

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 2018

August 7, 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 financial statement reporting date: August 8, 2017

1. Business results for the fiscal year ending March 2018 (April 1, 2017 - June 30, 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)	(%)
FY3/18 1Q	123,405	2.4	6,504	(12.4)	6,660	(1.9)	5,059	8.0
FY3/17 1Q	120,532	11.8	7,427	80.3	6,786	71.1	4,683	84.8

Note: Comprehensive income (Millions of Yen) Jun. 30, 2017 term: 5,887 (19.9%) Jun. 30, 2016 term: 4,912 (85.3%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
FY3/18 1Q	17.70	-
FY3/17 1Q	16.38	-

(2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Jun. 30, 2017	376,995	98,901	26.2
Mar. 31, 2017	372,311	96,444	25.9

Reference: Shareholders' Equity (Millions of Yen) Jun. 30, 2017: 98,829 Mar. 31, 2017: 96,377

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
FY3/17	-	-	-	12.00	12.00
FY3/18	-	-	-	-	-
FY3/18 (Forecast)	-	-	-	12.00	12.00

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, 2017 - 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	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

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: None

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) :

Jun. 2017 term:	286,013,910	Mar. 2017 term:	286,013,910
Jun. 2017 term:	110,698	Mar. 2017 term:	110,614
Jun. 2017 term:	285,903,234	Jun. 2016 term:	285,903,937

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) :

※This document is out of the scope of the quarterly review procedures.

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 10, 2017.

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, 2017	June 30, 2017
Assets		
Current assets		
Cash and deposits	72,463	57,923
Notes receivable, accounts receivable from completed construction contracts and other	164,460	156,318
Securities	—	26,000
Costs on uncompleted construction contracts and other	12,654	11,124
Real estate for sale and development projects in progress	4,444	4,369
Accounts receivable - other	16,997	19,409
Other	6,941	7,155
Allowance for doubtful accounts	(756)	(730)
Total current assets	277,205	281,570
Non-current assets		
Property, plant and equipment		
Land	31,855	31,745
Other, net	40,846	40,302
Total property, plant and equipment	72,701	72,048
Intangible assets	1,406	1,361
Investments and other assets		
Investment securities	16,043	17,241
Net defined benefit asset	1,771	2,001
Other	3,493	3,080
Allowance for doubtful accounts	(351)	(342)
Total investments and other assets	20,956	21,979
Total non-current assets	95,065	95,389
Deferred assets	40	35
Total assets	372,311	376,995

(Millions of Yen)

	March 31, 2017	June 30, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	111,817	115,327
Electronically recorded obligations - operating	26,058	25,950
Short-term loans payable	24,131	24,577
Income taxes payable	5,420	2,331
Advances received on uncompleted construction contracts	29,707	32,956
Deposits received	24,539	24,669
Provision	5,772	4,218
Other	7,903	8,907
Total current liabilities	235,351	238,940
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	15,590	14,012
Deferred tax liabilities for land revaluation	3,691	3,691
Provision	151	—
Net defined benefit liability	357	475
Other	724	974
Total non-current liabilities	40,514	39,153
Total liabilities	275,866	278,093
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	39,841	41,470
Treasury shares	(26)	(26)
Total shareholders' equity	88,652	90,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,242	4,072
Deferred gains or losses on hedges	69	14
Revaluation reserve for land	3,920	3,920
Foreign currency translation adjustment	(77)	(123)
Remeasurements of defined benefit plans	569	664
Total accumulated other comprehensive income	7,724	8,548
Non-controlling interests	67	72
Total net assets	96,444	98,901
Total liabilities and net assets	372,311	376,995

Consolidated Quarterly Statements of Income

	(Millions of Yen)	
	FY3/17 1Q	FY3/18 1Q
	(From Apr. 1, 2016 to Jun. 30, 2016)	(From Apr. 1, 2017 to Jun. 30, 2017)
Net sales		
Net sales of completed construction contracts	118,095	121,167
Net sales of development business and other	2,436	2,237
Total net sales	120,532	123,405
Cost of sales		
Cost of sales of completed construction contracts	107,322	110,965
Cost of sales on development business and other	1,666	1,789
Total cost of sales	108,989	112,754
Gross profit		
Gross profit on completed construction contracts	10,772	10,202
Gross profit on development business and other	769	448
Total gross profit	11,542	10,650
Selling, general and administrative expenses	4,114	4,145
Operating profit	7,427	6,504
Non-operating income		
Interest income	13	17
Dividend income	242	205
Other	327	166
Total non-operating income	583	390
Non-operating expenses		
Interest expenses	207	135
Other	1,017	99
Total non-operating expenses	1,225	234
Ordinary profit	6,786	6,660
Extraordinary income		
Gain on sales of non-current assets	32	47
Gain on sales of investment securities	59	—
Gain on liquidation of subsidiaries	—	27
Other	—	1
Total extraordinary income	91	76
Extraordinary losses		
Loss on sales of non-current assets	0	8
Loss on retirement of non-current assets	12	9
Loss on valuation of investment securities	—	3
Other	0	—
Total extraordinary losses	12	21
Profit before income taxes	6,865	6,715
Income taxes - current	1,053	932
Income taxes - deferred	1,126	722
Total income taxes	2,180	1,654
Profit	4,684	5,060
Profit attributable to non-controlling interests	0	1
Profit attributable to owners of parent	4,683	5,059

Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	FY3/17 1Q	FY3/18 1Q
	(From Apr. 1, 2016 to Jun. 30, 2016)	(From Apr. 1, 2017 to Jun. 30, 2017)
Profit	4,684	5,060
Other comprehensive income		
Valuation difference on available-for-sale securities	89	830
Deferred gains or losses on hedges	(20)	(54)
Foreign currency translation adjustment	42	(43)
Remeasurements of defined benefit plans, net of tax	116	94
Total other comprehensive income	227	826
Comprehensive income	4,912	5,887
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,908	5,883
Comprehensive income attributable to non-controlling interests	3	4

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

1. Orders Received

(Millions of Yen)

	FY3/17 1Q (From Apr. 1, 2016 to Jun. 30, 2016)	FY3/18 1Q (From Apr. 1, 2017 to Jun. 30, 2017)	Increase (Decrease)	Rate of change (%)
Public works	27,235	37,682	10,447	38.4
Private works	14,824	14,538	(286)	(1.9)
Domestic civil engineering	42,059	52,220	10,160	24.2
Public works	4,677	2,731	(1,945)	(41.6)
Private works	25,471	22,538	(2,933)	(11.5)
Domestic building construction	30,149	25,269	(4,879)	(16.2)
Civil engineering	1,742	(577)	(2,320)	—
Building construction	26,277	1,267	(25,010)	(95.2)
Overseas	28,020	689	(27,331)	(97.5)
Construction Total	100,229	78,179	(22,049)	(22.0)
Real estate and Others	1,037	182	(854)	(82.4)
Total	101,266	78,362	(22,903)	(22.6)

2. Net Sales

(Millions of Yen)

	FY3/17 1Q (From Apr. 1, 2016 to Jun. 30, 2016)	FY3/18 1Q (From Apr. 1, 2017 to Jun. 30, 2017)	Increase (Decrease)	Rate of change (%)
Public works	22,205	27,520	5,314	23.9
Private works	8,112	9,174	1,062	13.1
Domestic civil engineering	30,318	36,695	6,376	21.0
Public works	5,933	4,324	(1,609)	(27.1)
Private works	30,256	29,405	(850)	(2.8)
Domestic building construction	36,189	33,729	(2,460)	(6.8)
Civil engineering	34,860	25,078	(9,781)	(28.1)
Building construction	12,684	20,563	7,878	62.1
Overseas	47,544	45,642	(1,902)	(4.0)
Construction Total	114,053	116,067	2,014	1.8
Real estate and Others	73	187	113	153.3
Total	114,127	116,254	2,127	1.9

3. Backlog

(Millions of Yen)

	FY3/17 1Q (Jun. 30, 2016)	FY3/18 1Q (Jun. 30, 2017)	Increase (Decrease)	Rate of change (%)
Public works	152,194	165,216	13,022	8.6
Private works	31,435	66,551	35,115	111.7
Domestic civil engineering	183,629	231,767	48,138	26.2
Public works	40,263	64,090	23,826	59.2
Private works	103,151	107,175	4,024	3.9
Domestic building construction	143,415	171,266	27,850	19.4
Civil engineering	186,124	135,293	(50,830)	(27.3)
Building construction	188,222	129,104	(59,118)	(31.4)
Overseas	374,346	264,397	(109,948)	(29.4)
Construction Total	701,391	667,431	(33,959)	(4.8)
Real estate and Others	3,004	63	(2,941)	(97.9)
Total	704,396	667,495	(36,900)	(5.2)