

# Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 2017

August 8, 2016

The following statements are an English-language translation of the original Japanese-language documents.  
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of listed company: **Penta-Ocean Construction Co., Ltd.**

Stock exchange: **Tokyo, Nagoya**

Code number: **1893**

URL: <http://www.penta-ocean.co.jp/english/index.html>

Representative

Title: **President, Chief Executive Officer and Representative Director**

Name: **Takuzo Shimizu**

Contact

Title: **Executive Officer, General Manager, Head of Accounting Division**

Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Schedule of financial statement reporting date: August 9, 2016

## 1. Business results for the fiscal year ending March 2017 (April 1, 2016- June 30, 2016)

(1) Consolidated business results Note: All amounts are rounded down to the nearest million Yen. Percentage indicate changes from the previous term.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
FY3/17 1Q	120,532	11.8	7,427	80.3	6,786	71.1	4,683	84.8
FY3/16 1Q	107,822	34.8	4,119	-	3,965	-	2,534	-

Note: Comprehensive income (Millions of Yen) Jun. 30 2016 term: 4,912 (85.3%) Jun. 30 2015 term: 2,650 (-%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
FY3/17 1Q	16.38	-
FY3/16 1Q	8.86	-

## (2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Jun. 30, 2016	361,786	83,853	23.2
Mar. 31, 2016	378,766	80,656	21.3

Reference: Shareholders' Equity (Millions of Yen) Jun. 30, 2016: 83,781 Mar. 31, 2016: 80,587

## 2. Dividends

	Dividends per share (Yen)				
	As of 1Q-end	As of 2Q-end	As of 3Q-end	As of Fiscal Year-end	Full year
FY3/16	-	-	-	6.00	6.00
FY3/17	-	-	-	-	-
FY3/17 (Forecast)	-	-	-	9.00	9.00

Note: Revision made in the forecast dividend as of the end of the current quarter: None

## 3. Earnings forecasts for fiscal year ending March 2017 (April 1, 2016 - March 31, 2017)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Yen)
2Q term	256,000	11.9	9,800	16.0	9,300	19.9	5,600	24.9	19.59
Entire term	533,000	8.4	21,500	4.3	20,500	5.6	11,500	47.3	40.22

Note: Change made in figures of the forecasts as of the end of the current quarter from the previous announcement: None

## 4. Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change the scope of consolidation): None

(2) Adoption of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter: None

(3) Changes to accounting policies; changes to accounting estimates; restatements

1) Changes due to revised accounting Standard: Adopted

2) Changes other than the reason described above: None

3) Changes to accounting estimates: None

4) Restatements: None

(4) Total number of outstanding shares (common stock)

1) Number of outstanding shares as of end of period (including treasury stock) :

2) Number of shares of treasury stock as of end of period :

3) Average number of shares outstanding during the period (or the cumulative consolidated accounting period as the end of the current quarter) :

Jun. 2016 term:	286,013,910	Mar. 2016 term:	286,013,910
Jun. 2016 term:	109,994	Mar. 2016 term:	109,952
Jun. 2016 term:	285,903,937	Jun. 2015 term:	285,904,654

※This document is out of the scope of the quarterly review procedures based on the Financial Instruments and Exchange Act.

The quarterly review procedures for the financial statements under this Act have not been completed as of the timing of disclosure of this.

Notes: Request for appropriate use of the business outlook and other special remarks:

1) The financial forecasts for the entire term for fiscal year ending March 31, 2017 are the same as ones provided in May 12, 2016.

2) The forecasts given above are based on information currently available and certain premises regarded as reasonable, and do not include any intent that the company will guarantee its achievement. The actual business result is inherently subject to a variety of risks and uncertainties, and may vary significantly from forecast due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

## Consolidated Quarterly Balance Sheets

(Millions of Yen)

	March 31, 2016	June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	66,398	66,309
Notes receivable, accounts receivable from completed construction contracts and other	172,409	131,929
Securities	31	25,031
Costs on uncompleted construction contracts and other	14,671	15,356
Real estate for sale and development projects in progress	6,307	6,513
Accounts receivable - other	21,310	19,719
Other	6,731	7,750
Allowance for doubtful accounts	(903)	(678)
<b>Total current assets</b>	<b>286,957</b>	<b>271,932</b>
Non-current assets		
Property, plant and equipment		
Land	32,729	32,729
Other, net	37,695	36,175
<b>Total property, plant and equipment</b>	<b>70,425</b>	<b>68,904</b>
Intangible assets	1,456	1,440
Investments and other assets		
Investment securities	14,590	14,511
Net defined benefit asset	1,091	1,180
Other	5,147	4,194
Allowance for doubtful accounts	(961)	(431)
<b>Total investments and other assets</b>	<b>19,868</b>	<b>19,454</b>
<b>Total non-current assets</b>	<b>91,750</b>	<b>89,800</b>
Deferred assets	58	53
<b>Total assets</b>	<b>378,766</b>	<b>361,786</b>

(Millions of Yen)

	March 31, 2016	June 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	129,562	101,067
Electronically recorded obligations - operating	15,823	27,684
Short-term loans payable	33,785	36,390
Income taxes payable	6,091	1,775
Advances received on uncompleted construction contracts	26,557	29,336
Provision	5,764	4,166
Other	33,905	32,750
Total current liabilities	251,491	233,171
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	20,413	18,663
Deferred tax liabilities for land revaluation	3,869	3,869
Provision	174	128
Net defined benefit liability	1,084	1,100
Other	1,076	1,000
Total non-current liabilities	46,618	44,762
Total liabilities	298,109	277,933
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	25,902	28,851
Treasury shares	(25)	(25)
Total shareholders' equity	74,713	77,662
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,299	2,389
Deferred gains or losses on hedges	20	0
Revaluation reserve for land	4,303	4,323
Foreign currency translation adjustment	(81)	(41)
Remeasurements of defined benefit plans	(668)	(552)
Total accumulated other comprehensive income	5,874	6,118
Non-controlling interests	68	72
Total net assets	80,656	83,853
Total liabilities and net assets	378,766	361,786

## Consolidated Quarterly Statements of Income

(Millions of Yen)

	FY3/16 1Q	FY3/17 1Q
	(From Apr. 1, 2015 to Jun. 30, 2015)	(From Apr. 1, 2016 to Jun. 30, 2016)
<b>Net sales</b>		
Net sales of completed construction contracts	101,811	118,095
Net sales of development business and other	6,010	2,436
<b>Total net sales</b>	<b>107,822</b>	<b>120,532</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	94,985	107,322
Cost of sales on development business and other	5,091	1,666
<b>Total cost of sales</b>	<b>100,076</b>	<b>108,989</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	6,825	10,772
Gross profit on development business and other	919	769
<b>Total gross profit</b>	<b>7,745</b>	<b>11,542</b>
Selling, general and administrative expenses	3,625	4,114
<b>Operating income</b>	<b>4,119</b>	<b>7,427</b>
<b>Non-operating income</b>		
Interest income	23	13
Dividend income	109	242
Reversal of allowance for doubtful accounts	196	230
Other	166	97
<b>Total non-operating income</b>	<b>496</b>	<b>583</b>
<b>Non-operating expenses</b>		
Interest expenses	228	207
Foreign exchange losses	392	923
Other	31	93
<b>Total non-operating expenses</b>	<b>651</b>	<b>1,225</b>
<b>Ordinary income</b>	<b>3,965</b>	<b>6,786</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	4	32
Gain on sales of investment securities	—	59
Other	0	—
<b>Total extraordinary income</b>	<b>4</b>	<b>91</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	16	12
Other	8	0
<b>Total extraordinary losses</b>	<b>24</b>	<b>12</b>
<b>Profit before income taxes</b>	<b>3,944</b>	<b>6,865</b>
Income taxes - current	442	1,053
Income taxes - deferred	968	1,126
<b>Total income taxes</b>	<b>1,410</b>	<b>2,180</b>
<b>Profit</b>	<b>2,533</b>	<b>4,684</b>
Profit (loss) attributable to non-controlling interests	(0)	0
<b>Profit attributable to owners of parent</b>	<b>2,534</b>	<b>4,683</b>

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	FY3/16 1Q	FY3/17 1Q
	(From Apr. 1, 2015 to Jun. 30, 2015)	(From Apr. 1, 2016 to Jun. 30, 2016)
Profit	2,533	4,684
Other comprehensive income		
Valuation difference on available-for-sale securities	145	89
Deferred gains or losses on hedges	17	(20)
Revaluation reserve for land	13	—
Foreign currency translation adjustment	(79)	42
Remeasurements of defined benefit plans, net of tax	20	116
Total other comprehensive income	116	227
Comprehensive income	2,650	4,912
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,651	4,908
Comprehensive income attributable to non-controlling interests	(0)	3

**(Reference)****Non-Consolidated Orders Received, Net Sales and Backlog**

## 1. Orders Received

(Millions of Yen)

	FY3/16 1Q (From Apr. 1, 2015 to Jun. 30, 2015)	FY3/17 1Q (From Apr. 1, 2016 to Jun. 30, 2016)	Increase (Decrease)	Rate of change (%)
Public works	28,147	27,235	(912)	(3.2)
Private works	11,627	14,824	3,196	27.5
Domestic civil engineering	39,775	42,059	2,283	5.7
Public works	330	4,677	4,346	1,314.0
Private works	25,840	25,471	(368)	(1.4)
Domestic building construction	26,171	30,149	3,977	15.2
Civil engineering	1,550	1,742	192	12.4
Building construction	10,604	26,277	15,673	147.8
Overseas	12,154	28,020	15,865	130.5
Construction Total	78,101	100,229	22,127	28.3
Real estate and Others	191	1,037	845	440.2
Total	78,293	101,266	22,972	29.3

## 2. Net Sales

(Millions of Yen)

	FY3/16 1Q (From Apr. 1, 2015 to Jun. 30, 2015)	FY3/17 1Q (From Apr. 1, 2016 to Jun. 30, 2016)	Increase (Decrease)	Rate of change (%)
Public works	20,338	22,205	1,867	9.2
Private works	8,215	8,112	(103)	(1.3)
Domestic civil engineering	28,554	30,318	1,764	6.2
Public works	6,505	5,933	(571)	(8.8)
Private works	29,164	30,256	1,091	3.7
Domestic building construction	35,669	36,189	520	1.5
Civil engineering	17,912	34,860	16,947	94.6
Building construction	14,584	12,684	(1,899)	(13.0)
Overseas	32,497	47,544	15,047	46.3
Construction Total	96,720	114,053	17,332	17.9
Real estate and Others	3,977	73	(3,903)	(98.1)
Total	100,698	114,127	13,428	13.3

## 3. Backlog

(Millions of Yen)

	FY3/16 1Q (From Apr. 1, 2015 to Jun. 30, 2015)	FY3/17 1Q (From Apr. 1, 2016 to Jun. 30, 2016)	Increase (Decrease)	Rate of change (%)
Public works	142,651	152,194	9,543	6.7
Private works	24,825	31,435	6,609	26.6
Domestic civil engineering	167,476	183,629	16,152	9.6
Public works	47,913	40,263	(7,649)	(16.0)
Private works	106,299	103,151	(3,148)	(3.0)
Domestic building construction	154,213	143,415	(10,798)	(7.0)
Civil engineering	292,326	186,124	(106,202)	(36.3)
Building construction	144,258	188,222	43,963	30.5
Overseas	436,585	374,346	(62,238)	(14.3)
Construction Total	758,275	701,391	(56,884)	(7.5)
Real estate and Others	107	3,004	2,897	2690.5
Total	758,383	704,396	(53,987)	(7.1)