

Summary of Consolidated Financial Results of Fiscal Year Ended March 2017

May 10, 2017

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 ordinary general meeting of shareholders date: June 27, 2017 Schedule of payment of dividends date: June 28, 2017
Schedule of financial statement reporting date: June 27, 2017

1. Business results for the fiscal year ended March 2017 (April 1, 2016 - March 31, 2017)

(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	500,336	1.8	24,274	17.7	23,709	22.2	15,271	95.6
FY3/16	491,564	15.3	20,617	67.7	19,408	70.4	7,805	26.2

Note: Comprehensive income (Millions of Yen) Mar. 31 2017 term: 17,504 (272.9%) Mar. 31 2016 term: 4,694 (59.1%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/total assets	Operating income/net sales
	(Yen)	(Yen)	(%)	(%)	(%)
FY3/17	53.42	-	17.3	6.3	4.9
FY3/16	27.30	-	9.9	5.2	4.2

Reference: Equity in earning of affiliates (Millions of Yen) Mar. 31 2017 term: 7 Mar. 31 2016 term: 6

(2) Consolidated financial position

	Total assets	Total net assets	Total net assets/ total assets	Total net assets per share
	(Millions of Yen)	(Millions of Yen)	(%)	(Yen)
Mar. 31, 2017	372,311	96,444	25.9	337.10
Mar. 31, 2016	378,766	80,656	21.3	281.87

Reference: Shareholders' Equity (Millions of Yen) Mar 31 2017: 96,377 Mar. 31 2016: 80,587

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at term-end
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
FY3/17	31,293	(9,089)	(15,532)	71,770
FY3/16	55,202	(4,695)	(20,713)	65,434

2. Dividends

	Dividends per share (Yen)					Total dividends (year)	Payout ratio (Consolidated)	Dividends/Shareholders' equity
	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	1,715	22.0	2.2
FY3/17	-	-	-	12.00	12.00	3,430	22.5	3.9
FY3/18 (Forecast)	-	-	-	12.00	12.00		22.1	

3. Earnings forecasts for fiscal year ending March 2018 (April 1, 2017 - March 31, 2018)

	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)	(%)	
2Q term	257,200	6.6	11,300	(3.2)	10,900	2.5	7,300	7.8	25.53
Entire term	545,000	8.9	24,500	0.9	24,000	1.2	15,500	1.5	54.21

4. Notes

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change the scope of consolidation): None
(2) 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

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

- 1) Number of outstanding shares as of the end of the period (including treasury stock) :
2) Number of shares of treasury stock as of the end of the period :
3) Average number of shares outstanding during the period :

Mar. 2017 term :	286,013,910	Mar. 2016 term :	286,013,910
Mar. 2017 term :	110,614	Mar. 2016 term :	109,952
Mar. 2017 term :	285,903,647	Mar. 2016 term :	285,904,293

Statement: Status of the review procedure
This document is out of the scope of the review procedures.

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

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	March 31, 2017
Assets		
Current assets		
Cash and deposits	66,398	72,463
Notes receivable, accounts receivable from completed construction contracts and other	172,409	164,460
Securities	31	—
Costs on uncompleted construction contracts and other	14,671	12,654
Real estate for sale and development projects in progress	6,307	4,444
Accounts receivable - other	21,310	16,997
Deferred tax assets	2,708	2,561
Other	4,023	4,380
Allowance for doubtful accounts	(903)	(756)
Total current assets	286,957	277,205
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,222	36,473
Machinery, vehicles, tools, furniture and fixtures	86,476	88,482
Land	32,729	31,855
Construction in progress	530	4,222
Other	381	381
Accumulated depreciation	(85,914)	(88,713)
Total property, plant and equipment	70,425	72,701
Intangible assets	1,456	1,406
Investments and other assets		
Investment securities	14,590	16,043
Deferred tax assets	1,400	336
Net defined benefit asset	1,091	1,771
Other	3,746	3,157
Allowance for doubtful accounts	(961)	(351)
Total investments and other assets	19,868	20,956
Total non-current assets	91,750	95,065
Deferred assets	58	40
Total assets	378,766	372,311

Consolidated Quarterly Balance Sheets

(Millions of Yen)

	March 31, 2016	March 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	129,562	111,817
Electronically recorded obligations - operating	15,823	26,058
Short-term loans payable	33,785	24,131
Income taxes payable	6,091	5,420
Advances received on uncompleted construction contracts	26,557	29,707
Deposits received	26,008	24,539
Provision for warranties for completed construction	1,472	1,573
Provision for bonuses	1,877	2,160
Provision for loss on construction contracts	2,414	2,038
Other	7,897	7,903
Total current liabilities	251,491	235,351
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	20,413	15,590
Deferred tax liabilities for land revaluation	3,869	3,691
Provision for directors' retirement benefits	174	151
Net defined benefit liability	1,084	357
Other	1,076	724
Total non-current liabilities	46,618	40,514
Total liabilities	298,109	275,866
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	25,902	39,841
Treasury shares	(25)	(26)
Total shareholders' equity	74,713	88,652
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,299	3,242
Deferred gains or losses on hedges	20	69
Revaluation reserve for land	4,303	3,920
Foreign currency translation adjustment	(81)	(77)
Remeasurements of defined benefit plans	(668)	569
Total accumulated other comprehensive income	5,874	7,724
Non-controlling interests	68	67
Total net assets	80,656	96,444
Total liabilities and net assets	378,766	372,311

Consolidated Quarterly Statements of Income

	(Millions of Yen)	
	FY3/16	FY3/17
	(From Apr. 1, 2015 to Mar. 31, 2016)	(From Apr. 1, 2016 to Mar. 31, 2017)
Net sales		
Net sales of completed construction contracts	477,164	487,132
Net sales of development business and other	14,399	13,203
Total net sales	491,564	500,336
Cost of sales		
Cost of sales of completed construction contracts	441,859	448,921
Cost of sales on development business and other	13,694	10,545
Total cost of sales	455,553	459,466
Gross profit		
Gross profit on completed construction contracts	35,304	38,211
Gross profit on development business and other	705	2,658
Total gross profit	36,010	40,869
Selling, general and administrative expenses	15,392	16,595
Operating profit	20,617	24,274
Non-operating income		
Interest income	88	101
Dividend income	240	519
Reversal of allowance for doubtful accounts	207	157
Real estate rent	143	155
Other	360	285
Total non-operating income	1,040	1,220
Non-operating expenses		
Interest expenses	1,065	791
Foreign exchange losses	843	818
Other	340	175
Total non-operating expenses	2,249	1,786
Ordinary profit	19,408	23,709
Extraordinary income		
Gain on sales of non-current assets	57	53
Gain on sales of investment securities	208	60
Other	1	5
Total extraordinary income	267	119
Extraordinary losses		
Impairment loss	4,908	694
Other	525	106
Total extraordinary losses	5,433	800
Profit before income taxes	14,242	23,027
Income taxes - current	7,017	7,697
Income taxes - deferred	(580)	59
Total income taxes	6,437	7,756
Profit	7,804	15,271
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	7,805	15,271

Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	FY3/16	FY3/17
	(From Apr. 1, 2015 to Mar. 31, 2016)	(From Apr. 1, 2016 to Mar. 31, 2017)
Profit	7,804	15,271
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,307)	942
Deferred gains or losses on hedges	38	48
Revaluation reserve for land	220	—
Foreign currency translation adjustment	(103)	3
Remeasurements of defined benefit plans, net of tax	(1,957)	1,238
Total other comprehensive income	(3,110)	2,232
Comprehensive income	4,694	17,504
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,698	17,505
Comprehensive income attributable to non-controlling interests	(4)	(1)

Consolidated statements of cash flows

(Millions of Yen)

	FY3/16 (From Apr. 1, 2015 to Mar. 31, 2016)	FY3/17 (From Apr. 1, 2016 to Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	14,242	23,027
Depreciation	5,549	5,613
Impairment loss	4,908	694
Increase (decrease) in allowance for doubtful accounts	(387)	(756)
Increase (decrease) in provision for bonuses	335	283
Increase (decrease) in provision for loss on construction contracts	(606)	(376)
Increase (decrease) in net defined benefit liability	30	65
Decrease (increase) in net defined benefit asset	(1,875)	(357)
Interest and dividend income	(328)	(621)
Interest expenses	1,065	791
Foreign exchange losses (gains)	1,676	241
Share of (profit) loss of entities accounted for using equity method	(6)	(7)
Loss (gain) on sales of property, plant and equipment	391	(11)
Loss (gain) on sales of short-term and long-term investment securities	(208)	(60)
Loss (gain) on valuation of investment securities	1	2
Decrease (increase) in notes and accounts receivable - trade	(2,567)	7,235
Decrease (increase) in costs on uncompleted construction contracts	(2,458)	1,825
Decrease (increase) in inventories	4,353	2,231
Increase (decrease) in notes and accounts payable - trade	8,832	(6,819)
Increase (decrease) in advances received on uncompleted construction contracts	5,057	3,150
Decrease (increase) in accounts receivable - other	5,407	4,332
Increase (decrease) in accrued consumption taxes	7,590	4,395
Other, net	8,585	(4,774)
Subtotal	59,590	40,106
Interest and dividend income received	353	620
Interest expenses paid	(1,108)	(799)
Income taxes paid	(3,633)	(8,633)
Net cash provided by (used in) operating activities	55,202	31,293
Cash flows from investing activities		
Payments into time deposits	(11,991)	(2,450)
Proceeds from withdrawal of time deposits	11,630	2,720
Purchase of short-term and long-term investment securities	(348)	(303)
Proceeds from sales and redemption of short-term and long-term investment securities	624	277
Purchase of property, plant and equipment	(6,226)	(9,106)
Proceeds from sales of property, plant and equipment	1,253	94
Collection of loans receivable	924	32
Other, net	(561)	(353)
Net cash provided by (used in) investing activities	(4,695)	(9,089)

Consolidated statements of cash flows

(Millions of Yen)

	FY3/16	FY3/17
	(From Apr. 1, 2015 to Mar. 31, 2016)	(From Apr. 1, 2016 to Mar. 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,267)	(6,669)
Net increase (decrease) in commercial papers	(19,996)	—
Proceeds from long-term loans payable	14,050	3,030
Repayments of long-term loans payable	(11,210)	(10,074)
Cash dividends paid	(1,137)	(1,709)
Other, net	(150)	(108)
Net cash provided by (used in) financing activities	(20,713)	(15,532)
Effect of exchange rate change on cash and cash equivalents	(2,225)	(335)
Net increase (decrease) in cash and cash equivalents	27,568	6,335
Cash and cash equivalents at beginning of period	37,866	65,434
Cash and cash equivalents at end of period	65,434	71,770

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

1. Orders Received

(Millions of Yen)

	FY3/16 (From Apr. 1, 2015 to Mar. 31, 2016)	FY3/17 (From Apr. 1, 2016 to Mar. 31, 2017)	Increase (Decrease)	Rate of change (%)
Public works	114,888	113,427	(1,461)	(1.3)
Private works	38,344	73,974	35,630	92.9
Domestic civil engineering	153,233	187,402	34,168	22.3
Public works	17,921	45,953	28,031	156.4
Private works	127,162	130,234	3,072	2.4
Domestic building construction	145,084	176,187	31,103	21.4
Civil engineering	42,598	53,762	11,164	26.2
Building construction	99,155	46,467	(52,687)	(53.1)
Overseas	141,754	100,230	(41,523)	(29.3)
Construction Total	440,071	463,820	23,748	5.4
Real estate and Others	3,109	2,118	(991)	(31.9)
Total	443,181	465,939	22,757	5.1

2. Net Sales

(Millions of yen)

	FY3/16 (From Apr. 1, 2015 to Mar. 31, 2016)	FY3/17 (From Apr. 1, 2016 to Mar. 31, 2017)	Increase (Decrease)	Rate of change (%)
Public works	102,565	105,537	2,971	2.9
Private works	35,034	37,510	2,476	7.1
Domestic civil engineering	137,600	143,047	5,447	4.0
Public works	30,489	21,789	(8,700)	(28.5)
Private works	128,850	124,127	(4,722)	(3.7)
Domestic building construction	159,340	145,917	(13,422)	(8.4)
Civil engineering	98,376	108,281	9,904	10.1
Building construction	57,584	70,119	12,535	21.8
Overseas	155,960	178,400	22,440	14.4
Construction Total	452,900	467,366	14,465	3.2
Real estate and Others	4,961	4,092	(869)	(17.5)
Total	457,862	471,458	13,596	3.0

3. Backlog

(Millions of yen)

	FY3/16 (Mar. 31, 2016)	FY3/17 (Mar. 31, 2017)	Increase (Decrease)	Rate of change (%)
Public works	147,164	155,054	7,890	5.4
Private works	24,723	61,187	36,464	147.5
Domestic civil engineering	171,888	216,242	44,354	25.8
Public works	41,520	65,684	24,163	58.2
Private works	107,935	114,042	6,106	5.7
Domestic building construction	149,456	179,726	30,270	20.3
Civil engineering	220,063	161,759	(58,304)	(26.5)
Building construction	175,892	149,417	(26,475)	(15.1)
Overseas	395,956	311,176	(84,780)	(21.4)
Construction Total	717,301	707,145	(10,155)	(1.4)
Real estate and Others	2,041	68	(1,973)	(96.7)
Total	719,343	707,213	(12,129)	(1.7)