

# Summary of Consolidated Financial Results of Fiscal Year Ended March 2015

May 13, 2015

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.**  
Code number: **1893** URL: <http://www.penta-ocean.co.jp/>  
Representative  
Title: **President, Chief Executive Officer and Representative Director**  
Contact  
Title: **Executive General Manager, Head of Accounting Division and Deputy Head of Corporate Administration Divisions Group**  
Schedule of financial statement reporting date: June 26, 2015

Stock exchange: **Tokyo, Nagoya**

Name: **Takuzo Shimizu**  
Name: **Syunji Kitahashi** Tel: **03-3817-7619**

## 1. Business results for the fiscal year ended March 2015 (April 1, 2014 - March 31, 2015)

(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	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
Mar. 2015 term	426,237	11.8	12,293	24.2	11,393	24.4	6,183	64.3
Mar. 2014 term	381,182	9.0	9,896	53.1	9,159	39.6	3,762	85.4

Note: Comprehensive income (Millions of Yen) Mar. 31 2015 term: 11,475 (110.0%) Mar. 31 2014 term: 5,463 (65.7%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)	Return on equity (%)	Ordinary income/total assets (%)	Operating income/net sales (%)
Mar. 2015 term	21.63	-	8.6	3.4	2.9
Mar. 2014 term	13.16	-	5.7	3.1	2.6

Reference: Equity in earning of affiliates (Millions of Yen) Mar. 31 2015 term: 5 Mar. 31 2014 term: (1)

(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, 2015	366,169	77,068	21.0	269.44
Mar. 31, 2014	301,626	67,493	22.3	235.53

Reference: Shareholders' Equity (Millions of Yen) Mar 31 2015: 77,033 Mar. 31 2014: 67,338

(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)
Mar. 2015 term	(4,637)	(9,053)	19,112	37,866
Mar. 2014 term	(14,263)	(7,310)	3,165	31,941

## 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			
FY2013	-	-	-	2.00	2.00	571	15.2	0.9
FY2014	-	-	-	4.00	4.00	1,143	18.5	1.6
FY2015 (Forecast)	-	-	-	5.00	5.00		22.0	

## 3. Earnings forecasts for fiscal year ending March 2016 (April 1, 2015 - March 31, 2016)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share (Yen)
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	
2Q term	214,000	16.9	4,300	34.2	3,800	10.4	2,300	14.5	8.04
Entire term	467,000	9.6	14,500	17.9	13,500	18.5	6,500	5.1	22.73

## 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: Adopted
- 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) :
- 2) Number of shares of treasury stock as of the end of the period :
- 3) Average number of shares outstanding during the period :

Mar. 2015 term :	286,013,910	Mar. 2014 term :	286,013,910
Mar. 2015 term :	109,146	Mar. 2014 term :	108,303
Mar. 2015 term :	285,905,210	Mar. 2014 term :	285,908,013

Statement: Status of the review procedure

This document is out of the scope of the review procedures based on the Financial Instruments and Exchange Act.

As of the date of disclosure of this document, the review procedures for the financial statements under this Act have not been completed.

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, 2014	March 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	32,602	38,469
Notes receivable, accounts receivable from completed construction contracts and other	131,639	170,228
Securities	-	42
Costs on uncompleted construction contracts and other	11,362	12,468
Real estate for sale and development projects in progress	8,389	10,455
Accounts receivable - other	11,478	26,693
Deferred tax assets	3,161	2,722
Other	4,637	6,457
Allowance for doubtful accounts	(782)	(1,019)
Total current assets	202,487	266,517
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,664	35,309
Machinery, vehicles, tools, furniture and fixtures	70,654	85,524
Land	41,901	37,326
Construction in progress	10,630	862
Other	115	375
Accumulated depreciation	(80,973)	(82,732)
Total property, plant and equipment	75,993	76,665
Intangible assets	1,090	1,142
Investments and other assets		
Investment securities	15,402	16,662
Deferred tax assets	2,958	522
Net defined benefit asset	-	1,261
Other	7,800	4,553
Allowance for doubtful accounts	(4,164)	(1,231)
Total investments and other assets	21,997	21,767
Total non-current assets	99,080	99,575
Deferred assets	58	76
Total assets	301,626	366,169

(Millions of Yen)

	March 31, 2014	March 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	101,975	127,083
Electronically recorded obligations - operating	5,771	9,807
Short-term loans payable	37,416	38,286
Commercial papers	-	19,996
Current portion of bonds	10,000	-
Income taxes payable	2,071	2,533
Advances received on uncompleted construction contracts	16,229	21,524
Provision for warranties for completed construction	876	705
Provision for bonuses	1,352	1,541
Provision for loss on construction contracts	2,707	3,021
Other	17,594	21,154
Total current liabilities	195,996	245,653
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term loans payable	17,521	16,614
Deferred tax liabilities for land revaluation	6,186	5,382
Provision for directors' retirement benefits	113	139
Net defined benefit liability	3,396	117
Other	918	1,193
Total non-current liabilities	38,137	43,447
Total liabilities	234,133	289,101
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	11,728	16,646
Treasury shares	(24)	(25)
Total shareholders' equity	60,540	65,457
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,749	3,607
Deferred gains or losses on hedges	(10)	(17)
Revaluation reserve for land	6,567	6,676
Foreign currency translation adjustment	(1)	18
Remeasurements of defined benefit plans	(2,507)	1,289
Total accumulated other comprehensive income	6,797	11,575
Minority interests	154	35
Total net assets	67,493	77,068
Total liabilities and net assets	301,626	366,169

## Consolidated Statements of Income

(Millions of Yen)

	FY2013	FY2014
	(From Apr. 1, 2013 to Mar. 31, 2014)	(From Apr. 1, 2014 to Mar. 31, 2015)
<b>Net sales</b>		
Net sales of completed construction contracts	372,366	414,892
Net sales of development business and other	8,815	11,345
<b>Total net sales</b>	<b>381,182</b>	<b>426,237</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	347,513	388,148
Cost of sales on development business and other	9,003	10,616
<b>Total cost of sales</b>	<b>356,517</b>	<b>398,764</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	24,853	26,743
Gross profit (loss) on development business and other	(187)	729
<b>Total gross profit</b>	<b>24,665</b>	<b>27,473</b>
Selling, general and administrative expenses	14,768	15,179
<b>Operating income</b>	<b>9,896</b>	<b>12,293</b>
<b>Non-operating income</b>		
Interest income	81	55
Dividend income	210	253
Real estate rent	82	96
Other	540	511
<b>Total non-operating income</b>	<b>915</b>	<b>916</b>
<b>Non-operating expenses</b>		
Interest expenses	1,173	1,019
Foreign exchange losses	157	537
Other	321	260
<b>Total non-operating expenses</b>	<b>1,652</b>	<b>1,817</b>
<b>Ordinary income</b>	<b>9,159</b>	<b>11,393</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	255	81
Gain on forgiveness of debts	50	-
Gain on bargain purchase	-	199
Subsidy income	16	189
Other	47	79
<b>Total extraordinary income</b>	<b>369</b>	<b>550</b>
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	37	177
Impairment loss	201	1,439
Settlement package	195	-
Other	355	150
<b>Total extraordinary losses</b>	<b>789</b>	<b>1,766</b>
<b>Income before income taxes and minority interests</b>	<b>8,740</b>	<b>10,176</b>
Income taxes - current	2,337	2,923
Income taxes - deferred	2,519	985
<b>Total income taxes</b>	<b>4,857</b>	<b>3,909</b>
<b>Income before minority interests</b>	<b>3,882</b>	<b>6,267</b>
Minority interests in income	120	83
<b>Net income</b>	<b>3,762</b>	<b>6,183</b>

## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)
Income before minority interests	3,882	6,267
Other comprehensive income		
Valuation difference on available-for-sale securities	1,567	857
Deferred gains or losses on hedges	(9)	(7)
Revaluation reserve for land	-	549
Foreign currency translation adjustment	21	10
Remeasurements of defined benefit plans, net of tax	-	3,797
Share of other comprehensive income of entities accounted for using equity method	0	1
Total other comprehensive income	1,580	5,207
Comprehensive income	5,463	11,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,338	11,594
Comprehensive income attributable to minority interests	124	(119)

## Consolidated statements of cash flows

(Millions of Yen)

	FY2013	FY2014
	(From Apr. 1, 2013 to Mar. 31, 2014)	(From Apr. 1, 2014 to Mar. 31, 2015)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	8,740	10,176
Depreciation	4,662	5,288
Impairment loss	201	1,439
Increase (decrease) in allowance for doubtful accounts	(2,267)	(2,695)
Increase (decrease) in provision for bonuses	168	188
Increase (decrease) in provision for loss on litigation	(400)	-
Increase (decrease) in provision for loss on construction contracts	(112)	314
Increase (decrease) in provision for retirement benefits	(351)	-
Increase (decrease) in net defined benefit liability	3,396	(3,294)
Increase (decrease) in net defined benefit asset	-	983
Retirement benefit expenses	-	1,817
Interest and dividend income	(292)	(308)
Interest expenses	1,173	1,019
Foreign exchange losses (gains)	(992)	(1,491)
Share of (profit) loss of entities accounted for using equity method	1	(5)
Loss (gain) on sales of property, plant and equipment	(218)	95
Loss (gain) on sales of short-term and long-term investment	7	(51)
Loss (gain) on valuation of investment securities	-	3
Decrease (increase) in notes and accounts receivable - trade	(17,752)	(38,429)
Decrease (increase) in costs on uncompleted construction contracts	(633)	(582)
Decrease (increase) in inventories	595	576
Increase (decrease) in notes and accounts payable - trade	(3,998)	28,967
Increase (decrease) in advances received on uncompleted	(1,070)	5,294
Decrease (increase) in accounts receivable - other	543	(15,211)
Other, net	(3,393)	4,528
<b>Subtotal</b>	<b>(11,993)</b>	<b>(1,378)</b>
Interest and dividend income received	277	290
Interest expenses paid	(1,138)	(1,095)
Income taxes paid	(1,408)	(2,453)
<b>Net cash provided by (used in) operating activities</b>	<b>(14,263)</b>	<b>(4,637)</b>

(Millions of Yen)

	FY2013	FY2014
	(From Apr. 1, 2013 to Mar. 31, 2014)	(From Apr. 1, 2014 to Mar. 31, 2015)
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(54)	(292)
Proceeds from sales and redemption of short-term and long-term investment securities	237	147
Purchase of property, plant and equipment	(8,207)	(9,460)
Proceeds from sales of property, plant and equipment	873	450
Payments of loans receivable	(69)	(18)
Collection of loans receivable	111	202
Other, net	(200)	(82)
Net cash provided by (used in) investing activities	(7,310)	(9,053)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,960	3,158
Net increase (decrease) in commercial papers	-	19,996
Proceeds from long-term loans payable	9,857	10,120
Repayments of long-term loans payable	(17,907)	(13,386)
Proceeds from issuance of bonds	9,943	9,942
Redemption of bonds	-	(10,000)
Cash dividends paid	(569)	(570)
Other, net	(118)	(147)
Net cash provided by (used in) financing activities	3,165	19,112
Effect of exchange rate change on cash and cash equivalents	421	503
Net increase (decrease) in cash and cash equivalents	(17,985)	5,924
Cash and cash equivalents at beginning of period	49,927	31,941
Cash and cash equivalents at end of period	31,941	37,866

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

## 1. Orders Received

(Millions of Yen)

	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)	Increase (Decrease)	Rate of change (%)
Public works	116,733	147,754	31,020	26.6
Private works	29,963	41,367	11,403	38.1
Domestic civil engineering	146,697	189,121	42,424	28.9
Public works	19,071	48,718	29,646	155.5
Private works	126,025	122,721	(3,304)	(2.6)
Domestic architectural construction	145,096	171,439	26,342	18.2
Civil engineering	127,484	215,882	88,397	69.3
Architectural construction	27,385	140,013	112,628	411.3
Overseas	154,870	355,895	201,025	129.8
Construction Total	446,664	716,456	269,792	60.4
Real estate and Others	2,481	5,884	3,402	137.1
Total	449,145	722,340	273,195	60.8

## 2. Net Sales

(Millions of yen)

	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)	Increase (Decrease)	Rate of change (%)
Public works	97,848	99,948	2,099	2.1
Private works	31,112	35,813	4,701	15.1
Domestic civil engineering	128,961	135,762	6,800	5.3
Public works	19,594	19,670	76	0.4
Private works	104,699	106,652	1,952	1.9
Domestic architectural construction	124,293	126,323	2,029	1.6
Civil engineering	62,422	80,247	17,824	28.6
Architectural construction	37,807	49,309	11,502	30.4
Overseas	100,229	129,556	29,326	29.3
Construction Total	353,485	391,642	38,156	10.8
Real estate and Others	2,441	2,069	(372)	(15.2)
Total	355,926	393,711	37,784	10.6

## 3. Backlog

(Millions of yen)

	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)	Increase (Decrease)	Rate of change (%)
Public works	87,035	134,841	47,806	54.9
Private works	15,860	21,413	5,553	35.0
Domestic civil engineering	102,895	156,255	53,359	51.9
Public works	25,957	54,088	28,130	108.4
Private works	92,638	109,623	16,985	18.3
Domestic architectural construction	118,596	163,711	45,115	38.0
Civil engineering	148,209	296,574	148,364	100.1
Architectural construction	47,104	141,934	94,829	201.3
Overseas	195,314	438,509	243,194	124.5
Construction Total	416,806	758,476	341,669	82.0
Real estate and Others	78	3,893	3,814	-
Total	416,885	762,369	345,484	82.9