

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 2015

August 7, 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: **Takuzo Shimizu**

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: August 8, 2014

1. Business results for the fiscal year ending March 2015 (April 1, 2014- June 30, 2014)

(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	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
1Q FY2014	79,974	(4.9)	(578)	—	(527)	—	(444)	—
1Q FY2013	84,075	10.9	1,097	609.6	915	117.8	451	550.6

Note: Comprehensive income (Millions of Yen) Jun. 30 2014 term: (254) (—%) Jun. 30 2013 term: 988 (—%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
1Q FY2014	(1.55)	-
1Q FY2013	1.58	-

(2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Jun. 30, 2014	284,867	65,532	22.9
Mar. 31, 2014	301,626	67,493	22.3

Reference: Shareholders' Equity (Millions of Yen) Jun 30 2014: 65,356 Mar. 31, 2014: 67,338

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
FY2013	-	-	-	2.00	2.00
FY2014	-	-	-	-	-
FY2014 (Forecast)	-	-	-	3.00	3.00

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

3. Earnings forecasts for fiscal year ending March 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

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: Adopted

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. 2014 term:	286,013,910	Mar. 2014 term:	286,013,910
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2) Number of shares of treasury stock as of end of period :

Jun. 2014 term:	108,453	Mar. 2014 term:	108,303
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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) :

Jun. 2014 term:	285,905,511	Jun. 2013 term:	285,909,269
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※This document is out of the scope of the quarterly review procedures based on the Financial Instruments and Exchange Act.

The quarterly review procedures for the financial statements under this Act have not been completed as of the timing of disclosure of this.

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, 2015 are the same as ones provided in May 14, 2014.

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, 2014	June 30, 2014
Assets		
Current assets		
Cash and deposits	32,602	39,105
Notes receivable accounts receivable from completed construction contracts and other	131,639	99,558
Costs on uncompleted construction contracts and other	11,362	13,168
Real estate for sale and development projects in progress	8,389	7,861
Accounts receivable - other	11,478	15,538
Other	7,798	10,167
Allowance for doubtful accounts	(782)	(605)
Total current assets	202,487	184,793
Non-current assets		
Property plant and equipment		
Land	41,901	41,765
Other net	34,091	34,911
Total property plant and equipment	75,993	76,676
Intangible assets	1,090	1,100
Investments and other assets		
Investment securities	15,402	15,141
Other	10,758	10,845
Allowance for doubtful accounts	(4,164)	(3,782)
Total investments and other assets	21,997	22,205
Total non-current assets	99,080	99,983
Deferred assets	58	90
Total assets	301,626	284,867

(Millions of Yen)

	March 31, 2014	June 30, 2014
Liabilities		
Current liabilities		
Notes payable accounts payable for construction contracts and other	101,975	92,235
Electronically recorded obligations - operating	5,771	6,657
Short-term loans payable	37,416	30,999
Current portion of bonds	10,000	10,000
Income taxes payable	2,071	840
Advances received on uncompleted construction contracts and other	16,229	20,428
Provision	4,936	3,407
Other	17,594	17,592
Total current liabilities	195,996	182,160
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	17,521	14,993
Deferred tax liabilities for land revaluation	6,186	6,186
Provision	113	115
Net defined benefit liability	3,396	4,721
Other	918	1,156
Total non-current liabilities	38,137	37,174
Total liabilities	234,133	219,334
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	11,728	9,578
Treasury shares	(24)	(24)
Total shareholders' equity	60,540	58,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,749	2,627
Deferred gains or losses on hedges	(10)	(9)
Revaluation reserve for land	6,567	6,567
Foreign currency translation adjustment	(1)	(5)
Remeasurements of defined benefit plans	(2,507)	(2,215)
Total accumulated other comprehensive income	6,797	6,966
Minority interests	154	176
Total net assets	67,493	65,532
Total liabilities and net assets	301,626	284,867

Consolidated Quarterly Statements of Income

(Millions of Yen)

	1Q FY2013 (From Apr. 1, 2013 to Jun. 30, 2013)	1Q FY2014 (From Apr. 1, 2014 to Jun. 30, 2014)
Net sales		
Net sales of completed construction contracts	82,782	77,286
Net sales of development business and other	1,292	2,687
Total net sales	84,075	79,974
Cost of sales		
Cost of sales of completed construction contracts	78,543	74,219
Cost of sales on development business and other	830	2,655
Total cost of sales	79,374	76,875
Gross profit		
Gross profit on completed construction contracts	4,239	3,066
Gross profit on development business and other	461	31
Total gross profit	4,700	3,098
Selling, general and administrative expenses	3,603	3,676
Operating income (loss)	1,097	(578)
Non-operating income		
Interest income	23	17
Dividend income	104	102
Reversal of allowance for doubtful accounts	167	202
Other	70	160
Total non-operating income	365	482
Non-operating expenses		
Interest expenses	300	226
Foreign exchange losses	182	167
Other	64	38
Total non-operating expenses	547	432
Ordinary income (loss)	915	(527)
Extraordinary income		
Gain on sales of investment securities	—	51
Other	28	21
Total extraordinary income	28	72
Extraordinary losses		
Loss on retirement of non-current assets	23	78
Impairment loss	—	48
Other	18	3
Total extraordinary losses	42	130
Income (loss) before income taxes and minority interests	902	(585)
Income taxes - current	186	18
Income taxes - deferred	242	(182)
Total income taxes	429	(164)
Income (loss) before minority interests	472	(421)
Minority interests in income	21	23
Net income (loss)	451	(444)

Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	1Q FY2013 (From Apr. 1, 2013 to Jun. 30, 2013)	1Q FY2014 (From Apr. 1, 2014 to Jun. 30, 2014)
Income before minority interests	472	(421)
Other comprehensive income		
Valuation difference on available-for-sale securities	504	(122)
Deferred gains or losses on hedges	(7)	0
Foreign currency translation adjustment	17	(5)
Remeasurements of defined benefit plans, net of tax	—	292
Share of other comprehensive income of entities accounted for using equity method	—	1
Total other comprehensive income	515	166
Comprehensive income	988	(254)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	962	(276)
Comprehensive income attributable to minority interests	25	21

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

1. Orders Received

(Millions of Yen)

	1Q FY2013 (From Apr. 1, 2013 to Jun. 30, 2013)	1Q FY2014 (From Apr. 1, 2014 to Jun. 30, 2014)	Increase (Decrease)	Rate of change (%)
Public works	30,015	62,936	32,921	109.7
Private works	8,849	10,157	1,308	14.8
Domestic civil engineering	38,864	73,094	34,230	88.1
Public works	977	240	(737)	(75.4)
Private works	34,974	24,640	(10,333)	(29.5)
Domestic architectural construction	35,951	24,880	(11,070)	(30.8)
Civil engineering	1,054	3,381	2,327	220.7
Architectural construction	6,602	19,563	12,961	196.3
Overseas	7,656	22,945	15,288	199.7
Construction Total	82,472	120,920	38,448	46.6
Real estate and Others	207	716	508	244.5
Total	82,680	121,637	38,956	47.1

2. Net Sales

(Millions of Yen)

	1Q FY2013 (From Apr. 1, 2013 to Jun. 30, 2013)	1Q FY2014 (From Apr. 1, 2014 to Jun. 30, 2014)	Increase (Decrease)	Rate of change (%)
Public works	18,125	14,963	(3,162)	(17.4)
Private works	6,660	7,002	341	5.1
Domestic civil engineering	24,786	21,966	(2,820)	(11.4)
Public works	6,170	4,137	(2,033)	(33.0)
Private works	20,749	24,533	3,783	18.2
Domestic architectural construction	26,920	28,670	1,749	6.5
Civil engineering	17,089	15,165	(1,924)	(11.3)
Architectural construction	10,207	8,264	(1,942)	(19.0)
Overseas	27,297	23,430	(3,866)	(14.2)
Construction Total	79,004	74,067	(4,937)	(6.2)
Real estate and Others	166	758	592	356.3
Total	79,171	74,825	(4,345)	(5.5)

3. Backlog

(Millions of Yen)

	1Q FY2013 (From Apr. 1, 2013 to Jun. 30, 2013)	1Q FY2014 (From Apr. 1, 2014 to Jun. 30, 2014)	Increase (Decrease)	Rate of change (%)
Public works	80,040	135,009	54,969	68.7
Private works	19,197	19,015	(182)	(0.9)
Domestic civil engineering	99,237	154,024	54,786	55.2
Public works	21,287	22,060	772	3.6
Private works	85,536	92,746	7,209	8.4
Domestic architectural construction	106,824	114,806	7,982	7.5
Civil engineering	67,979	137,145	69,165	101.7
Architectural construction	54,305	58,627	4,321	8.0
Overseas	122,284	195,772	73,487	60.1
Construction Total	328,346	464,603	136,256	41.5
Real estate and Others	80	35	(44)	(55.7)
Total	328,427	464,639	136,212	41.5