January 28 ,2016

Listed company name : Penta Ocean Construction Co.,Ltd.
Code number : 1893
Stock exchange : Tokyo, Nagoya

Posting of Extraordinary Losses and Revision to the Earnings Forecasts Fiscal Year Ending March 31, 2016

The Penta Ocean Group will post the impairment losses of the shipbuilding business and business assets, etc. as extraordinary losses in the third quarter of the consolidated fiscal year ending March 2016. In consideration of the above extraordinary losses, recent performance, etc. we hereby announce the revision to the earnings forecasts for the fiscal year ending March 2016 (Apr. 1, 2015 to Mar. 31, 2016) which were originally provided on May 13, 2015, as shown below.

1. Posting of Extraordinary Losses

The earnings of Kegoya Dock Co., Ltd. (hereinafter referred to as “Kegoya Dock”), which is our consolidated subsidiary and conducts mainly the shipbuilding business, are declining under the tough business environment. Accordingly, impairment losses, etc. amounting to 2.6 billion yen are to be posted as extraordinary losses. The losses are composed of the impairment loss of 2.2 billion yen of business assets, including the land leased from our company to Kegoya Dock and the buildings owned by our company, and a loss of 400 million yen from the sale of the ship owned by KD Shipping Co., Ltd., which is a subsidiary of Kegoya Dock.

Kegoya Dock will strengthen its competitiveness by streamlining work processes, reducing cost, etc. and enhance sales activities in cooperation with other companies of the Penta Ocean Group, to revitalize its business administration and recover its business performance.

We are also trimming down our corporate structure by selling poorly occupied real estate. Since the business assets in Chiba prefecture, which is now used as a stockyard, is scheduled to be sold, we will include an impairment loss of 2.0 billion yen due to this in extraordinary losses.

2. Revision to the earnings forecasts for the fiscal year ending March 2016

(from Apr.2015 to Mar.2016)

〇Consolidated (Millions of yen, %)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecasts（A）	467,000	14,500	13,500	6,500	22.73 yen
Revised forecasts （B）	490,000	19,300	18,300	7,500	26.23 yen
Difference（B－A）	23,000	4,800	4,800	1,000	
Percentage change（%）	4.9%	33.1%	35.6%	15.4%	
Results for the fiscal year ended March 2015	426,237	12,293	11,393	6,183	21.63 yen

〇Non-consolidated (Millions of yen, %)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts（A）	435,000	13,500	12,500	6,000	20.99 yen
Revised forecasts （B）	455,000	17,000	17,000	6,500	22.73 yen
Difference（B－A）	20,000	3,500	4,500	500	
Percentage change（%）	4.6%	25.9%	36.0%	8.3%	
Results for the fiscal year ended March 2015	393,711	9,693	9,043	4,519	15.81 yen

3. Reasons for revision to the earnings forecasts

① Non-Consolidated earnings forecasts

Net sales are estimated to be 20.0 billion yen larger than the previous estimate due to the satisfactory progress of construction projects. Operating income is estimated to be 3.5 billion yen higher than the previous estimate due to the increase in net sales and recovery of the earnings of domestic building projects. Ordinary income is estimated to be 4.5 billion yen higher than the previous estimate, as the dividends from overseas subsidiary are expected. Since the above mentioned extraordinary losses are posted, net income is estimated to increase 500 million yen.

② Consolidated earnings forecasts

Net sales are estimated to be 23.0 billion yen larger than the previous estimate mainly due to the revision to the non-consolidated earnings forecast. Operating income, ordinary income, and net income attributable to owners of parent are estimated to increase by 4.8 billion yen, 4.8 billion yen, and 1.0 billion yen, respectively.