

Summary of Consolidated Financial Results of Fiscal Year Ended March 2018

May 10, 2018

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 26, 2018 Schedule of payment of dividends date: June 27, 2018
Schedule of financial statement reporting date: June 26, 2018

1. Business results for the fiscal year ended March 2018 (April 1, 2017 - March 31, 2018)

(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)	(%)
FY3/18	526,902	5.3	27,617	13.8	25,683	8.3	17,826	16.7
FY3/17	500,336	1.8	24,274	17.7	23,709	22.2	15,271	95.6

Note: Comprehensive income (Millions of Yen) Mar. 31 2018 term: 19,317 (10.4%) Mar. 31 2017 term: 17,504 (272.9%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/ total assets	Operating income/net sales
	(Yen)	(Yen)	(%)	(%)	(%)
FY3/18	62.41	-	17.1	6.5	5.2
FY3/17	53.42	-	17.3	6.3	4.9

Reference: Equity in earning of affiliates (Millions of Yen) Mar. 31 2018 term: 7 Mar. 31 2017 term: 7

(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, 2018	418,823	112,031	26.7	392.27
Mar. 31, 2017	372,311	96,444	25.9	337.10

Reference: Shareholders' Equity (Millions of Yen) Mar 31 2018: 111,971 Mar. 31 2017: 96,377

(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)
FY3/18	3,445	(13,129)	4,125	65,112
FY3/17	31,293	(9,089)	(15,532)	71,770

2. Dividends

	Dividends per share (Yen)					Total dividends (year) (Millions of Yen)	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			
FY3/17	-	-	-	12.00	12.00	3,430	22.5	3.9
FY3/18	-	-	-	14.00	14.00	4,002	22.5	3.8
FY3/19 (Forecast)	-	-	-	18.00	18.00		28.6	

Note: Total dividends contain the dividends for the trust banks of the Board Benefit Trust (BBT), not applicable in March, FY3/17, and JPY6 million in FY3/18. The payout ratio is calculated, by dividing the Total dividends by the profit attributable to owners of parent.

3. Earnings forecasts for fiscal year ending March 2018 (April 1, 2018 - March 31, 2019)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share (Yen)
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	
2Q term	255,700	2.0	13,800	2.7	13,300	(2.9)	9,000	(9.0)	31.53
Entire term	570,000	8.2	28,500	3.2	27,500	7.1	18,000	1.0	63.06

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: None
 - 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. 2018 term :	286,013,910	Mar. 2017 term :	286,013,910
Mar. 2018 term :	567,344	Mar. 2017 term :	110,614
Mar. 2018 term :	285,626,598	Mar. 2017 term :	285,903,647

Note: Both the number of shares of treasury stock as of the end of FY3/18, and the average number of shares outstanding during the period that is calculated by subtracting the number of shares of treasury stock from the number of outstanding shares, contain the company's shares of the BBT.

※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 Balance Sheets

(Millions of Yen)

	March 31, 2017	March 31, 2018
Assets		
Current assets		
Cash and deposits	72,463	65,706
Notes receivable, accounts receivable from completed construction contracts and other	164,460	192,719
Costs on uncompleted construction contracts and other	12,654	16,880
Real estate for sale and development projects in progress	4,444	3,873
Accounts receivable - other	16,997	31,366
Deferred tax assets	2,561	2,644
Other	4,380	3,239
Allowance for doubtful accounts	(756)	(831)
Total current assets	277,205	315,598
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,473	37,115
Machinery, vehicles, tools, furniture and fixtures	88,482	91,414
Land	31,855	33,720
Construction in progress	4,222	8,125
Other	381	173
Accumulated depreciation	(88,713)	(92,157)
Total property, plant and equipment	72,701	78,390
Intangible assets	1,406	1,400
Investments and other assets		
Investment securities	16,043	18,097
Deferred tax assets	336	92
Net defined benefit asset	1,771	2,413
Other	3,157	4,008
Allowance for doubtful accounts	(351)	(1,199)
Total investments and other assets	20,956	23,412
Total non-current assets	95,065	103,203
Deferred assets	40	21
Total assets	372,311	418,823

Consolidated Balance Sheets

(Millions of Yen)

	March 31, 2017	March 31, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	111,817	127,446
Electronically recorded obligations - operating	26,058	12,883
Short-term loans payable	24,131	25,138
Current portion of bonds	—	10,000
Income taxes payable	5,420	5,551
Advances received on uncompleted construction contracts	29,707	44,527
Deposits received	24,539	30,496
Provision for warranties for completed construction	1,573	1,476
Provision for bonuses	2,160	2,488
Provision for loss on construction contracts	2,038	1,331
Other	7,903	7,646
Total current liabilities	235,351	268,987
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	15,590	12,354
Deferred tax liabilities for land revaluation	3,691	3,679
Provision for directors' retirement benefits	151	—
Provision for board benefit trust	—	86
Net defined benefit liability	357	491
Other	724	1,192
Total non-current liabilities	40,514	37,805
Total liabilities	275,866	306,792
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	39,841	54,247
Treasury shares	(26)	(326)
Total shareholders' equity	88,652	102,757
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,242	4,434
Deferred gains or losses on hedges	69	26
Revaluation reserve for land	3,920	3,910
Foreign currency translation adjustment	(77)	(160)
Remeasurements of defined benefit plans	569	1,002
Total accumulated other comprehensive income	7,724	9,213
Non-controlling interests	67	59
Total net assets	96,444	112,031
Total liabilities and net assets	372,311	418,823

Consolidated Statements of Income

(Millions of Yen)

	FY3/17	FY3/18
	(From Apr. 1, 2016 to Mar. 31, 2017)	(From Apr. 1, 2017 to Mar. 31, 2018)
Net sales		
Net sales of completed construction contracts	487,132	517,526
Net sales of development business and other	13,203	9,376
Total net sales	500,336	526,902
Cost of sales		
Cost of sales of completed construction contracts	448,921	474,850
Cost of sales on development business and other	10,545	7,105
Total cost of sales	459,466	481,955
Gross profit		
Gross profit on completed construction contracts	38,211	42,675
Gross profit on development business and other	2,658	2,271
Total gross profit	40,869	44,946
Selling, general and administrative expenses	16,595	17,328
Operating profit	24,274	27,617
Non-operating income		
Interest income	101	145
Dividend income	519	346
Real estate rent	155	122
Other	443	289
Total non-operating income	1,220	903
Non-operating expenses		
Interest expenses	791	714
Provision of allowance for doubtful accounts	12	951
Foreign exchange losses	818	912
Other	163	258
Total non-operating expenses	1,786	2,837
Ordinary profit	23,709	25,683
Extraordinary income		
Gain on sales of non-current assets	53	86
Gain on sales of investment securities	60	33
Gain on liquidation of subsidiaries	—	27
Other	5	5
Total extraordinary income	119	153
Extraordinary losses		
Loss on retirement of non-current assets	59	475
Other	741	70
Total extraordinary losses	800	546
Profit before income taxes	23,027	25,289
Income taxes - current	7,697	7,613
Income taxes - deferred	59	(144)
Total income taxes	7,756	7,469
Profit	15,271	17,820
Loss attributable to non-controlling interests	(0)	(5)
Profit attributable to owners of parent	15,271	17,826

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY3/17	FY3/18
	(From Apr. 1, 2016 to Mar. 31, 2017)	(From Apr. 1, 2017 to Mar. 31, 2018)
Profit	15,271	17,820
Other comprehensive income		
Valuation difference on available-for-sale securities	942	1,192
Deferred gains or losses on hedges	48	(42)
Foreign currency translation adjustment	3	(85)
Remeasurements of defined benefit plans, net of tax	1,238	432
Total other comprehensive income	2,232	1,497
Comprehensive income	17,504	19,317
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,505	19,325
Comprehensive income attributable to non-controlling interests	(1)	(8)

Consolidated statements of cash flows

(Millions of Yen)

	FY3/17	FY3/18
	(From Apr. 1, 2016 to Mar. 31, 2017)	(From Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	23,027	25,289
Depreciation	5,613	6,846
Impairment loss	694	38
Increase (decrease) in allowance for doubtful accounts	(756)	923
Increase (decrease) in provision for bonuses	283	327
Increase (decrease) in provision for loss on construction contracts	(376)	(706)
Increase (decrease) in net defined benefit liability	65	65
Decrease (increase) in net defined benefit asset	(357)	(493)
Interest and dividend income	(621)	(491)
Interest expenses	791	714
Foreign exchange losses (gains)	241	702
Share of (profit) loss of entities accounted for using equity method	(7)	(7)
Loss (gain) on sales of property, plant and equipment	(11)	(60)
Loss (gain) on sales of short-term and long-term investment securities	(60)	(33)
Loss (gain) on valuation of investment securities	2	3
Decrease (increase) in notes and accounts receivable - trade	7,235	(27,914)
Decrease (increase) in costs on uncompleted construction contracts	1,825	(3,874)
Decrease (increase) in inventories	2,231	185
Increase (decrease) in notes and accounts payable - trade	(6,819)	2,098
Increase (decrease) in advances received on uncompleted construction contracts	3,150	14,819
Decrease (increase) in accounts receivable - other	4,332	(14,364)
Other, net	(378)	7,005
Subtotal	40,106	11,073
Interest and dividend income received	620	487
Interest expenses paid	(799)	(733)
Income taxes paid	(8,633)	(7,382)
Net cash provided by (used in) operating activities	31,293	3,445
Cash flows from investing activities		
Payments into time deposits	(2,450)	(2,901)
Proceeds from withdrawal of time deposits	2,720	3,001
Purchase of short-term and long-term investment securities	(303)	(428)
Proceeds from sales and redemption of short-term and long-term investment securities	277	124
Purchase of property, plant and equipment	(9,106)	(12,917)
Proceeds from sales of property, plant and equipment	94	428
Collection of loans receivable	32	32
Other, net	(353)	(469)
Net cash provided by (used in) investing activities	(9,089)	(13,129)

Consolidated statements of cash flows

(Millions of Yen)

	FY3/17	FY3/18
	(From Apr. 1, 2016 to Mar. 31, 2017)	(From Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,669)	1,474
Proceeds from long-term loans payable	3,030	4,374
Repayments of long-term loans payable	(10,074)	(7,853)
Proceeds from issuance of bonds	—	9,950
Cash dividends paid	(1,709)	(3,421)
Other, net	(108)	(399)
Net cash provided by (used in) financing activities	(15,532)	4,125
Effect of exchange rate change on cash and cash equivalents	(335)	(1,099)
Net increase (decrease) in cash and cash equivalents	6,335	(6,658)
Cash and cash equivalents at beginning of period	65,434	71,770
Cash and cash equivalents at end of period	71,770	65,112

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

1. Orders Received

(Millions of Yen)

	FY3/17 (From Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (From Apr. 1, 2017 to Mar. 31, 2018)	Increase (Decrease)	Rate of change (%)
Public works	113,427	120,452	7,025	6.2
Private works	73,974	46,336	(27,638)	(37.4)
Domestic civil engineering	187,402	166,788	(20,613)	(11.0)
Public works	45,953	15,646	(30,307)	(66.0)
Private works	130,234	184,897	54,663	42.0
Domestic building construction	176,187	200,543	24,356	13.8
Civil engineering	53,762	298,401	244,638	455.0
Building construction	46,467	2,184	(44,283)	(95.3)
Overseas	100,230	300,585	200,354	199.9
Construction Total	463,820	667,917	204,097	44.0
Real estate and Others	2,118	654	(1,464)	(69.1)
Total	465,939	668,572	202,633	43.5

2. Net Sales

(Millions of yen)

	FY3/17 (From Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (From Apr. 1, 2017 to Mar. 31, 2018)	Increase (Decrease)	Rate of change (%)
Public works	105,537	125,797	20,260	19.2
Private works	37,510	46,155	8,644	23.0
Domestic civil engineering	143,047	171,953	28,905	20.2
Public works	21,789	19,687	(2,102)	(9.6)
Private works	124,127	116,744	(7,382)	(5.9)
Domestic building construction	145,917	136,432	(9,485)	(6.5)
Civil engineering	108,281	103,958	(4,322)	(4.0)
Building construction	70,119	86,098	15,978	22.8
Overseas	178,400	190,056	11,655	6.5
Construction Total	467,366	498,442	31,075	6.6
Real estate and Others	4,092	722	(3,369)	(82.3)
Total	471,458	499,164	27,705	5.9

3. Backlog

(Millions of yen)

	FY3/17 (Mar. 31, 2017)	FY3/18 (Mar. 31, 2018)	Increase (Decrease)	Rate of change (%)
Public works	155,054	149,709	(5,344)	(3.4)
Private works	61,187	61,367	180	0.3
Domestic civil engineering	216,242	211,077	(5,164)	(2.4)
Public works	65,684	61,642	(4,041)	(6.2)
Private works	114,042	182,194	68,152	59.8
Domestic building construction	179,726	243,837	64,111	35.7
Civil engineering	161,759	355,633	193,874	119.9
Building construction	149,417	64,710	(84,707)	(56.7)
Overseas	311,176	420,344	109,167	35.1
Construction Total	707,145	875,259	168,114	23.8
Real estate and Others	68	-	(68)	-
Total	707,213	875,259	168,046	23.8