

# Summary of Consolidated Financial Results of Fiscal Year Ended March 2019

May 10, 2019

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 25, 2019

Schedule of payment of dividends date: June 26, 2019

Schedule of financial statement reporting date: June 25, 2019

## 1. Business results for the fiscal year ended March 2019 (April 1, 2018 - March 31, 2019)

(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		Net income attributable to owners of parent	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
FY3/19	541,949	2.9	29,232	5.8	26,569	3.4	18,899	6.0
FY3/18	526,902	5.3	27,617	13.8	25,683	8.3	17,826	16.7

Note: Comprehensive income (Millions of Yen) Mar. 31 2019 term: 18,601(**(3.7%)**) Mar. 31 2018 term: 19,317 (10.4%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)	Return on equity (%)	Ordinary income/total assets (%)	Operating income/net sales (%)
FY3/19	66.22	-	15.8	6.6	5.4
FY3/18	62.41	-	17.1	6.5	5.2

Reference: Equity in earning of affiliates (Millions of Yen) Mar. 31 2019 term: 8 Mar. 31 2018 term: 7

(2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/total assets (%)	Total net assets per share (Yen)
Mar. 31, 2019	383,839	126,573	33.0	443.36
Mar. 31, 2018	418,422	112,031	26.7	392.27

Reference: Shareholders' Equity (Millions of Yen) Mar 31 2019: 126,517 Mar. 31 2018: 111,971

(3) Consolidated cash flows

	Cash flows from operating activities (Millions of Yen)	Cash flows from investing activities (Millions of Yen)	Cash flows from financing activities (Millions of Yen)	Cash and cash equivalents at term-end (Millions of Yen)
FY3/19	(6,557)	(11,227)	(12,455)	35,610
FY3/18	3,445	(13,129)	4,125	65,112

## 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			
FY3/18	-	-	-	14.00	14.00	4,002	22.5	3.8
FY3/19	-	-	-	19.00	19.00	5,430	28.7	4.5
FY3/20 (Forecast)	-	-	-	20.00	20.00		29.3	

Note: Total dividends contain the dividends for the trust banks of the Board Benefit Trust (BBT), JPY6 million in FY3/18, and JPY8 million in FY3/19. 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 2020 (April 1, 2019 - March 31, 2020)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Earnings per share (Yen)
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	
2Q term	270,200	10.5	14,800	(2.0)	14,300	(5.2)	9,500	(12.5)	33.29
Entire term	580,000	7.0	30,500	4.3	29,500	11.0	19,500	3.2	68.34

## 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) :

Mar. 2019 term :	286,013,910	Mar. 2018 term :	286,013,910
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2) Number of shares of treasury stock as of the end of the period :

Mar. 2019 term :	655,020	Mar. 2018 term :	567,344
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3) Average number of shares outstanding during the period :

Mar. 2019 term :	285,393,454	Mar. 2018 term :	285,626,598
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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, 2018	March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	65,706	36,204
Notes receivable, accounts receivable from completed construction contracts and other	192,719	192,199
Securities	—	58
Costs on uncompleted construction contracts and other	16,880	13,722
Real estate for sale and development projects in progress	3,873	3,074
Accounts receivable - other	31,366	25,814
Other	3,239	3,408
Allowance for doubtful accounts	(831)	(717)
Total current assets	312,954	273,764
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,115	37,582
Machinery, vehicles, tools, furniture and fixtures	91,414	106,253
Land	33,720	33,710
Construction in progress	8,125	1,175
Other	173	169
Accumulated depreciation	(92,157)	(97,825)
Total property, plant and equipment	78,390	81,065
Intangible assets	1,400	1,345
Investments and other assets		
Investment securities	18,097	20,024
Deferred tax assets	2,335	2,917
Retirement benefit asset	2,413	1,911
Other	4,008	6,113
Allowance for doubtful accounts	(1,199)	(3,305)
Total investments and other assets	25,655	27,661
Total non-current assets	105,446	110,072
Deferred assets	21	3
<b>Total assets</b>	<b>418,422</b>	<b>383,839</b>

**Consolidated Balance Sheets**

(Millions of Yen)

	March 31, 2018	March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable - trade	19,363	—
Electronically recorded obligations - operating	12,883	—
Accounts payable for construction contracts and other	108,082	115,309
Short-term loans payable	25,138	28,528
Current portion of bonds	10,000	—
Income taxes payable	5,551	4,894
Advances received on uncompleted construction contracts	44,527	22,610
Deposits received	30,496	36,344
Provision for warranties for completed construction	1,476	1,335
Provision for bonuses	2,488	2,805
Provision for loss on construction contracts	1,331	1,625
Other	7,645	7,821
Total current liabilities	268,986	221,274
<b>Non-current liabilities</b>		
Bonds payable	20,000	20,000
Long-term loans payable	12,354	10,962
Deferred tax liabilities for land revaluation	3,679	3,679
Provision for board benefit trust	86	166
Retirement benefit liability	491	538
Other	792	645
Total non-current liabilities	37,404	35,991
Total liabilities	306,391	257,266
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	54,247	69,143
Treasury shares	(326)	(383)
Total shareholders' equity	102,757	117,597
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,434	4,595
Deferred gains or losses on hedges	26	(18)
Revaluation reserve for land	3,910	3,910
Foreign currency translation adjustment	(160)	(126)
Remeasurements of defined benefit plans	1,002	558
Total accumulated other comprehensive income	9,213	8,919
Non-controlling interests	59	56
Total net assets	112,031	126,573
Total liabilities and net assets	418,422	383,839

## Consolidated Statements of Income

	(Millions of Yen)	
	FY3/18	FY3/19
	(From Apr. 1, 2017 to Mar. 31, 2018)	(From Apr. 1, 2018 to Mar. 31, 2019)
<b>Net sales</b>		
Net sales of completed construction contracts	517,526	531,851
Sales on other business	9,376	10,098
Total net sales	526,902	541,949
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	474,850	487,677
Cost of sales on other business	7,105	7,523
Total cost of sales	481,955	495,201
<b>Gross profit</b>		
Gross profit on completed construction contracts	42,675	44,173
Gross profit - other business	2,271	2,574
Total gross profit	44,946	46,748
Selling, general and administrative expenses	17,328	17,515
Operating income	27,617	29,232
<b>Non-operating income</b>		
Interest income	145	164
Dividend income	346	497
Reversal of allowance for doubtful accounts	20	144
Real estate rent	122	138
Other	269	191
Total non-operating income	903	1,137
<b>Non-operating expenses</b>		
Interest expenses	714	845
Provision of allowance for doubtful accounts	951	2,076
Foreign exchange losses	912	695
Other	258	182
Total non-operating expenses	2,837	3,800
Ordinary income	25,683	26,569
<b>Extraordinary income</b>		
Gain on sales of non-current assets	86	87
Gain on liquidation of subsidiaries	27	—
Other	39	4
Total extraordinary income	153	92
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	25	11
Loss on retirement of non-current assets	475	70
Other	45	18
Total extraordinary losses	546	101
Income before income taxes	25,289	26,560
Income taxes - current	7,613	8,114
Income taxes - deferred	(144)	(450)
Total income taxes	7,469	7,664
Net income	17,820	18,895
Loss attributable to non-controlling interests	(5)	(3)
Net income attributable to owners of parent	17,826	18,899

**Consolidated Statements of Comprehensive Income**

	(Millions of Yen)	
	FY3/18	FY3/19
	(From Apr. 1, 2017 to Mar. 31, 2018)	(From Apr. 1, 2018 to Mar. 31, 2019)
Profit	17,820	18,895
Other comprehensive income		
Valuation difference on available-for-sale securities	1,192	160
Deferred gains or losses on hedges	(42)	(44)
Foreign currency translation adjustment	(85)	34
Remeasurements of defined benefit plans, net of tax	432	(443)
Total other comprehensive income	1,497	(293)
Comprehensive income	19,317	18,601
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,325	18,605
Comprehensive income attributable to non-controlling interests	(8)	(3)

**Consolidated statements of cash flows**

(Millions of Yen)

	FY3/18	FY3/19
	(From Apr. 1, 2017 to Mar. 31, 2018)	(From Apr. 1, 2018 to Mar. 31, 2019)
<b>Cash flows from operating activities</b>		
Income before income taxes	25,289	26,560
Depreciation	6,846	7,738
Impairment loss	38	—
Increase (decrease) in allowance for doubtful accounts	923	1,990
Increase (decrease) in provision for bonuses	327	316
Increase (decrease) in provision for loss on construction contracts	(706)	293
Increase (decrease) in retirement benefit liability	65	32
Decrease (increase) in retirement benefit asset	(493)	(352)
Interest and dividend income	(491)	(662)
Interest expenses	714	845
Foreign exchange losses (gains)	702	(621)
Share of loss (profit) of entities accounted for using equity method	(7)	(8)
Loss (gain) on sales of property, plant and equipment	(60)	(75)
Loss (gain) on sales of short-term and long-term investment securities	(33)	1
Loss (gain) on valuation of investment securities	3	0
Decrease (increase) in notes and accounts receivable - trade	(27,914)	481
Decrease (increase) in costs on uncompleted construction contracts	(3,874)	3,610
Decrease (increase) in inventories	185	381
Increase (decrease) in notes and accounts payable - trade	2,098	(24,980)
Increase (decrease) in advances received on uncompleted construction contracts	14,819	(21,917)
Decrease (increase) in accounts receivable - other	(14,364)	5,556
Other, net	7,005	3,134
Subtotal	11,073	2,324
Interest and dividend income received	487	582
Interest expenses paid	(733)	(770)
Income taxes paid	(7,382)	(8,693)
Net cash provided by (used in) operating activities	3,445	(6,557)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(2,901)	(2,923)
Proceeds from withdrawal of time deposits	3,001	2,923
Purchase of short-term and long-term investment securities	(428)	(1,748)
Proceeds from sales and redemption of short-term and long-term investment securities	124	18
Purchase of property, plant and equipment	(12,917)	(9,316)
Proceeds from sales of property, plant and equipment	428	145
Collection of loans receivable	32	32
Other, net	(469)	(359)
Net cash provided by (used in) investing activities	(13,129)	(11,227)

**Consolidated statements of cash flows**

(Millions of Yen)

	FY3/18	FY3/19
	(From Apr. 1, 2017 to Mar. 31, 2018)	(From Apr. 1, 2018 to Mar. 31, 2019)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,474	1,899
Proceeds from long-term loans payable	4,374	8,312
Repayments of long-term loans payable	(7,853)	(8,472)
Proceeds from issuance of bonds	9,950	—
Redemption of bonds	—	(10,000)
Cash dividends paid	(3,421)	(3,993)
Other, net	(399)	(202)
<b>Net cash provided by (used in) financing activities</b>	<b>4,125</b>	<b>(12,455)</b>
Effect of exchange rate change on cash and cash equivalents	(1,099)	739
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,658)</b>	<b>(29,501)</b>
Cash and cash equivalents at beginning of period	71,770	65,112
<b>Cash and cash equivalents at end of period</b>	<b>65,112</b>	<b>35,610</b>

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

## 1. Orders Received

(Millions of Yen)

	FY3/18 (From Apr. 1, 2017 to Mar. 31, 2018)	FY3/19 (From Apr. 1, 2018 to Mar. 31, 2019)	Increase (Decrease)	Rate of change (%)
Public works	120,452	133,952	13,500	11.2
Private works	46,336	28,406	(17,929)	(38.7)
Domestic civil engineering	166,788	162,359	(4,429)	(2.7)
Public works	15,646	14,810	(836)	(5.3)
Private works	184,897	159,060	(25,837)	(14.0)
Domestic building construction	200,543	173,870	(26,673)	(13.3)
Civil engineering	298,401	86,279	(212,121)	(71.1)
Building construction	2,184	77,853	75,668	3,464.5
Overseas	300,585	164,132	(136,452)	(45.4)
Construction Total	667,917	500,362	(167,555)	(25.1)
Others	654	997	342	52.4
Total	668,572	501,359	(167,212)	(25.0)

## 2. Net Sales

(Millions of yen)

	FY3/18 (From Apr. 1, 2017 to Mar. 31, 2018)	FY3/19 (From Apr. 1, 2018 to Mar. 31, 2019)	Increase (Decrease)	Rate of change (%)
Public works	125,797	124,138	(1,659)	(1.3)
Private works	46,155	48,250	2,094	4.5
Domestic civil engineering	171,953	172,388	435	0.3
Public works	19,687	28,659	8,972	45.6
Private works	116,744	149,545	32,800	28.1
Domestic building construction	136,432	178,205	41,772	30.6
Civil engineering	103,958	109,070	5,112	4.9
Building construction	86,098	51,531	(34,566)	(40.1)
Overseas	190,056	160,601	(29,454)	(15.5)
Construction Total	498,442	511,195	12,753	2.6
Others	722	997	274	38.1
Total	499,164	512,192	13,028	2.6

## 3. Backlog

(Millions of yen)

	FY3/18 (Mar. 31, 2018)	FY3/19 (Mar. 31, 2019)	Increase (Decrease)	Rate of change (%)
Public works	149,709	159,524	9,814	6.6
Private works	61,367	41,523	(19,844)	(32.3)
Domestic civil engineering	211,077	201,048	(10,029)	(4.8)
Public works	61,642	47,793	(13,849)	(22.5)
Private works	182,194	191,709	9,515	5.2
Domestic building construction	243,837	239,502	(4,334)	(1.8)
Civil engineering	355,633	340,648	(14,985)	(4.2)
Building construction	64,710	92,275	27,564	42.6
Overseas	420,344	432,923	12,579	3.0
Construction Total	875,259	873,474	(1,784)	(0.2)
Others	-	-	-	-
Total	875,259	873,474	(1,784)	(0.2)