

# Summary of Consolidated Financial Results of Fiscal Year Ended March 2014

May 14, 2014

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/>

Representative

Title: **Chief Executive Officer**

Name: **Yoshio Murashige**

Contact

Title: **General Manager, Account Department and  
Deputy Chief of General Administration Divisions Group**

Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Schedule of financial statement reporting date: June 27, 2014

## 1. Business results for the fiscal year ended March 2013 (April 1, 2013 - March 31, 2014)

(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. 2014 term	381,182	9.0	9,896	53.1	9,159	39.6	3,762	85.4
Mar. 2013 term	349,839	6.7	6,463	(28.0)	6,559	(11.9)	2,029	25.1

Note: Comprehensive income (Millions of Yen) Mar. 31 2014 term: 5,463 (65.7%) Mar. 31 2013 term: 3,297 (32.0%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)	Return on equity (%)	Ordinary income/ total assets (%)	Operating income/net sales (%)
Mar. 2014 term	13.16	-	5.7	3.1	2.6
Mar. 2013 term	7.10	-	3.2	2.2	1.8

Reference: Equity in earning of affiliates (Millions of Yen) Mar. 31 2014 term: (1) Mar. 31 2013 term: 3

(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, 2014	301,626	67,493	22.3	235.53
Mar. 31, 2013	296,726	65,110	21.9	227.63

Reference: Shareholders' Equity (Millions of Yen) Mar 31 2014: 67,338 Mar. 31 2013: 65,080

(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. 2014 term	(14,263)	(7,310)	3,165	31,941
Mar. 2013 term	8,333	(10,466)	(11,058)	49,927

## 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			
FY2012	-	-	-	2.00	2.00	571	28.2	0.9
FY2013	-	-	-	2.00	2.00	571	15.2	0.9
FY2014 (Forecast)	-	-	-	3.00	3.00		28.6	

## 3. Earnings forecasts for fiscal year ending March 2015 (April 1, 2014 - March 31, 2015)

	Net Sales		Operating income		Ordinary income		Net income		Earnings per share
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Yen)
2Q term	186,000	0.4	2,300	(46.7)	1,700	(50.3)	0	(100.0)	0.00
Entire term	390,000	2.3	9,600	(3.0)	8,500	(7.2)	3,000	(20.3)	10.49

## 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) :	Mar. 2014 term :	286,013,910	Mar. 2013 term :	286,013,910
2) Number of shares of treasury stock as of the end of the period :	Mar. 2014 term :	104,543	Mar. 2013 term :	104,543
3) Average number of shares outstanding during the period :	Mar. 2014 term :	285,910,495	Mar. 2013 term :	285,910,495

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, 2013	March 31, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	50,595	32,602
Notes receivable, accounts receivable from completed construction contracts and other	113,699	131,639
Costs on uncompleted construction contracts and other	9,858	11,362
Real estate for sale and development projects in progress	9,727	8,389
Accounts receivable - other	12,019	11,478
Deferred tax assets	3,147	3,161
Other	2,448	4,637
Allowance for doubtful accounts	(854)	(782)
<b>Total current assets</b>	<b>200,642</b>	<b>202,487</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,029	33,664
Machinery, vehicles, tools, furniture and fixtures	73,335	70,654
Land	42,539	41,901
Construction in progress	6,131	10,630
Other	79	115
Accumulated depreciation	(81,510)	(80,973)
<b>Total property, plant and equipment</b>	<b>72,604</b>	<b>75,993</b>
Intangible assets	1,127	1,090
Investments and other assets		
Investment securities	13,204	15,402
Deferred tax assets	4,909	2,958
Other	10,597	7,800
Allowance for doubtful accounts	(6,360)	(4,164)
<b>Total investments and other assets</b>	<b>22,351</b>	<b>21,997</b>
<b>Total non-current assets</b>	<b>96,083</b>	<b>99,080</b>
Deferred assets	-	58
<b>Total assets</b>	<b>296,726</b>	<b>301,626</b>

(Millions of Yen)

	March 31, 2013	March 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	111,574	101,975
Electronically recorded obligations - operating	-	5,771
Short-term loans payable	39,955	37,416
Current portion of bonds	-	10,000
Income taxes payable	1,131	2,071
Advances received on uncompleted construction contracts and other	17,283	16,229
Provision for warranties for completed construction	722	876
Provision for bonuses	1,184	1,352
Provision for loss on construction contracts	2,819	2,707
Other	18,084	17,594
<b>Total current liabilities</b>	<b>192,755</b>	<b>195,996</b>
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	20,984	17,521
Deferred tax liabilities for land revaluation	6,195	6,186
Provision for directors' retirement benefits	118	113
Provision for loss on litigation	400	-
Provision for retirement benefits	351	-
Net defined benefit liability	-	3,396
Other	809	918
<b>Total non-current liabilities</b>	<b>38,859</b>	<b>38,137</b>
<b>Total liabilities</b>	<b>231,615</b>	<b>234,133</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	8,635	11,728
Treasury shares	(23)	(24)
<b>Total shareholders' equity</b>	<b>57,448</b>	<b>60,540</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,181	2,749
Deferred gains or losses on hedges	(2)	(10)
Revaluation reserve for land	6,470	6,567
Foreign currency translation adjustment	(18)	(1)
Remeasurements of defined benefit plans	-	(2,507)
<b>Total accumulated other comprehensive income</b>	<b>7,632</b>	<b>6,797</b>
Minority interests	30	154
<b>Total net assets</b>	<b>65,110</b>	<b>67,493</b>
<b>Total liabilities and net assets</b>	<b>296,726</b>	<b>301,626</b>

## Consolidated Statements of Income

(Millions of Yen)

	FY2012	FY2013
	(From Apr. 1, 2012 to Mar. 31, 2013)	(From Apr. 1, 2013 to Mar. 31, 2014)
<b>Net sales</b>		
Net sales of completed construction contracts	341,066	372,366
Net sales of development business and other	8,772	8,815
<b>Total net sales</b>	<b>349,839</b>	<b>381,182</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	319,355	347,513
Cost of sales on development business and other	9,368	9,003
<b>Total cost of sales</b>	<b>328,724</b>	<b>356,517</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	21,711	24,853
Gross loss on development business and other	(596)	(187)
<b>Total gross profit</b>	<b>21,115</b>	<b>24,665</b>
Selling, general and administrative expenses	14,651	14,768
<b>Operating income</b>	<b>6,463</b>	<b>9,896</b>
<b>Non-operating income</b>		
Interest income	67	81
Dividend income	200	210
Foreign exchange gains	701	-
Reversal of allowance for doubtful accounts	602	247
Real estate rent	68	82
Other	298	292
<b>Total non-operating income</b>	<b>1,938</b>	<b>915</b>
<b>Non-operating expenses</b>		
Interest expenses	1,513	1,173
Foreign exchange losses	-	157
Other	329	321
<b>Total non-operating expenses</b>	<b>1,842</b>	<b>1,652</b>
<b>Ordinary income</b>	<b>6,559</b>	<b>9,159</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	52	255
Gain on forgiveness of debts	-	50
Other	148	63
<b>Total extraordinary income</b>	<b>201</b>	<b>369</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	88	229
Impairment loss	544	201
Settlement package	-	195
Loss on valuation of investment securities	240	-
Provision for loss on litigation	400	-
Other	469	163
<b>Total extraordinary losses</b>	<b>1,742</b>	<b>789</b>
<b>Income before income taxes and minority interests</b>	<b>5,018</b>	<b>8,740</b>
Income taxes - current	1,029	2,337
Income taxes - deferred	1,932	2,519
<b>Total income taxes</b>	<b>2,962</b>	<b>4,857</b>
<b>Income before minority interests</b>	<b>2,055</b>	<b>3,882</b>
Minority interests in income	26	120
<b>Net income</b>	<b>2,029</b>	<b>3,762</b>

## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY2012	FY2013
	(From Apr. 1, 2012 to Mar. 31, 2013)	(From Apr. 1, 2013 to Mar. 31, 2014)
Income before minority interests	2,055	3,882
Other comprehensive income		
Valuation difference on available-for-sale securities	1,289	1,567
Deferred gains or losses on hedges	9	(9)
Foreign currency translation adjustment	(54)	21
Share of other comprehensive income of entities accounted for using equity method	(1)	0
Total other comprehensive income	1,241	1,580
Comprehensive income	3,297	5,463
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,270	5,338
Comprehensive income attributable to minority interests	26	124

## Consolidated statements of cash flows

(Millions of Yen)

	FY2012	FY2013
	(From Apr. 1, 2012 to Mar. 31, 2013)	(From Apr. 1, 2013 to Mar. 31, 2014)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	5,018	8,740
Depreciation	4,306	4,662
Impairment loss	544	201
Increase (decrease) in allowance for doubtful accounts	(250)	(2,267)
Increase (decrease) in provision for bonuses	(39)	168
Increase (decrease) in provision for loss on litigation	50	(400)
Increase (decrease) in provision for loss on construction contracts	(119)	(112)
Increase (decrease) in provision for retirement benefits	27	(351)
Increase (decrease) in net defined benefit liability	-	3,396
Interest and dividend income	(268)	(292)
Interest expenses	1,513	1,173
Foreign exchange losses (gains)	(1,133)	(992)
Share of (profit) loss of entities accounted for using equity	(3)	1
Loss (gain) on sales of property, plant and equipment	(38)	(218)
Loss (gain) on sales of short-term and long-term investment securities	-	7
Loss (gain) on valuation of investment securities	240	-
Decrease (increase) in notes and accounts receivable - trade	4,473	(17,752)
Decrease (increase) in costs on uncompleted construction	2,507	(633)
Decrease (increase) in inventories	2,483	595
Increase (decrease) in notes and accounts payable - trade	(1,951)	(3,998)
Increase (decrease) in advances received on uncompleted	(8,234)	(1,070)
Decrease (increase) in accounts receivable - other	(1,405)	543
Other, net	2,925	(3,393)
Subtotal	10,643	(11,993)
Interest and dividend income received	252	277
Interest expenses paid	(1,527)	(1,138)
Income taxes paid	(1,034)	(1,408)
Net cash provided by (used in) operating activities	8,333	(14,263)
<b>Cash flows from investing activities</b>		
Purchase of short-term and long-term investment securities	(788)	(54)
Proceeds from sales and redemption of short-term and long-term investment securities	13	237
Purchase of property, plant and equipment	(9,646)	(8,207)
Proceeds from sales of property, plant and equipment	201	873
Payments of loans receivable	(4)	(69)
Collection of loans receivable	62	111
Other, net	(305)	(200)
Net cash provided by (used in) investing activities	(10,466)	(7,310)

(Millions of Yen)

	FY2012	FY2013
	(From Apr. 1, 2012 to Mar. 31, 2013)	(From Apr. 1, 2013 to Mar. 31, 2014)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(2,932)	1,960
Proceeds from long-term loans payable	13,382	9,857
Repayments of long-term loans payable	(20,759)	(17,907)
Proceeds from issuance of bonds	-	9,943
Cash dividends paid	(566)	(569)
Other, net	(182)	(118)
Net cash provided by (used in) financing activities	(11,058)	3,165
Effect of exchange rate change on cash and cash equivalents	406	421
Net increase (decrease) in cash and cash equivalents	(12,785)	(17,985)
Cash and cash equivalents at beginning of period	62,712	49,927
Cash and cash equivalents at end of period	49,927	31,941

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

## 1. Orders Received

(Millions of Yen)

	FY2012 (From Apr. 1, 2012 to Mar. 31, 2013)	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)	Increase (Decrease)	Rate of change (%)
Public works	91,895	116,733	24,837	27.0
Private works	22,150	29,963	7,813	35.3
Domestic civil engineering	114,046	146,697	32,650	28.6
Public works	18,210	19,071	860	4.7
Private works	90,734	126,025	35,290	38.9
Domestic architectural construction	108,945	145,096	36,151	33.2
Civil engineering	17,836	127,484	109,648	614.8
Architectural construction	39,477	27,385	(12,092)	(30.6)
Overseas	57,313	154,870	97,556	170.2
Construction Total	280,305	446,664	166,358	59.3
Real estate and Others	1,121	2,481	1,359	121.2
Total	281,427	449,145	167,718	59.6

## 2. Net Sales

(Millions of yen)

	FY2012 (From Apr. 1, 2012 to Mar. 31, 2013)	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)	Increase (Decrease)	Rate of change (%)
Public works	79,049	97,848	18,799	23.8
Private works	34,935	31,112	(3,822)	(10.9)
Domestic civil engineering	113,984	128,961	14,977	13.1
Public works	24,182	19,594	(4,588)	(19.0)
Private works	85,102	104,699	19,597	23.0
Domestic architectural construction	109,285	124,293	15,008	13.7
Civil engineering	65,026	62,422	(2,604)	(4.0)
Architectural construction	39,925	37,807	(2,118)	(5.3)
Overseas	104,952	100,229	(4,722)	(4.5)
Construction Total	328,221	353,485	25,263	7.7
Real estate and Others	1,288	2,441	1,152	89.5
Total	329,510	355,926	26,416	8.0

## 3. Backlog

(Millions of yen)

	FY2012 (From Apr. 1, 2012 to Mar. 31, 2013)	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)	Increase (Decrease)	Rate of change (%)
Public works	68,150	87,035	18,885	27.7
Private works	17,009	15,860	(1,149)	(6.8)
Domestic civil engineering	85,160	102,895	17,735	20.8
Public works	26,480	25,957	(522)	(2.0)
Private works	71,312	92,638	21,325	29.9
Domestic architectural construction	97,793	118,596	20,802	21.3
Civil engineering	78,310	148,209	69,899	89.3
Architectural construction	53,781	47,104	(6,676)	(12.4)
Overseas	132,091	195,314	63,222	47.9
Construction Total	315,045	416,806	101,761	32.3
Real estate and Others	39	78	39	102.0
Total	315,084	416,885	101,801	32.3