

Translated version



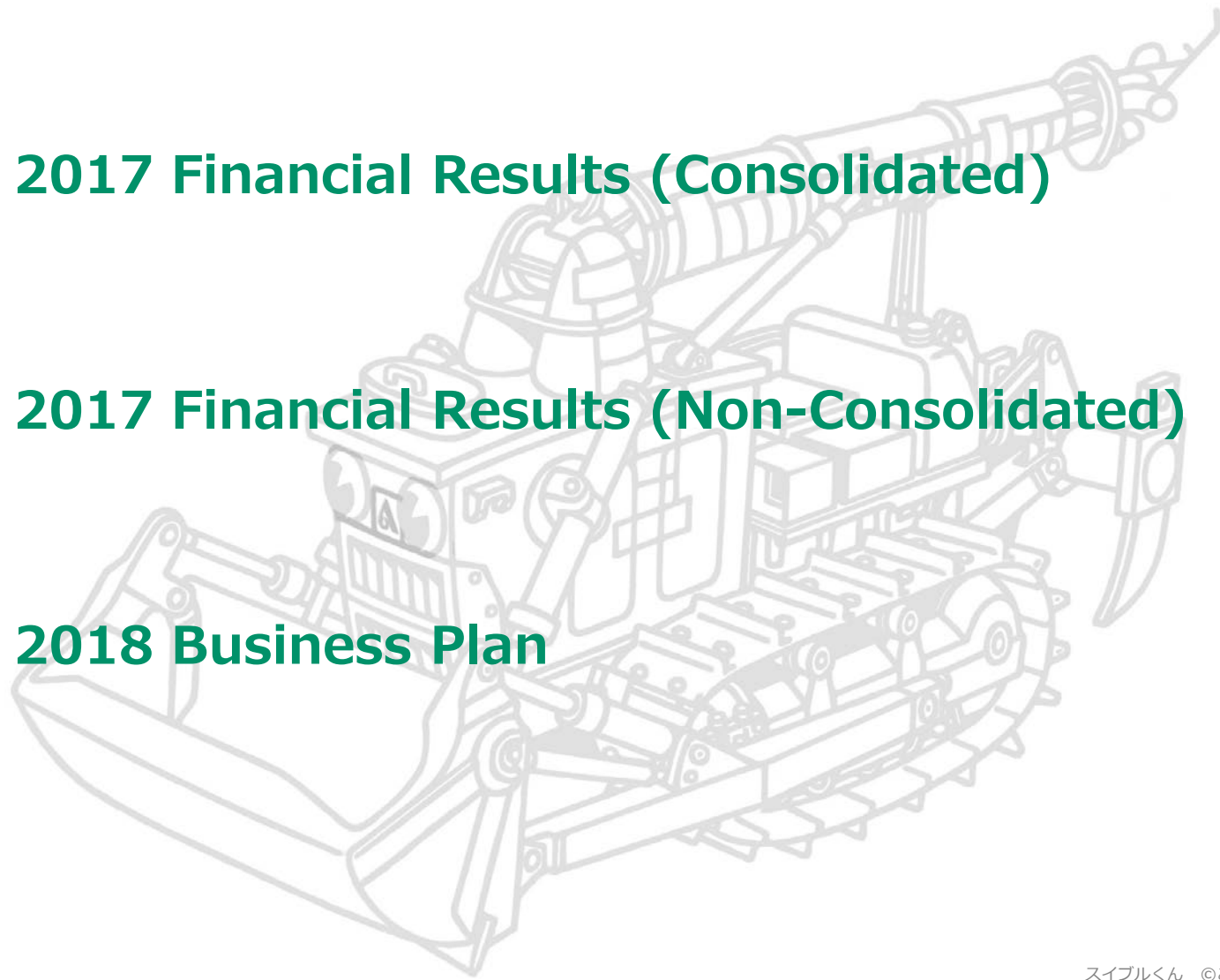
FY 2017 Financial Results & FY 2018 Business Plan



Asunaro Aoki Construction Co., Ltd
Stock code : 1865

29 May, 2018

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FY 2017 Financial Results (Consolidated)

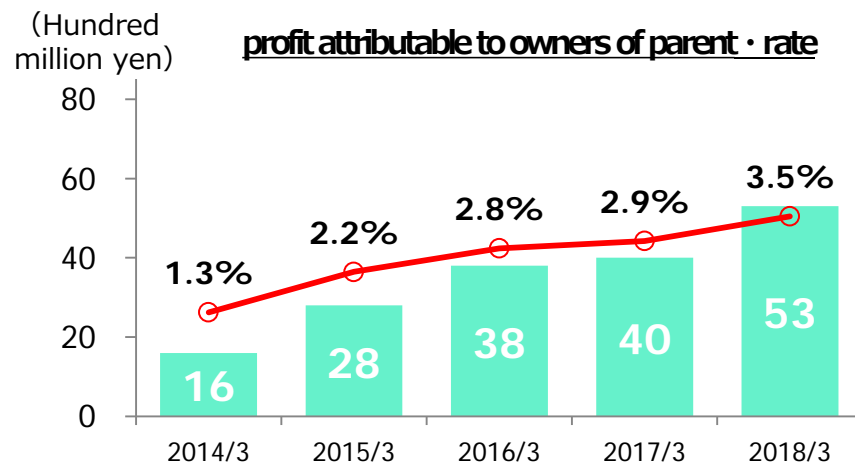
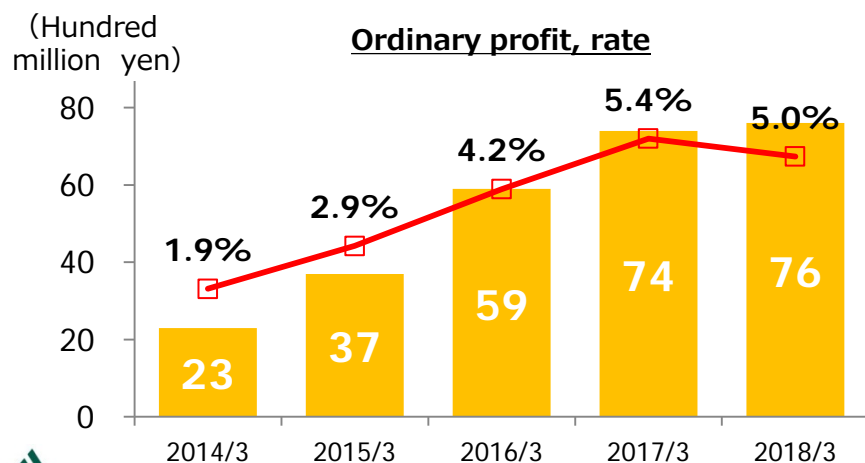
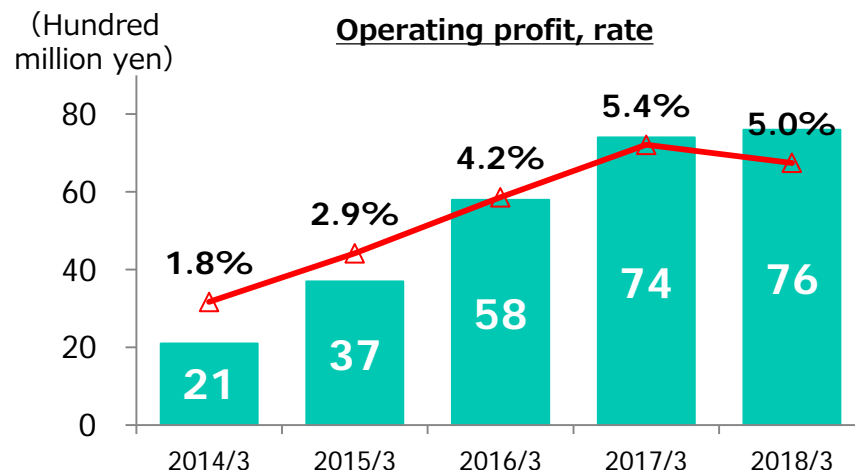
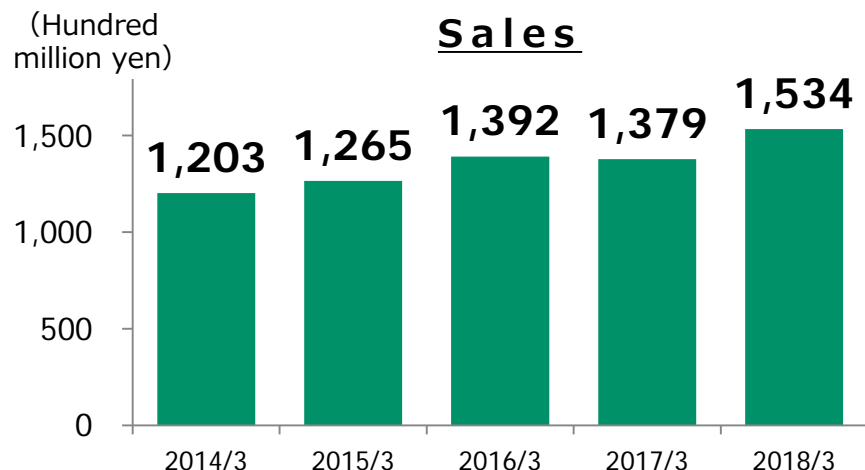
Activities of Group Companies

- Our group are composed Aaunaro Aoki Construction Co., Ltd. and eight subsidiaries. Main business of our group are Construction operations and real estate operations.

	Architecture	Civil engineering	Real estate	Business Area
O u r Company	Asunaro Aoki Construction Co., Ltd.			Japan
Subsidiaries	Mirai Construction Co.,Ltd.			Japan
		Toko Geotech Co.,Ltd.		Japan
		Aoki Marine Co.,Ltd.		Japan
		Asunaro Road Co.,Ltd.		Hokkaido
	M's Co.,Ltd.			Tokyo area
		Niigata Mirai Co.,Ltd.		Niigata Prefecture
		Shimada Gumi Co.,Ltd.		Japan
		Access Co., Ltd.		Kansai area

Overview of financial results (Consolidated)

- Our consolidated results had been sales increased, operating profit for the sixth fiscal years, ordinary profit and Comprehensive profit attributable to owners of parent increased for the fifth consecutive quarter. Sales, operating profit and ordinary profit have been updated the highest amount since the merger.



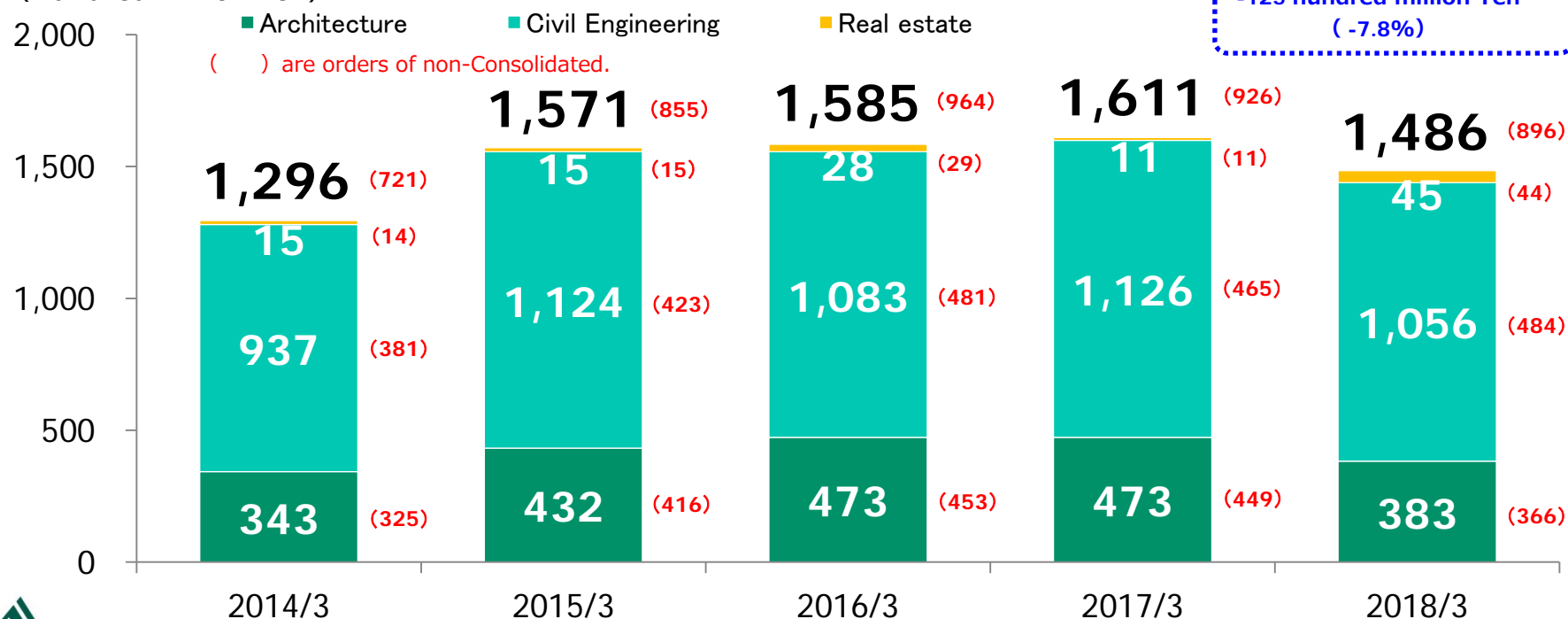
Orders received (Consolidated)

- Architectural orders of our group was decreased from the preceding term therefor a backlash to order of the big Logistics facility. Civil engineering orders were decreased from the preceding term therefor it was caused by the impending of civil engineers of subsidiaries. Total orders decreased 125 hundred million (-7.8%) yen from the preceding term.

Consolidated and non-Consolidated magnification of orders

Total	1.8times	1.8times	1.6times	1.7times	1.7times
Civil engineering	2.5times	2.7times	2.2times	2.4times	2.2times
Architecture	1.1times	1.0times	1.0times	1.1times	1.0times

(Hundred million Yen)



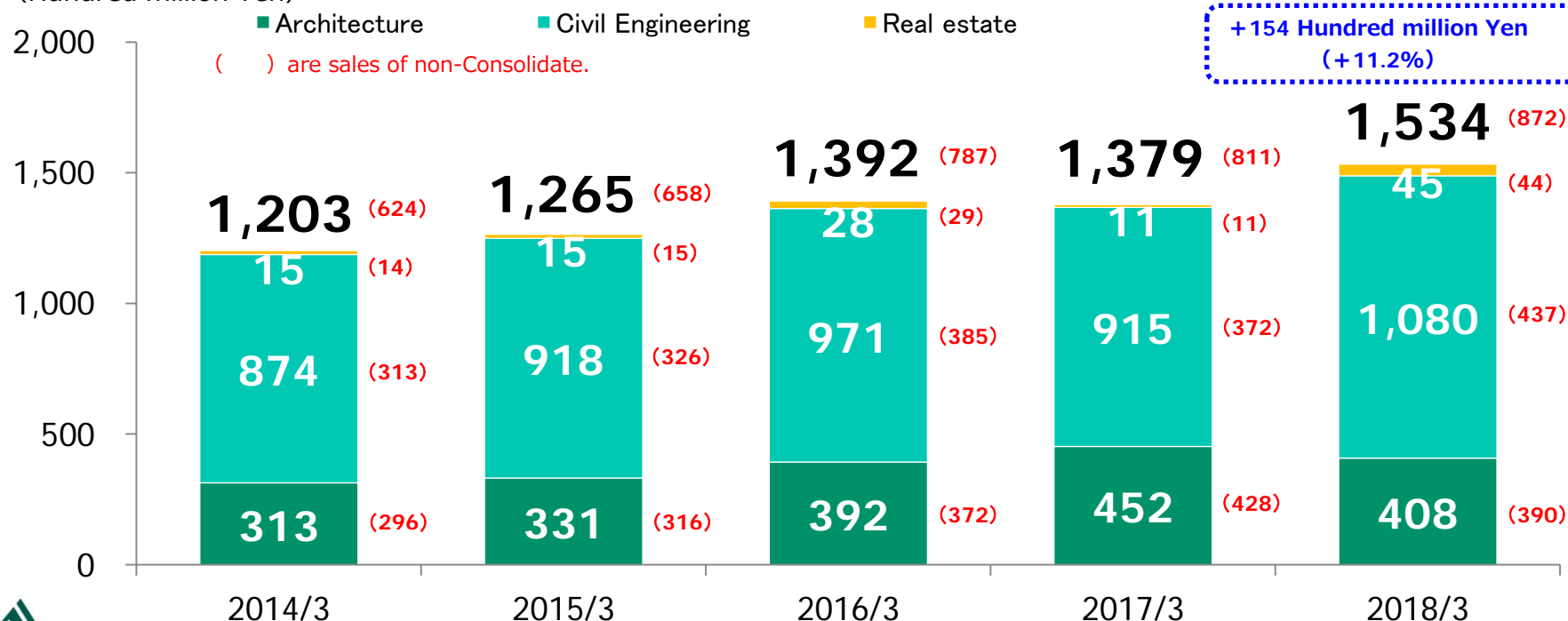
Sales (Consolidated)

- Architectural sales of our group were fallen that it did not grow construction sales of orders of this fiscal year. Civil engineering sales of our group were grown by favorable progress of the holding construction works. Total sales increased 154 hundred million (11.2%) yen from the preceding term.

Consolidated and non-Consolidated magnification of sales

Total	1.9times	1.9times	1.8times	1.7times	1.8times
Civil engineering	2.8times	2.8times	2.5times	2.5times	2.5times
Architecture	1.1times	1.0times	1.1times	1.1times	1.0times

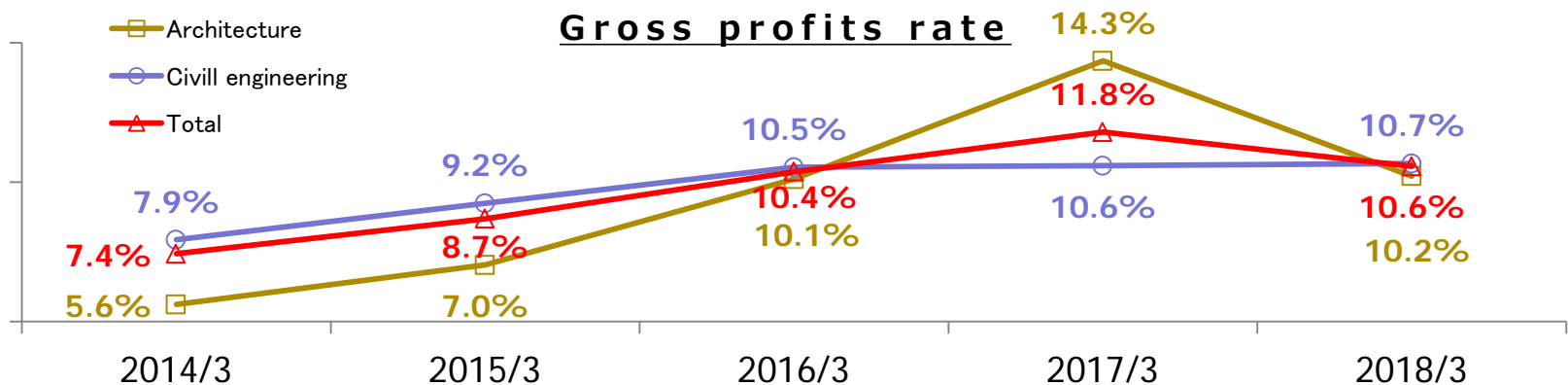
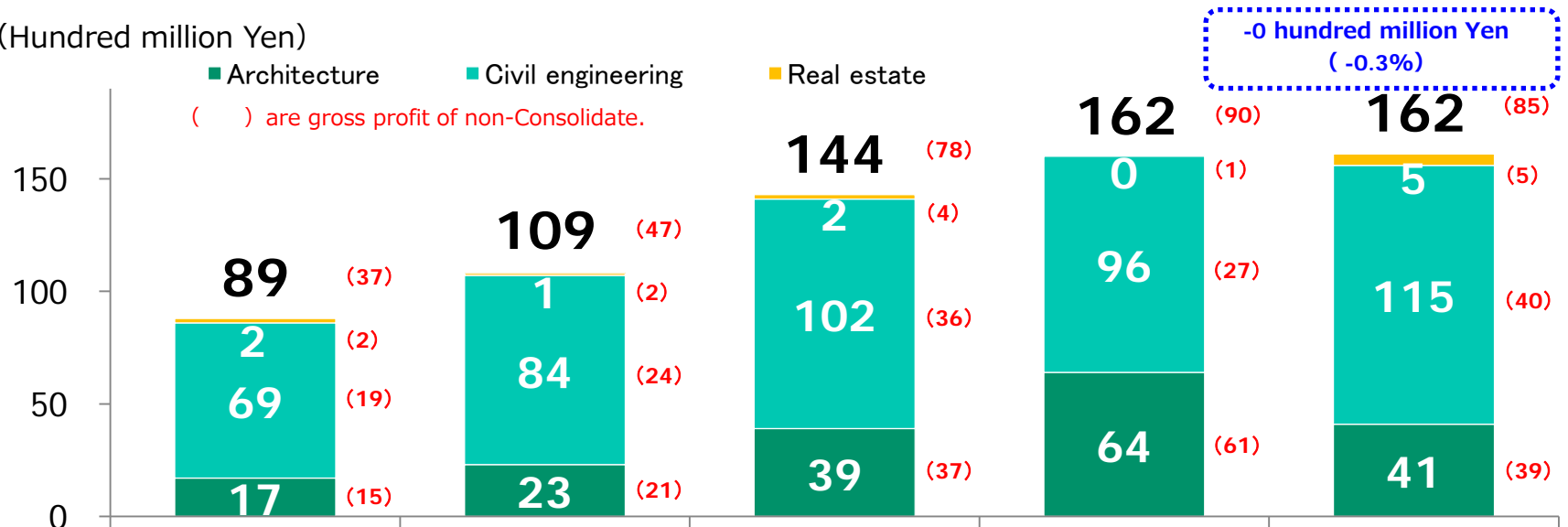
(Hundred million Yen)



Gross profit (Consolidated)

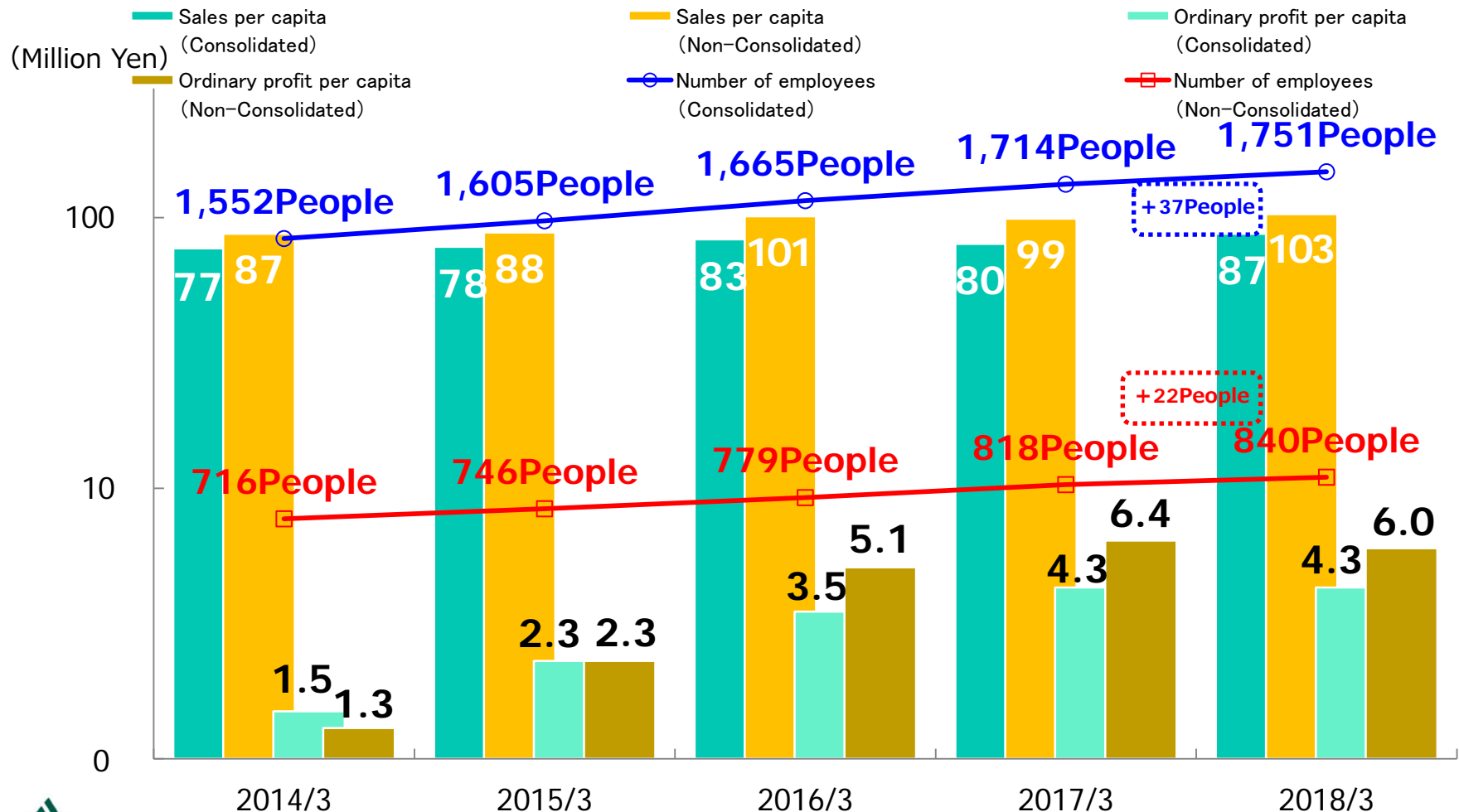
- Architectural gross profit was fallen that it did not grow construction sales and it was decreased to be completed high profit construction project from the preceding term. Civil engineering gross profits of our group were increased that civil engineering sales was increased and profits rate of civil engineering profit was improved. Gross profits were almost the same as the preceding term.

(Hundred million Yen)



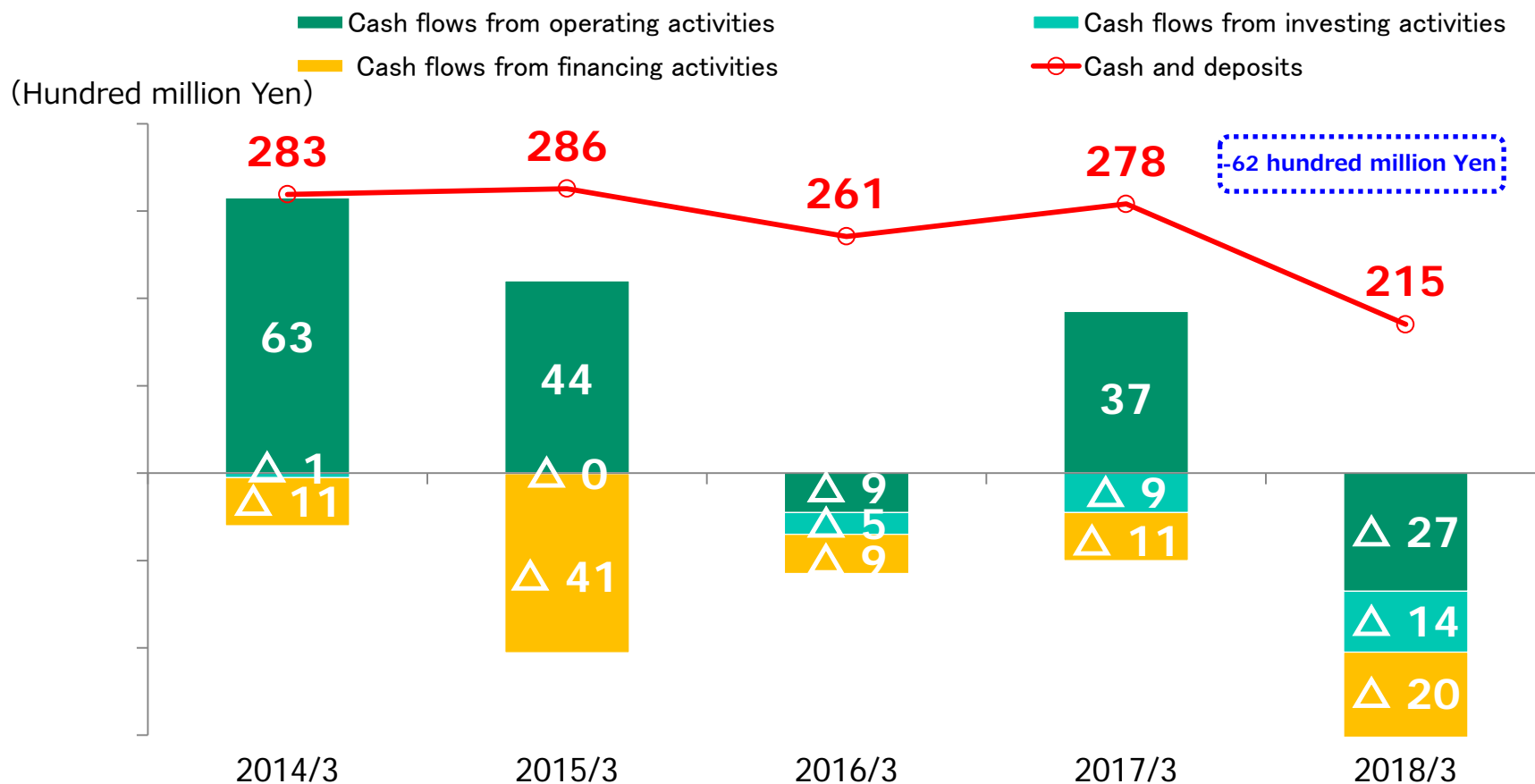
Number of employees and Productivity

- The number of employees of the end of the preceding term was increased by adoption. Ordinary profits per capita were almost the same as the preceding term.



Cash flow (Consolidated)

- Cash flows from operating activities expended by 2.7 billion yen due to an increase in accounts receivable from completed construction. Cash flows from investing activities expended 1.4 billion yen by acquiring Tangible Assets. Cash flows from financing activities spent 2 billion yen by cash dividends paid and purchase of treasury shares. Cash and deposits decreased by 6.2 billion yen.



Balance sheet (Consolidated)

(Hundred million Yen)

	2017/3	2018/3	Increase
Current assets	(966)	(958)	(Δ8)
Cash and deposits	278	215	Δ62
Notes receivable and other	546	617	71
Real estate for sale	23	29	6
Costs on real estate business	32	6	Δ26
Deferred tax assets	10	16	6
Accounts receivable	70	64	Δ5
Other	9	10	1
Allowance for doubtful accounts	Δ3	Δ2	1
Noncurrent assets	(116)	(129)	(12)
Tangible Assets	(63)	(68)	(5)
Intangible assets	(2)	(3)	(1)
Investments and other assets	(51)	(56)	(5)
Investment securities	36	40	3
Deferred tax assets	6	8	1
Long-term accounts receivable	6	0	Δ6
Other	9	9	Δ0
Allowance for doubtful accounts	Δ8	Δ2	6
Total assets	1,082	1,087	4

	2017/3	2018/3	Increase
Current liabilities	(375)	(345)	(Δ29)
Accounts payable for construction contracts	225	233	7
Advances received on uncompleted construction contracts	64	36	Δ27
Provision for bonuses	15	15	Δ0
Other	69	61	Δ8
Noncurrent liabilities	(92)	(89)	(Δ3)
Retirement allowances	84	82	Δ2
Other	7	6	Δ0
Total liabilities	467	434	Δ32
Total shareholders' equity	(613)	(648)	(34)
Capital stock	50	50	—
Capital surplus	237	237	—
Retained earnings	344	387	42
Treasury shares	Δ19	Δ26	Δ7
Total accumulated other comprehensive income	(1)	(3)	(2)
Non-controlling interests	(0)	(0)	(0)
Total net assets	615	652	36
(Equity ratio)	(56.8%)	(60.0%)	(3.2point)
Total liabilities and net assets	1,082	1,087	4

Financial Results of Subsidiaries No1



Mirai Construction Co., Ltd.

Main business : Maritime construction, Civil Engineering, Architecture



東京国際空港 A 滑走路南側護岸改修等工事



加納浄水場凝集沈殿池築造工事



庄内川下之一色しゅんせつ工事

(Hundred million Yen)

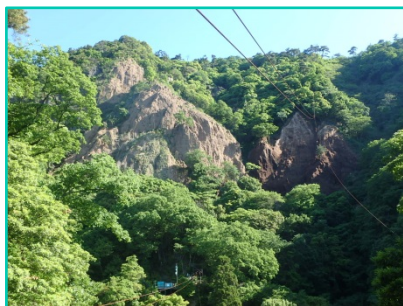
	2014/3	2015/3	2016/3	2017/3	2018/3	
	Results	Results	Results	Results	Results	Rate of Increase
Orders received	269	403	306	371	272	△26.6%
Sales	292	288	297	263	336	27.6%
Operating profit	6	8	10	11	12	5.5%
Ordinary profit	7	8	10	11	12	6.3%
Net income	6	7	12	8	15	87.2%
Number of employees at year-end	267 _{people}	272 _{people}	289 _{people}	306 _{people}	310 _{people}	

Financial Results of Subsidiaries No2



Toko Geotech Co., Ltd.

Main Business : Slope protection, ground improvement, explosion, heat retention / refractory



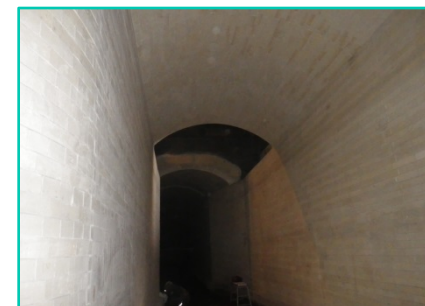
芋川谷山腹工事
(Slope protection)



東松山土壌改良工事
(ground improvement)



東谷鉱山石灰石採掘工事
(explosion)






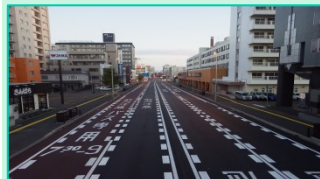






コークス炉煙道改修工事
(refractory)

(Hundred million Yen)

	2014/3	2015/3	2016/3	2017/3	2018/3	
	Results	Results	Results	Results	Results	Rate of Increase
Orders received	192	210	218	218	226	3.8%
Sales	175	212	214	208	222	7.2%
Operating profit	7	13	13	13	15	20.2%
Ordinary profit	6	13	13	12	15	20.2%
Net income	2	7	6	8	9	17.1%
Number of employees at year-end	368 _{people}	378 _{people}	386 _{people}	392 _{people}	396 _{people}	

About other Subsidiaries

Corporate Name	Registered Office	Main Business	2018/3 Sales	Number of employees (2018/3)	
 Aoki Marine Co., Ltd.	Higashinada-Ku, Kobe City	Landfill / dredge construction, maritime transport	39 Hundred million Yen	62 people	
 Shimada Gumi Co., Ltd. Access Co., Ltd.	Yao City, Osaka prefecture	Excavation survey of buried cultural properties, Civil Engineering	36 Hundred million Yen	84 people	
 Asunaro Road Co., Ltd.	Chuo-Ku, Sapporo-City	Road construction, Paving, Civil Engineering, asphalt sales	21 Hundred million Yen	25 people	
 M's Co., Ltd.	Chuo-Ku, Tokyo	Architectural renovation	14 Hundred million Yen	25 people	
 Niigata Mirai Co., Ltd.	Niigata Prefecture, Minamiuonuma-gun Yuzawa	Road construction, Paving, Civil Engineering, asphalt sales	6 Hundred million Yen	9 people	

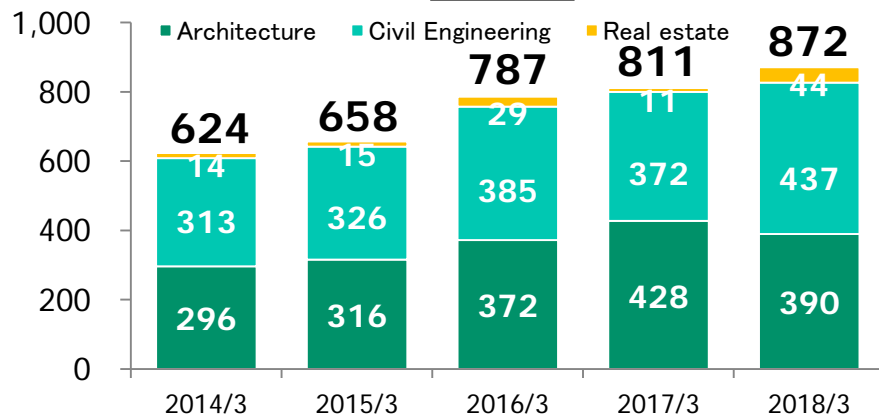
FY 2017 Financial Results (Non-Consolidated)

Overview of financial results (Non-Consolidated)

- Our non-consolidated results had been sales increased, Architectural gross profit was fallen that it did not grow construction sales and it was decreased to be completed high profit construction project from the preceding term. As result operating profit and ordinary profit and net income were fallen.

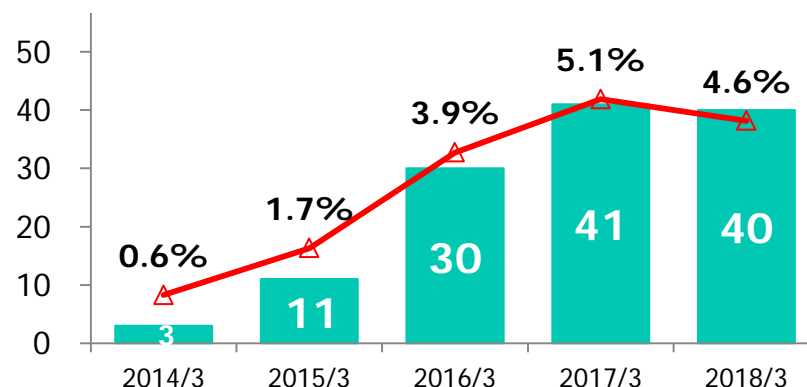
(Hundred million Yen)

Sales



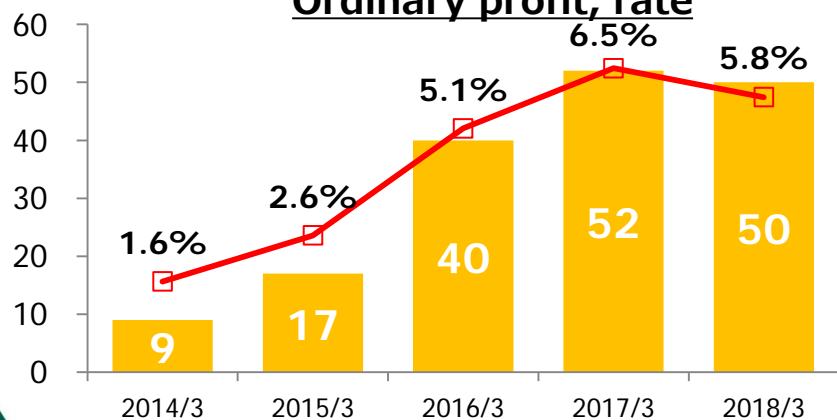
(Hundred million Yen)

Operating profit, rate



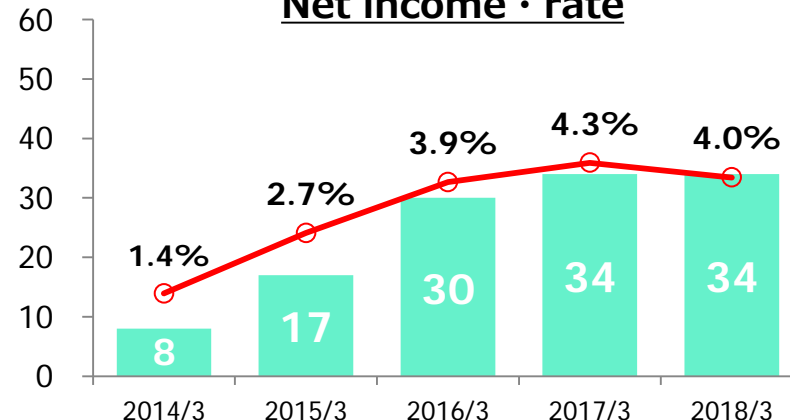
(Hundred million Yen)

Ordinary profit, rate



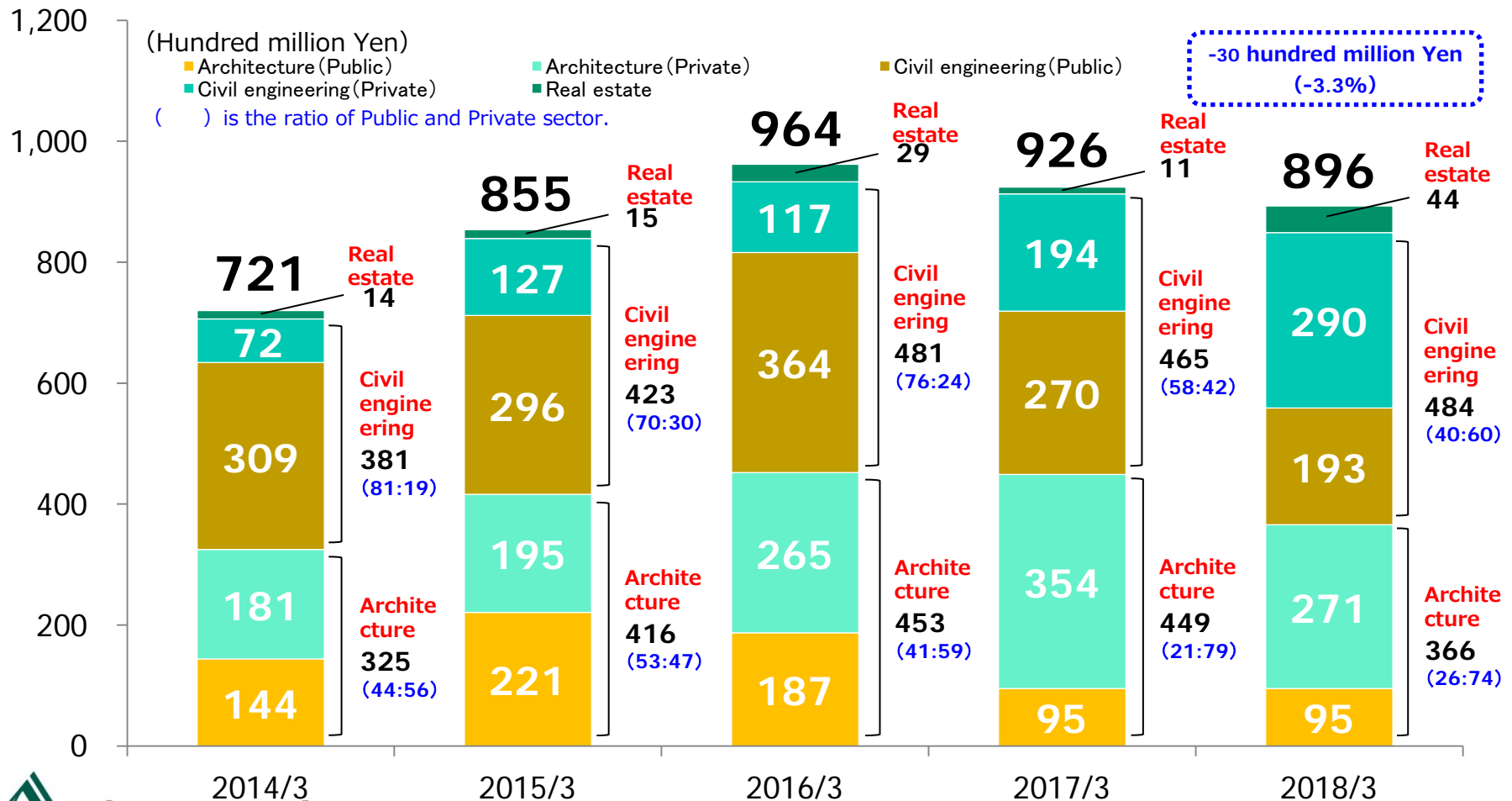
(Hundred million Yen)

Net income · rate



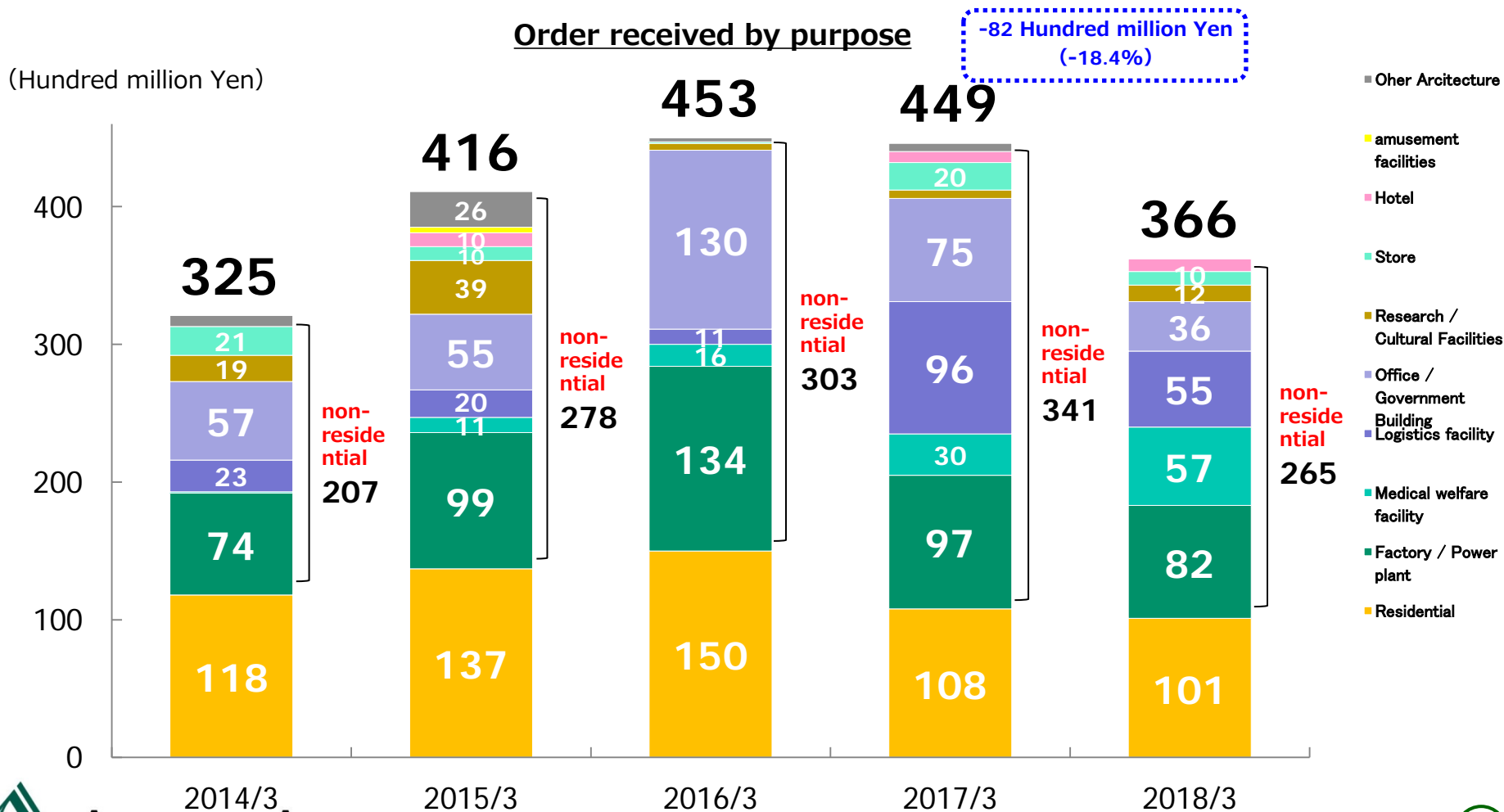
Order received (Non-Consolidated)

- Architectural orders were decreased from the preceding term therefore a backlash to order of the big Logistics facility. Architectural orders decreased 82 hundred million (-18.4%) yen from the preceding term. Civil engineering orders were increased 19 hundred million (4.2%) yen from the preceding term therefore It was caused by order received of renewable energy projects. Total orders decreased 30 hundred million (-3.3%) yen from the preceding term.



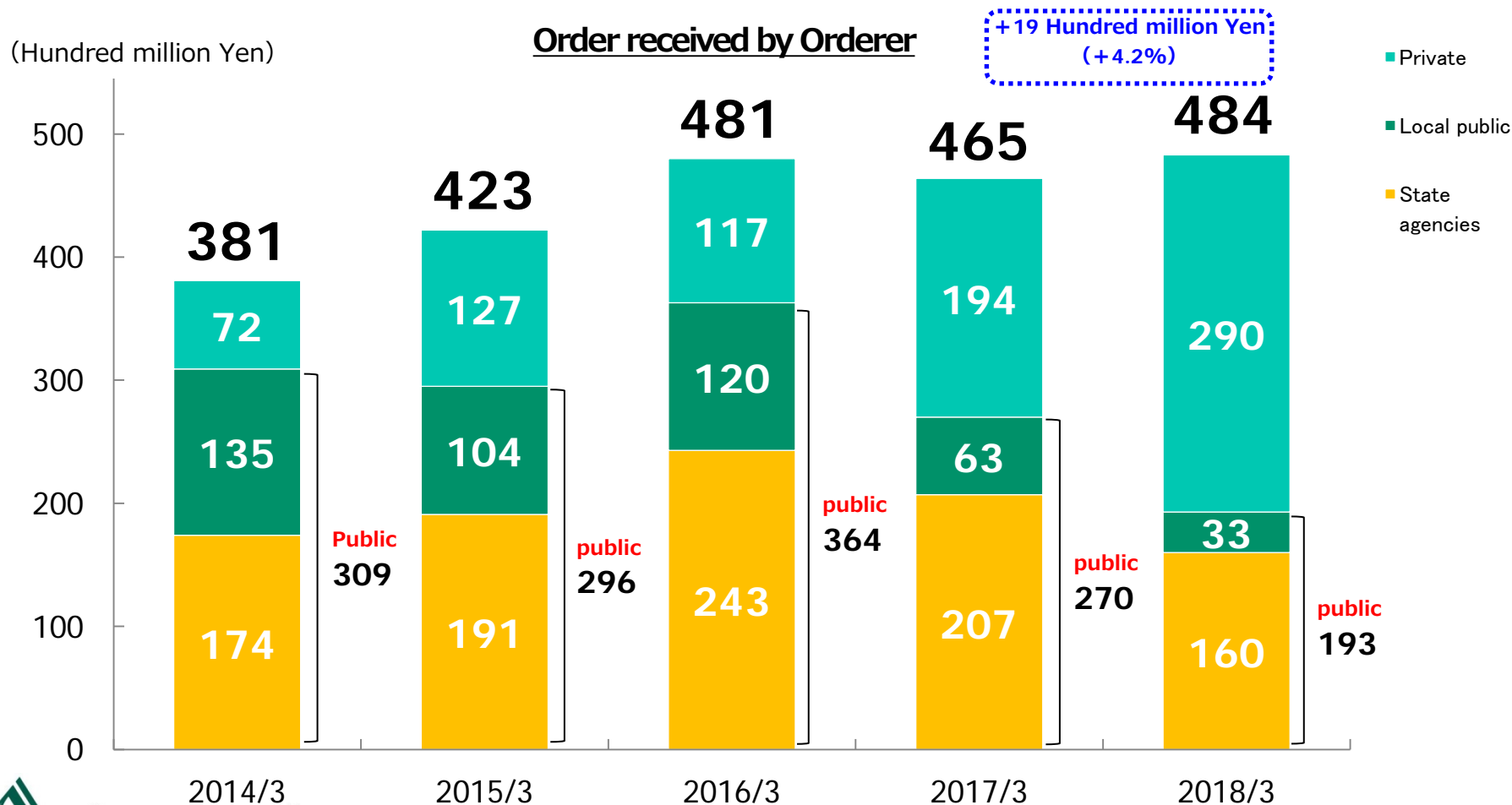
Order received of Architecture (Non-Consolidated)

- Order received of non-residential sector was decreased from the preceding term. Order received of residential sector was decreased reason by market situation of condominiums of Tokyo area. Total orders decreased 82 hundred million (-18.4%) yen from the preceding term.



Order received of Civil Engineering (Non-Consolidated)

- Order received from public sector was decreased reason by to be concentrated on engineers to private construction projects. Order received from private sector was increased reason by order received of the big renewable energy projects. Total orders increased 19 hundred million (4.2%) yen from the preceding term.

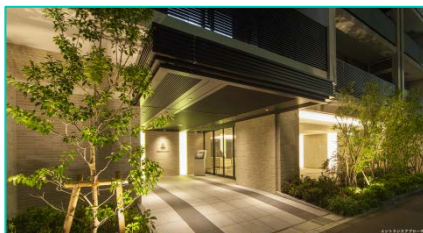


Sales of Real estate (Non-Consolidated)

- We launched the “ABDS” business of condominium business, which we will consistently implement from land acquisition to operation management from the fiscal year ended March 2013. We have changed the brand name to “Tissage” since 2018.

Property on sale (As of the end of May 2018)

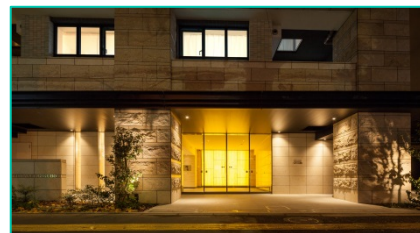
Name of property	Location	Total units
ABDS Nishikokubunji	Kokubunji City, Tokyo	27units
Tissage Ogikubo	Suginami-Ku, Tokyo	37units



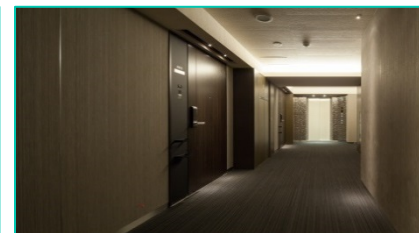
ABDS Nishikokubunji
(Entrance Approach)



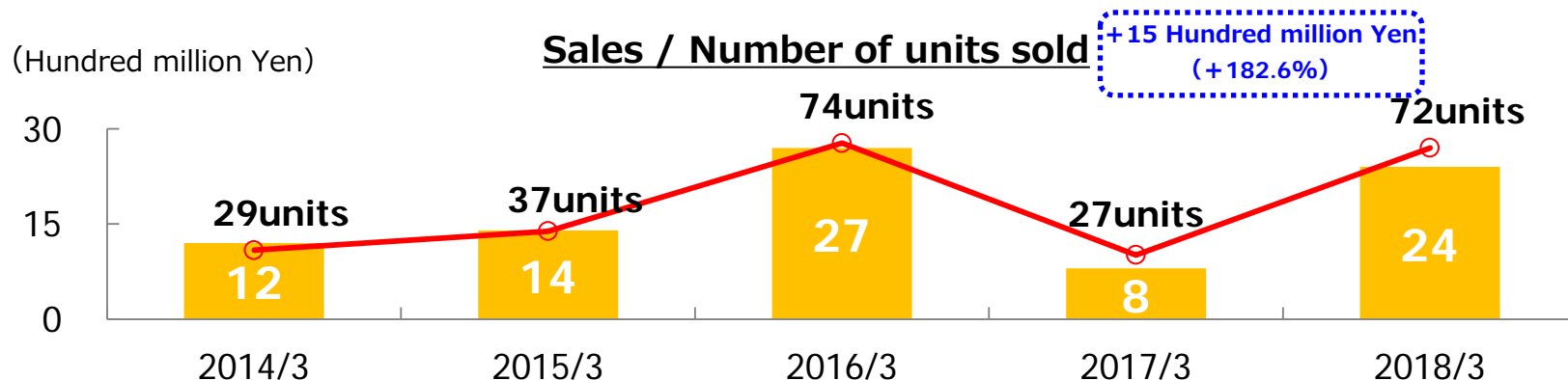
ABDS Nishikokubunji
(Living room dining kitchen)



Tissage Ogikubo
(Entrance)



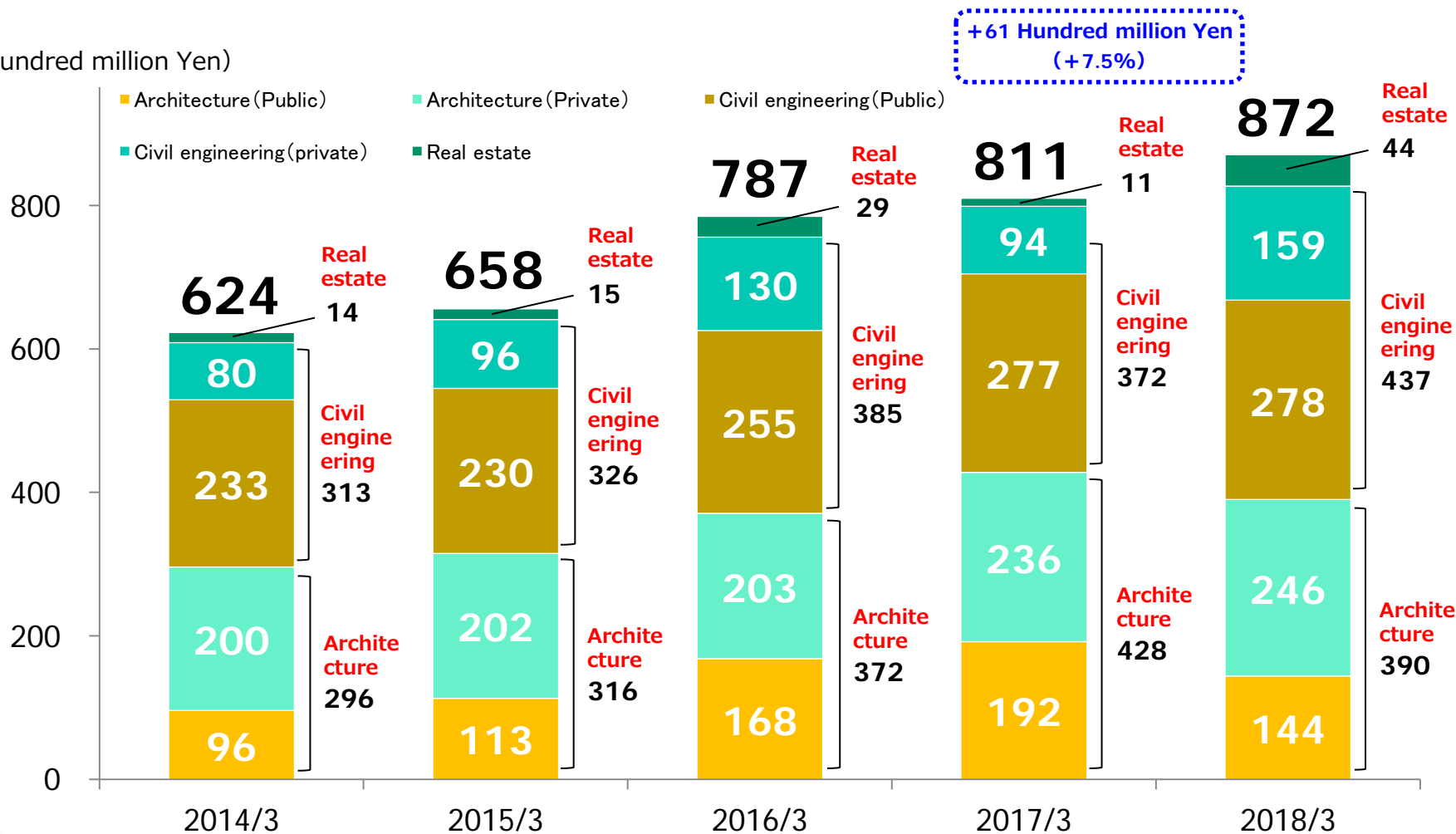
Tissage Ogikubo
(Inner corridor)



Sales (Non-Consolidated)

- Architectural sales declined because construction sales ordered in this fiscal year did not up. Civil engineering sales increased sales due to steady progress.

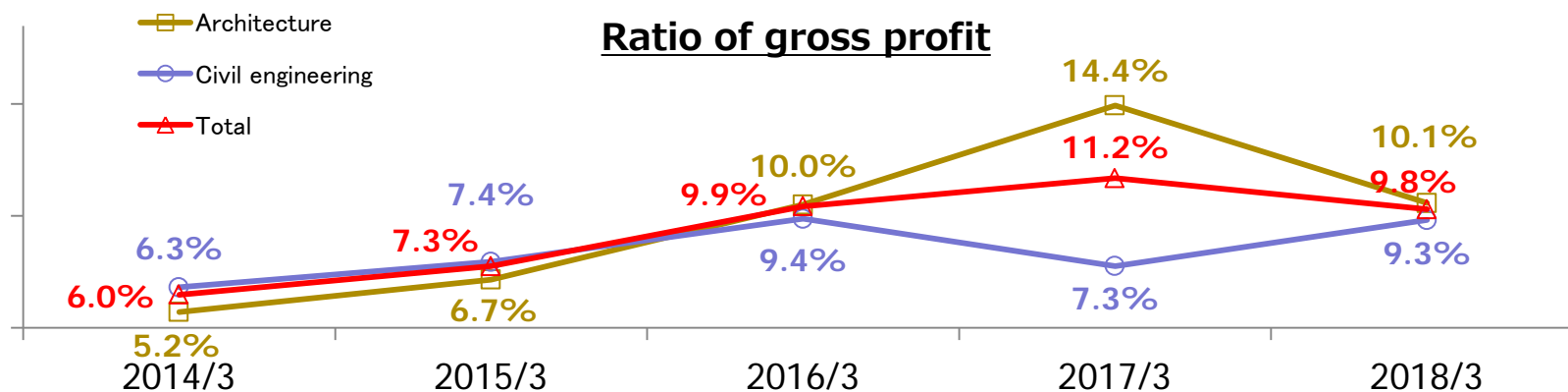
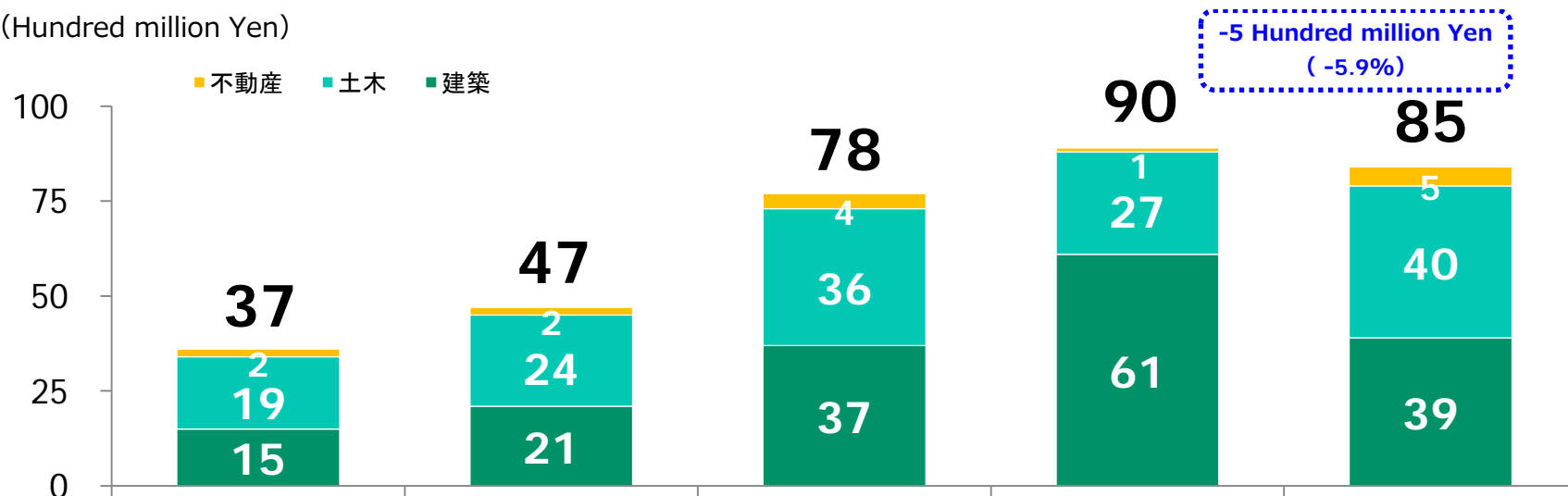
(Hundred million Yen)



Gross profit (Non-Consolidated)

- Gross profit of Architecture was decreased reason for less of high profit construction projects and less of sales. Gross profit of Civil engineering was increased reason for less of low profit construction projects and increase of sales. . Total gross profit was decreased 5 hundred million (-5.9%) yen from the preceding term.

(Hundred million Yen)



Introduction from completion projects (Architecture)



Introduction from completion projects (Civil engineering)



国道45号普代南地区改良工事
(東北地方整備局)



度会ウィンドファーム新設工事
(コスモエンジニアリング株式会社)



九州新幹線(西九州)竹松高架橋他工事
(独立行政法人鉄道建設・運輸施設整備施設支援機構)



水無川4号砂防堰堤改築工事
(九州地方整備局)

FY 2018 Business Plan

Market Environmental awareness and issues (Mid Term Plan)

Market Environmental awareness

Positive Factors

- Construction investment continue while 2020
- Infrastructure renewal increases
- Tolerance of the country
- Reform market expanded
- Increase of disaster prevention and disaster prevention measures construction

- The number of newly constructed works decreased
- Construction workers decrease
- Total number of households decreased
- Economic contraction due to declining population
- The economic situation after the Olympic Games is uncertain

Negative Factors

Issues

Positive Factors

- Original technology of disaster prevention and disaster prevention measures construction
- Abundant construction results of new energy construction
- Unmanned remote construction technology
- 5 Amphibious Bulldozer

- Rapid progress of i-Construction
- The number of construction engineers is short
- It is necessary to improve rapid productivity
- Cooperation with partner companies is indispensable

Negative Factors



Basic policy and basic strategy and Priority measures (Mid Term Plan)

Basic policy

~We will build a business structure looking ahead ten years~
Make a speedy change to improve productivity

basic strategy

- We will expand our business area in anticipation of contracting construction investment
- We will achieve an operating margin of 5% by improving productivity by responding to i-Construction

Priority measures

- We will further enhance efforts for renewal construction
 - We will expand private non-housing constructions and especially private-sector civil works, we will actively participate in PPP · PFI and concession
 - We will promote response to rationalization technologies such as ICT, i-Construction, unmanned and robotics in all fields
 - We will strive to receive orders for selection of underlying business
 - We will pioneer new business following ABDS projects
-
- We will thorough compliance, strengthen internal control system and strengthen corporate governance
 - We will achieve an operating margin of 5% as a long-term target
 - We return to the origin of manufacturing and secure safety and quality
 - We will support women's success

Business strategy of Construction

Mid Term Plan

Architecture

- Secure customers by strategic sales activities
- Evolution of earthquake-resistant technology such as damping brace

- It will focus on increasing orders by expanding customers in the non-residential sector.
- It will strengthen sales in the Nagoya area.
- It will expand orders for earthquake-resistant technology.

Civil engineering

- We will endeavor to improve our technical capabilities by strengthening the soil environmental division
- We will consider entry into Wind Power EPC
- We will consider wind farm replacement technology

- It will be expanding order received to renewable energy projects reason by improvement of the plan suggestion ability and to consider entry into Wind Power EPC.
- It will strive to receive orders for selection of underlying business.

Common

- We will improve work efficiency and productivity by promoting i-construction
- We will challenge new forms of business such as PFI and PPP
- We will strengthen efforts for renewal construction
- We will strengthen sales of garbage disposal plant etc

- It will improve work efficiency and productivity by promoting Information and Communication Technology.
- It will challenge new forms of business such as PFI and PPP.
- It will strengthen efforts for renewal and replace construction projects reason by improvement of the plan suggestion ability.

Business strategy of ABDS/New business

Mid Term Plan

ABDS

- We will establish a stable demand securing strategy that is not influenced by private housing demand trends
- We will select areas that are not affected by the economical environment
- We will strengthen our sales force

- It will rebuild the business model that restricts the business area to Tokyo central city in principle.
- It will offer high quality and originality condominium.
- It will try to be established the new brand name "Tissage".

New business

- We will enter the stock business utilizing existing buildings including vacant house prevention measures
- We will enter the agriculture, forestry and fisheries industry such as aquaculture of sturgeon
- We will consider the sale business of a small wind power plant

- It will challenge real estate renewal business. It was purchased the hostel property in March 2018.
- It will be continue demonstration experiments on sturgeon and abalone on-land cultivation, and will be arranged issues and measures for commercialization.
- The sale business of a small wind power plant is stopped consideration now because the FIT price has declined.

Business strategy of Reinforcement of the management foundation

How to work

- In order to realize a holiday 2 days a week by the end of FY 2021, we will achieve 5 closures in 4 weeks, except for those difficult sites to apply during the current fiscal year.
- Clause on the second Saturday except on sites where there are difficult to apply.
- We will promote to restrict overtime works every Wednesday and Friday.
- We will work on supporting next generation development that makes work and parenting compatible.

Human resource

- We will secure talented personnel for the future through continuous recruitment.
- We will promote the female's success by making female managers more than 10 people by the end of fiscal 2020.
※We have 3 female managers as of April 1, 2018.
- It will strengthen employee skills by enriching education each levels.

Governance

- We will practice management with enhanced compliance.
- We will enrich our internal control.
- We will strengthen the governance of the group including subsidiaries.
- It will correspond to the revised corporate governance code.

Business strategy of Subsidiaries

- Subsidiaries promote the medium-term business strategy described in next.

Mirai Construction Co., Ltd.

- It will respond to maintenance and repair of port facilities.
- It will promote correspondence to i-construction.
- It will promote correspondence to marine new energy.

Toko Geotech Co., Ltd.

- It will challenge the development of next-generation construction method.
- It aim to develop a new greening method.
- It will enter the high performance ceramics.

Other subsidiaries

- (Aoki Marine Co., Ltd.) Aim for entry into a big projects.
- (Asunaro Road Co., Ltd.) Aim for productivity improvement by utilizing ICT technology.
- (M's Co., Ltd.) Aim for participation in conversion construction projects.
- (Niigata Mirai Co., Ltd.) Aim for expansion of onshore civil engineering projects.
- (Shimada Gumi Co., Ltd.) Aim to strengthen orders in the metropolitan area.

Summary of Earnings forecast

- Orders will be steady increased by non-residential sector and renewable energy projects.
- Net sales will be increased both consolidated and non-consolidated by making progress of projects and construction efficiency.
- Net income will be increased both consolidated and non-consolidated.

	consolidated					non-consolidated				
	2018/3	2019/3				2018/3	2019/3			
	Results	medium-term	forecast	Quarterly	ratio from medium-term	Results	medium-term	forecast	Quarterly	ratio from medium-term
Orders	1,486 Hundred million Yen	1,600 Hundred million Yen	1,600 Hundred million Yen	+7.7 %	— %	896 Hundred million Yen	950 Hundred million Yen	960 Hundred million Yen	+7.1 %	+1.1 %
Net sales	1,534 Hundred million Yen	1,560 Hundred million Yen	1,570 Hundred million Yen	+2.3 %	+0.6 %	872 Hundred million Yen	900 Hundred million Yen	910 Hundred million Yen	+4.2 %	+1.1 %
Operating income	76 Hundred million Yen	77 Hundred million Yen	77 Hundred million Yen	+0.5 %	— %	40 Hundred million Yen	43 Hundred million Yen	41 Hundred million Yen	+2.4 %	△4.7 %
operating margin	5.0 %	4.9 %	4.9 %	△0.1 point	— %	4.6 %	4.8 %	4.5 %	△0.1 point	△0.3 %
Ordinary income	76 Hundred million Yen	77 Hundred million Yen	77 Hundred million Yen	+0.6 %	— %	50 Hundred million Yen	53 Hundred million Yen	57 Hundred million Yen	+12.1 %	+7.5 %
Net income	53 Hundred million Yen	50 Hundred million Yen	54 Hundred million Yen	+0.9 %	+8.0 %	34 Hundred million Yen	38 Hundred million Yen	42 Hundred million Yen	+21.6 %	+10.5 %

Net income of consolidated is Profit (loss) attributable to owners of parent.

Forecast by segment (consolidated)

(Million Yen)

	2018/3 Results
Orders	148,617
Architecture	38,363
Civil engineering	105,676
Real estate	4,577
Sales	153,427
Architecture	40,811
Civil engineering	108,037
Real estate	4,577
Gross profit	16,215 (10.6%)
Architecture	4,169 (10.2%)
Civil engineering	11,523 (10.7%)
Real estate	522 (11.4%)

2019/3	
Forecast	Quarterly
160,000	+ 7.7%
46,000	+ 19.9%
111,000	+ 5.0%
3,000	Δ34.5%
157,000	+ 2.3%
44,500	+ 9.0%
109,500	+ 1.4%
3,000	Δ34.5%
16,600 (10.6%)	+ 2.4% (+ 0.0point)
4,400 (9.9%)	+ 5.5% (Δ0.3point)
11,700 (10.7%)	+ 1.5% (+ 0.0point)
500 (16.7%)	Δ4.3% (+ 5.3point)

(%) is gross profit margin.

Forecast by segment (non-consolidated)

(Million Yen)

	2018/3 Results
Orders	89,618
Architecture	36,699
Civil engineering	48,474
Real estate	4,444
Sales	87,292
Architecture	39,056
Civil engineering	43,791
Real estate	4,444
Gross profit	8,546
	(9.8%)
Architecture	3,933
	(10.1%)
Civil engineering	4,078
	(9.3%)
Real estate	533
	(12.0%)

2019/3	
Forecast	Quarterly
96,000	+ 7.1%
44,000	+ 19.9%
49,000	+ 1.1%
3,000	Δ32.5%
91,000	+ 4.2%
43,000	+ 10.1%
45,000	+ 2.8%
3,000	Δ32.5%
9,000	+ 5.3%
(9.9%)	(+ 0.1point)
4,200	+ 6.8%
(9.8%)	(Δ0.3point)
4,300	+ 5.4%
(9.6%)	(+ 0.2point)
500	Δ6.3%
(16.7%)	(+ 4.7point)

(%) is gross profit margin.

Policy of Capital

	2014/3 Results	2015/3 Results	2016/3 Results	2017/3 Results	2018/3 Results	2019/3 Forecast
Dividend per share	13.0 Yen	15.0 Yen	18.0 Yen	20.0 Yen	22.0 Yen	22.0 Yen
Payout ratio (consolidated)	48.7 %	31.9 %	26.2 %	27.7 %	22.9 %	22.5 %
ROE (consolidated)	2.9 %	5.1 %	6.8 %	6.8 %	8.4 %	8.0 % over
Operating profit ratio (consolidated)	1.8 %	2.9 %	4.2 %	5.4 %	5.0 %	4.9 %
Capital adequacy ratio (consolidated)	58.1 %	56.4 %	60.0 %	56.8 %	60.0 %	50.0~ 60.0 % over
Number of employees (consolidated)	1,552 People	1,605 People	1,665 People	1,714 People	1,751 people	1,700 People over

■ Basic policy on profit sharing

We regard returning profits to shareholders as one of important management issues. We strive to enhance necessary shareholders' equity to strengthen our financial standing. The basic policy is to return profits according to corporate performance while continuing stable dividends.



This material and other Asunaro Aoki websites may contain various forward-looking statements and include assumptions concerning Asunaro Aoki's operations, future results and prospects. These forward-looking statements are based on current expectations and are subject to risk and uncertainties.

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 Business Plan which were filed with Stock Exchanges in Japan on May 29, 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.