

## Message from the President

*“As one of the world’s top players in coastal and waterfront engineering, we are now aiming to become a general contractor that possesses a spirit for progress and originality. Our mission is to affirmatively respond to the customers’ trust with reliable safety and product quality, thereby contributing to society through advanced technology.”*



*T. Shimizu*

**Takuzo Shimizu**  
President, Chief Executive Officer and Representative Director

This year, Penta–Ocean Construction Co., Ltd. is celebrating its 120th anniversary since its founding. We have historic involvement in numerous and notable major projects overseas, including the development and expansion of the Suez Canal, after our first overseas business venture in 1957 providing advisory service to the construction of the quay wall of the Goa Port in India. This year also commemorates the 51st anniversary of the establishment of our Singapore Branch Office. As one of the world’s top players in coastal and waterfront engineering, we are now aiming to become a general contractor that possesses a spirit for progress.

Fortunately, the business environment surrounding the construction industry looks favorable both in Japan and overseas. In addition to the effect of Abenomics financial policy and growth strategy, the 2020 Tokyo Olympic and Paralympic Games will be held mainly in coastal and waterfront areas, which is our area of expertise. We can therefore continue to expect steady construction investment in Japan. For the overseas market, we can also anticipate continued healthy investment infrastructures in Southeast Asia, especially in Singapore and Hong Kong.

Through our mid–term management plan (2015 to 2017),

we are striving towards operation expansion and reinforcement of the management foundation by taking advantage of the aforementioned favorable opportunity in addition to the good business turnover from the first fiscal year. As a result, we are expecting to reach a performance level that surpasses our initial goal. The structure of our International Business Unit, whose business has been expanding, was reorganized in April of this year and its headquarters were relocated to Singapore in order to comprehensively supervise and centrally coordinate all overseas civil engineering and building construction projects. We plan to promote further localization as well as globalization through the concerted efforts of overseas and Japanese staff members towards desirable results in each country.

Our mission is to affirmatively respond to the customers’ trust with reliable safety and product quality, thereby contributing to society through advanced technology. It is the combination of promoting innovative technology and highly–motivated people that will realize this mission. We, therefore, are not only developing the potential strength of individuals, but also integrating this collective strength in order to become a company that can demonstrate comprehensive power across organizational boundaries.



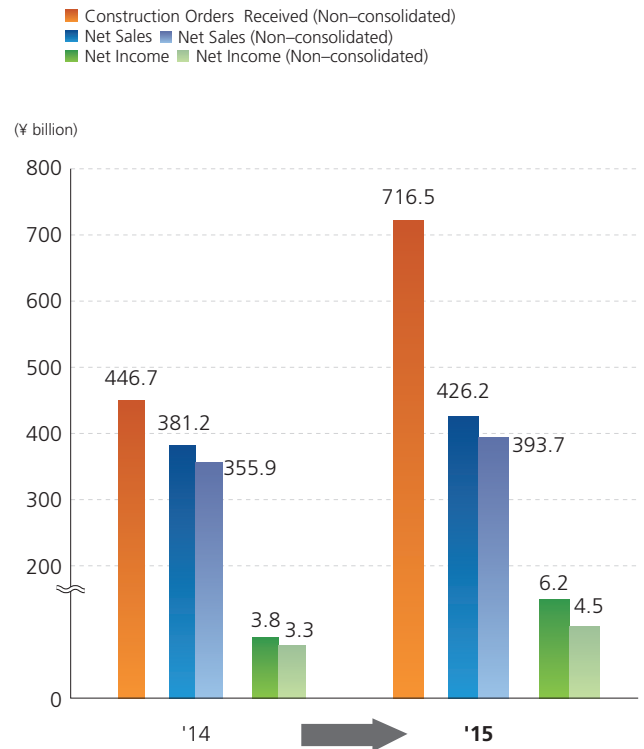
## Could you explain the consolidated results in 2015 and the order situation?



Our sales increased by 11.8% compared to the previous fiscal year to ¥426.2 billion. Gross operating profits increased because of favorable results in some of the overseas consolidated subsidiaries as well as from the increase in sales. Operating profit totaled ¥12.3 billion (an increase of 24.2% compared to the previous fiscal year); ordinary profit, ¥11.4 billion (an increase of 24.4%); and current net profits, ¥6.2 billion (an increase of 64.3%). Current net profits achieved a record in both consolidated and non-consolidated results.

Our non-consolidated construction orders received reached a record high of ¥716.5 billion, increased by 60.4% compared to the previous fiscal year (the previous record high was in 1996 with a record of ¥625.8 billion). Overseas orders received also reached a record high of ¥355.9 billion (an increase of 129.8%). It contributed greatly to the results due to several orders for large-scale works in Singapore and Hong Kong. For domestic orders received, civil engineering business increased to ¥189.1 billion (an increase of 28.9%) and building construction business to ¥171.4 billion (an increase of 18.2%), which also had a significant increase.

### Construction Orders Received/Net Sales/Net Income



## Could you tell us about the reviews of the mid-term management plan and forecasts of the plan for this fiscal year?



While the previous fiscal year was the first year of the mid-term management plan (2015 to 2017), we upwardly revised our targets for this fiscal year and the final year because sales and current net profits have already exceeded the final year targets for both consolidated and non-consolidated and because construction works in hand have increased due to huge amounts of orders received. We also set new targets of 8% or higher in return on equity (ROE) and 20% to 25% in the dividend payout ratio to clear our intention towards shareholder value improvement.

Consolidated results of this fiscal year are expected to increase both in sales and profits due to increase in construction works in hand of domestic and overseas. Sales of ¥467.0 billion, operating profits of ¥14.5 billion, ordinary profits of ¥13.5 billion, and current net profits of ¥6.5 billion yen are expected. The business environment surrounding the construction industry is expected to grow favorably due to increasing infrastructure investments both in Japan and overseas. As such, we will strive for the recruitment and development of diverse human resources including new graduates, senior employees over 60, female and foreign employees; labor and power saving in sites; and improvement of productivity and safety by promoting industrialization, to meet increasing business demands.

### Medium-Term Management Plan (2015 – 2017)

