

# Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 2020

August 6, 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 financial statement reporting date: August 6, 2019

## 1. Business results for the fiscal year ending March 2020 (April 1, 2019- June 30, 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)	(%)
FY3/20 1Q	144,756	24.4	8,228	24.5	8,134	20.4	5,918	15.6
FY3/19 1Q	116,398	(5.7)	6,607	1.6	6,756	1.4	5,119	1.2

Note: Comprehensive income (Millions of Yen) Jun. 30, 2019 term: 4,480 (26.5%) Jun. 30, 2018 term: 6,097 (3.6%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
FY3/20 1Q	20.74	-
FY3/19 1Q	17.94	-

## (2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Jun. 30, 2019	391,490	125,623	32.1
Mar. 31, 2019	383,839	126,573	33.0

Reference: Shareholders' Equity (Millions of Yen) Jun. 30, 2019: 125,564 Mar. 31, 2019: 126,517

## 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
FY3/19	-	-	-	19.00	19.00
FY3/20	-	-	-	-	-
FY3/20 (Forecast)	-	-	-	20.00	20.00

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

## 3. Earnings forecasts for fiscal year ending March 2020 (April 1, 2019 - March 31, 2020)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Earnings per share
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(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

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. 2019 term:	286,013,910	Mar. 2019 term:	286,013,910
Jun. 2019 term:	655,244	Mar. 2019 term:	655,020
Jun. 2019 term:	285,358,761	Jun. 2018 term:	285,446,554

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, 2020 are the same as ones provided in May 10, 2019.

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, 2019	June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	36,204	52,629
Notes receivable, accounts receivable from completed construction contracts and other	192,199	189,835
Securities	58	58
Costs on construction contracts in progress	13,722	15,207
Real estate for sale and development projects in progress	3,074	3,057
Accounts receivable - other	25,814	20,266
Other	3,408	5,187
Allowance for doubtful accounts	(717)	(706)
<b>Total current assets</b>	<b>273,764</b>	<b>285,535</b>
Non-current assets		
Property, plant and equipment		
Land	33,710	33,710
Other, net	47,354	45,472
<b>Total property, plant and equipment</b>	<b>81,065</b>	<b>79,183</b>
Intangible assets	1,345	1,391
Investments and other assets		
Investment securities	20,024	18,030
Retirement benefit asset	1,911	2,035
Other	9,030	8,522
Allowance for doubtful accounts	(3,305)	(3,208)
<b>Total investments and other assets</b>	<b>27,661</b>	<b>25,380</b>
<b>Total non-current assets</b>	<b>110,072</b>	<b>105,955</b>
Deferred assets	3	—
<b>Total assets</b>	<b>383,839</b>	<b>391,490</b>

(Millions of Yen)

	March 31, 2019	June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts and other	115,309	118,701
Short-term borrowings	28,528	33,892
Income taxes payable	4,894	2,396
Advances received on construction contracts in progress	22,610	24,251
Provisions	5,765	3,655
Other	44,165	48,169
<b>Total current liabilities</b>	<b>221,274</b>	<b>231,066</b>
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	10,962	9,773
Deferred tax liabilities for land revaluation	3,679	3,679
Provisions	166	170
Retirement benefit liability	538	557
Other	645	619
<b>Total non-current liabilities</b>	<b>35,991</b>	<b>34,799</b>
<b>Total liabilities</b>	<b>257,266</b>	<b>265,866</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	69,143	69,632
Treasury shares	(383)	(383)
<b>Total shareholders' equity</b>	<b>117,597</b>	<b>118,085</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,595	3,205
Deferred gains or losses on hedges	(18)	(24)
Revaluation reserve for land	3,910	3,910
Foreign currency translation adjustment	(126)	(146)
Remeasurements of defined benefit plans	558	535
<b>Total accumulated other comprehensive income</b>	<b>8,919</b>	<b>7,479</b>
<b>Non-controlling interests</b>	<b>56</b>	<b>58</b>
<b>Total net assets</b>	<b>126,573</b>	<b>125,623</b>
<b>Total liabilities and net assets</b>	<b>383,839</b>	<b>391,490</b>

## Consolidated Quarterly Statements of Income

	(Millions of Yen)	
	FY3/19 1Q	FY3/20 1Q
	(From Apr. 1, 2018 to Jun. 30, 2018)	(From Apr. 1, 2019 to Jun. 30, 2019)
<b>Net sales</b>		
Net sales of completed construction contracts	114,579	142,826
Other sales	1,818	1,930
<b>Total net sales</b>	<b>116,398</b>	<b>144,756</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	104,267	130,775
Other cost of sales	1,239	1,297
<b>Total cost of sales</b>	<b>105,507</b>	<b>132,073</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	10,311	12,051
Gross profit - other	578	632
<b>Total gross profit</b>	<b>10,890</b>	<b>12,683</b>
Selling, general and administrative expenses	4,282	4,454
<b>Operating income</b>	<b>6,607</b>	<b>8,228</b>
<b>Non-operating income</b>		
Interest income	25	14
Dividend income	334	207
Reversal of allowance for doubtful accounts	108	97
Other	75	86
<b>Total non-operating income</b>	<b>544</b>	<b>405</b>
<b>Non-operating expenses</b>		
Interest expenses	167	163
Foreign exchange losses	212	306
Other	15	29
<b>Total non-operating expenses</b>	<b>396</b>	<b>499</b>
<b>Ordinary income</b>	<b>6,756</b>	<b>8,134</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	5	118
Other	0	0
<b>Total extraordinary income</b>	<b>5</b>	<b>118</b>
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	7	10
Other	1	—
<b>Total extraordinary losses</b>	<b>8</b>	<b>10</b>
<b>Income before income taxes</b>	<b>6,753</b>	<b>8,241</b>
Income taxes - current	707	1,456
Income taxes - deferred	926	864
<b>Total income taxes</b>	<b>1,633</b>	<b>2,320</b>
<b>Net income</b>	<b>5,119</b>	<b>5,921</b>
Profit attributable to non-controlling interests	0	2
<b>Net income attributable to owners of parent</b>	<b>5,119</b>	<b>5,918</b>

**Consolidated Quarterly Statements of Comprehensive Income**

	(Millions of Yen)	
	FY3/19 1Q	FY3/20 1Q
	(From Apr. 1, 2018 to Jun. 30, 2018)	(From Apr. 1, 2019 to Jun. 30, 2019)
Profit	5,119	5,921
Other comprehensive income		
Valuation difference on available-for-sale securities	1,031	(1,390)
Deferred gains or losses on hedges	(119)	(6)
Foreign currency translation adjustment	25	(20)
Remeasurements of defined benefit plans, net of tax	39	(22)
Total other comprehensive income	977	(1,440)
Comprehensive income	6,097	4,480
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,097	4,478
Comprehensive income attributable to non-controlling interests	(0)	2

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

## 1. Orders Received

(Millions of Yen)

	FY3/19 1Q (From Apr. 1, 2018 to Jun. 30, 2018)	FY3/20 1Q (From Apr. 1, 2019 to Jun. 30, 2019)	Increase (Decrease)	Rate of change (%)
Public works	27,616	23,837	(3,779)	(13.7)
Private works	7,538	8,803	1,264	16.8
Domestic civil engineering	35,155	32,640	(2,515)	(7.2)
Public works	9,983	2,986	(6,996)	(70.1)
Private works	36,381	17,510	(18,870)	(51.9)
Domestic building construction	46,364	20,497	(25,866)	(55.8)
Civil engineering	9,900	15,280	5,380	54.3
Building construction	45,698	2,361	(43,337)	(94.8)
Overseas	55,599	17,642	(37,957)	(68.3)
Construction Total	137,119	70,780	(66,339)	(48.4)
Other	72	72	0	0.2
Total	137,192	70,853	(66,338)	(48.4)

## 2. Net Sales

(Millions of Yen)

	FY3/19 1Q (From Apr. 1, 2018 to Jun. 30, 2018)	FY3/20 1Q (From Apr. 1, 2019 to Jun. 30, 2019)	Increase (Decrease)	Rate of change (%)
Public works	30,337	34,677	4,340	14.3
Private works	12,175	10,926	(1,248)	(10.3)
Domestic civil engineering	42,512	45,604	3,092	7.3
Public works	4,356	8,874	4,518	103.7
Private works	28,791	36,477	7,686	26.7
Domestic building construction	33,147	45,351	12,204	36.8
Civil engineering	24,562	36,423	11,860	48.3
Building construction	10,485	6,840	(3,645)	(34.8)
Overseas	35,048	43,263	8,215	23.4
Construction Total	110,708	134,220	23,512	21.2
Other	72	72	0	0.2
Total	110,780	134,293	23,512	21.2

## 3. Backlog

(Millions of Yen)

	FY3/19 1Q (Jun. 30, 2018)	FY3/20 1Q (Jun. 30, 2019)	Increase (Decrease)	Rate of change (%)
Public works	146,988	148,684	1,695	1.2
Private works	56,731	39,400	(17,331)	(30.6)
Domestic civil engineering	203,720	188,084	(15,636)	(7.7)
Public works	67,269	41,905	(25,363)	(37.7)
Private works	189,784	172,742	(17,041)	(9.0)
Domestic building construction	257,054	214,648	(42,405)	(16.5)
Civil engineering	343,440	310,468	(32,971)	(9.6)
Building construction	100,317	86,549	(13,767)	(13.7)
Overseas	443,757	397,018	(46,739)	(10.5)
Construction Total	904,532	799,751	(104,781)	(11.6)
Other	—	—	—	—
Total	904,532	799,751	(104,781)	(11.6)