

# Summary of Consolidated Financial Results of Fiscal Year Ended March 2016

May 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/english/index.html>

Representative

Title: **President, Chief Executive Officer and Representative Director**

Name: **Takuzo Shimizu**

Contact

Title: **Executive Officer, General Manager, Head of Accounting Division**

Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Schedule of financial statement reporting date: June 24, 2016

## 1. Business results for the fiscal year ended March 2016 (April 1, 2015 - March 31, 2016)

(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)	(%)
Mar. 2016 term	491,564	15.3	20,617	67.7	19,408	70.4	7,805	26.2
Mar. 2015 term	426,237	11.8	12,293	24.2	11,393	24.4	6,183	64.3

Note: Comprehensive income (Millions of Yen) Mar. 31 2016 term: 4,694 (59.1%) Mar. 31 2015 term: 11,475 (110.0%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/total assets	Operating income/net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Mar. 2016 term	27.30	-	9.9	5.2	4.2
Mar. 2015 term	21.63	-	8.6	3.4	2.9

Reference: Equity in earning of affiliates (Millions of Yen) Mar. 31 2016 term: 6 Mar. 31 2015 term: 5

(2) Consolidated financial position

	Total assets	Total net assets	Total net assets/ total assets	Total net assets per share
	(Millions of Yen)	(Millions of Yen)	(%)	(Yen)
Mar. 31, 2016	378,766	80,656	21.3	281.87
Mar. 31, 2015	366,169	77,068	21.0	269.44

Reference: Shareholders' Equity (Millions of Yen) Mar 31 2016: 80,587 Mar. 31 2015: 77,033

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at term-end
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Mar. 2016 term	55,202	(4,695)	(20,713)	65,434
Mar. 2015 term	(4,637)	(9,053)	19,112	37,866

## 2. Dividends

	Dividends per share (Yen)					Total dividends (year)	Payout ratio (Consolidated)	Dividends/Shareholders' equity
	As of 1Q-end	As of 2Q-end	As of 3Q-end	As of Fiscal Year-end	Full year			
FY2014	-	-	-	4.00	4.00	1,143	18.5	1.6
FY2015	-	-	-	6.00	6.00	1,715	22.0	2.2
FY2016 (Forecast)	-	-	-	9.00	9.00		22.4	

## 3. Earnings forecasts for fiscal year ending March 2017 (April 1, 2016 - March 31, 2017)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	
2Q term	256,000	11.9	9,800	16.0	9,300	19.9	5,600	24.9	19.59
Entire term	533,000	8.4	21,500	4.3	20,500	5.6	11,500	47.3	40.22

## 4. Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change the scope of consolidation): None

(2) 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

(3) Total number of outstanding shares (common stock)

1) Number of outstanding shares as of the end of the period (including treasury stock) :

Mar. 2016 term :	286,013,910	Mar. 2015 term :	286,013,910
Mar. 2016 term :	109,952	Mar. 2015 term :	109,146
Mar. 2016 term :	285,904,293	Mar. 2015 term :	285,905,210

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

3) Average number of shares outstanding during the period :

Statement: Status of the review procedure

This document is out of the scope of the review procedures based on the Financial Instruments and Exchange Act.

As of the date of disclosure of this document, the review procedures for the financial statements under this Act have not been completed.

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	March 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	38,469	66,398
Notes receivable, accounts receivable from completed construction contracts and other	170,228	172,409
Securities	42	31
Costs on uncompleted construction contracts and other	12,468	14,671
Real estate for sale and development projects in progress	10,455	6,307
Accounts receivable - other	26,693	21,310
Deferred tax assets	2,722	2,708
Other	6,457	4,023
Allowance for doubtful accounts	(1,019)	(903)
Total current assets	266,517	286,957
Non-current assets		
Property, plant and equipment		
Buildings and structures	35,309	36,222
Machinery, vehicles, tools, furniture and fixtures	85,524	86,476
Land	37,326	32,729
Construction in progress	862	530
Other	375	381
Accumulated depreciation	(82,732)	(85,914)
Total property, plant and equipment	76,665	70,425
Intangible assets	1,142	1,456
Investments and other assets		
Investment securities	16,662	14,590
Deferred tax assets	522	1,400
Net defined benefit asset	1,261	1,091
Other	4,553	3,746
Allowance for doubtful accounts	(1,231)	(961)
Total investments and other assets	21,767	19,868
Total non-current assets	99,575	91,750
Deferred assets	76	58
Total assets	366,169	378,766

## Consolidated Quarterly Balance Sheets

(Millions of Yen)

	March 31, 2015	March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	127,083	129,562
Electronically recorded obligations - operating	9,807	15,823
Short-term loans payable	38,286	33,785
Commercial papers	19,996	—
Income taxes payable	2,533	6,091
Advances received on uncompleted construction contracts	21,524	26,557
Deposits received	15,472	26,008
Provision for warranties for completed construction	705	1,472
Provision for bonuses	1,541	1,877
Provision for loss on construction contracts	3,021	2,414
Other	5,682	7,897
Total current liabilities	245,653	251,491
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	16,614	20,413
Deferred tax liabilities for land revaluation	5,382	3,869
Provision for directors' retirement benefits	139	174
Net defined benefit liability	117	1,084
Other	1,193	1,076
Total non-current liabilities	43,447	46,618
Total liabilities	289,101	298,109
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	16,646	25,902
Treasury shares	(25)	(25)
Total shareholders' equity	65,457	74,713
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,607	2,299
Deferred gains or losses on hedges	(17)	20
Revaluation reserve for land	6,676	4,303
Foreign currency translation adjustment	18	(81)
Remeasurements of defined benefit plans	1,289	(668)
Total accumulated other comprehensive income	11,575	5,874
Non-controlling interests	35	68
Total net assets	77,068	80,656
Total liabilities and net assets	366,169	378,766

## Consolidated Quarterly Statements of Income

(Millions of Yen)

	FY2014	FY2015
	(From Apr. 1, 2014 to Mar. 31, 2015)	(From Apr. 1, 2015 to Mar. 31, 2016)
<b>Net sales</b>		
Net sales of completed construction contracts	414,892	477,164
Net sales of development business and other	11,345	14,399
<b>Total net sales</b>	<b>426,237</b>	<b>491,564</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	388,148	441,859
Cost of sales on development business and other	10,616	13,694
<b>Total cost of sales</b>	<b>398,764</b>	<b>455,553</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	26,743	35,304
Gross profit on development business and other	729	705
<b>Total gross profit</b>	<b>27,473</b>	<b>36,010</b>
Selling, general and administrative expenses	15,179	15,392
<b>Operating income</b>	<b>12,293</b>	<b>20,617</b>
<b>Non-operating income</b>		
Interest income	55	88
Dividend income	253	240
Reversal of allowance for doubtful accounts	47	207
Real estate rent	96	143
Other	464	360
<b>Total non-operating income</b>	<b>916</b>	<b>1,040</b>
<b>Non-operating expenses</b>		
Interest expenses	1,019	1,065
Foreign exchange losses	537	843
Other	260	340
<b>Total non-operating expenses</b>	<b>1,817</b>	<b>2,249</b>
<b>Ordinary income</b>	<b>11,393</b>	<b>19,408</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	81	57
Gain on sales of investment securities	51	208
Gain on bargain purchase	199	—
Subsidy income	189	—
Other	27	1
<b>Total extraordinary income</b>	<b>550</b>	<b>267</b>
<b>Extraordinary losses</b>		
Impairment loss	1,439	4,908
Other	327	525
<b>Total extraordinary losses</b>	<b>1,766</b>	<b>5,433</b>
<b>Profit before income taxes</b>	<b>10,176</b>	<b>14,242</b>
Income taxes - current	2,923	7,017
Income taxes - deferred	985	(580)
<b>Total income taxes</b>	<b>3,909</b>	<b>6,437</b>
<b>Profit</b>	<b>6,267</b>	<b>7,804</b>
Profit (loss) attributable to non-controlling interests	83	(0)
<b>Profit attributable to owners of parent</b>	<b>6,183</b>	<b>7,805</b>

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	FY2014	FY2015
	(From Apr. 1, 2014 to Mar. 31, 2015)	(From Apr. 1, 2015 to Mar. 31, 2016)
Profit	6,267	7,804
Other comprehensive income		
Valuation difference on available-for-sale securities	857	(1,307)
Deferred gains or losses on hedges	(7)	38
Revaluation reserve for land	549	220
Foreign currency translation adjustment	10	(103)
Remeasurements of defined benefit plans, net of tax	3,797	(1,957)
Share of other comprehensive income of entities accounted for using equity method	1	—
Total other comprehensive income	5,207	(3,110)
Comprehensive income	11,475	4,694
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,594	4,698
Comprehensive income attributable to non-controlling interests	(119)	(4)

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

	FY2014	FY2015
	(From Apr. 1, 2014 to Mar. 31, 2015)	(From Apr. 1, 2015 to Mar. 31, 2016)
Profit	6,267	7,804
Other comprehensive income		
Valuation difference on available-for-sale securities	857	(1,307)
Deferred gains or losses on hedges	(7)	38
Revaluation reserve for land	549	220
Foreign currency translation adjustment	10	(103)
Remeasurements of defined benefit plans, net of tax	3,797	(1,957)
Share of other comprehensive income of entities accounted for using equity method	1	—
Total other comprehensive income	5,207	(3,110)
Comprehensive income	11,475	4,694
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,594	4,698
Comprehensive income attributable to non-controlling interests	(119)	(4)

## Consolidated statements of cash flows

(Millions of Yen)

	FY2014	FY2015
	(From Apr. 1, 2014 to Mar. 31, 2015)	(From Apr. 1, 2015 to Mar. 31, 2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,176	14,242
Depreciation	5,288	5,549
Impairment loss	1,439	4,908
Increase (decrease) in allowance for doubtful accounts	(2,695)	(387)
Increase (decrease) in provision for bonuses	188	335
Increase (decrease) in provision for loss on construction contracts	314	(606)
Increase (decrease) in net defined benefit liability	(3,294)	30
Increase (decrease) in net defined benefit asset	983	(1,875)
Interest and dividend income	(308)	(328)
Interest expenses	1,019	1,065
Foreign exchange losses (gains)	(1,491)	1,676
Share of (profit) loss of entities accounted for using equity method	(5)	(6)
Loss (gain) on sales of property, plant and equipment	95	391
Loss (gain) on sales of short-term and long-term investment securities	(51)	(208)
Loss (gain) on valuation of investment securities	3	1
Decrease (increase) in notes and accounts receivable - trade	(38,429)	(2,567)
Decrease (increase) in costs on uncompleted construction contracts	(582)	(2,458)
Decrease (increase) in inventories	576	4,353
Increase (decrease) in notes and accounts payable - trade	28,967	8,832
Increase (decrease) in advances received on uncompleted construction contracts	5,294	5,057
Decrease (increase) in accounts receivable - other	(15,211)	5,407
Increase (decrease) in accrued consumption taxes	(2,227)	7,590
Other, net	8,573	8,585
<b>Subtotal</b>	<b>(1,378)</b>	<b>59,590</b>
Interest and dividend income received	290	353
Interest expenses paid	(1,095)	(1,108)
Income taxes paid	(2,453)	(3,633)
<b>Net cash provided by (used in) operating activities</b>	<b>(4,637)</b>	<b>55,202</b>

(Millions of Yen)

	FY2014	FY2015
	(From Apr. 1, 2014 to Mar. 31, 2015)	(From Apr. 1, 2015 to Mar. 31, 2016)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(319)	(11,991)
Proceeds from withdrawal of time deposits	377	11,630
Purchase of short-term and long-term investment securities	(292)	(348)
Proceeds from sales and redemption of short-term and long-term investment securities	147	624
Purchase of property, plant and equipment	(9,460)	(6,226)
Proceeds from sales of property, plant and equipment	450	1,253
Payments of loans receivable	(18)	—
Collection of loans receivable	202	924
Other, net	(140)	(561)
Net cash provided by (used in) investing activities	(9,053)	(4,695)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	3,158	(2,267)
Net increase (decrease) in commercial papers	19,996	(19,996)
Proceeds from long-term loans payable	10,120	14,050
Repayments of long-term loans payable	(13,386)	(11,210)
Proceeds from issuance of bonds	9,942	—
Redemption of bonds	(10,000)	—
Cash dividends paid	(570)	(1,137)
Other, net	(147)	(150)
Net cash provided by (used in) financing activities	19,112	(20,713)
Effect of exchange rate change on cash and cash equivalents	503	(2,225)
Net increase (decrease) in cash and cash equivalents	5,924	27,568
Cash and cash equivalents at beginning of period	31,941	37,866
Cash and cash equivalents at end of period	37,866	65,434



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

## 1. Orders Received

(Millions of Yen)

	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)	FY2015 (From Apr. 1, 2015 to Mar. 31, 2016)	Increase (Decrease)	Rate of change (%)
Public works	147,754	114,888	(32,865)	(22.2)
Private works	41,367	38,344	(3,022)	(7.3)
Domestic civil engineering	189,121	153,233	(35,888)	(19.0)
Public works	48,718	17,921	(30,796)	(63.2)
Private works	122,721	127,162	4,440	3.6
Domestic building construction	171,439	145,084	(26,355)	(15.4)
Civil engineering	215,882	42,598	(173,283)	(80.3)
Building construction	140,013	99,155	(40,857)	(29.2)
Overseas	355,895	141,754	(214,141)	(60.2)
Construction Total	716,456	440,071	(276,385)	(38.6)
Real estate and Others	5,884	3,109	(2,774)	(47.1)
Total	722,340	443,181	(279,159)	(38.6)

## 2. Net Sales

(Millions of yen)

	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)	FY2015 (From Apr. 1, 2015 to Mar. 31, 2016)	Increase (Decrease)	Rate of change (%)
Public works	99,948	102,565	2,617	2.6
Private works	35,813	35,034	(779)	(2.2)
Domestic civil engineering	135,762	137,600	1,837	1.4
Public works	19,670	30,489	10,819	55.0
Private works	106,652	128,850	22,197	20.8
Domestic building construction	126,323	159,340	33,016	26.1
Civil engineering	80,247	98,376	18,129	22.6
Building construction	49,309	57,584	8,275	16.8
Overseas	129,556	155,960	26,404	20.4
Construction Total	391,642	452,900	61,258	15.6
Real estate and Others	2,069	4,961	2,892	139.8
Total	393,711	457,862	64,151	16.3

## 3. Backlog

(Millions of yen)

	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)	FY2015 (From Apr. 1, 2015 to Mar. 31, 2016)	Increase (Decrease)	Rate of change (%)
Public works	134,841	147,164	12,322	9.1
Private works	21,413	24,723	3,309	15.5
Domestic civil engineering	156,255	171,888	15,632	10.0
Public works	54,088	41,520	(12,567)	(23.2)
Private works	109,623	107,935	(1,687)	(1.5)
Domestic building construction	163,711	149,456	(14,255)	(8.7)
Civil engineering	296,574	220,063	(76,510)	(25.8)
Building construction	141,934	175,892	33,958	23.9
Overseas	438,509	395,956	(42,552)	(9.7)
Construction Total	758,476	717,301	(41,175)	(5.4)
Real estate and Others	3,893	2,041	(1,851)	(47.6)
Total	762,369	719,343	(43,026)	(5.6)