

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

February 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.**

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: February 13, 2015

1. Business results for the Third Quarter of fiscal year ending March 2015 (April 1, 2014 - December 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)	(%)
3Q FY2014	287,655	2.3	6,507	(7.4)	6,439	(4.6)	4,141	24.8
3Q FY2013	281,174	12.5	7,029	127.7	6,751	106.9	3,319	311.5

Note: Comprehensive income (Millions of Yen) Dec. 31, 2014 term: 5,234 (0.8%) Dec. 31, 2013 term: 5,192 (602.1%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3Q FY2014	14.49	-
3Q FY2013	11.61	-

(2) Consolidated financial position

	Total assets	Total net assets	Total net assets/ total assets
	(Millions of Yen)	(Millions of Yen)	(%)
Dec. 31, 2014	345,899	70,827	20.5
Mar. 31, 2014	301,626	67,493	22.3

Reference: Shareholders' Equity (Millions of Yen) Dec. 31, 2014: 70,794 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)
Entire term	425,000	11.5	10,200	3.1	9,500	3.7	4,500	19.6	15.74

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: 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) :

Dec. 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 :

Dec. 2014 term:	108,879	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) :

Dec. 2014 term:	285,905,328	Dec. 2013 term:	285,908,711
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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 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 revised from ones provided on 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	December 31, 2014
Assets		
Current assets		
Cash and deposits	32,602	39,058
Notes receivable, accounts receivable from completed construction contracts and other	131,639	143,699
Securities	—	42
Costs on uncompleted construction contracts and other	11,362	19,093
Real estate for sale and development projects in progress	8,389	7,346
Accounts receivable - other	11,478	25,565
Other	7,798	8,014
Allowance for doubtful accounts	(782)	(858)
Total current assets	202,487	241,962
Non-current assets		
Property, plant and equipment		
Land	41,901	41,450
Other, net	34,091	39,753
Total property, plant and equipment	75,993	81,203
Intangible assets	1,090	1,195
Investments and other assets		
Investment securities	15,402	15,951
Other	10,758	6,707
Allowance for doubtful accounts	(4,164)	(1,203)
Total investments and other assets	21,997	21,456
Total non-current assets	99,080	103,855
Deferred assets	58	81
Total assets	301,626	345,899

Consolidated Quarterly Balance Sheets

(Millions of Yen)

	March 31, 2014	December 31, 2014
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	101,975	115,495
Electronically recorded obligations - operating	5,771	9,463
Short-term loans payable	37,416	47,231
Commercial papers	—	7,000
Current portion of bonds	10,000	—
Income taxes payable	2,071	927
Advances received on uncompleted construction contracts and other	16,229	21,009
Provision	4,936	2,411
Other	17,594	22,053
Total current liabilities	195,996	225,590
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term loans payable	17,521	18,602
Deferred tax liabilities for land revaluation	6,186	6,182
Provision	113	131
Net defined benefit liability	3,396	3,383
Other	918	1,180
Total non-current liabilities	38,137	49,481
Total liabilities	234,133	275,071
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	11,728	14,150
Treasury shares	(24)	(25)
Total shareholders' equity	60,540	62,962
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,749	3,014
Deferred gains or losses on hedges	(10)	1
Revaluation reserve for land	6,567	6,581
Foreign currency translation adjustment	(1)	(135)
Remeasurements of defined benefit plans	(2,507)	(1,630)
Total accumulated other comprehensive income	6,797	7,832
Minority interests	154	33
Total net assets	67,493	70,827
Total liabilities and net assets	301,626	345,899

Consolidated Quarterly Statements of Income

(Millions of Yen)

	3Q FY2013 (From Apr. 1, 2013 to Dec. 31, 2013)	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)
Net sales		
Net sales of completed construction contracts	275,653	279,856
Net sales of development business and other	5,520	7,799
Total net sales	281,174	287,655
Cost of sales		
Cost of sales of completed construction contracts	258,125	262,762
Cost of sales on development business and other	4,868	7,230
Total cost of sales	262,993	269,993
Gross profit		
Gross profit on completed construction contracts	17,528	17,093
Gross profit on development business and other	652	568
Total gross profit	18,181	17,662
Selling, general and administrative expenses	11,152	11,154
Operating income	7,029	6,507
Non-operating income		
Interest income	53	42
Dividend income	202	206
Foreign exchange gains	279	183
Other	351	410
Total non-operating income	886	842
Non-operating expenses		
Interest expenses	886	726
Other	277	184
Total non-operating expenses	1,164	911
Ordinary income	6,751	6,439
Extraordinary income		
Gain on bargain purchase	—	199
Subsidy income	16	189
Gain on forgiveness of debts	50	—
Other	138	139
Total extraordinary income	204	529
Extraordinary losses		
Loss on sales of non-current assets	37	134
Loss on retirement of non-current assets	128	89
Other	235	78
Total extraordinary losses	402	302
Income before income taxes and minority interests	6,553	6,665
Income taxes - current	1,576	863
Income taxes - deferred	1,590	1,578
Total income taxes	3,166	2,442
Income before minority interests	3,387	4,223
Minority interests in income	67	81
Net income	3,319	4,141

Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	3Q FY2013 (From Apr. 1, 2013 to Dec. 31, 2013)	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)
Income before minority interests	3,387	4,223
Other comprehensive income		
Valuation difference on available-for-sale securities	1,800	264
Deferred gains or losses on hedges	(1)	11
Foreign currency translation adjustment	6	(143)
Remeasurements of defined benefit plans, net of tax	—	877
Share of other comprehensive income of entities accounted for using equity method	0	1
Total other comprehensive income	1,805	1,010
Comprehensive income	5,192	5,234
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,121	5,356
Comprehensive income attributable to minority interests	70	(121)

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

1. Orders Received

(Millions of Yen)

	3Q FY2013 (From Apr. 1, 2013 to Dec. 31, 2013)	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)	Increase (Decrease)	Rate of change (%)
Public works	80,362	118,886	38,524	47.9
Private works	25,074	35,522	10,448	41.7
Domestic civil engineering	105,436	154,408	48,972	46.4
Public works	16,033	28,500	12,466	77.8
Private works	118,261	104,062	(14,199)	(12.0)
Domestic architectural construction	134,294	132,562	(1,732)	(1.3)
Civil engineering	87,890	201,744	113,853	129.5
Architectural construction	26,365	148,521	122,156	463.3
Overseas	114,256	350,266	236,010	206.6
Construction Total	353,987	637,237	283,249	80.0
Real estate and Others	2,119	1,725	(393)	(18.6)
Total	356,106	638,963	282,856	79.4

2. Net Sales

(Millions of Yen)

	3Q FY2013 (From Apr. 1, 2013 to Dec. 31, 2013)	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)	Increase (Decrease)	Rate of change (%)
Public works	68,854	68,649	(205)	(0.3)
Private works	22,960	25,294	2,334	10.2
Domestic civil engineering	91,814	93,943	2,128	2.3
Public works	16,546	14,599	(1,946)	(11.8)
Private works	80,833	73,784	(7,048)	(8.7)
Domestic architectural construction	97,379	88,383	(8,995)	(9.2)
Civil engineering	45,805	48,373	2,567	5.6
Architectural construction	27,253	34,986	7,732	28.4
Overseas	73,059	83,359	10,300	14.1
Construction Total	262,253	265,687	3,433	1.3
Real estate and Others	816	1,519	702	86.1
Total	263,069	267,206	4,136	1.6

3. Backlog

(Millions of Yen)

	3Q FY2013 (From Apr. 1, 2013 to Dec. 31, 2013)	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)	Increase (Decrease)	Rate of change (%)
Public works	79,658	137,272	57,614	72.3
Private works	19,123	26,088	6,964	36.4
Domestic civil engineering	98,781	163,360	64,579	65.4
Public works	25,968	39,858	13,890	53.5
Private works	108,740	122,916	14,175	13.0
Domestic architectural construction	134,708	162,774	28,066	20.8
Civil engineering	125,730	317,500	191,769	152.5
Architectural construction	57,001	165,271	108,269	189.9
Overseas	182,732	482,771	300,038	164.2
Construction Total	416,223	808,906	392,683	94.3
Real estate and Others	1,341	284	(1,056)	(78.8)
Total	417,564	809,191	391,626	93.8