

Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 2016

November 11, 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: **President, Chief Executive Officer and Representative Director**
Contact

Name: **Takuzo Shimizu**

Title: **Executive General Manager, Head of Accounting Division and Deputy Head of Corporate Administration Divisions Group**

Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Schedule of financial statement reporting date: November 12, 2015

1. Business results for the fiscal year ending March 2016 (Apr. 1, 2015- Sep. 30, 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)	(%)
2Q FY2015	228,838	25.0	8,445	163.6	7,754	125.3	4,482	123.2
2Q FY2014	183,094	(1.2)	3,204	(25.8)	3,441	0.6	2,008	22.8

Note: Comprehensive income (Millions of Yen) Sep. 30, 2015 term: 4,066 (76.2%) Sep. 30, 2014 term: 2,307 (28.3%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
2Q FY2015	15.68	-
2Q FY2014	7.02	-

(2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Sep. 30, 2015	354,993	80,028	22.5
Mar. 31, 2015	366,169	77,068	21.0

Reference: Shareholders' Equity (Millions of Yen) Sep. 30, 2015: 79,960 Mar. 31, 2015: 77,033

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
FY2014	-	-	-	4.00	4.00
FY2015	-	-	-	-	-
FY2015 (Forecast)	-	-	-	5.00	5.00

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

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

	Net Sales (Millions of Yen, %)		Operating income (Millions of Yen, %)		Ordinary income (Millions of Yen, %)		Net income (Millions of Yen, %)		Earnings per share (Yen)
Entire term	467,000	9.6	14,500	17.9	13,500	18.5	6,500	5.1	22.73

Note: Change made in figures of the forecasts as of the end of the current quarter from 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) :

2) Number of shares of treasury stock as of end of period :

3) Average number of shares outstanding during the period (or the cumulative consolidated accounting period as the end of the current quarter) :

Sep. 2015 term:	286,013,910	Mar. 2015 term:	286,013,910
Sep. 2015 term:	109,637	Mar. 2015 term:	109,146
Sep. 2015 term:	285,904,508	Sep. 2014 term:	285,905,439

※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, 2016 are the same as ones provided in May 13, 2015.

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)

	Mar. 31, 2015	Sep. 30, 2015
Assets		
Current assets		
Cash and deposits	38,469	56,395
Notes receivable, accounts receivable from completed construction contracts and other	170,228	142,338
Securities	42	200
Costs on uncompleted construction contracts and other	12,468	13,833
Real estate for sale and development projects in progress	10,455	6,876
Accounts receivable - other	26,693	28,959
Other	9,179	7,477
Allowance for doubtful accounts	(1,019)	(887)
Total current assets	266,517	255,193
Non-current assets		
Property, plant and equipment		
Land	37,326	37,302
Other, net	39,338	39,084
Total property, plant and equipment	76,665	76,387
Intangible assets	1,142	1,188
Investments and other assets		
Investment securities	16,662	15,939
Net defined benefit asset	1,261	2,468
Other	5,075	4,664
Allowance for doubtful accounts	(1,231)	(916)
Total investments and other assets	21,767	22,155
Total non-current assets	99,575	99,732
Deferred assets	76	67
Total assets	366,169	354,993

Consolidated Quarterly Balance Sheets

(Millions of Yen)

	Mar. 31, 2015	Sep. 30, 2015
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	127,083	120,691
Electronically recorded obligations - operating	9,807	10,749
Short-term loans payable	38,286	41,768
Commercial papers	19,996	—
Income taxes payable	2,533	2,476
Advances received on uncompleted construction contracts	21,524	22,331
Provision	5,268	4,589
Other	21,154	26,564
Total current liabilities	245,653	229,170
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	16,614	18,989
Deferred tax liabilities for land revaluation	5,382	5,369
Provision	139	156
Net defined benefit liability	117	162
Other	1,193	1,117
Total non-current liabilities	43,447	45,794
Total liabilities	289,101	274,965
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	16,646	19,985
Treasury shares	(25)	(25)
Total shareholders' equity	65,457	68,796
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,607	3,185
Deferred gains or losses on hedges	(17)	(17)
Revaluation reserve for land	6,676	6,690
Foreign currency translation adjustment	18	(24)
Remeasurements of defined benefit plans	1,289	1,328
Total accumulated other comprehensive income	11,575	11,163
Non-controlling interests	35	68
Total net assets	77,068	80,028
Total liabilities and net assets	366,169	354,993

Consolidated Quarterly Statements of Income

(Millions of Yen)

	2Q FY2014 (From Apr. 1, 2014 to Sep. 30, 2014)	2Q FY2015 (From Apr. 1, 2015 to Sep. 30, 2015)
Net sales		
Net sales of completed construction contracts	178,282	220,274
Net sales of development business and other	4,811	8,563
Total net sales	183,094	228,838
Cost of sales		
Cost of sales of completed construction contracts	167,875	205,066
Cost of sales on development business and other	4,580	8,051
Total cost of sales	172,456	213,118
Gross profit		
Gross profit on completed construction contracts	10,407	15,208
Gross profit on development business and other	231	512
Total gross profit	10,638	15,720
Selling, general and administrative expenses	7,434	7,274
Operating income	3,204	8,445
Non-operating income		
Interest income	31	43
Dividend income	112	123
Foreign exchange gains	394	—
Reversal of allowance for doubtful accounts	84	199
Other	262	282
Total non-operating income	885	648
Non-operating expenses		
Interest expenses	485	497
Foreign exchange losses	—	776
Other	161	65
Total non-operating expenses	647	1,339
Ordinary income	3,441	7,754
Extraordinary income		
Gain on sales of non-current assets	41	34
Gain on sales of investment securities	51	11
Other	19	1
Total extraordinary income	112	47
Extraordinary losses		
Loss on sales of non-current assets	52	6
Loss on retirement of non-current assets	88	18
Impairment loss	48	—
Other	7	2
Total extraordinary losses	196	27
Income before income taxes and minority interests	3,358	7,775
Income taxes - current	403	2,222
Income taxes - deferred	865	1,070
Total income taxes	1,268	3,293
Profit	2,089	4,482
Profit (loss) attributable to non-controlling interests	81	(0)
Profit attributable to owners of parent	2,008	4,482

Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	2Q FY2014 (From Apr. 1, 2014 to Sep. 30, 2014)	2Q FY2015 (From Apr. 1, 2015 to Sep. 30, 2015)
Profit	2,089	4,482
Other comprehensive income		
Valuation difference on available-for-sale securities	(283)	(421)
Deferred gains or losses on hedges	22	0
Revaluation reserve for land	—	13
Foreign currency translation adjustment	(106)	(47)
Remeasurements of defined benefit plans, net of tax	584	39
Share of other comprehensive income of entities accounted for using equity method	1	—
Total other comprehensive income	217	(416)
Comprehensive income	2,307	4,066
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,229	4,070
Comprehensive income attributable to non-controlling interests	77	(4)

Consolidated Quarterly Statements of Cash Flows

(Millions of Yen)

	2Q FY2014 (From Apr. 1, 2014 to Sep. 30, 2014)	2Q FY2015 (From Apr. 1, 2015 to Sep. 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	3,358	7,775
Depreciation	2,320	2,747
Impairment loss	48	—
Increase (decrease) in allowance for doubtful accounts	(3,005)	(447)
Increase (decrease) in provision for bonuses	126	142
Increase (decrease) in provision for loss on construction contracts	(948)	(599)
Increase (decrease) in net defined benefit liability	(1,232)	44
Increase (decrease) in net defined benefit asset	—	(1,206)
Interest and dividend income	(144)	(166)
Interest expenses	485	497
Foreign exchange losses (gains)	(1,205)	859
Share of (profit) loss of entities accounted for using equity method	(2)	(3)
Loss (gain) on sales of property, plant and equipment	11	(27)
Loss (gain) on sales of short-term and long-term investment securities	(51)	(11)
Loss (gain) on valuation of investment securities	3	1
Decrease (increase) in notes and accounts receivable - trade	7,516	27,572
Decrease (increase) in costs on uncompleted construction contracts	(4,658)	(1,295)
Decrease (increase) in inventories	100	3,482
Increase (decrease) in notes and accounts payable - trade	385	(4,873)
Increase (decrease) in advances received on uncompleted construction contracts	5,350	810
Decrease (increase) in accounts receivable - other	(7,690)	(2,387)
Other, net	6,039	6,605
Subtotal	6,807	39,520
Interest and dividend income received	136	183
Interest expenses paid	(531)	(543)
Income taxes paid	(1,356)	(2,340)
Net cash provided by (used in) operating activities	5,055	36,819
Cash flows from investing activities		
Payments into time deposits	(37)	(7,131)
Proceeds from withdrawal of time deposits	310	2,863
Purchase of short-term and long-term investment securities	(238)	(16)
Proceeds from sales and redemption of short-term and long-term investment securities	147	128
Purchase of property, plant and equipment	(6,319)	(3,013)
Proceeds from sales of property, plant and equipment	360	63
Payments of loans receivable	(11)	—
Collection of loans receivable	70	43
Other, net	(135)	(164)
Net cash provided by (used in) investing activities	(5,852)	(7,226)

Consolidated Quarterly Statements of Cash Flows

(Millions of Yen)

	2Q FY2014	2Q FY2015
	(From Apr. 1, 2014 to Sep. 30, 2014)	(From Apr. 1, 2015 to Sep. 30, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,331)	6,236
Net increase (decrease) in commercial papers	—	(19,996)
Proceeds from long-term loans payable	9,660	7,130
Repayments of long-term loans payable	(7,837)	(6,824)
Proceeds from issuance of bonds	9,942	—
Cash dividends paid	(565)	(1,128)
Other, net	(84)	(29)
Net cash provided by (used in) financing activities	4,784	(14,611)
Effect of exchange rate change on cash and cash equivalents	389	(1,123)
Net increase (decrease) in cash and cash equivalents	4,376	13,857
Cash and cash equivalents at beginning of period	31,941	37,866
Cash and cash equivalents at end of period	36,317	51,723

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

1. Orders Received

(Millions of Yen)

	2Q FY2014 (From Apr. 1, 2014 to Sep. 30, 2014)	2Q FY2015 (From Apr. 1, 2015 to Sep. 30, 2015)	Increase (Decrease)	Rate of change (%)
Public works	90,112	57,866	(32,245)	(35.8)
Private works	28,815	21,181	(7,633)	(26.5)
Domestic civil engineering	118,928	79,048	(39,879)	(33.5)
Public works	8,521	2,464	(6,056)	(71.1)
Private works	58,789	58,955	165	0.3
Domestic building construction	67,310	61,419	(5,891)	(8.8)
Civil engineering	56,617	11,586	(45,030)	(79.5)
Building construction	132,962	13,832	(119,130)	(89.6)
Overseas	189,579	25,419	(164,160)	(86.6)
Construction Total	375,818	165,887	(209,931)	(55.9)
Real estate and Others	847	617	(230)	(27.2)
Total	376,666	166,504	(210,162)	(55.8)

2. Net Sales

(Millions of Yen)

	2Q FY2014 (From Apr. 1, 2014 to Sep. 30, 2014)	2Q FY2015 (From Apr. 1, 2015 to Sep. 30, 2015)	Increase (Decrease)	Rate of change (%)
Public works	39,319	44,294	4,974	12.7
Private works	16,906	17,911	1,005	5.9
Domestic civil engineering	56,226	62,205	5,979	10.6
Public works	9,342	13,835	4,492	48.1
Private works	48,530	62,172	13,641	28.1
Domestic building construction	57,873	76,007	18,134	31.3
Civil engineering	34,823	42,284	7,461	21.4
Building construction	21,026	28,551	7,524	35.8
Overseas	55,850	70,835	14,985	26.8
Construction Total	169,950	209,049	39,099	23.0
Real estate and Others	897	4,129	3,232	360.2
Total	170,847	213,179	42,331	24.8

3. Backlog

(Millions of Yen)

	2Q FY2014 (From Apr. 1, 2014 to Sep. 30, 2014)	2Q FY2015 (From Apr. 1, 2015 to Sep. 30, 2015)	Increase (Decrease)	Rate of change (%)
Public works	137,828	148,414	10,586	7.7
Private works	27,769	24,683	(3,085)	(11.1)
Domestic civil engineering	165,597	173,098	7,500	4.5
Public works	25,136	42,717	17,580	69.9
Private works	102,896	106,406	3,509	3.4
Domestic building construction	128,033	149,123	21,090	16.5
Civil engineering	173,876	259,389	85,512	49.2
Building construction	160,189	126,027	(34,161)	(21.3)
Overseas	334,066	385,416	51,350	15.4
Construction Total	627,697	707,638	79,941	12.7
Real estate and Others	28	380	352	-
Total	627,725	708,019	80,293	12.8