

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

February 8, 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 financial statement reporting date: February 9, 2018

## 1. Business results for the fiscal year ending March 2018 (Apr. 1, 2017- Dec. 31, 2017)

(1) Consolidated business results Note: All amounts are rounded down to the nearest million Yen. Percentage indicate changes form 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 3Q	377,814	4.1	20,943	27.4	20,969	29.6	14,541	39.4
FY3/17 3Q	362,867	0.2	16,442	(0.2)	16,186	5.0	10,427	60.4

Note: Comprehensive income (Millions of Yen) Dec. 31, 2017 term: 16,041 (37.7%) Dec. 31, 2016 term: 11,646 (94.8%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
FY3/18 3Q	50.90	-
FY3/17 3Q	36.47	-

(2) Consolidated financial position

	Total assets	Total net assets	Total net assets/ total assets
	(Millions of Yen)	(Millions of Yen)	(%)
Dec. 31, 2017	408,641	108,755	26.6
Mar. 31, 2017	372,311	96,444	25.9

Reference: Shareholders' Equity (Millions of Yen) Dec. 31, 2017: 108,691 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 2018 (Apr. 1, 2017 - Mar. 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, %)	(%)	(Yen)
Entire term	528,000	5.5	26,500	9.2	26,000	9.7	17,000	11.3	59.52

Note: Change made in figures of the forecasts as of the end of the current quarter form the previous announcement: Revised

## 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) :  
 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) :

Dec. 2017 term:	286,013,910	Mar. 2017 term:	286,013,910
Dec. 2017 term:	567,184	Mar. 2017 term:	110,614
Dec. 2017 term:	285,680,587	Dec. 2016 term:	285,903,752

※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, 2018 are revised from ones provided on 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	December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	72,463	80,692
Notes receivable, accounts receivable from completed construction contracts and other	164,460	171,398
Costs on uncompleted construction contracts and other	12,654	22,480
Real estate for sale and development projects in progress	4,444	3,991
Accounts receivable - other	16,997	25,308
Other	6,941	5,314
Allowance for doubtful accounts	(756)	(808)
Total current assets	277,205	308,378
Non-current assets		
Property, plant and equipment		
Land	31,855	33,761
Other, net	40,846	41,852
Total property, plant and equipment	72,701	75,613
Intangible assets	1,406	1,379
Investments and other assets		
Investment securities	16,043	18,374
Net defined benefit asset	1,771	2,210
Other	3,493	2,994
Allowance for doubtful accounts	(351)	(335)
Total investments and other assets	20,956	23,244
Total non-current assets	95,065	100,237
Deferred assets	40	26
Total assets	372,311	408,641

(Millions of Yen)

March 31, 2017    December 31, 2017

Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	111,817	113,145
Electronically recorded obligations - operating	26,058	24,589
Short-term loans payable	24,131	32,333
Current portion of bonds	—	10,000
Income taxes payable	5,420	3,245
Advances received on uncompleted construction contracts	29,707	43,447
Provision	5,772	3,938
Other	32,443	33,391
Total current liabilities	235,351	264,091
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	15,590	10,462
Deferred tax liabilities for land revaluation	3,691	3,691
Provision	151	—
Net defined benefit liability	357	490
Other	724	1,150
Total non-current liabilities	40,514	35,794
Total liabilities	275,866	299,886
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	39,841	50,936
Treasury shares	(26)	(326)
Total shareholders' equity	88,652	99,447
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,242	4,587
Deferred gains or losses on hedges	69	12
Revaluation reserve for land	3,920	3,936
Foreign currency translation adjustment	(77)	(144)
Remeasurements of defined benefit plans	569	852
Total accumulated other comprehensive income	7,724	9,244
Non-controlling interests	67	63
Total net assets	96,444	108,755
Total liabilities and net assets	372,311	408,641

## Consolidated Quarterly Statements of Income

	(Millions of Yen)	
	FY3/17 3Q	FY3/18 3Q
	(From Apr. 1, 2016 to Dec. 31, 2016)	(From Apr. 1, 2017 to Dec. 31, 2017)
<b>Net sales</b>		
Net sales of completed construction contracts	354,715	370,878
Net sales of development business and other	8,152	6,936
Total net sales	362,867	377,814
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	327,725	338,696
Cost of sales on development business and other	6,474	5,530
Total cost of sales	334,200	344,226
<b>Gross profit</b>		
Gross profit on completed construction contracts	26,989	32,181
Gross profit on development business and other	1,677	1,406
Total gross profit	28,667	33,588
Selling, general and administrative expenses	12,224	12,645
Operating profit	16,442	20,943
<b>Non-operating income</b>		
Interest income	47	58
Dividend income	357	324
Other	465	334
Total non-operating income	869	716
<b>Non-operating expenses</b>		
Interest expenses	589	455
Other	536	234
Total non-operating expenses	1,126	690
Ordinary profit	16,186	20,969
<b>Extraordinary income</b>		
Gain on sales of non-current assets	40	79
Gain on sales of investment securities	60	33
Other	4	32
Total extraordinary income	105	145
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	34	438
Other	1	30
Total extraordinary losses	35	468
Profit before income taxes	16,256	20,646
Income taxes - current	4,773	5,423
Income taxes - deferred	1,056	685
Total income taxes	5,829	6,109
Profit	10,426	14,537
Loss attributable to non-controlling interests	(1)	(3)
Profit attributable to owners of parent	10,427	14,541

**Consolidated Quarterly Statements of Comprehensive Income**

	(Millions of Yen)	
	FY3/17 3Q	FY3/18 3Q
	(From Apr. 1, 2016 to Dec. 31, 2016)	(From Apr. 1, 2017 to Dec. 31, 2017)
Profit	10,426	14,537
Other comprehensive income		
Valuation difference on available-for-sale securities	958	1,345
Deferred gains or losses on hedges	(8)	(56)
Foreign currency translation adjustment	(78)	(67)
Remeasurements of defined benefit plans, net of tax	348	283
Total other comprehensive income	1,220	1,504
Comprehensive income	11,646	16,041
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,648	16,045
Comprehensive income attributable to non-controlling interests	(1)	(3)

## (Reference)

## Non-Consolidated Orders Received, Net Sales and Backlog

## 1. Orders Received

(Millions of Yen)

	FY3/17 3Q (From Apr. 1, 2016 to Dec. 31, 2016)	FY3/18 3Q (From Apr. 1, 2017 to Dec. 31, 2017)	Increase (Decrease)	Rate of change (%)
Public works	67,433	77,496	10,063	14.9
Private works	57,672	25,813	(31,859)	(55.2)
Domestic civil engineering	125,106	103,309	(21,796)	(17.4)
Public works	32,927	14,690	(18,236)	(55.4)
Private works	116,830	135,105	18,275	15.6
Domestic building construction	149,757	149,796	38	0.0
Civil engineering	34,767	196,595	161,828	465.5
Building construction	34,144	4,835	(29,309)	(85.8)
Overseas	68,912	201,431	132,518	192.3
Construction Total	343,776	454,537	110,761	32.2
Real estate and Others	1,955	572	(1,383)	(70.7)
Total	345,731	455,109	109,377	31.6

## 2. Net Sales

(Millions of Yen)

	FY3/17 3Q (From Apr. 1, 2016 to Dec. 31, 2016)	FY3/18 3Q (From Apr. 1, 2017 to Dec. 31, 2017)	Increase (Decrease)	Rate of change (%)
Public works	75,642	89,099	13,456	17.8
Private works	26,900	34,583	7,683	28.6
Domestic civil engineering	102,543	123,683	21,139	20.6
Public works	17,249	13,709	(3,540)	(20.5)
Private works	90,902	81,897	(9,004)	(9.9)
Domestic building construction	108,152	95,607	(12,544)	(11.6)
Civil engineering	85,302	76,087	(9,214)	(10.8)
Building construction	45,132	61,235	16,102	35.7
Overseas	130,434	137,323	6,888	5.3
Construction Total	341,130	356,613	15,483	4.5
Real estate and Others	1,708	493	(1,214)	(71.1)
Total	342,838	357,107	14,268	4.2

## 3. Backlog

(Millions of Yen)

	FY3/17 3Q (Dec. 31, 2016)	FY3/18 3Q (Dec. 31, 2017)	Increase (Decrease)	Rate of change (%)
Public works	138,955	143,451	4,496	3.2
Private works	55,496	52,417	(3,078)	(5.5)
Domestic civil engineering	194,451	195,869	1,417	0.7
Public works	57,198	66,664	9,466	16.6
Private works	133,863	167,250	33,386	24.9
Domestic building construction	191,061	233,915	42,853	22.4
Civil engineering	164,431	284,726	120,294	73.2
Building construction	160,670	95,038	(65,632)	(40.8)
Overseas	325,102	379,764	54,661	16.8
Construction Total	710,615	809,548	98,933	13.9
Real estate and Others	2,288	146	(2,142)	93.6
Total	712,904	809,695	96,790	13.6