

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 2019

August 6, 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: August 6, 2018

1. Business results for the fiscal year ending March 2019 (April 1, 2018- June 30, 2018)

(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 profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
FY3/19 1Q	116,398	(5.7)	6,607	1.6	6,756	1.4	5,119	1.2
FY3/18 1Q	123,405	2.4	6,504	(12.4)	6,660	(1.9)	5,059	8.0

Note: Comprehensive income (Millions of Yen) Jun. 30, 2018 term: 6,097 (3.6%) Jun. 30, 2017 term: 5,887 (19.9%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
FY3/19 1Q	17.94	-
FY3/18 1Q	17.70	-

(2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Jun. 30, 2018	396,428	114,126	28.8
Mar. 31, 2018	418,422	112,031	26.8

Reference: Shareholders' Equity (Millions of Yen) Jun. 30, 2018: 114,066 Mar. 31, 2018: 111,971

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
FY3/18	-	-	-	14.00	14.00
FY3/19	-	-	-	-	-
FY3/19 (Forecast)	-	-	-	18.00	18.00

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

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

	Net Sales		Operating profit		Ordinary profit		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

Note: Change made in figures of the forecasts as of the end of the current quarter form 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. 2018 term:	286,013,910	Mar. 2018 term:	286,013,910
Jun. 2018 term:	567,368	Mar. 2018 term:	567,344
Jun. 2018 term:	285,446,554	Jun. 2017 term:	285,903,234

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) :

Note: Both the number of shares of treasury stock at the end of the period 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:

1) The financial forecasts for the entire term for fiscal year ending March 31, 2019 are the same as ones provided in May 10, 2018.

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, 2018	June 30, 2018
Assets		
Current assets		
Cash and deposits	65,706	64,649
Notes receivable, accounts receivable from completed construction contracts and other	192,719	168,381
Costs on uncompleted construction contracts and other	16,880	19,167
Real estate for sale and development projects in progress	3,873	3,896
Accounts receivable - other	31,366	30,160
Other	3,239	4,986
Allowance for doubtful accounts	(831)	(730)
Total current assets	312,954	290,513
Non-current assets		
Property, plant and equipment		
Land	33,720	33,726
Other, net	44,669	44,163
Total property, plant and equipment	78,390	77,890
Intangible assets	1,400	1,357
Investments and other assets		
Investment securities	18,097	20,454
Net defined benefit asset	2,413	2,492
Other	6,343	4,898
Allowance for doubtful accounts	(1,199)	(1,193)
Total investments and other assets	25,655	26,650
Total non-current assets	105,446	105,898
Deferred assets	21	16
Total assets	418,422	396,428

(Millions of Yen)

	March 31, 2018	June 30, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	127,446	104,900
Electronically recorded obligations - operating	12,883	9,288
Short-term loans payable	25,138	31,437
Current portion of bonds	10,000	10,000
Income taxes payable	5,551	1,082
Advances received on uncompleted construction contracts	44,527	44,549
Provision	5,296	3,718
Other	38,142	41,864
Total current liabilities	268,986	246,841
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	12,354	10,399
Deferred tax liabilities for land revaluation	3,679	3,679
Provision	86	116
Net defined benefit liability	491	497
Other	792	768
Total non-current liabilities	37,404	35,461
Total liabilities	306,391	282,302
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	54,247	55,364
Treasury shares	(326)	(326)
Total shareholders' equity	102,757	103,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,434	5,466
Deferred gains or losses on hedges	26	(92)
Revaluation reserve for land	3,910	3,910
Foreign currency translation adjustment	(160)	(134)
Remeasurements of defined benefit plans	1,002	1,042
Total accumulated other comprehensive income	9,213	10,191
Non-controlling interests	59	59
Total net assets	112,031	114,126
Total liabilities and net assets	418,422	396,428

Consolidated Quarterly Statements of Comprehensive Income

	(Millions of Yen)	
	FY3/18 1Q	FY3/19 1Q
	(From Apr. 1, 2017 to Jun. 30, 2017)	(From Apr. 1, 2018 to Jun. 30, 2018)
Profit	5,060	5,119
Other comprehensive income		
Valuation difference on available-for-sale securities	830	1,031
Deferred gains or losses on hedges	(54)	(119)
Foreign currency translation adjustment	(43)	25
Remeasurements of defined benefit plans, net of tax	94	39
Total other comprehensive income	826	977
Comprehensive income	5,887	6,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,883	6,097
Comprehensive income attributable to non-controlling interests	4	(0)

Consolidated Quarterly Statements of Income

	(Millions of Yen)	
	FY3/18 1Q	FY3/19 1Q
	(From Apr. 1, 2017 to Jun. 30, 2017)	(From Apr. 1, 2018 to Jun. 30, 2018)
Net sales		
Net sales of completed construction contracts	121,167	114,579
Net sales of development business and other	2,237	1,818
Total net sales	123,405	116,398
Cost of sales		
Cost of sales of completed construction contracts	110,965	104,267
Cost of sales on development business and other	1,789	1,239
Total cost of sales	112,754	105,507
Gross profit		
Gross profit on completed construction contracts	10,202	10,311
Gross profit on development business and other	448	578
Total gross profit	10,650	10,890
Selling, general and administrative expenses	4,145	4,282
Operating profit	6,504	6,607
Non-operating income		
Interest income	17	25
Dividend income	205	334
Other	166	184
Total non-operating income	390	544
Non-operating expenses		
Interest expenses	135	167
Foreign exchange losses	28	212
Other	71	15
Total non-operating expenses	234	396
Ordinary profit	6,660	6,756
Extraordinary income		
Gain on sales of non-current assets	47	5
Gain on liquidation of subsidiaries	27	—
Other	1	0
Total extraordinary income	76	5
Extraordinary losses		
Loss on sales of non-current assets	8	—
Loss on retirement of non-current assets	9	7
Other	3	1
Total extraordinary losses	21	8
Profit before income taxes	6,715	6,753
Income taxes - current	932	707
Income taxes - deferred	722	926
Total income taxes	1,654	1,633
Profit	5,060	5,119
Profit attributable to non-controlling interests	1	0
Profit attributable to owners of parent	5,059	5,119

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

1. Orders Received

(Millions of Yen)

	FY3/18 1Q (From Apr. 1, 2017 to Jun. 30, 2017)	FY3/19 1Q (From Apr. 1, 2018 to Jun. 30, 2018)	Increase (Decrease)	Rate of change (%)
Public works	37,682	27,616	(10,065)	(26.7)
Private works	14,538	7,538	(6,999)	(48.1)
Domestic civil engineering	52,220	35,155	(17,064)	(32.7)
Public works	2,731	9,983	7,251	265.5
Private works	22,538	36,381	13,842	61.4
Domestic building construction	25,269	46,364	21,094	83.5
Civil engineering	(577)	9,900	10,478	—
Building construction	1,267	45,698	44,431	3,505.8
Overseas	689	55,599	54,910	7,963.9
Construction Total	78,179	137,119	58,939	75.4
Real estate and Others	182	72	(110)	(60.4)
Total	78,362	137,192	58,829	75.1

2. Net Sales

(Millions of Yen)

	FY3/18 1Q (From Apr. 1, 2017 to Jun. 30, 2017)	FY3/19 1Q (From Apr. 1, 2018 to Jun. 30, 2018)	Increase (Decrease)	Rate of change (%)
Public works	27,520	30,337	2,817	10.2
Private works	9,174	12,175	3,000	32.7
Domestic civil engineering	36,695	42,512	5,817	15.9
Public works	4,324	4,356	31	0.7
Private works	29,405	28,791	(613)	(2.1)
Domestic building construction	33,729	33,147	(582)	(1.7)
Civil engineering	25,078	24,562	(516)	(2.1)
Building construction	20,563	10,485	(10,078)	(49.0)
Overseas	45,642	35,048	(10,594)	(23.2)
Construction Total	116,067	110,708	(5,359)	(4.6)
Real estate and Others	187	72	(114)	(61.3)
Total	116,254	110,780	(5,473)	(4.7)

3. Backlog

(Millions of Yen)

	FY3/18 1Q (Jun. 30, 2017)	FY3/19 1Q (Jun. 30, 2018)	Increase (Decrease)	Rate of change (%)
Public works	165,216	146,988	(18,227)	(11.0)
Private works	66,551	56,731	(9,819)	(14.8)
Domestic civil engineering	231,767	203,720	(28,046)	(12.1)
Public works	64,090	67,269	3,178	5.0
Private works	107,175	189,784	82,609	77.1
Domestic building construction	171,266	257,054	85,787	50.1
Civil engineering	135,293	343,440	208,146	153.8
Building construction	129,104	100,317	(28,786)	(22.3)
Overseas	264,397	443,757	179,359	67.8
Construction Total	667,431	904,532	237,100	35.5
Real estate and Others	63	—	(63)	(100.0)
Total	667,495	904,532	237,037	35.5