

Summary of Consolidated Financial Results

For the First Quarter of Fiscal Year Ending March 31, 2020 [Japan GAAP] ("Q1/FY2019")

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: August 8, 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 first quarter of the fiscal year ending March 2020 (April 1, 2019 – June 30, 2019)

(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 2019	35,797	6.3	875	279.3	875	260.5	425	-
1Q / FY 2018	33,687	4.5	230	(78.5)	242	(77.5)	21	(96.8)

Note: Comprehensive income: 1Q / FY 2019 : 317 million yen (65.2%), 1Q / FY 2018 : 191 million yen (75.2%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
1Q / FY 2019	7.80	—
1Q / FY 2018	0.40	—

(2) Consolidated financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2019	108,828	66,414	61.0
As of March 31, 2019	110,263	67,409	61.1

(Reference) Shareholders' equity

As of June 30, 2019: 66,383 million yen

As of March 31, 2019: 67,378 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 3/2019	—	0.00	—	24.00	24.00
FY 3/2020	—	—	—	—	—
FY 3/2020 (Est.)	—	0.00	—	0.00	0.00

Note: Change in the estimation of dividend from the latest announcement: Yes

For details of Dividends, please show "Notice Concerning Revision of Year-end Dividend Forecasts for the Year Ending March 31, 2020 and Abolition of Shareholder Benefit Program" publication today.

3. Consolidated forecast for the fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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	72,000	(8.8)	70,000	(0.9)	1,400	(25.)	1,400	(26.0)	800	(33.4)	14.67
Full year	161,000	(5.1)	155,000	1.7	7,200	7.4	7,200	8.3	4,800	17.3	88.01

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, 2019: 59,100,000 As of March 31, 2019: 59,100,000
 - (b) Treasury shares
 - As of June 30, 2019: 4,557,748 As of March 31, 2019: 4,557,748
 - (c) Average number of shares (quarterly consolidated cumulative period)
 - Period ended June 30, 2019: 54,542,256 Period ended June 30, 2018: 55,302,854

* 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. Quarterly Consolidated Financial Statements.....	2
(1) Quarterly consolidated balance sheet.....	2
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income.....	4
Quarterly consolidated statements of income.....	4
Quarterly consolidated statements of comprehensive income.....	5
2. (Reference) Non-consolidated Financial Statements	6
(1) Quarterly Non-consolidated balance sheet.....	6
(2) Quarterly Non-consolidated statements of income and comprehensive income.....	7
3. Orders received and net sales and Contract backlogs.....	8

1. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2019(As of March 31, 2019)	First quarter ended June 2019 (As of June 30, 2019)
ASSETS		
Current assets		
Cash and deposits	24,111	37,773
Notes receivable, accounts receivable from completed construction contracts and other	62,598	46,329
Real estate for sale	1,883	1,452
Costs on uncompleted construction contracts	472	388
Accounts receivable	6,490	7,860
Other	960	1,346
Allowance for doubtful accounts	(101)	(84)
Total current assets	96,416	95,067
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	739	842
Machinery, vehicles, tools, furniture and fixtures, net	897	879
Vessels, net	967	951
Land	3,618	3,618
Lease assets, net	120	111
Total Tangible assets	6,343	6,403
Intangible assets	371	370
Investments and other assets		
Investment securities	4,163	3,973
Deferred tax assets	2,215	2,397
Other	987	849
Allowance for doubtful accounts	(233)	(223)
Total investments and other assets	7,132	6,987
Total noncurrent assets	13,847	13,760
Total assets	110,263	108,828

(Million yen)

	Fiscal year ended March 2019(As of March 31, 2019)	Second quarter ended June 2019 (As of June 30, 2019)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	20,871	17,750
Income taxes payable	847	358
Advances received on uncompleted construction contracts	6,890	9,818
Provision for warranties for completed construction	94	105
Provision for loss on construction contracts	79	64
Provision for bonuses	1,580	2,277
Other	3,826	3,480
Total current liabilities	34,161	33,854
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	215	215
Retirement allowances	8,001	7,901
Provision for special repairs of vessels	75	62
Other	400	379
Total noncurrent liabilities	8,693	8,558
Total liabilities	42,854	42,413
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	41,597	40,714
Treasury shares	(3,430)	(3,430)
Total shareholders' equity	66,933	66,049
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	728	594
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(331)	(309)
Total accumulated other comprehensive income	444	333
Non-controlling interests	30	31
Total net assets	67,409	66,414
Total liabilities and net assets	110,263	108,828

(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, 2020 (April 1, 2019 – June 30, 2019)

(Million yen)

	First Quarter ended June 2018 (April 1, 2018- June 30, 2018)	First Quarter ended June 2019 (April 1, 2019- June 30, 2019)
Net sales		
Net sales of completed construction contracts	33,395	35,247
Sales on real estate business	292	549
Total net sales	33,687	35,797
Cost of sales		
Cost of sales of completed construction contracts	30,885	32,086
Cost of sales on real estate business	279	504
Total cost of sales	31,165	32,591
Gross profit		
Gross profit on completed construction contracts	2,509	3,161
Gross profit-real estate business	12	44
Total gross profit	2,521	3,206
Selling, general and administrative expenses	2,291	2,331
Operating income	230	875
Non-operating income		
Interest income	32	32
Other	4	6
Total non-operating income	36	39
Non-operating expenses		
Interest expense	21	31
Other	2	7
Total non-operating expenses	24	38
Ordinary income (loss)	242	875
Extraordinary income		
Gain on sales of non-current assets	3	1
Total extraordinary income	3	1
Extraordinary losses		
Loss on litigation	12	37
Other	0	32
Total extraordinary losses	13	70
Income before income taxes	232	806
Income taxes-current	213	501
Income taxes-deferred	(0)	(122)
Total income taxes	212	378
Net earnings	19	428
Profit (loss) attributable to non-controlling interests	(2)	3
Profit (loss) attributable to owners of parent	21	425

Quarterly consolidated statements of comprehensive income
 For the first Quarter of fiscal year ending March 31, 2020 (April 1, 2019 – June 30, 2019)

(Million yen)

	First Quarter ended June 2018 (April 1, 2018- June 30, 2018)	First Quarter ended June 2019 (April 1, 2019- June 30, 2019)
Quarterly net earnings	19	428
Other comprehensive income		
Valuation difference on available-for-sale securities	141	(133)
Remeasurements of retirement allowance plans, net of tax	30	22
Total other comprehensive income	172	(111)
Comprehensive income	191	317
(This splits into...)		
Comprehensive income attributable to owners of parent	194	34
Comprehensive income attributable to non-controlling interests	(2)	3

2. Quarterly non-consolidated Financial Statements

(1) Quarterly non-consolidated balance sheet

(Million yen)

	Fiscal year ended March 2019(As of March 31, 2019)	First quarter ended June 2018 (As of June 30, 2018)
ASSETS		
Current assets		
Cash and deposits	14,426	24,217
Notes receivable, accounts receivable from completed construction contracts and other	40,072	31,998
Real estate for sale	1,540	1,109
Costs on uncompleted construction contracts	429	313
Other	5,381	6,683
Allowance for doubtful accounts	(44)	(36)
Total current assets	61,806	64,285
Noncurrent assets		
Tangible Assets	2,470	2,553
Intangible assets	205	208
Investments and other assets		
Investment securities	10,090	9,910
Other	1,525	1,566
Allowance for doubtful accounts	(192)	(192)
Total investments and other assets	11,423	11,284
Total noncurrent assets	14,099	14,047
Total assets	75,905	78,332
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	11,152	10,200
Income taxes payable	266	67
Advances received on uncompleted construction contracts	5,057	7,555
Other	2,911	3,965
Total current liabilities	19,387	21,789
Noncurrent liabilities		
Retirement allowances	4,558	4,449
Other	175	174
Total noncurrent liabilities	4,734	4,624
Total liabilities	24,121	26,413
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	25,743	26,002
Treasury shares	(3,430)	(3,430)
Total shareholders' equity	51,079	51,338
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	705	580
Total valuation and translation adjustments	705	580
Total net assets	51,784	51,918
Total liabilities and net assets	75,905	78,332

(2) Quarterly Non-consolidated statements of income and comprehensive income
For the first Quarter of fiscal year ending March 31.2020 (April 1, 2019 – June 30, 2019)

(Million yen)

	First Quarter ended June 2018 (April 1, 2018- June 30, 2018)	First Quarter ended June 2019 (April 1, 2019- June 30, 2019)
Net sales		
Net sales of completed construction contracts	18,378	22,709
Sales on real estate business	295	555
Total net sales	18,673	23,265
Cost of sales		
Cost of sales of completed construction contracts	17,069	20,879
Cost of sales on real estate business	276	501
Total cost of sales	17,346	21,381
Gross profit		
Gross profit on completed construction contracts	1,309	1,830
Gross profit-real estate business	18	53
Total gross profit	1,327	1,884
Selling, general and administrative expenses	1,268	1,279
Operating income	58	604
Non-operating income		
Dividend income	1,569	1,215
Other	3	3
Total non-operating income	1,572	1,219
Non-operating expenses		
Interest expense	10	18
Other	0	1
Total non-operating expenses	10	20
Ordinary income (loss)	1,620	1,802
Extraordinary losses		
Loss on litigation	9	37
Others	0	27
Total Extraordinary losses	9	64
Income before income taxes	1,611	1,738
Total income taxes	72	169
Quarterly net earnings	1,539	1,568

3. Orders received and net sales

(1) Consolidated

(Million yen, %)

		1Q / FY 2018		1Q / FY 2019	
		(Apr 1, 2018 - Jun 30, 2018)		(Apr 1, 2019 - Jun 30, 2019)	
		Amount	Share	Amount	Share
Orders received	Architecture	12,321	36.0	7,664	19.0
	Civil engineering	21,635	63.1	32,162	79.6
	Total construction	33,957	99.1	39,826	98.6
	Real estate	292	0.9	549	1.4
	Total	34,249	100.0	40,376	100.0
Net sales	Architecture	6,905	20.5	11,321	31.6
	Civil engineering	26,490	78.6	23,926	66.9
	Total construction	33,395	99.1	35,247	98.5
	Real estate	292	0.9	549	1.5
	Total	33,687	100.0	35,797	100.0

(2) Non-consolidated

(Million yen, %)

			1Q / FY 2018		1Q / FY 2019	
			(Apr 1, 2018 - Jun 30, 2018)		(Apr 1, 2019 - Jun 30, 2019)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	4		1,657	
		Private	11,810		5,407	
	Subtotal		11,815	57.8	7,065	35.7
	Civil engineering	Public	4,903		4,673	
		Private	3,431		7,495	
	Subtotal		8,335	40.8	12,169	61.5
	Total construction	Public	4,908		6,330	
		Private	15,242		12,903	
	Total		20,151	98.6	19,234	97.2
	Real estate	Public	-		-	
		Private	297		555	
	Total		297	1.4	555	2.8
	Total		4,908	24.0	6,330	32.0
		15,540	76.0	13,458	68.0	
		20,448	100.0	19,789	100.0	
Net sales	Architecture	6,541	35.0	10,629	45.7	
	Civil engineering	11,837	63.4	12,080	51.9	
	Total construction	18,378	98.4	22,709	97.6	
	Real estate	295	1.6	555	2.4	
	Total	18,673	100.0	23,265	100.0	
Contract backlogs	Architecture	50,826	43.1	57,462	43.5	
	Civil engineering	67,170	56.9	74,697	56.5	
	Total construction	117,996	100.0	132,159	100.0	
	Real estate	2	-	-	-	
	Total	117,999	100.0	132,159	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 6, 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