

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

February 7, 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: February 8, 2019

1. Business results for the fiscal year ending March 2019 (Apr. 1, 2018- Dec. 31, 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 income		Ordinary income		Net income attributable to owners of parent	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
FY3/19 3Q	385,640	2.1	20,755	(0.9)	18,418	(12.2)	13,219	(9.1)
FY3/18 3Q	377,814	4.1	20,943	27.4	20,969	29.6	14,541	39.4

Note: Comprehensive income (Millions of Yen) Dec. 31, 2018 term: 12,681 ((20.9%)) Dec. 31, 2017 term: 16,041 (37.7%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
FY3/19 3Q	46.32	-
FY3/18 3Q	50.90	-

(2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Dec. 31, 2018	423,752	120,653	28.5
Mar. 31, 2018	418,422	112,031	26.8

Reference: Shareholders' Equity (Millions of Yen) Dec. 31, 2018: 120,598 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 (Apr. 1, 2018 - Mar. 31, 2019)

	Net Sales (Millions of Yen, %)		Operating income (Millions of Yen, %)		Ordinary income (Millions of Yen, %)		Net income attributable to owners of parent (Millions of Yen, %)		Net income per share (Yen)
Entire term	570,000	8.2	28,500	3.2	27,500	7.1	18,000	1.0	63.07

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) :

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

Dec. 2018 term:	655,020	Mar. 2018 term:	567,344
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3) Average number of shares outstanding during the period (or the cumulative consolidated accounting period as the end of the current quarter) :

Dec. 2018 term:	285,403,824	Dec. 2017 term:	285,680,587
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Note: Both the number of shares of treasury stock as of end of 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 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, 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 various 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	December 31, 2018
Assets		
Current assets		
Cash and deposits	65,706	59,978
Notes receivable, accounts receivable from completed construction contracts and other	192,719	198,543
Costs on uncompleted construction contracts and other	16,880	14,817
Real estate for sale and development projects in progress	3,873	3,754
Accounts receivable - other	31,366	33,604
Other	3,239	4,508
Allowance for doubtful accounts	(831)	(846)
Total current assets	312,954	314,361
Non-current assets		
Property, plant and equipment		
Land	33,720	33,710
Other, net	44,669	47,284
Total property, plant and equipment	78,390	80,994
Intangible assets	1,400	1,354
Investments and other assets		
Investment securities	18,097	18,537
Net defined benefit asset	2,413	2,644
Other	6,343	9,129
Allowance for doubtful accounts	(1,199)	(3,277)
Total investments and other assets	25,655	27,033
Total non-current assets	105,446	109,383
Deferred assets	21	7
Total assets	418,422	423,752

(Millions of Yen)

	March 31, 2018	December 31, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	127,446	99,302
Electronically recorded obligations - operating	12,883	2,803
Short-term loans payable	25,138	36,692
Commercial papers	—	40,000
Current portion of bonds	10,000	—
Income taxes payable	5,551	1,485
Advances received on uncompleted construction contracts	44,527	38,454
Provision	5,296	4,350
Other	38,142	43,208
Total current liabilities	268,986	266,297
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	12,354	11,779
Deferred tax liabilities for land revaluation	3,679	3,679
Provision	86	148
Net defined benefit liability	491	523
Other	792	670
Total non-current liabilities	37,404	36,801
Total liabilities	306,391	303,099
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	54,247	63,463
Treasury shares	(326)	(383)
Total shareholders' equity	102,757	111,917
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,434	3,831
Deferred gains or losses on hedges	26	(52)
Revaluation reserve for land	3,910	3,910
Foreign currency translation adjustment	(160)	(129)
Remeasurements of defined benefit plans	1,002	1,121
Total accumulated other comprehensive income	9,213	8,681
Non-controlling interests	59	54
Total net assets	112,031	120,653
Total liabilities and net assets	418,422	423,752

Consolidated Quarterly Statements of Income

	(Millions of Yen)	
	FY3/18 3Q	FY3/19 3Q
	(From Apr. 1, 2017 to Dec. 31, 2017)	(From Apr. 1, 2018 to Dec. 31, 2018)
Net sales		
Net sales of completed construction contracts	370,878	378,724
Net sales of development business and other	6,936	6,915
Total net sales	377,814	385,640
Cost of sales		
Cost of sales of completed construction contracts	338,696	346,845
Cost of sales on development business and other	5,530	5,118
Total cost of sales	344,226	351,963
Gross profit		
Gross profit on completed construction contracts	32,181	31,879
Gross profit on development business and other	1,406	1,797
Total gross profit	33,588	33,676
Selling, general and administrative expenses	12,645	12,921
Operating income	20,943	20,755
Non-operating income		
Interest income	58	86
Dividend income	324	471
Other	334	263
Total non-operating income	716	822
Non-operating expenses		
Interest expenses	455	579
Provision of allowance for doubtful accounts	—	2,044
Other	234	535
Total non-operating expenses	690	3,159
Ordinary income	20,969	18,418
Extraordinary income		
Gain on sales of non-current assets	79	82
Other	66	1
Total extraordinary income	145	84
Extraordinary losses		
Loss on retirement of non-current assets	438	38
Other	30	41
Total extraordinary losses	468	79
Income before income taxes	20,646	18,422
Income taxes - current	5,423	5,096
Income taxes - deferred	685	111
Total income taxes	6,109	5,208
Net income	14,537	13,214
Net income attributable to non-controlling interests	(3)	(4)
Net income attributable to owners of parent	14,541	13,219

Consolidated Quarterly Statements of Comprehensive Income

	(Millions of Yen)			
	FY3/18	3Q	FY3/19	3Q
	(From Apr. 1, 2017 to Dec. 31, 2017)		(From Apr. 1, 2018 to Dec. 31, 2018)	
Net income		14,537		13,214
Other comprehensive income				
Valuation difference on available-for-sale securities		1,345		(603)
Deferred gains or losses on hedges		(56)		(79)
Foreign currency translation adjustment		(67)		30
Remeasurements of defined benefit plans, net of tax		283		119
Total other comprehensive income		1,504		(533)
Comprehensive income		16,041		12,681
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		16,045		12,686
Comprehensive income attributable to non-controlling interests		(3)		(4)

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

1. Orders Received

(Millions of Yen)

	FY3/18 3Q (From Apr. 1, 2017 to Dec. 31, 2017)	FY3/19 3Q (From Apr. 1, 2018 to Dec. 31, 2018)	Increase (Decrease)	Rate of change (%)
Public works	77,496	96,631	19,135	24.7
Private works	25,813	20,719	(5,094)	(19.7)
Domestic civil engineering	103,309	117,351	14,041	13.6
Public works	14,690	11,148	(3,542)	(24.1)
Private works	135,105	101,494	(33,611)	(24.9)
Domestic building construction	149,796	112,643	(37,153)	(24.8)
Civil engineering	196,595	73,666	(122,929)	(62.5)
Building construction	4,835	78,305	73,470	1,519.4
Overseas	201,431	151,972	(49,459)	(24.6)
Construction Total	454,537	381,966	(72,571)	(16.0)
Real estate and Others	572	221	(351)	(61.4)
Total	455,109	382,187	(72,922)	(16.0)

2. Net Sales

(Millions of Yen)

	FY3/18 3Q (From Apr. 1, 2017 to Dec. 31, 2017)	FY3/19 3Q (From Apr. 1, 2018 to Dec. 31, 2018)	Increase (Decrease)	Rate of change (%)
Public works	89,099	86,990	(2,109)	(2.4)
Private works	34,583	37,299	2,716	7.9
Domestic civil engineering	123,683	124,289	606	0.5
Public works	13,709	19,719	6,009	43.8
Private works	81,897	101,398	19,500	23.8
Domestic building construction	95,607	121,117	25,510	26.7
Civil engineering	76,087	83,777	7,690	10.1
Building construction	61,235	37,018	(24,217)	(39.5)
Overseas	137,323	120,796	(16,527)	(12.0)
Construction Total	356,613	366,203	9,589	2.7
Real estate and Others	493	221	(272)	(55.3)
Total	357,107	366,424	9,316	2.6

3. Backlog

(Millions of Yen)

	FY3/18 3Q (Dec. 31, 2017)	FY3/19 3Q (Dec. 31, 2018)	Increase (Decrease)	Rate of change (%)
Public works	143,451	159,351	15,900	11.1
Private works	52,417	44,787	(7,630)	(14.6)
Domestic civil engineering	195,869	204,139	8,269	4.2
Public works	66,664	53,072	(13,592)	(20.4)
Private works	167,250	182,290	15,040	9.0
Domestic building construction	233,915	235,363	1,447	0.6
Civil engineering	284,726	357,957	73,231	25.7
Building construction	95,038	108,140	13,102	13.8
Overseas	379,764	466,097	86,333	22.7
Construction Total	809,548	905,600	96,051	11.9
Real estate and Others	146	-	(146)	(100.0)
Total	809,695	905,600	95,905	11.8