

## Summary of Consolidated Financial Results

### For the First Quarter of Fiscal Year Ending March 31, 2019 [Japan GAAP] ("Q1/FY2018")

Company: Asunaro Aoki Construction Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange (First Section)  
 Stock code: 1865  
 URL: <https://www.aaconst.co.jp/>  
 Representative: Yasushi Tsujii, Representative Director and President  
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 Date of filing of quarterly securities report: August 8, 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 first quarter of the fiscal year ending March 2019 (April 1, 2018 – June 30, 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	%
1Q / FY 2018	33,687	4.5	230	(78.5)	242	(77.5)	21	(96.8)
1Q / FY 2017	32,245	5.3	1,074	(24.0)	1,078	(24.2)	691	(4.4)

Note: Comprehensive income: 1Q / FY 2018 : 191 million yen (75.2%), 1Q / FY 2017 : 773 million yen 16.9%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
1Q / FY 2018	0.40	—
1Q / FY 2017	12.35	—

(2) Consolidated financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2018	102,806	64,168	62.4
As of March 31, 2018	108,720	65,230	60.0

(Reference) Shareholders' equity

As of June 30, 2018: 64,144 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	—	—	—	—	—
FY 3/2019 (Est.)	—	0.00	—	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
Half year	67,000	(8.8)	70,000	(1.3)	2,100	(36.4)	2,100	(36.2)	1,400	(32.7)	25.33
Full year	160,000	7.7	157,000	2.3	7,700	0.5	7,700	0.6	5,400	0.9	97.69

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 June 30, 2018: 59,100,000    As of March 31, 2018: 59,100,000
  - (b) Treasury shares
    - As of June 30, 2018: 3,824,746    As of March 31, 2018: 3,787,946
  - (c) Average number of shares (quarterly consolidated cumulative period)
    - Period ended June 30, 2018: 55,302,854    Period ended June 30, 2017: 56,022,304

\* 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 2018(As of March 31, 2018)	First quarter ended June 2017 (As of June 30, 2017)
<b>ASSETS</b>		
Current assets		
Cash and deposits	21,588	31,392
Notes receivable, accounts receivable from completed construction contracts and other	61,749	45,138
Real estate for sale	2,984	2,784
Costs on uncompleted construction contracts	137	487
Costs on real estate business	603	603
Accounts receivable	6,450	6,611
Other	956	1,463
Allowance for doubtful accounts	(267)	(217)
<b>Total current assets</b>	<b>94,202</b>	<b>88,262</b>
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	747	733
Machinery, vehicles, tools, furniture and fixtures, net	794	776
Vessels, net	1,595	1,561
Land	3,618	3,618
Lease assets, net	107	98
Construction in progress	4	21
<b>Total Tangible assets</b>	<b>6,868</b>	<b>6,810</b>
<b>Intangible assets</b>	<b>373</b>	<b>366</b>
Investments and other assets		
Investment securities	4,016	4,223
Long-term loans receivable	5	5
Deferred tax assets	2,457	2,395
Other	1,043	990
Allowance for doubtful accounts	(246)	(248)
<b>Total investments and other assets</b>	<b>7,275</b>	<b>7,365</b>
<b>Total noncurrent assets</b>	<b>14,517</b>	<b>14,543</b>
<b>Total assets</b>	<b>108,720</b>	<b>102,806</b>

(Million yen)

	Fiscal year ended March 2018(As of March 31, 2018)	Second quarter ended June 2018 (As of June 30, 2018)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	23,340	18,804
Income taxes payable	903	276
Advances received on uncompleted construction contracts	3,633	5,850
Provision for warranties for completed construction	447	446
Provision for loss on construction contracts	175	140
Provision for bonuses	1,504	2,313
Provision for loss by disaster	240	-
Other	4,342	2,028
<b>Total current liabilities</b>	<b>34,586</b>	<b>29,860</b>
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	215	215
Retirement allowances	8,210	8,103
Provision for special repairs of vessels	52	61
Other	424	397
<b>Total noncurrent liabilities</b>	<b>8,903</b>	<b>8,777</b>
<b>Total liabilities</b>	<b>43,489</b>	<b>38,637</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	38,722	37,527
Treasury shares	(2,674)	(2,711)
<b>Total shareholders' equity</b>	<b>64,813</b>	<b>63,581</b>
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	643	785
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(300)	(270)
<b>Total accumulated other comprehensive income</b>	<b>390</b>	<b>562</b>
<b>Non-controlling interests</b>	<b>26</b>	<b>23</b>
<b>Total net assets</b>	<b>65,230</b>	<b>64,168</b>
<b>Total liabilities and net assets</b>	<b>108,720</b>	<b>102,806</b>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
 Quarterly consolidated statements of income  
 For the first Quarter of fiscal year ending March 31, 2019 (April 1, 2018 – June 30, 2018)

(Million yen)

	First Quarter ended June 2017 (April 1, 2017- June 30, 2017)	First Quarter ended June 2018 (April 1, 2018- June 30, 2018)
<b>Net sales</b>		
Net sales of completed construction contracts	32,222	33,395
Sales on real estate business	23	292
<b>Total net sales</b>	<b>32,245</b>	<b>33,687</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	29,125	30,885
Cost of sales on real estate business	37	279
<b>Total cost of sales</b>	<b>29,163</b>	<b>31,165</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	3,096	2,509
Gross profit-real estate business	(14)	12
<b>Total gross profit</b>	<b>3,082</b>	<b>2,521</b>
<b>Selling, general and administrative expenses</b>	<b>2,008</b>	<b>2,291</b>
<b>Operating income</b>	<b>1,074</b>	<b>230</b>
<b>Non-operating income</b>		
Interest income	0	0
Dividend income	29	32
Other	4	4
<b>Total non-operating income</b>	<b>33</b>	<b>36</b>
<b>Non-operating expenses</b>		
Interest expense	29	21
Other	0	2
<b>Total non-operating expenses</b>	<b>29</b>	<b>24</b>
<b>Ordinary income (loss)</b>	<b>1,078</b>	<b>242</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	0	3
Gain on sales of investment securities	5	-
<b>Total extraordinary income</b>	<b>5</b>	<b>3</b>
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	4	-
Loss on valuation of investment securities	1	-
Loss on litigation	-	12
Other	-	0
<b>Total extraordinary losses</b>	<b>6</b>	<b>13</b>
<b>Income before income taxes</b>	<b>1,077</b>	<b>232</b>
Income taxes-current	282	213
Income taxes-deferred	104	(0)
<b>Total income taxes</b>	<b>387</b>	<b>212</b>
<b>Net earnings</b>	<b>689</b>	<b>19</b>
Profit (loss) attributable to non-controlling interests	(1)	(2)
<b>Profit (loss) attributable to owners of parent</b>	<b>691</b>	<b>21</b>

Quarterly consolidated statements of comprehensive income  
 For the first Quarter of fiscal year ending March 31, 2019 (April 1, 2018 – June 30, 2018)

(Million yen)

	First Quarter ended June 2017 (April 1, 2017- June 30, 2017)	First Quarter ended June 2018 (April 1, 2018- June 30, 2018)
Quarterly net earnings	689	19
Other comprehensive income		
Valuation difference on available-for-sale securities	26	141
Remeasurements of retirement allowance plans, net of tax	57	30
Total other comprehensive income	84	172
Comprehensive income	773	191
(This splits into...)		
Comprehensive income attributable to owners of parent	775	194
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)	First quarter ended June 2018 (As of June 30, 2018)
<b>ASSETS</b>		
Current assets		
Cash and deposits	12,492	19,749
Notes receivable, accounts receivable from completed construction contracts and other	38,458	29,055
Real estate for sale	2,641	2,440
Costs on uncompleted construction contracts	52	348
Costs on real estate business	603	603
Other	4,978	5,153
Allowance for doubtful accounts	(123)	(108)
Total current assets	59,103	57,241
Noncurrent assets		
Tangible Assets	2,392	2,375
Intangible assets	227	225
Investments and other assets		
Investment securities	9,925	10,119
Other	2,007	1,931
Allowance for doubtful accounts	(195)	(195)
Total investments and other assets	11,737	11,855
Total noncurrent assets	14,357	14,456
Total assets	73,460	71,698
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	11,821	9,848
Income taxes payable	116	62
Advances received on uncompleted construction contracts	2,649	4,147
Other	4,235	2,690
Total current liabilities	18,823	16,749
Noncurrent liabilities		
Retirement allowances	4,695	4,590
Other	183	179
Total noncurrent liabilities	4,878	4,769
Total liabilities	23,701	21,518
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	23,076	23,399
Treasury shares	(2,674)	(2,711)
Total shareholders' equity	49,168	49,453
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	591	725
Total valuation and translation adjustments	591	725
Total net assets	49,759	50,179
Total liabilities and net assets	73,460	71,698



(2) Quarterly Non-consolidated statements of income and comprehensive income  
For the first Quarter of fiscal year ending March 31, 2019 (April 1, 2018 – June 30, 2018)

(Million yen)

	First Quarter ended June 2017 (April 1, 2017- June 30, 2017)	First Quarter ended June 2018 (April 1, 2018- June 30, 2018)
<b>Net sales</b>		
Net sales of completed construction contracts	20,015	18,378
Sales on real estate business	28	295
<b>Total net sales</b>	<b>20,044</b>	<b>18,673</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	18,070	17,069
Cost of sales on real estate business	34	276
<b>Total cost of sales</b>	<b>18,105</b>	<b>17,346</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	1,944	1,309
Gross profit-real estate business	(5)	18
<b>Total gross profit</b>	<b>1,939</b>	<b>1,327</b>
Selling, general and administrative expenses	1,055	1,268
<b>Operating income</b>	<b>883</b>	<b>58</b>
<b>Non-operating income</b>		
Interest income	0	0
Dividend income	1,087	1,569
Other	3	3
<b>Total non-operating income</b>	<b>1,091</b>	<b>1,572</b>
<b>Non-operating expenses</b>		
Interest expense	14	10
Other	0	0
<b>Total non-operating expenses</b>	<b>15</b>	<b>10</b>
Ordinary income (loss)	1,959	1,620
Extraordinary losses	1	9
Income before income taxes	1,957	1,611
<b>Total income taxes</b>	<b>291</b>	<b>72</b>
<b>Quarterly net earnings</b>	<b>1,666</b>	<b>1,539</b>

### 3. Orders received and net sales

(1) Consolidated

(Million yen, %)

		1Q / FY 2017		1Q / FY 2018	
		(Apr 1, 2017 - Jun 30, 2017)		(Apr 1, 2018 - Jun 30, 2018)	
		Amount	Share	Amount	Share
Orders received	Architecture	9,305	20.0	12,321	36.0
	Civil engineering	37,234	79.9	21,635	63.1
	Total construction	46,539	99.9	33,957	99.1
	Real estate	23	0.1	292	0.9
	Total	46,563	100.0	34,249	100.0
Net sales	Architecture	10,051	31.2	6,905	20.5
	Civil engineering	22,171	68.7	26,490	78.6
	Total construction	32,222	99.9	33,395	99.1
	Real estate	23	0.1	292	0.9
	Total	32,245	100.0	33,687	100.0

(2) Non-consolidated

(Million yen, %)

			1Q / FY 2017		1Q / FY 2018	
			(Apr 1, 2017 - Jun 30, 2017)		(Apr 1, 2018 - Jun 30, 2018)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	5,746		4	
		Private	3,180		11,810	
	Subtotal		8,927	31.5	11,815	57.8
	Civil engineering	Public	2,348		4,903	
		Private	17,075		3,431	
	Subtotal		19,423	68.4	8,335	40.8
	Total construction	Public	8,094		4,908	
		Private	20,256		15,242	
	Total		28,350	99.9	20,151	98.6
	Real estate	Public	-		-	
		Private	28		297	
	Total		28	0.1	297	1.4
	Total	Public	8,094	28.5	4,908	24.0
Private		20,284	71.5	15,540	76.0	
		28,379	100.0	20,448	100.0	
Net sales	Architecture	9,724	48.5	6,541	35.0	
	Civil engineering	10,291	51.4	11,837	63.4	
	Total construction	20,015	99.9	18,378	98.4	
	Real estate	28	0.1	295	1.6	
	Total	20,044	100.0	18,673	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 August 7, 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