

Summary of Consolidated Financial Results of Fiscal Year Ended March 2013

May 13, 2013

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: **Chief Executive Officer**

Name: **Yoshio Murashige**

Contact

Title: **General Manager, Account Department and**

Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Deputy Chief of General Administration Divisions Group

Schedule of financial statement reporting date: June 27, 2013

1. Business results for the fiscal year ended March 2013 (April 1, 2012 - March 31, 2013)

(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)	(%)
Mar. 2013 term	349,839	6.7	6,463	(28.0)	6,559	(11.9)	2,029	25.1
Mar. 2012 term	328,004	8.5	8,982	(8.2)	7,448	0.2	1,622	(25.0)

Note: Comprehensive income (millions of yen) Mar. 31 2013 term: 3,297 (32.0%) Mar. 31 2012 term: 2,497 (41.6%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)	Return on equity (%)	Ordinary income/total assets (%)	Operating income/net sales (%)
Mar. 2013 term	7.10	-	3.2	2.2	1.8
Mar. 2012 term	5.67	-	2.6	2.5	2.7

Reference: Equity in earning of affiliates (millions of yen) Mar. 31 2013 term: 3 Mar. 31 2012 term: 74

(2) Consolidated financial position

	Total assets (millions of yen)	Total net assets (millions of yen)	Total net assets/total assets (%)	Total net assets per share (Yen)
Mar. 31, 2013	296,726	65,110	21.9	227.63
Mar. 31, 2012	311,917	62,385	20.0	218.19

Reference: Shareholders' Equity (millions of yen) Mar 31 2013: 65,080 Mar. 31 2012: 62,381

(3) Consolidated cash flows

	Cash flows from operating activities (millions of yen)	Cash flows from investing activities (millions of yen)	Cash flows from financing activities (millions of yen)	Cash and cash equivalents at term-end (millions of yen)
Mar. 2013 term	8,333	(10,466)	(11,058)	49,927
Mar. 2012 term	26,739	(11,585)	1,738	62,712

2. Dividends

	Dividends per share (Yen)					Total dividends (year) (millions of yen)	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			
FY2011	-	-	-	2.00	2.00	571	35.2	0.9
FY2012	-	-	-	2.00	2.00	571	28.2	0.9
FY2013 (Forecast)	-	-	-	2.00	2.00		22.0	

3. Earnings forecasts for fiscal year ending March 2014 (April 1, 2013 - March 31, 2014)

	Net Sales (Millions of Yen, %)		Operating income (Millions of Yen, %)		Ordinary income (Millions of Yen, %)		Net income (Millions of Yen, %)		Earnings per share (Yen)
2Q term	168,000	1.1	1,700	(30.4)	1,100	(45.8)	0	(100.0)	0.00
Entire term	357,000	2.0	9,000	39.2	7,500	14.3	2,600	28.1	9.09

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: Adopted

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. 2013 term: 286,013,910 Mar. 2012 term: 286,013,910

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

Mar. 2013 term: 104,543 Mar. 2012 term: 102,571

3) Average number of shares outstanding during the period

Mar. 2013 term: 285,910,495 Mar. 2012 term: 285,912,490

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

The 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:

The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risk and uncertainties. Actual results may vary significantly from the forecast due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

Consolidated Balance Sheets

(Millions of JPY)

	March 31, 2012	March 31, 2013
Assets		
Current assets		
Cash and deposits	63,370	50,595
Notes receivable, accounts receivable from completed construction contracts and other	118,610	113,699
Costs on uncompleted construction contracts and other	12,992	9,858
Real estate for sale and development projects in progress	11,041	9,727
Accounts receivable-other	10,607	12,019
Deferred tax assets	3,800	3,147
Other	2,330	2,448
Allowance for doubtful accounts	(1,227)	(854)
Total current assets	221,526	200,642
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	31,768	32,029
Machinery, vehicles, tools, furniture and fixtures	68,356	73,335
Land	43,612	42,539
Construction in progress	5,475	6,131
Other	150	79
Accumulated depreciation	(80,855)	(81,510)
Total property, plant and equipment	68,507	72,604
Intangible assets	636	1,127
Investments and other assets		
Investment securities	10,822	13,204
Deferred tax assets	6,807	4,909
Other	9,854	10,597
Allowance for doubtful accounts	(6,237)	(6,360)
Total investments and other assets	21,246	22,351
Total noncurrent assets	90,390	96,083
Total assets	311,917	296,726

Consolidated Balance Sheets

(Millions of JPY)

	March 31, 2012	March 31, 2013
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	112,842	111,574
Short-term loans payable	45,687	39,955
Income taxes payable	1,179	1,131
Advances received on uncompleted construction contracts and other	25,329	17,283
Provision for warranties for completed construction	642	722
Provision for bonuses	1,224	1,184
Provision for loss on construction contracts	2,939	2,819
Other	16,153	18,084
Total current liabilities	205,997	192,755
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	25,483	20,984
Deferred tax liabilities for land revaluation	6,251	6,195
Provision for retirement benefits	324	351
Provision for directors' retirement benefits	137	118
Provision for loss on litigation	350	400
Other	987	809
Total noncurrent liabilities	43,533	38,859
Total liabilities	249,531	231,615
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	7,453	8,635
Treasury stock	(23)	(23)
Total shareholders' equity	56,266	57,448
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(107)	1,181
Deferred gains or losses on hedges	(9)	(2)
Revaluation reserve for land	6,194	6,470
Foreign currency translation adjustment	36	(18)
Total accumulated other comprehensive income	6,115	7,632
Minority interests	3	30
Total net assets	62,385	65,110
Total liabilities and net assets	311,917	296,726

Consolidated Statements of Income

(Millions of JPY)

	Mar. 2012 term	Mar. 2013 term
Net sales		
Net sales of completed construction contracts	316,238	341,066
Net sales of development business and other	11,766	8,772
Total net sales	328,004	349,839
Cost of sales		
Cost of sales of completed construction contracts	292,108	319,355
Cost of sales on development business and other	11,712	9,368
Total cost of sales	303,820	328,724
Gross profit		
Gross profit on completed construction contracts	24,129	21,711
Gross profit (loss) on development business and other	54	(596)
Total gross profit	24,183	21,115
Selling, general and administrative expenses	15,201	14,651
Operating income	8,982	6,463
Non-operating income		
Interest income	54	67
Dividends income	223	200
Foreign exchange gains	—	701
Reversal of allowance for doubtful accounts	49	602
Real estate rent	70	68
Other	383	298
Total non-operating income	781	1,938
Non-operating expenses		
Interest expenses	1,812	1,513
Foreign exchange losses	182	—
Other	319	329
Total non-operating expenses	2,315	1,842
Ordinary income	7,448	6,559
Extraordinary income		
Gain on sales of noncurrent assets	88	52
Reversal of loss on disaster	303	—
Gain on insurance adjustment	18	129
Other	26	19
Total extraordinary income	437	201
Extraordinary loss		
Impairment loss	68	544
Provision of allowance for doubtful accounts	27	276
Loss on valuation of investment securities	357	240
Provision for loss on litigation	350	400
Amortization of prior service cost	290	—
Other	483	281
Total extraordinary losses	1,576	1,742
Income before income taxes and minority interests	6,308	5,018
Income taxes-current	1,593	1,029
Income taxes-deferred	3,095	1,932
Total income taxes	4,688	2,962
Income before minority interests	1,620	2,055
Minority interests in income (loss)	(2)	26
Net income	1,622	2,029

Statements of Consolidated Comprehensive income

(Millions of JPY)

	Mar. 2012 term	Mar. 2013 term
Consolidated statements of comprehensive income		
Income before minority interests	1,620	2,055
Other comprehensive income		
Valuation difference on available-for-sale securities	18	1,289
Deferred gains or losses on hedges	(1)	9
Revaluation reserve for land	885	—
Foreign currency translation adjustment	(25)	(54)
Share of other comprehensive income of associates accounted for using equity method	—	(1)
Total other comprehensive income	877	1,241
Comprehensive income	2,497	3,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,500	3,270
Comprehensive income attributable to minority interests	(2)	26

Consolidated Statements of Cash Flows

(Millions of JPY)

	Mar. 2012 term	Mar. 2013 term
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,308	5,018
Depreciation and amortization	3,701	4,306
Impairment loss	68	544
Increase (decrease) in allowance for doubtful accounts	(1,868)	(250)
Increase (decrease) in provision for bonuses	209	(39)
Increase (decrease) in provision for retirement benefits	(9)	27
Increase (decrease) in provision for loss on litigation	350	50
Increase (decrease) in provision for loss on construction contracts	705	(119)
Interest and dividends income	(277)	(268)
Interest expenses	1,813	1,513
Foreign exchange losses (gains)	(170)	(1,133)
Equity in (earnings) losses of affiliates	(74)	(3)
Loss (gain) on sales of property, plant and equipment	(72)	(38)
Loss (gain) on sales of short-term and long term investment securities	(0)	—
Loss (gain) on valuation of investment securities	357	240
Decrease (increase) in notes and accounts receivable-trade	(11,587)	4,473
Decrease (increase) in costs on uncompleted construction contracts	17	2,507
Decrease (increase) in inventories	2,921	2,483
Increase (decrease) in notes and accounts payable-trade	25,537	(1,951)
Increase (decrease) in advances received on uncompleted construction contracts	(511)	(8,234)
Decrease (increase) in accounts receivable-other	2,837	(1,405)
Other, net	(521)	2,925
Subtotal	29,735	10,643
Interest and dividends income received	412	252
Interest expenses paid	(1,688)	(1,527)
Income taxes paid	(1,719)	(1,034)
Net cash provided by (used in) operating activities	26,739	8,333
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities	(502)	(788)
Proceeds from sales and redemption of short-term and long term investment securities	30	13
Purchase of property, plant and equipment	(11,168)	(9,646)
Proceeds from sales of property, plant and equipment	220	201
Payments of loans receivable	(5)	(4)
Collection of loans receivable	114	62
Other, net	(273)	(305)
Net cash provided by (used in) investing activities	(11,585)	(10,466)

Consolidated Statements of Cash Flows

(Millions of JPY)

	Mar. 2012 term	Mar. 2013 term
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,489)	(2,932)
Proceeds from long-term loans payable	20,571	13,382
Repayment of long-term loans payable	(25,582)	(20,759)
Proceeds from issuance of bonds	10,000	—
Cash dividends paid	(564)	(566)
Other, net	(196)	(182)
Net cash provided by (used in) financing activities	1,738	(11,058)
Effect of exchange rate change on cash and cash equivalents	157	406
Net increase (decrease) in cash and cash equivalents	17,049	(12,785)
Cash and cash equivalents at beginning of period	45,662	62,712
Cash and cash equivalents at end of period	62,712	49,927

(Reference)

Non-Consolidated Orders Received, Net Sales and Backlog

1. Orders Received

(Millions of yen)

	FY2011 (From Apr. 1, 2011 to Mar. 31, 2012)	FY2012 (From Apr. 1, 2012 to Mar. 31, 2013)	Increase (Decrease)	Rate of change (%)
Public works	68,117	91,895	23,778	34.9
Private works	40,359	22,150	(18,209)	(45.1)
Domestic civil engineering	108,477	114,046	5,569	5.1
Public works	16,943	18,210	1,266	7.5
Private works	84,617	90,734	6,117	7.2
Domestic architectural construction	101,561	108,945	7,383	7.3
Civil engineering	47,816	17,836	(29,980)	(62.7)
Architectural construction	38,657	39,477	820	2.1
Overseas	86,474	57,313	(29,160)	(33.7)
Construction Total	296,512	280,305	(16,207)	(5.5)
Real estate and Others	2,620	1,121	(1,498)	(57.2)
Total	299,133	281,427	(17,706)	(5.9)

2. Net Sales

(Millions of yen)

	FY2011 (From Apr. 1, 2011 to Mar. 31, 2012)	FY2012 (From Apr. 1, 2012 to Mar. 31, 2013)	Increase (Decrease)	Rate of change (%)
Public works	69,795	79,049	9,253	13.3
Private works	39,657	34,935	(4,721)	(11.9)
Domestic civil engineering	109,452	113,984	4,531	4.1
Public works	22,056	24,182	2,126	9.6
Private works	91,428	85,102	(6,326)	(6.9)
Domestic architectural construction	113,484	109,285	(4,199)	(3.7)
Civil engineering	49,050	65,026	15,976	32.6
Architectural construction	33,967	39,925	5,957	17.5
Overseas	83,017	104,952	21,934	26.4
Construction Total	305,955	328,221	22,266	7.3
Real estate and Others	2,621	1,288	(1,332)	(50.8)
Total	308,576	329,510	20,933	6.8

3. Backlog

(Millions of yen)

	FY2011 (From Apr. 1, 2011 to Mar. 31, 2012)	FY2012 (From Apr. 1, 2012 to Mar. 31, 2013)	Increase (Decrease)	Rate of change (%)
Public works	55,303	68,150	12,846	23.2
Private works	29,794	17,009	(12,784)	(42.9)
Domestic civil engineering	85,098	85,160	61	0.1
Public works	32,357	26,480	(5,876)	(18.2)
Private works	65,775	71,312	5,536	8.4
Domestic architectural construction	98,133	97,793	(339)	(0.3)
Civil engineering	116,491	78,310	(38,181)	(32.8)
Architectural construction	50,026	53,781	3,754	7.5
Overseas	166,518	132,091	(34,426)	(20.7)
Construction Total	349,749	315,045	(34,704)	(9.9)
Real estate and Others	205	39	(166)	(81.1)
Total	349,955	315,084	(34,871)	(10.0)