

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

February 7, 2020

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 7, 2020

1. Business results for the fiscal year ending March 2020 (Apr. 1, 2019 - Dec. 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)	(%)
FY3/20 3Q	436,563	13.2	25,823	24.4	25,956	40.9	17,872	35.2
FY3/19 3Q	385,640	2.1	20,755	(0.9)	18,418	(12.2)	13,219	(9.1)

Note: Comprehensive income (Millions of Yen) Dec. 31, 2019 term: 17,773 (40.2%) Dec. 31, 2018 term: 12,681 (20.9%)

	Net income per share (Yen)	Diluted net income per share (Yen)
FY3/20 3Q	62.63	-
FY3/19 3Q	46.32	-

(2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Dec. 31, 2019	458,846	138,926	30.3
Mar. 31, 2019	383,839	126,573	33.0

Reference: Shareholders' Equity (Millions of Yen) Dec. 31, 2019: 138,866 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 (Apr. 1, 2019 - Mar. 31, 2020)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	(Millions of Yen, %)	(%)	(Millions of Yen, %)	(%)	(Millions of Yen, %)	(%)	(Millions of Yen, %)	(%)	(Yen)
Entire term	570,000	5.2	32,000	9.5	31,500	18.6	22,000	16.4	77.09

Note: Change made in figures of the forecasts as of the end of the current quarter from 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) :

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

Dec. 2019 term:	640,599	Mar. 2019 term:	655,020
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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. 2019 term:	285,367,550	Dec. 2018 term:	285,403,824
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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, 2020 are revised from ones provided on 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 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, 2019	December 31, 2019
Assets		
Current assets		
Cash and deposits	36,204	52,834
Notes receivable, accounts receivable from completed construction contracts and other	192,199	255,783
Securities	58	129
Costs on construction contracts in progress	13,722	15,714
Real estate for sale and development projects in progress	3,074	2,941
Accounts receivable - other	25,814	21,375
Other	3,408	3,814
Allowance for doubtful accounts	(717)	(949)
Total current assets	273,764	351,644
Non-current assets		
Property, plant and equipment		
Land	33,710	33,710
Other, net	47,354	44,857
Total property, plant and equipment	81,065	78,568
Intangible assets	1,345	1,390
Investments and other assets		
Investment securities	20,024	19,725
Retirement benefit asset	1,911	2,321
Other	9,030	8,456
Allowance for doubtful accounts	(3,305)	(3,259)
Total investments and other assets	27,661	27,243
Total non-current assets	110,072	107,201
Deferred assets	3	—
Total assets	383,839	458,846

(Millions of Yen)

March 31, 2019 December 31, 2019

Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	115,309	115,891
Short-term borrowings	28,528	45,956
Commercial papers	—	40,000
Current portion of bonds	—	10,000
Income taxes payable	4,894	3,977
Advances received on construction contracts in progress	22,610	19,426
Provisions	5,765	4,869
Other	44,165	49,982
Total current liabilities	221,274	290,103
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	10,962	14,786
Deferred tax liabilities for land revaluation	3,679	3,679
Provisions	166	195
Retirement benefit liability	538	572
Other	645	581
Total non-current liabilities	35,991	29,815
Total liabilities	257,266	319,919
Net assets		
Shareholders' equity		
Share capital	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	69,143	81,585
Treasury shares	(383)	(373)
Total shareholders' equity	117,597	130,048
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,595	4,548
Deferred gains or losses on hedges	(18)	(10)
Revaluation reserve for land	3,910	3,910
Foreign currency translation adjustment	(126)	(120)
Remeasurements of defined benefit plans	558	489
Total accumulated other comprehensive income	8,919	8,817
Non-controlling interests	56	60
Total net assets	126,573	138,926
Total liabilities and net assets	383,839	458,846

Consolidated Quarterly Statements of Income

	(Millions of Yen)	
	FY3/19 3Q	FY3/20 3Q
	(From Apr. 1, 2018 to Dec. 31, 2018)	(From Apr. 1, 2019 to Dec. 31, 2019)
Net sales		
Net sales of completed construction contracts	378,724	429,269
Other sales	6,915	7,294
Total net sales	385,640	436,563
Cost of sales		
Cost of sales of completed construction contracts	346,845	391,442
Other cost of sales	5,118	5,398
Total cost of sales	351,963	396,840
Gross profit		
Gross profit on completed construction contracts	31,879	37,827
Gross profit - other	1,797	1,895
Total gross profit	33,676	39,723
Selling, general and administrative expenses	12,921	13,900
Operating income	20,755	25,823
Non-operating income		
Interest income	86	116
Dividend income	471	348
Other	263	376
Total non-operating income	822	840
Non-operating expenses		
Interest expenses	579	616
Other	2,580	91
Total non-operating expenses	3,159	707
Ordinary income	18,418	25,956
Extraordinary income		
Gain on sales of non-current assets	82	194
Other	1	3
Total extraordinary income	84	198
Extraordinary losses		
Loss on sales of non-current assets	9	79
Loss on retirement of non-current assets	38	37
Loss on contribution of securities to retirement benefit trust	—	46
Other	32	0
Total extraordinary losses	79	163
Income before income taxes	18,422	25,991
Income taxes - current	5,096	7,758
Income taxes - deferred	111	357
Total income taxes	5,208	8,116
Net income	13,214	17,875
Net income (loss) attributable to non-controlling interests	(4)	3
Net income attributable to owners of parent	13,219	17,872

Consolidated Quarterly Statements of Comprehensive Income

	(Millions of Yen)			
	FY3/19	3Q	FY3/20	3Q
	(From Apr. 1, 2018 to Dec. 31, 2018)		(From Apr. 1, 2019 to Dec. 31, 2019)	
Net income		13,214		17,875
Other comprehensive income				
Valuation difference on available-for-sale securities		(603)		(47)
Deferred gains or losses on hedges		(79)		7
Foreign currency translation adjustment		30		6
Remeasurements of defined benefit plans, net of tax		119		(68)
Total other comprehensive income		(533)		(101)
Comprehensive income		12,681		17,773
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		12,686		17,769
Comprehensive income attributable to non-controlling interests		(4)		4

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

1. Orders Received

(Millions of Yen)

	FY3/19 3Q (From Apr. 1, 2018 to Dec. 31, 2018)	FY3/20 3Q (From Apr. 1, 2019 to Dec. 31, 2019)	Increase (Decrease)	Rate of change (%)
Public works	96,631	93,679	(2,952)	(3.1)
Private works	20,719	27,473	6,753	32.6
Domestic civil engineering	117,351	121,152	3,801	3.2
Public works	11,148	19,390	8,241	73.9
Private works	101,494	90,859	(10,635)	(10.5)
Domestic building construction	112,643	110,249	(2,393)	(2.1)
Civil engineering	73,666	20,516	(53,149)	(72.1)
Building construction	78,305	10,992	(67,312)	(86.0)
Overseas	151,972	31,509	(120,462)	(79.3)
Construction Total	381,966	262,911	(119,054)	(31.2)
Others	221	246	25	11.5
Total	382,187	263,158	(119,029)	(31.1)

2. Net Sales

(Millions of Yen)

	FY3/19 3Q (From Apr. 1, 2018 to Dec. 31, 2018)	FY3/20 3Q (From Apr. 1, 2019 to Dec. 31, 2019)	Increase (Decrease)	Rate of change (%)
Public works	86,990	107,927	20,937	24.1
Private works	37,299	34,562	(2,736)	(7.3)
Domestic civil engineering	124,289	142,490	18,200	14.6
Public works	19,719	30,785	11,066	56.1
Private works	101,398	118,332	16,934	16.7
Domestic building construction	121,117	149,118	28,000	23.1
Civil engineering	83,777	97,055	13,277	15.8
Building construction	37,018	21,453	(15,565)	(42.0)
Overseas	120,796	118,508	(2,287)	(1.9)
Construction Total	366,203	410,117	43,913	12.0
Others	221	246	25	11.5
Total	366,424	410,363	43,939	12.0

3. Backlog

(Millions of Yen)

	FY3/19 3Q (Dec. 31, 2018)	FY3/20 3Q (Dec. 31, 2019)	Increase (Decrease)	Rate of change (%)
Public works	159,351	145,276	(14,075)	(8.8)
Private works	44,787	34,434	(10,353)	(23.1)
Domestic civil engineering	204,139	179,710	(24,428)	(12.0)
Public works	53,072	36,397	(16,674)	(31.4)
Private works	182,290	164,236	(18,054)	(9.9)
Domestic building construction	235,363	200,634	(34,729)	(14.8)
Civil engineering	357,957	257,046	(100,910)	(28.2)
Building construction	108,140	80,779	(27,361)	(25.3)
Overseas	466,097	337,825	(128,271)	(27.5)
Construction Total	905,600	718,170	(187,429)	(20.7)
Others	-	-	-	-
Total	905,600	718,170	(187,429)	(20.7)