

Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 2014

November 12, 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: November 13, 2013

1. Business results for the fiscal year ending March 2014 (April 1, 2013-September 30, 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)	(%)
2Q FY2013	185,296	11.5	4,316	76.6	3,420	68.4	1,635	454.5
2Q FY2012	166,139	14.4	2,443	(47.3)	2,030	(49.8)	295	(67.5)

Note: Comprehensive income (millions of yen) Sep. 30 2013 term: 3,219 (- %) Sep. 30 2012 term: (613) (- %)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q FY2013	5.72	-
2Q FY2012	1.03	-

(2) Consolidated financial position

	Total assets (millions of yen)	Total net assets (millions of yen)	Total net assets/ total assets (%)
2Q FY2013	287,832	67,758	23.5
Mar. 31, 2013	296,726	65,110	21.9

Reference: Shareholders' Equity (millions of yen) Sep 30 2013: 67,691 Mar. 31, 2013: 65,080

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
FY2012	-	-	-	2.00	2.00
FY2013	-	-	-	-	-
FY2013 (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 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)
Entire term	357,000	2.0	9,000	39.2	7,500	14.3	2,600	28.1	9.09

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: None

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) :

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

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

Sep. 2013 term: 105,284 Mar. 2013 term: 104,543

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

Sep. 2013 term: 285,909,101 Sep. 2012 term: 285,910,927

※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, 2014 are also the same as ones provided in May 13, 2013.

2) 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 factor including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

Consolidated Quarterly Balance Sheets

(Millions of JPY)

	March 31, 2013	September 30, 2013
Assets		
Current assets		
Cash and deposits	50,595	33,691
Notes receivable, accounts receivable from completed construction contracts and other	113,699	120,138
Costs on uncompleted construction contracts and other	9,858	10,742
Real estate for sale and development projects in progress	9,727	9,079
Accounts receivable-other	12,019	12,200
Other	5,595	7,361
Allowance for doubtful accounts	(854)	(856)
Total current assets	200,642	192,358
Noncurrent assets		
Property, plant and equipment		
Land	42,539	42,098
Other, net	30,065	30,427
Total property, plant and equipment	72,604	72,526
Intangible assets	1,127	1,097
Investments and other assets		
Investment securities	13,204	15,337
Other	15,507	10,809
Allowance for doubtful accounts	(6,360)	(4,345)
Total investments and other assets	22,351	21,801
Total noncurrent assets	96,083	95,424
Deferred assets	—	49
Total assets	296,726	287,832

Consolidated Quarterly Balance Sheets

(Millions of JPY)

	March 31, 2013	September 30, 2013
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	111,574	104,304
Short-term loans payable	39,955	38,401
Income taxes payable	1,131	836
Advances received on uncompleted construction contracts and other	17,283	15,110
Provision	4,726	3,500
Other	18,084	16,503
Total current liabilities	192,755	178,657
Noncurrent liabilities		
Bonds payable	10,000	20,000
Long-term loans payable	20,984	13,557
Deferred tax liabilities for land revaluation	6,195	6,191
Provision	870	863
Other	809	804
Total noncurrent liabilities	38,859	41,416
Total liabilities	231,615	220,074
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	8,635	9,693
Treasury stock	(23)	(23)
Total shareholders' equity	57,448	58,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,181	2,714
Deferred gains or losses on hedges	(2)	(20)
Revaluation reserve for land	6,470	6,477
Foreign currency translation adjustment	(18)	14
Total accumulated other comprehensive income	7,632	9,185
Minority interests	30	67
Total net assets	65,110	67,758
Total liabilities and net assets	296,726	287,832

Consolidated Quarterly Statements of Income

(Millions of JPY)

	Sep. 2012 term	Sep. 2013 term
Net sales		
Net sales of completed construction contracts	161,324	181,711
Net sales of development business and other	4,814	3,584
Total net sales	166,139	185,296
Cost of sales		
Cost of sales of completed construction contracts	151,070	170,241
Cost of sales on development business and other	5,214	3,384
Total cost of sales	156,285	173,625
Gross profit		
Gross profit on completed construction contracts	10,253	11,470
Gross profit (loss) on development business and other	(399)	199
Total gross profit	9,853	11,670
Selling, general and administrative expenses	7,410	7,353
Operating income	2,443	4,316
Non-operating income		
Interest income	32	40
Dividends income	109	112
Other	712	251
Total non-operating income	855	404
Non-operating expenses		
Interest expenses	769	600
Foreign exchange losses	293	467
Other	204	232
Total non-operating expenses	1,268	1,300
Ordinary income	2,030	3,420
Extraordinary income		
Gain on sales of noncurrent assets	21	120
Other	5	3
Total extraordinary income	27	123
Extraordinary loss		
Loss on sales of noncurrent assets	5	37
Loss on valuation of investment securities	260	—
Other	564	25
Total extraordinary losses	830	62
Income before income taxes and minority interests	1,227	3,481
Income taxes-current	422	672
Income taxes-deferred	504	1,139
Total income taxes	926	1,812
Income before minority interests	301	1,668
Minority interests in income	6	32
Net income	295	1,635

Consolidated Quarterly Statements of Comprehensive Income

(Millions of JPY)

	Sep. 2012 term	Sep. 2013 term
Income before minority interests	301	1,668
Other comprehensive income		
Valuation difference on available-for-sale securities	(939)	1,532
Deferred gains or losses on hedges	9	(19)
Foreign currency translation adjustment	15	36
Share of other comprehensive income of associates accounted for using equity method	(0)	0
Total other comprehensive income	(914)	1,550
Comprehensive income	(613)	3,219
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(619)	3,182
Comprehensive income attributable to minority interests	6	36

Consolidated quarterly statements of cash flows

(Millions of JPY)

	Sep. 2012 term	Sep. 2013 term
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,227	3,481
Depreciation and amortization	1,938	2,313
Impairment loss	71	—
Increase (decrease) in allowance for doubtful accounts	(284)	(2,012)
Increase (decrease) in provision for bonuses	60	96
Increase (decrease) in provision for retirement benefits	6	12
Increase (decrease) in provision for loss on litigation	70	—
Increase (decrease) in provision for loss on construction contracts	(581)	(1,389)
Interest and dividends income	(142)	(152)
Interest expenses	769	600
Foreign exchange losses (gains)	291	275
Equity in (earnings) losses of affiliates	(1)	(0)
Loss (gain) on sales of property, plant and equipment	(16)	(83)
Loss (gain) on sales of short-term and long term investment securities	—	7
Loss (gain) on valuation of investment securities	260	—
Decrease (increase) in notes and accounts receivable-trade	11,966	(6,511)
Decrease (increase) in costs on uncompleted construction contracts	288	(527)
Decrease (increase) in inventories	1,407	363
Increase (decrease) in notes and accounts payable-trade	(11,586)	(7,190)
Increase (decrease) in advances received on uncompleted construction contracts	(4,079)	(2,187)
Decrease (increase) in accounts receivable-other	973	(180)
Other, net	113	(523)
Subtotal	2,754	(13,610)
Interest and dividends income received	144	144
Interest expenses paid	(795)	(604)
Income taxes paid	(579)	(961)
Net cash provided by (used in) operating activities	1,524	(15,031)
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities	(781)	(11)
Proceeds from sales and redemption of short-term and long term investment securities	0	237
Purchase of property, plant and equipment	(6,706)	(2,788)
Proceeds from sales of property, plant and equipment	165	668
Payments of loans receivable	(4)	(6)
Collection of loans receivable	23	40
Other, net	(113)	8
Net cash provided by (used in) investing activities	(7,417)	(1,851)

Consolidated quarterly statements of cash flows

(Millions of JPY)

	Sep. 2012 term	Sep. 2013 term
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(678)	1,410
Proceeds from long-term loans payable	13,382	—
Repayment of long-term loans payable	(12,136)	(10,464)
Proceeds from issuance of bonds	—	10,000
Cash dividends paid	(565)	(566)
Other, net	(142)	(111)
Net cash provided by (used in) financing activities	(140)	268
Effect of exchange rate change on cash and cash equivalents	(173)	(194)
Net increase (decrease) in cash and cash equivalents	(6,207)	(16,809)
Cash and cash equivalents at beginning of period	62,712	49,927
Cash and cash equivalents at end of period	56,505	33,117

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

1. Orders Received

(Millions of yen)

	2Q FY2012 (From Apr. 1, 2012 to Sep. 30, 2012)	2Q FY2013 (From Apr. 1, 2013 to Sep. 30, 2013)	Increase (Decrease)	Rate of change (%)
Public works	47,849	56,743	8,894	18.6
Private works	15,057	17,307	2,250	14.9
Domestic civil engineering	62,906	74,050	11,144	17.7
Public works	9,590	14,579	4,988	52.0
Private works	37,447	102,975	65,528	175.0
Domestic architectural construction	47,038	117,554	70,516	149.9
Civil engineering	8,284	24,373	16,088	194.2
Architectural construction	11,996	19,780	7,784	64.9
Overseas	20,280	44,154	23,873	117.7
Construction Total	130,225	235,759	105,534	81.0
Real estate and Others	720	634	(85)	(11.9)
Total	130,945	236,394	105,448	80.5

2. Net Sales

(Millions of yen)

	2Q FY2012 (From Apr. 1, 2012 to Sep. 30, 2012)	2Q FY2013 (From Apr. 1, 2013 to Sep. 30, 2013)	Increase (Decrease)	Rate of change (%)
Public works	31,685	42,816	11,130	35.1
Private works	20,051	15,175	(4,876)	(24.3)
Domestic civil engineering	51,737	57,991	6,254	12.1
Public works	11,984	12,174	190	1.6
Private works	43,212	51,787	8,574	19.8
Domestic architectural construction	55,197	63,962	8,764	15.9
Civil engineering	28,802	32,127	3,324	11.5
Architectural construction	19,819	18,819	(999)	(5.0)
Overseas	48,621	50,946	2,324	4.8
Construction Total	155,556	172,900	17,344	11.1
Real estate and Others	807	626	(181)	(22.5)
Total	156,364	173,526	17,162	11.0

3. Backlog

(Millions of yen)

	2Q FY2012 (From Apr. 1, 2012 to Sep. 30, 2012)	2Q FY2013 (From Apr. 1, 2013 to Sep. 30, 2013)	Increase (Decrease)	Rate of change (%)
Public works	71,467	82,077	10,610	14.8
Private works	24,799	19,141	(5,658)	(22.8)
Domestic civil engineering	96,267	101,218	4,951	5.1
Public works	30,059	28,885	(1,173)	(3.9)
Private works	59,914	122,500	62,585	104.5
Domestic architectural construction	89,973	151,385	61,411	68.3
Civil engineering	92,198	73,210	(18,987)	(20.6)
Architectural construction	40,816	56,748	15,931	39.0
Overseas	133,015	129,958	(3,056)	(2.3)
Construction Total	319,256	382,563	63,307	19.8
Real estate and Others	118	47	(70)	(59.9)
Total	319,374	382,610	63,236	19.8