
FY3/15	65,878	5.5	1,102	193.5	1,743	75.8	1,787	111.2

	Net Income per share	Diluted Net Income per share
	yen	yen
FY3/16	54.07	-
FY3/15	29.65	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/16	64,584	45,596	70.3	812.53
FY3/15	65,599	43,518	66.3	775.50

(Reference) Shareholders' equity: FY3/16: 45,596 million yen FY3/15: 43,518 million yen

2. 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		Net income		Net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	40,000	8.7	1,600	25.7	2,600	16.2	2,000	(14.1)	35.64
Full year	82,000	4.2	3,200	5.2	4,200	4.4	3,000	(1.1)	53.46

* 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. Consolidated Financial Statements	1
(1) Consolidated balance sheet.....	1
(2) Consolidated statements of income and comprehensive income.....	3
(3) Consolidated statements of cash flow.....	5
2. Non-consolidated Financial Statements	6
(1) Non-consolidated balance sheet.....	6
(2) Non-consolidated statements of income and comprehensive income.....	8
3. Orders received, net sales and Contract backlogs.....	10

1. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Million yen)

	Fiscal year ended March 2015 (As of March 31, 2015)	Fiscal year ended March 2016 (As of March 31, 2016)
ASSETS		
Current assets		
Cash and deposits	28,639	26,106
Notes receivable, accounts receivable from completed construction contracts and other	45,145	51,089
Real estate for sale	2,493	1,320
Costs on uncompleted construction contracts	55	94
Costs on real estate business	661	1,862
Accounts receivable	5,381	1,850
Deferred tax assets	597	1,044
Other	1,174	1,953
Allowance for doubtful accounts	(190)	(299)
Total current assets	83,957	85,022
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	1,276	830
Machinery, vehicles, tools, furniture and fixtures, net	492	719
Vessels, net	1,120	751
Land	4,351	4,368
Lease assets, net	84	95
Construction in progress	-	139
Total Tangible assets	7,325	6,904
Intangible assets	221	186
Investments and other assets		
Investment securities	3,811	3,591
Long-term loans receivable	10	8
Deferred tax assets	606	359
Long-term accounts receivable	1,166	858
Other	1,295	1,192
Allowance for doubtful accounts	(464)	(832)
Total investments and other assets	6,424	5,178
Total noncurrent assets	13,972	12,269
Total assets	97,929	97,291

(Million yen)

	Fiscal year ended March 2015 (As of March 31, 2015)	Fiscal year ended March 2016 (As of March 31, 2016)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	19,995	18,583
Income taxes payable	732	1,291
Advances received on uncompleted construction contracts	6,475	5,520
Provision for warranties for completed construction	575	552
Provision for loss on construction contracts	113	—
Provision for bonuses	1,071	1,604
Other	4,533	2,298
Total current liabilities	33,498	29,850
Noncurrent liabilities		
Deferred tax liabilities	288	215
Provision for special repairs of vessels	99	75
Retirement allowances	8,328	8,262
Other	483	507
Total noncurrent liabilities	9,200	9,060
Total liabilities	42,699	38,910
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	28,440	31,454
Treasury shares	(1,920)	(1,921)
Total shareholders' equity	55,286	58,299
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	636	491
Revaluation reserve for land	43	48
Remeasurements of retirement allowance plans	(756)	(482)
Total accumulated other comprehensive income	(77)	57
Non-controlling interests	21	23
Total net assets	55,230	58,380
Total liabilities and net assets	97,929	97,291

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Million yen)

	Fiscal year ended March 2015 (April 1, 2014-March 31, 2015)	Fiscal year ended March 2016 (April 1, 2015-March 31, 2016)
Net sales		
Net sales of completed construction contracts	125,007	136,401
Sales on real estate business	1,553	2,867
Total net sales	126,560	139,269
Cost of sales		
Cost of sales of completed construction contracts	114,191	122,201
Cost of sales on real estate business	1,373	2,622
Total cost of sales	115,565	124,824
Gross profit		
Gross profit on completed construction contracts	10,815	14,200
Gross profit-real estate business	176	245
Total gross profit	10,995	14,445
Selling, general and administrative expenses	7,289	8,583
Operating profit (loss)	3,705	5,861
Non-operating income		
Interest income	19	2
Dividend income	41	68
Gain on bad debts recovered	45	57
Other	36	29
Total non-operating income	142	157
Non-operating expenses		
Interest expense	108	105
Other	30	13
Total non-operating expenses	139	119
Ordinary profit (loss)	3,709	5,900
Extraordinary income		
Gain on sales of noncurrent assets	11	22
Reversal of loss on litigation	-	10
Other	0	0
Total extraordinary income	11	34
Extraordinary losses		
Impairment loss	55	628
Loss on disaster	49	-
Other	11	2
Total extraordinary losses	115	630
Profit (loss) before income taxes	3,604	5,304
Income taxes-current	1,046	1,650
Income taxes-deferred	(281)	(204)
Total income taxes	764	1,445
Profit (loss)	2,840	3,859
Profit (loss) attributable to non-controlling interests	2	3
Profit (loss) attributable to owners of parent	2,837	3,855

Consolidated statements of comprehensive income

(Million yen)

	Fiscal year ended March 2015 (April 1, 2014-March 31, 2015)	Fiscal year ended March 2016 (April 1, 2015-March 31, 2016)
Profit (loss)	2,840	3,859
Other comprehensive income		
Valuation difference on available-for-sale securities	314	(144)
Revaluation reserve for land	16	4
Remeasurements of defined benefit plans	(49)	274
Total other comprehensive income	281	134
Comprehensive income	3,212	3,993
(This splits into...)		
Comprehensive income attributable to owners of parent	3,118	3,990
Comprehensive income attributable to non-controlling interests	2	3

(3) Consolidated statements of cash flow

(Million yen)

	Fiscal year ended March 2015 (April 1, 2014-March 31, 2015)	Fiscal year ended March 2016 (April 1, 2015-March 31, 2016)
Cash flows from operating activities		
Profit (loss) before income taxes	3,604	5,304
Depreciation	552	610
Increase (decrease) in allowance for doubtful accounts	(124)	478
Increase (decrease) in provision for warranties for completed construction	(35)	(23)
Increase (decrease) in provision for loss on construction contracts	78	(113)
Increase (decrease) in provision for bonuses	256	533
Increase (decrease) in provision for special repairs of vessels	12	(24)
Increase (decrease) in net defined benefit liability	6	208
Interest and dividend income	(60)	(70)
Interest expenses	108	105
Loss (gain) on sales of property, plant and equipment	(8)	(22)
Impairment loss	55	628
Decrease (increase) in notes and accounts receivable from completed construction	1,068	(5,944)
Decrease (increase) in long term accounts receivable	291	307
Decrease (increase) in inventories	246	(67)
Increase (decrease) in notes and accounts payable	(370)	(1,412)
Increase (decrease) in advances received on uncompleted construction contracts	249	(955)
Decrease (increase) in accounts receivable	(1,813)	3,530
Decrease/increase in consumption taxes receivable/payable	1,559	(2,855)
Others, net	(351)	(15)
Subtotal	5,324	202
Interest and dividend income received	60	70
Interest expenses paid	(108)	(105)
Income taxes paid	(824)	(1,158)
Cash flows from operating activities	4,452	(991)
Cash flows from investing activities		
Purchase of property, plant and equipment	(194)	(1,409)
Proceeds from sales of property, plant and equipment	249	886
Purchase of intangible assets	(112)	(65)
Purchase of investment securities	(10)	(9)
Others, net	2	7
Cash flows from investing activities	(65)	(591)
Cash flows from financing activities		
Repayments of lease obligations	(88)	(107)
Cash dividends paid	(788)	(841)
Dividends paid to non-controlling interests	(0)	(1)
Purchase of treasury shares	(3,263)	(0)
Cash flows from financing activities	(4,140)	(950)
Net increase (decrease) in cash and cash equivalents	245	(2,533)
Cash and cash equivalents at the beginning of period	28,394	28,639
Cash and cash equivalents at the end of period	28,639	26,106

2. Non-consolidated Financial Statements and Major Notes

(1) Non-consolidated balance sheet

(Million yen)

	Fiscal year ended March 2015 (As of March 31, 2015)	Fiscal year ended March 2016 (As of March 31, 2016)
ASSETS		
Current assets		
Cash and deposits	15,787	14,104
Notes receivable-trade	169	0
Electronically recorded monetary claims - operating	2,198	300
Accounts receivable from completed construction contracts	24,740	29,129
Real estate for sale	1,605	617
Costs on uncompleted construction contracts	18	34
Costs on real estate business	661	1,862
Short-term loans receivable	400	-
Accounts receivable	1,726	783
Consumption taxes receivable	-	921
Deferred tax assets	405	513
Other	337	337
Allowance for doubtful accounts	(59)	(163)
Total current assets	47,990	48,442
Noncurrent assets		
Tangible Assets		
Buildings	1,849	1,420
Accumulated depreciation	(961)	(965)
Buildings, net	887	454
Structures	74	74
Accumulated depreciation	(69)	(69)
Structures, net	5	4
Machinery and equipment	690	876
Accumulated depreciation	(615)	(665)
Machinery and equipment, net	75	210
Vehicles	12	12
Accumulated depreciation	(12)	(12)
Vehicles, net	0	0
Tools, furniture and fixtures	278	317
Accumulated depreciation	(222)	(219)
Tools, furniture and fixtures, net	56	97
Land	2,235	2,574
Leased assets	-	4
Accumulated depreciation	-	(0)
Lease assets, net	-	4
Total Tangible assets	3,259	3,346
Intangible assets	157	118

(Million yen)

	Fiscal year ended March 2015 (As of March 31, 2015)	Fiscal year ended March 2016 (As of March 31, 2016)
Investments and other assets		
Investment securities	3,043	2,856
Shares of subsidiaries and associates	8,885	8,885
Long-term loans receivable	9	8
Long-term prepaid expenses	311	233
Long-term accounts receivable	1,013	735
Lease and guarantee deposits	669	674
Deferred tax assets	505	212
Other	53	40
Allowance for doubtful accounts	(299)	(698)
Total investments and other assets	14,190	12,947
Total noncurrent assets	17,608	16,412
Total assets	65,599	64,854
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	9,496	8,431
Lease obligations	-	0
Income taxes payable	49	561
Accrued consumption taxes	2,223	-
Advances received on uncompleted construction contracts	3,801	3,563
Deposits received	618	794
Provision for warranties for completed construction	55	60
Provision for bonuses	507	863
Other	761	233
Total current liabilities	17,511	14,508
Noncurrent liabilities		
Lease obligations	-	3
Provision for retirement benefits	4,394	4,571
Other	174	174
Total noncurrent liabilities	4,568	4,748
Total liabilities	22,080	19,257
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus		
Legal capital surplus	23,766	23,766
Total legal capital surplus	23,766	23,766
Retained earnings		
Legal retained earnings	500	500
Other retained earnings		
General reserve	14,500	14,500
Retained earnings brought forward	1,079	3,271
Total Retained earnings	16,079	18,271
Treasury shares	(1,920)	(1,921)
Total shareholders' equity	42,924	45,116
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	593	479
Total valuation and translation adjustments	593	479
Total net assets	43,518	45,596
Total liabilities and net assets	65,599	64,854

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

(Million yen)

	Fiscal year ended March 2015 (April 1, 2014-March 31, 2015)	Fiscal year ended March 2016 (April 1, 2015-March 31, 2016)
Net sales		
Net sales of completed construction contracts	64,327	75,824
Sales on real estate business	1,551	2,901
Total net sales	65,878	78,725
Cost of sales		
Cost of sales of completed construction contracts	59,789	68,481
Cost of sales on real estate business	1,313	2,427
Total cost of sales	61,102	70,909
Gross profit		
Gross profit (loss) on completed construction contracts	4,537	7,342
Gross profit (loss) on real estate business	238	474
Total gross profit	4,776	7,816
Selling, general and administrative expenses		
Directors' compensations	159	184
Employees' salaries and allowances	1,573	1,747
Provision for Bonuses and allowance	181	328
Retirement payments	158	157
Legal welfare expenses	319	355
Welfare expenses	39	38
Repair and maintenance	13	7
Stationery expenses	83	92
Correspondence and transportation expenses	127	143
Power utilities expenses	24	20
Research study expenses	225	284
Advertising expenses	13	22
Provision of allowance for doubtful accounts	(19)	584
Entertainment expenses	15	19
Contribution	4	3
Rents	285	321
Depreciation	60	59
Taxes and dues	132	171
Insurance expenses	3	4
Miscellaneous expenses	271	229
Total Selling, general and administrative expenses	3,673	4,775
Operating income	1,102	3,040
Non-operating income		
Interest income	12	3
Dividend income	677	996
Other	41	53
Total non-operating income	730	1,053
Non-operating expenses		
Interest expense	59	60
Other	30	12
Total non-operating expenses	90	72
Ordinary income (loss)	1,743	4,021

(Million yen)

	Fiscal year ended March 2015 (April 1, 2014-March 31, 2015)	Fiscal year ended March 2016 (April 1, 2015-March 31, 2016)
Extraordinary income		
Gain on sales of non-current assets	4	14
Other	0	-
Total extraordinary income	4	14
Extraordinary losses		
Loss on litigation	33	—
Impairment loss	-	69
Other	0	0
Total extraordinary losses	33	70
Income before income taxes	1,713	3,965
Income taxes-current	1,534	674
Income taxes-deferred	(227)	257
Total income taxes	(73)	931
Net income	1,787	3,034

3. Orders received, net sales and Contract backlogs

(1) Consolidated

(Million yen, %)

		Fiscal year ended March 2015		Fiscal year ended March 2016	
		(April 1,2014 - March 31,2015)		(April 1,2015 - March 31,2016)	
		Amount	Share	Amount	Share
Orders received	Architecture	43,206	27.5	47,386	29.9
	Civil engineering	112,400	71.5	108,334	68.3
	Total construction	155,606	99.0	155,720	98.2
	Real estate	1,553	1.0	2,867	1.8
	Total	157,160	100.0	158,588	100.0
Net sales	Architecture	33,178	26.2	39,233	28.2
	Civil engineering	91,828	72.6	97,168	69.7
	Total construction	125,007	98.8	136,401	97.9
	Real estate	1,553	1.2	2,867	2.1
	Total	126,560	100.0	139,269	100.0

(2) Non-consolidated

(Million yen, %)

			Fiscal year ended March 2015		Fiscal year ended March 2016	
			(April 1,2014 - March 31,2015)		(April 1,2015 - March 31,2016)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	22,106		18,792	
		Private	19,511		26,572	
	Subtotal		41,617	48.7	45,365	47.0
	Civil engineering	Public	29,621		36,420	
		Private	12,709		11,763	
	Subtotal		42,331	49.5	48,184	50.0
	Total construction	Public	51,727		55,213	
		Private	32,221		38,336	
	Total		83,948	98.2	93,549	97.0
	Real estate	Public	-		-	
		Private	1,551		2,901	
	Total		1,551	1.8	2,901	3.0
	Total	Public	51,727		55,213	
		Private	33,772		41,237	
		85,500	100.0	96,450	100.0	

(Million yen, %)

			Fiscal year ended March 2015		Fiscal year ended March 2016	
			(April 1,2014 - March 31,2015)		(April 1,2015 - March 31,2016)	
			Amount	Share	Amount	Share
Net sales	Architecture	Public	11,387		16,861	
		Private	20,256		20,376	
	Subtotal		31,643	48.0	37,237	47.3
	Civil engineering	Public	23,053		25,561	
		Private	9,629		13,024	
	Subtotal		32,683	49.6	38,586	49.0
	Total construction	Public	34,441		42,423	
		Private	29,885		33,401	
	Total		64,327	97.6	75,824	96.3
	Real estate	Public	-		-	
		Private	1,551		2,901	
	Total		1,551	2.4	2,901	3.7
	Total		34,441		42,423	
		31,437		36,302		
		65,878	100.0	78,725	100.0	
Contract backlogs	Construction Business	Architecture	37,653	44.4	45,780	44.7
		Civil engineering	47,079	55.6	56,676	55.3
	Subtotal		84,732	100.0	102,457	100.0
	Real estate		-	-	-	-
	Total		84,732	100.0	102,457	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 May 10, 2016. 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