

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

February 12, 2016

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**

Name: **Takuzo Shimizu**

Contact

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: February 12, 2016

1. Business results for the fiscal year ending March 2016 (Apr. 1, 2015- Dec. 31, 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		Profit attributable to owners of parent	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
3Q FY2015	362,046	25.9	16,481	153.3	15,418	139.4	6,499	56.9
3Q FY2014	287,655	2.3	6,507	(7.4)	6,439	(4.6)	4,141	24.8

Note: Comprehensive income (Millions of Yen) Dec. 31, 2015 term: 5,978 (14.2%) Dec. 31, 2014 term: 5,234 (0.8%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
3Q FY2015	22.73	-
3Q FY2014	14.49	-

(2) Consolidated financial position

	Total assets (Millions of Yen)	Total net assets (Millions of Yen)	Total net assets/ total assets (%)
Dec. 31, 2015	387,023	81,940	21.2
Mar. 31, 2015	366,169	77,068	21.0

Reference: Shareholders' Equity (Millions of Yen) Dec. 31, 2015: 81,870 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		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share (Yen)
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	
Entire term	490,000	15.0	19,300	57.0	18,300	60.6	7,500	21.3	26.23

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) :

Dec. 2015 term:	286,013,910	Mar. 2015 term:	286,013,910
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2) Number of shares of treasury stock as of end of period :

Dec. 2015 term:	109,858	Mar. 2015 term:	109,146
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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. 2015 term:	285,904,394	Dec. 2014 term:	285,905,328
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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:

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, 2015	December 31, 2015
Assets		
Current assets		
Cash and deposits	38,469	76,024
Notes receivable, accounts receivable from completed construction contracts and other	170,228	158,612
Securities	42	31
Costs on uncompleted construction contracts and other	12,468	14,967
Real estate for sale and development projects in progress	10,455	6,945
Accounts receivable - other	26,693	28,514
Other	9,179	8,323
Allowance for doubtful accounts	(1,019)	(912)
Total current assets	266,517	292,507
Non-current assets		
Property, plant and equipment		
Land	37,326	33,346
Other, net	39,338	38,167
Total property, plant and equipment	76,665	71,513
Intangible assets	1,142	1,217
Investments and other assets		
Investment securities	16,662	15,703
Net defined benefit asset	1,261	3,069
Other	5,075	3,857
Allowance for doubtful accounts	(1,231)	(908)
Total investments and other assets	21,767	21,721
Total non-current assets	99,575	94,452
Deferred assets	76	63
Total assets	366,169	387,023

Consolidated Quarterly Balance Sheets

(Millions of Yen)

	March 31, 2015	December 31, 2015
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	127,083	140,527
Electronically recorded obligations - operating	9,807	13,448
Short-term loans payable	38,286	42,014
Commercial papers	19,996	—
Income taxes payable	2,533	3,115
Advances received on uncompleted construction contracts	21,524	23,543
Provision	5,268	3,032
Other	21,154	31,106
Total current liabilities	245,653	256,787
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	16,614	22,662
Deferred tax liabilities for land revaluation	5,382	4,250
Provision	139	165
Net defined benefit liability	117	164
Other	1,193	1,051
Total non-current liabilities	43,447	48,295
Total liabilities	289,101	305,083
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	16,646	24,350
Treasury shares	(25)	(25)
Total shareholders' equity	65,457	73,161
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,607	3,158
Deferred gains or losses on hedges	(17)	(56)
Revaluation reserve for land	6,676	4,341
Foreign currency translation adjustment	18	(83)
Remeasurements of defined benefit plans	1,289	1,347
Total accumulated other comprehensive income	11,575	8,708
Non-controlling interests	35	69
Total net assets	77,068	81,940
Total liabilities and net assets	366,169	387,023

Consolidated Quarterly Statements of Income

(Millions of Yen)

	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)	3Q FY2015 (From Apr. 1, 2015 to Dec. 31, 2015)
Net sales		
Net sales of completed construction contracts	279,856	351,222
Net sales of development business and other	7,799	10,823
Total net sales	287,655	362,046
Cost of sales		
Cost of sales of completed construction contracts	262,762	324,543
Cost of sales on development business and other	7,230	10,013
Total cost of sales	269,993	334,556
Gross profit		
Gross profit on completed construction contracts	17,093	26,679
Gross profit on development business and other	568	810
Total gross profit	17,662	27,489
Selling, general and administrative expenses	11,154	11,007
Operating income	6,507	16,481
Non-operating income		
Interest income	42	59
Dividend income	206	221
Foreign exchange gains	183	—
Reversal of allowance for doubtful accounts	37	169
Other	373	370
Total non-operating income	842	819
Non-operating expenses		
Interest expenses	726	772
Foreign exchange losses	—	950
Other	184	160
Total non-operating expenses	911	1,883
Ordinary income	6,439	15,418
Extraordinary income		
Gain on sales of non-current assets	68	40
Gain on sales of investment securities	51	158
Gain on bargain purchase	199	—
Subsidy income	189	—
Other	19	1
Total extraordinary income	529	199
Extraordinary losses		
Impairment loss	48	4,222
Other	254	488
Total extraordinary losses	302	4,711
Income before income taxes and minority interests	6,665	10,907
Income taxes - current	863	4,111
Income taxes - deferred	1,578	295
Total income taxes	2,442	4,407
Profit	4,223	6,499
Profit attributable to non-controlling interests	81	0
Profit attributable to owners of parent	4,141	6,499

Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)	3Q FY2015 (From Apr. 1, 2015 to Dec. 31, 2015)
Profit	4,223	6,499
Other comprehensive income		
Valuation difference on available-for-sale securities	264	(448)
Deferred gains or losses on hedges	11	(38)
Revaluation reserve for land	—	13
Foreign currency translation adjustment	(143)	(106)
Remeasurements of defined benefit plans, net of tax	877	58
Share of other comprehensive income of entities accounted for using equity method	1	—
Total other comprehensive income	1,010	(521)
Comprehensive income	5,234	5,978
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,356	5,981
Comprehensive income attributable to non-controlling interests	(121)	(3)

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

1. Orders Received

(Millions of Yen)

	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)	3Q FY2015 (From Apr. 1, 2015 to Dec. 31, 2015)	Increase (Decrease)	Rate of change (%)
Public works	118,886	75,711	(43,174)	(36.3)
Private works	35,522	30,836	(4,685)	(13.2)
Domestic civil engineering	154,408	106,548	(47,860)	(31.0)
Public works	28,500	5,532	(22,967)	(80.6)
Private works	104,062	77,500	(26,561)	(25.5)
Domestic building construction	132,562	83,033	(49,528)	(37.4)
Civil engineering	201,744	27,638	(174,106)	(86.3)
Building construction	148,521	30,114	(118,407)	(79.7)
Overseas	350,266	57,752	(292,513)	(83.5)
Construction Total	637,237	247,334	(389,902)	(61.2)
Real estate and Others	1,725	1,011	(714)	(41.4)
Total	638,963	248,346	(390,617)	(61.1)

2. Net Sales

(Millions of Yen)

	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)	3Q FY2015 (From Apr. 1, 2015 to Dec. 31, 2015)	Increase (Decrease)	Rate of change (%)
Public works	68,649	73,326	4,677	6.8
Private works	25,294	26,435	1,140	4.5
Domestic civil engineering	93,943	99,761	5,818	6.2
Public works	14,599	23,384	8,785	60.2
Private works	73,784	94,755	20,970	28.4
Domestic building construction	88,383	118,139	29,756	33.7
Civil engineering	48,373	68,479	20,106	41.6
Building construction	34,986	46,635	11,649	33.3
Overseas	83,359	115,115	31,755	38.1
Construction Total	265,687	333,017	67,329	25.3
Real estate and Others	1,519	4,272	2,752	181.2
Total	267,206	337,289	70,082	26.2

3. Backlog

(Millions of Yen)

	3Q FY2014 (From Apr. 1, 2014 to Dec. 31, 2014)	3Q FY2015 (From Apr. 1, 2015 to Dec. 31, 2015)	Increase (Decrease)	Rate of change (%)
Public works	137,272	137,226	(45)	(0.0)
Private works	26,088	25,815	(272)	(1.0)
Domestic civil engineering	163,360	163,042	(318)	(0.2)
Public works	39,858	36,236	(3,622)	(9.1)
Private works	122,916	92,369	(30,546)	(24.9)
Domestic building construction	162,774	128,605	(34,169)	(21.0)
Civil engineering	317,500	252,070	(65,429)	(20.6)
Building construction	165,271	125,619	(39,651)	(24.0)
Overseas	482,771	377,690	(105,081)	(21.8)
Construction Total	808,906	669,337	(139,569)	(17.3)
Real estate and Others	284	632	347	122.0
Total	809,191	669,970	(139,221)	(17.2)