

Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 2013

November 9, 2012

The following statements are an English-language translation of the original Japanese-language document.
(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** Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Schedule of financial statement reporting date: November 12, 2012

1. Business results for the fiscal year ended March 2013 (April 1, 2012-September 30, 2012)

(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 FY2012	166,139	14.4	2,443	(47.3)	2,030	(49.8)	295	(67.5)
2Q FY2011	145,289	1.6	4,633	62.1	4,048	156.6	906	44.6

Note: Comprehensive income (millions of yen) Sep. 30 2012 term: (613) (- %) Sep. 30 2011 term: 636(285.9%)

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
2Q FY2012	1.03	-
2Q FY2011	3.17	-

(2) Consolidated financial position

	Total assets (millions of yen)	Total net assets (millions of yen)	Total net assets/ total assets (%)
2Q FY2012	295,265	61,200	20.7
Mar. 31, 2012	311,917	62,385	20.0

Reference: Shareholders' Equity (millions of yen) Sep. 30, 2012: 61,190 Mar. 31, 2012: 62,381

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
FY2011	-	-	-	2.00	2.00
FY2012	-	-	-	-	-
FY2012 (Forecast)	-	-	-	2.00	2.00

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

3. Earnings forecasts for fiscal year ended March 2013 (April 1, 2012-March 31, 2013)

	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	347,000	5.8	8,500	(5.4)	6,600	(11.4)	1,700	4.8	5.95

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: Adopted

4) Restatements: None

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

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

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

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

Sep. 2012 term: 103,401 Mar. 2012 term: 102,571

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

Sep. 2012 term: 285,910,927 Sep. 2011 term: 285,912,924

※ 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, 2013 are also the same as ones provided in May 14, 2012.

2) The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecast due to factor 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	September 30,2012
Assets		
Current assets		
Cash and deposits	63,370	57,064
Notes receivable, accounts receivable from completed construction contracts and other	118,610	105,497
Costs on uncompleted construction contracts and other	12,992	12,403
Real estate for sale and development projects in progress	11,041	9,900
Accounts receivable-other	10,607	9,646
Other	6,131	7,618
Allowance for doubtful accounts	(1,227)	(756)
Total current assets	221,526	201,373
Noncurrent assets		
Property, plant and equipment		
Land	43,612	43,465
Other, net	24,894	29,194
Total property, plant and equipment	68,507	72,660
Intangible assets	636	800
Investments and other assets		
Investment securities	10,822	10,393
Other	16,661	16,459
Allowance for doubtful accounts	(6,237)	(6,423)
Total investments and other assets	21,246	20,430
Total noncurrent assets	90,390	93,891
Total assets	311,917	295,265
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	112,842	101,501
Short-term loans payable	45,687	43,339
Income taxes payable	1,179	970
Advances received on uncompleted construction contracts and other	25,329	21,431
Provision	4,805	4,175
Other	16,153	16,231
Total current liabilities	205,997	187,649
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	25,483	28,405
Deferred tax liabilities for land revaluation	6,251	6,195
Provision	811	853
Other	987	960
Total noncurrent liabilities	43,533	46,415
Total liabilities	249,531	234,065

Consolidated Balance Sheets

(Millions of JPY)

	March 31,2012	September 30,2012
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	7,453	7,273
Treasury stock	(23)	(23)
Total shareholders' equity	56,266	56,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(107)	(1,046)
Deferred gains or losses on hedges	(9)	(0)
Revaluation reserve for land	6,194	6,098
Foreign currency translation adjustment	36	52
Total accumulated other comprehensive income	6,115	5,104
Minority interests	3	9
Total net assets	62,385	61,200
Total liabilities and net assets	311,917	295,265

Consolidated Statements of Income

(Millions of JPY)

	Sep. 2011 term	Sep. 2012 Term
Net sales		
Net sales of completed construction contracts	138,800	161,324
Net sales of development business and other	6,489	4,814
Total net sales	145,289	166,139
Cost of sales		
Cost of sales of completed construction contracts	127,437	151,070
Cost of sales on development business and other	5,985	5,214
Total cost of sales	133,422	156,285
Gross profit		
Gross profit on completed construction contracts	11,363	10,253
Gross profit (loss) on development business and other	503	(399)
Total gross profit	11,866	9,853
Selling, general and administrative expenses	7,233	7,410
Operating income	4,633	2,443
Non-operating income		
Interest income	27	32
Dividends income	144	109
Reversal of allowance for doubtful accounts	202	578
Other	280	134
Total non-operating income	655	855
Non-operating expenses		
Interest expenses	887	769
Foreign exchange losses	242	293
Other	110	204
Total non-operating expenses	1,240	1,268
Ordinary income	4,048	2,030
Extraordinary income		
Gain on sales of noncurrent assets	48	21
Other	24	5
Total extraordinary income	73	27
Extraordinary loss		
Loss on valuation of investment securities	13	260
Provision of allowance for doubtful accounts	8	334
Other	413	235
Total extraordinary losses	435	830
Income before income taxes and minority interests	3,685	1,227
Income taxes—current	1,029	422
Income taxes—deferred	1,752	504
Total income taxes	2,782	926
Income before minority interests	903	301
Minority interests in income (loss)	(3)	6
Net income	906	295

Statements of Consolidated Comprehensive Income

(Millions of JPY)

	Sep. 2011 term	Sep. 2012 Term
Income before minority interests	903	301
Other comprehensive income		
Valuation difference on available-for-sale securities	(256)	(939)
Deferred gains or losses on hedges	5	9
Foreign currency translation adjustment	(16)	15
Share of other comprehensive income of associates	—	(0)
Total other comprehensive income	(267)	(914)
Comprehensive income	636	(613)
Comprehensive income attributable to		
Comprehensive income attributable to owners	639	(619)
Comprehensive income attributable to minority interests	(3)	6

Consolidated Statements of Cash Flow

(Millions of JPY)

	Sep. 2011 term	Sep. 2012 Term
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,685	1,227
Depreciation and amortization	1,607	1,938
Impairment loss	38	71
Increase (decrease) in allowance for doubtful accounts	(2,253)	(284)
Increase (decrease) in provision for bonuses	93	60
Increase (decrease) in provision for retirement benefits	(7)	6
Increase (decrease) in provision for loss on litigation	300	70
Increase (decrease) in provision for loss on construction contracts	(109)	(581)
Interest and dividends income	(171)	(142)
Interest expenses	887	769
Foreign exchange losses (gains)	392	291
Equity in (earnings) losses of affiliates	4	(1)
Loss (gain) on sales of property, plant and equipment	(46)	(16)
Loss (gain) on sales of short-term and long term investment securities	(0)	—
Loss (gain) on valuation of investment securities	13	260
Decrease (increase) in notes and accounts receivable-trade	12,805	11,966
Decrease (increase) in costs on uncompleted construction contracts	(7,114)	288
Decrease (increase) in inventories	2,061	1,407
Increase (decrease) in notes and accounts payable-trade	(2,743)	(11,586)
Increase (decrease) in advances received on uncompleted construction contracts	653	(4,079)
Decrease (increase) in accounts receivable-other	3,574	973
Other, net	(2,652)	113
Subtotal	11,018	2,754
Interest and dividends income received	296	144
Interest expenses paid	(875)	(795)
Income taxes paid	(1,145)	(579)
Net cash provided by (used in) operating activities	9,294	1,524
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities	(8)	(781)
Proceeds from sales of short-term and long term investment securities	17	0
Purchase of property, plant and equipment	(4,413)	(6,706)
Proceeds from sales of property, plant and equipment	129	165
Payments of loans receivable	(4)	(4)
Collection of loans receivable	104	23
Other, net	(317)	(113)
Net cash provided by (used in) investing activities	(4,494)	(7,417)

Consolidated Statements of Cash Flow

(Millions of JPY)

	Sep. 2011 term	Sep. 2012 Term
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	304	(678)
Proceeds from long-term loans payable	20,576	13,382
Repayment of long-term loans payable	(15,914)	(12,136)
Cash dividends paid	(562)	(565)
Other, net	(70)	(142)
Net cash provided by (used in) financing activities	4,333	(140)
Effect of exchange rate change on cash and cash equivalents	167	(173)
Net increase (decrease) in cash and cash equivalents	9,300	(6,207)
Cash and cash equivalents at beginning of period	45,662	62,712
Cash and cash equivalents at end of period	54,963	56,505

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

1. Orders Received

(Millions of yen)

	2Q FY2011 (From Apr. 1, 2011 to Sep. 30, 2011)	2Q FY2012 (From Apr. 1, 2012 to Sep. 30, 2012)	Increase (Decrease)	Rate of change (%)
Public works	27,539	47,849	20,309	73.7
Private works	25,044	15,057	(9,987)	(39.9)
Domestic civil engineering	52,584	62,906	10,321	19.6
Public works	6,962	9,590	2,628	37.7
Private works	46,433	37,447	(8,986)	(19.4)
Domestic architectural construction	53,396	47,038	(6,357)	(11.9)
Civil engineering	31,115	8,284	(22,830)	(73.4)
Architectural construction	23,209	11,996	(11,213)	(48.3)
Overseas	54,324	20,280	(34,044)	(62.7)
Construction Total	160,305	130,225	(30,080)	(18.8)
Real estate and Others	1,897	720	(1,177)	(62.0)
Total	162,203	130,945	(31,257)	(19.3)

2. Net Sales

(Millions of yen)

	2Q FY2011 (From Apr. 1, 2011 to Sep. 30, 2011)	2Q FY2012 (From Apr. 1, 2012 to Sep. 30, 2012)	Increase (Decrease)	Rate of change (%)
Public works	32,615	31,685	(930)	(2.9)
Private works	16,103	20,051	3,948	24.5
Domestic civil engineering	48,718	51,737	3,018	6.2
Public works	9,624	11,984	2,359	24.5
Private works	39,244	43,212	3,968	10.1
Domestic architectural construction	48,868	55,197	6,328	12.9
Civil engineering	25,000	28,802	3,802	15.2
Architectural construction	12,465	19,819	7,353	59.0
Overseas	37,465	48,621	11,156	29.8
Construction Total	135,053	155,556	20,503	15.2
Real estate and Others	1,892	807	(1,085)	(57.3)
Total	136,946	156,364	19,418	14.2

3. Backlog

(Millions of yen)

	2Q FY2011 (From Apr. 1, 2011 to Sep. 30, 2011)	2Q FY2012 (From Apr. 1, 2012 to Sep. 30, 2012)	Increase (Decrease)	Rate of change (%)
Public works	51,905	71,467	19,562	37.7
Private works	38,033	24,799	(13,234)	(34.8)
Domestic civil engineering	89,939	96,267	6,328	7.0
Public works	34,807	30,059	(4,747)	(13.6)
Private works	79,776	59,914	(19,861)	(24.9)
Domestic architectural construction	114,583	89,973	(24,609)	(21.5)
Civil engineering	122,695	92,198	(30,497)	(24.9)
Architectural construction	56,179	40,816	(15,362)	(27.3)
Overseas	178,875	133,015	(45,860)	(25.6)
Construction Total	383,398	319,256	(64,142)	(16.7)
Real estate and Others	211	118	(93)	(44.0)
Total	383,610	319,374	(64,235)	(16.7)