

Summary of Consolidated Financial Statements of Fiscal Year Ended March 2010

May 13, 2010

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**

Head office: **Tokyo**

(URL: <http://www.penta-ocean.co.jp/>)

Representative

Title: **Chief Executive Officer**

Name: **Yoshio Murashige**

Contact

Title: **General Manager, Accounts Department**

Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Scheduled date of ordinary general meeting of shareholders: June 29, 2010

Scheduled date of financial statement reporting: June 29, 2010

Scheduled date of payment of dividends: June 30, 2010

1. Business results for the fiscal year ended March 2010 (April 1, 2009-March 31, 2010)

(1) Consolidated business results Note: All amounts are rounded down to the nearest million yen. Percentage indicate changes form the previous term.

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Mar. 2010 term	324,781	(18.5)	10,799	(0.2)	7,733	9.3	1,746	-
Mar. 2009 term	398,485	12.9	10,821	22.4	7,073	38.8	(3,336)	-

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/ total assets	Operating income/ net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Mar. 2010 term	7.11	-	3.3	2.4	3.3
Mar. 2009 term	(13.58)	-	(6.3)	2.1	2.7

Reference: Equity in earning of affiliates (millions of yen) Mar. 2010 term: 46 Mar. 2009 term: 4

(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, 2010	294,245	54,465	18.5	221.59
Mar. 31, 2009	339,587	53,827	15.4	212.43

Reference: Shareholders' Equity (millions of yen) Mar. 2010 term: 54,436 Mar. 2009 term 52,187

(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. 2010 term	31,339	5,506	(19,507)	55,931
Mar. 2009 term	23,924	(10,606)	(7,420)	38,336

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			
Mar. 2009 term	-	-	-	0.00	0.00	-	-	-
Mar. 2010 term	-	-	-	2.00	2.00	491	28.1	0.9
Mar. 2011 term (Forecast)	-	-	-	2.00	2.00		21.4	

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

3. Consolidated earnings forecasts for fiscal year ended March 2011 (April 1, 2010-March 31, 2011)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Interim term	125,000	(20.4)	300	(80.3)	(1,200)	-	(1,500)	-	(6.11)
Entire term	310,000	(4.6)	11,000	1.9	7,500	(3.0)	2,300	31.7	9.36

4. Others

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

(2) Changed in account policies and processing and representation methods adopted to prepare the consolidated financial statements for the current quarter (significant changes in the basis of presenting the consolidated financial statements for the current quarter):

1) Changes due to revised accounting Standard: Yes

2) Changes other than the reason described above: None

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

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

Mar. 2010 term: 245,763,910 Mar. 2009 term: 245,763,910

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

Mar. 2010 term: 97,378 Mar. 2009 term: 95,597

Note:

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

	2009-03-31	2010-03-31
Assets		
Current assets		
Cash and deposits(millionJPY)	38,363	56,438
Notes receivable, accounts receivable from completed construction contracts and other (millionJPY)	140,926	101,618
Short-term investment securities (millionJPY)	94	29
Costs on uncompleted construction contracts and other(millionJPY)	18,268	14,029
Real estate for sale and development projects in progress (millionJPY)	22,614	15,829
Accounts receivable-other (millionJPY)	17,598	15,005
Deferred tax assets(millionJPY)	7,084	5,235
Other(millionJPY)	3,264	4,066
Allowance for doubtful accounts (millionJPY)	(1,124)	(1,270)
Total current assets(millionJPY)	247,089	210,982
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (millionJPY)	31,665	31,625
Machinery, vehicles, tools, furniture and fixtures(millionJPY)	68,772	68,894
Land(millionJPY)	35,933	35,069
Construction in progress (millionJPY)	46	1,300
Other(millionJPY)	57	111
Accumulated depreciation (millionJPY)	(77,732)	(79,994)
Total property, plant and equipment(millionJPY)	58,742	57,005
Intangible assets(millionJPY)	555	501
Investments and other assets		
Investment securities(millionJPY)	13,013	7,478
Long-term loans receivable (millionJPY)	526	–
Deferred tax assets(millionJPY)	8,656	10,089
Other(millionJPY)	15,423	15,749
Allowance for doubtful accounts (millionJPY)	(4,420)	(7,561)
Total investments and other assets(millionJPY)	33,199	25,756
Total noncurrent assets(millionJPY)	92,497	83,262
Total assets(millionJPY)	339,587	294,245

Liabilities

Current liabilities		
Notes payable, accounts payable for construction contracts and other (millionJPY)	121,861	92,630
Short-term loans payable (millionJPY)	69,656	53,680
Income taxes payable(millionJPY)	784	568
Advances received on uncompleted construction contracts and other (millionJPY)	25,467	25,345
Provision for warranties for completed construction(millionJPY)	602	586
Provision for bonuses(millionJPY)	1,624	1,091
Provision for loss on construction contracts(millionJPY)	618	1,326
Provision for loss on voluntary retirement and other(millionJPY)	–	1,511
Other(millionJPY)	19,536	22,102
Total current liabilities(millionJPY)	240,151	198,842
Noncurrent liabilities		
Long-term loans payable (millionJPY)	35,514	32,159
Deferred tax liabilities for land revaluation(millionJPY)	7,200	7,156
Provision for retirement benefits (millionJPY)	591	350
Provision for directors' retirement benefits(millionJPY)	171	199
Provision for loss on development business(millionJPY)	1,020	8
Other(millionJPY)	1,110	1,063
Total noncurrent liabilities (millionJPY)	45,608	40,937
Total liabilities(millionJPY)	285,760	239,780
Net assets		
Shareholders' equity		
Capital stock(millionJPY)	28,070	28,070
Capital surplus(millionJPY)	20,106	16,007
Retained earnings(millionJPY)	677	6,129
Treasury stock(millionJPY)	(22)	(22)
Total shareholders' equity (millionJPY)	48,832	50,184
Valuation and translation adjustments		
Valuation difference on available-for-sale securities(millionJPY)	(225)	247
Deferred gains or losses on hedges (millionJPY)	(30)	(4)
Revaluation reserve for land (millionJPY)	3,516	3,910

Foreign currency translation adjustment(millionJPY)	94	98
Total valuation and translation adjustments(millionJPY)	3,355	4,251
Minority interests(millionJPY)	1,639	29
Total net assets(millionJPY)	53,827	54,465
Total liabilities and net assets (millionJPY)	339,587	294,245

Consolidated statements of income

	2008	2009
Net sales		
Net sales of completed construction contracts(millionJPY)	384,823	312,612
Net sales of development business and other(millionJPY)	13,662	12,168
Total net sales(millionJPY)	398,485	324,781
Cost of sales		
Cost of sales of completed construction contracts(millionJPY)	357,282	284,785
Cost of sales on development business and other(millionJPY)	12,327	11,336
Total cost of sales(millionJPY)	369,609	296,121
Gross profit		
Gross profit on completed construction contracts(millionJPY)	27,541	27,827
Gross profit on development business and other(millionJPY)	1,335	832
Total gross profit(millionJPY)	28,876	28,659
Selling, general and administrative expenses(millionJPY)	18,054	17,859
Operating income(millionJPY)	10,821	10,799
Non-operating income		
Interest income(millionJPY)	203	112
Dividends income(millionJPY)	296	212
Equity in earnings of affiliates (millionJPY)	4	46
Real estate rent(millionJPY)	75	71
Other(millionJPY)	315	324
Total non-operating income (millionJPY)	895	767
Non-operating expenses		
Interest expenses(millionJPY)	3,093	2,783
Foreign exchange losses(millionJPY)	639	288
Other(millionJPY)	910	761
Total non-operating expenses (millionJPY)	4,643	3,833
Ordinary income(millionJPY)	7,073	7,733
Extraordinary income		
Gain on prior period adjustment (millionJPY)	25	784
Gain on sales of noncurrent assets (millionJPY)	603	69
Gain on sales of investment securities(millionJPY)	–	2,038
Reversal of allowance for doubtful accounts(millionJPY)	220	–
Gain on insurance adjustment	121	–

(millionJPY)		
Other(millionJPY)	90	33
Total extraordinary income (millionJPY)	1,060	2,925
Extraordinary loss		
Loss on prior period adjustment (millionJPY)	40	3
Impairment loss(millionJPY)	34	907
Provision of allowance for doubtful accounts(millionJPY)	653	4,643
Loss on development business (millionJPY)	–	1,520
Loss on voluntary retirement and other(millionJPY)	–	1,511
Loss on valuation of investment securities(millionJPY)	5,767	–
Provision for loss on development business(millionJPY)	1,020	–
Other(millionJPY)	288	1,222
Total extraordinary losses(millionJPY)	7,804	9,807
Income before income taxes and minority interests(millionJPY)	330	852
Income taxes-current(millionJPY)	816	438
Income taxes-deferred(millionJPY)	2,862	304
Total income taxes(millionJPY)	3,678	743
Minority interests in loss(millionJPY)	(10)	(1,638)
Net income (loss)(millionJPY)	(3,336)	1,746

Consolidated statements of changes in net assets

	2008	2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period(millionJPY)	28,070	28,070
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period (millionJPY)	28,070	28,070
Capital surplus		
Balance at the end of previous period(millionJPY)	20,106	20,106
Changes of items during the period		
Deficit disposition(millionJPY)	–	(4,099)
Total changes of items during the period(millionJPY)	–	(4,099)
Balance at the end of current period (millionJPY)	20,106	16,007
Retained earnings		
Balance at the end of previous period(millionJPY)	3,991	677
Changes of items during the period		
Deficit disposition(millionJPY)	–	4,099
Net income (loss)(millionJPY)	(3,336)	1,746
Reversal of revaluation reserve for land(millionJPY)	23	(393)
Total changes of items during the period(millionJPY)	(3,313)	5,452
Balance at the end of current period (millionJPY)	677	6,129
Treasury stock		
Balance at the end of previous period(millionJPY)	(20)	(22)
Changes of items during the period		
Purchase of treasury stock (millionJPY)	(1)	-0
Total changes of items during the period(millionJPY)	(1)	-0
Balance at the end of current period (millionJPY)	(22)	(22)
Total shareholders' equity		
Balance at the end of previous period(millionJPY)	52,147	48,832
Changes of items during the period		
Net income (loss)(millionJPY)	(3,336)	1,746
Reversal of revaluation reserve for land(millionJPY)	23	(393)
Purchase of treasury stock	(1)	-0

(millionJPY)		
Total changes of items during the period(millionJPY)	(3,315)	1,352
Balance at the end of current period (millionJPY)	48,832	50,184
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period(millionJPY)	(1,973)	(225)
Changes of items during the period		
Net changes of items other than shareholders' equity(millionJPY)	1,748	472
Total changes of items during the period(millionJPY)	1,748	472
Balance at the end of current period (millionJPY)	(225)	247
Deferred gains or losses on hedges		
Balance at the end of previous period(millionJPY)	(32)	(30)
Changes of items during the period		
Net changes of items other than shareholders' equity(millionJPY)	2	25
Total changes of items during the period(millionJPY)	2	25
Balance at the end of current period (millionJPY)	(30)	(4)
Revaluation reserve for land		
Balance at the end of previous period(millionJPY)	3,539	3,516
Changes of items during the period		
Net changes of items other than shareholders' equity(millionJPY)	(23)	393
Total changes of items during the period(millionJPY)	(23)	393
Balance at the end of current period (millionJPY)	3,516	3,910
Foreign currency translation adjustment		
Balance at the end of previous period(millionJPY)	170	94
Changes of items during the period		
Net changes of items other than shareholders' equity(millionJPY)	(75)	3
Total changes of items during the period(millionJPY)	(75)	3
Balance at the end of current period (millionJPY)	94	98
Total valuation and translation adjustments		
Balance at the end of previous period(millionJPY)	1,703	3,355

Changes of items during the period		
Net changes of items other than shareholders' equity(millionJPY)	1,652	895
Total changes of items during the period(millionJPY)	1,652	895
Balance at the end of current period (millionJPY)	3,355	4,251
Minority interests		
Balance at the end of previous period (millionJPY)	11	1,639
Changes of items during the period		
Net changes of items other than shareholders' equity(millionJPY)	1,627	(1,610)
Total changes of items during the period(millionJPY)	1,627	(1,610)
Balance at the end of current period (millionJPY)	1,639	29
Total net assets		
Balance at the end of previous period (millionJPY)	53,862	53,827
Changes of items during the period		
Net income (loss)(millionJPY)	(3,336)	1,746
Reversal of revaluation reserve for land(millionJPY)	23	(393)
Purchase of treasury stock (millionJPY)	(1)	-0
Net changes of items other than shareholders' equity(millionJPY)	3,280	(714)
Total changes of items during the period(millionJPY)	(35)	638
Balance at the end of current period (millionJPY)	53,827	54,465

Consolidated statements of cash flows

	2008	2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests(millionJPY)	330	852
Depreciation and amortization (millionJPY)	4,696	3,950
Impairment loss(millionJPY)	34	907
Increase (decrease) in allowance for doubtful accounts(millionJPY)	(2,216)	3,227
Increase (decrease) in provision for bonuses(millionJPY)	(54)	(532)
Increase (decrease) in provision for retirement benefits(millionJPY)	(517)	(241)
Increase (decrease) in provision for loss on development business (millionJPY)	1,020	(1,011)
Increase (decrease) in provision for loss on construction contracts (millionJPY)	(96)	707
Increase (decrease) in provision for loss on voluntary retirement and other(millionJPY)	–	1,511
Interest and dividends income (millionJPY)	(500)	(324)
Interest expenses(millionJPY)	3,339	2,817
Foreign exchange losses (gains) (millionJPY)	912	(238)
Equity in (earnings) losses of affiliates(millionJPY)	(4)	(46)
Loss (gain) on sales of property, plant and equipment(millionJPY)	(579)	(47)
Loss (gain) on sales of short-term and long term investment securities (millionJPY)	-0	(2,036)
Loss (gain) on valuation of investment securities(millionJPY)	5,767	360
Decrease (increase) in notes and accounts receivable-trade(millionJPY)	(8,355)	39,386
Decrease (increase) in costs on uncompleted construction contracts (millionJPY)	13,572	3,735
Decrease (increase) in inventories (millionJPY)	2,086	7,356
Increase (decrease) in notes and accounts payable-trade(millionJPY)	3,907	(29,238)
Increase (decrease) in advances received on uncompleted construction contracts(millionJPY)	(3,430)	(121)
Decrease (increase) in accounts receivable-other(millionJPY)	2,306	2,592

Other, net(millionJPY)	5,254	867
Subtotal(millionJPY)	27,474	34,433
Interest and dividends income received(millionJPY)	578	349
Interest expenses paid(millionJPY)	(3,316)	(2,796)
Income taxes paid(millionJPY)	(812)	(647)
Net cash provided by (used in) operating activities(millionJPY)	23,924	31,339
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities (millionJPY)	(3,148)	(628)
Proceeds from sales of short-term and long term investment securities (millionJPY)	320	8,513
Purchase of property, plant and equipment(millionJPY)	(2,498)	(2,568)
Proceeds from sales of property, plant and equipment(millionJPY)	924	296
Payments of loans receivable (millionJPY)	(1,178)	(40)
Collection of loans receivable (millionJPY)	101	295
Payments of investments in development project(millionJPY)	(4,750)	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation(millionJPY)	–	63
Purchase of other subsidiaries and affiliate's securities resulting change in scope of consolidation(millionJPY)	(257)	–
Other, net(millionJPY)	(119)	(424)
Net cash provided by (used in) investing activities(millionJPY)	(10,606)	5,506
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable(millionJPY)	(3,274)	(3,837)
Proceeds from long-term loans payable(millionJPY)	27,400	22,301
Repayment of long-term loans payable(millionJPY)	(30,951)	(37,794)
Cash dividends paid(millionJPY)	-0	-0
Other, net(millionJPY)	(593)	(175)
Net cash provided by (used in) financing activities(millionJPY)	(7,420)	(19,507)
Effect of exchange rate change on cash and cash equivalents(millionJPY)	(954)	256
Net increase (decrease) in cash and cash equivalents(millionJPY)	4,942	17,594
Cash and cash equivalents at beginning of period(millionJPY)	33,394	38,336

Cash and cash equivalents at end of period(millionJPY)	38,336	55,931
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Orders Received, Net Sales and Backlog (Non-consolidated)

1. Orders Received

		Mar. 2009 term (Millions of yen)	Mar. 2010 term (Millions of yen)	Increase (Decrease) (Millions of yen)
	Public works	81,808	75,778	(6,030)
	Private works	36,424	27,286	(9,137)
Domestic civil engineering		118,232	103,065	(15,167)
	Public works	17,574	23,974	6,399
	Private works	87,442	53,081	(34,360)
Domestic building construction		105,017	77,055	(27,961)
	Civil engineering	76,606	64,210	(12,396)
	Building construction	16,194	12,724	(3,470)
Overseas		92,801	76,934	(15,866)
Construction Total		316,051	257,055	(58,995)
Real estate and Others		1,777	894	(883)
Total		317,829	257,950	(59,878)

2. Net Sales

		Mar. 2009 term (Millions of yen)	Mar. 2010 term (Millions of yen)	Increase (Decrease) (Millions of yen)
	Public works	89,965	97,289	7,323
	Private works	53,264	37,072	(16,192)
Domestic civil engineering		143,230	134,361	(8,868)
	Public works	6,427	13,669	7,241
	Private works	131,738	70,040	(61,697)
Domestic building construction		138,166	83,710	(54,455)
	Civil engineering	58,475	51,395	(7,079)
	Building construction	25,486	26,787	1,300
Overseas		83,961	78,182	(5,778)
Construction Total		365,358	296,254	(69,103)
Real estate and Others		1,195	1,183	(12)
Total		366,553	297,437	(69,115)

3. Backlog

		Mar. 2009 term (Millions of yen)	Mar. 2010 term (Millions of yen)	Increase (Decrease) (Millions of yen)
	Public works	96,880	75,369	(21,511)
	Private works	33,996	24,211	(9,785)
Domestic civil engineering		130,877	99,581	(31,296)
	Public works	15,747	26,051	10,304
	Private works	98,215	81,256	(16,958)
Domestic building construction		113,962	107,308	(6,654)
	Civil engineering	131,465	144,337	12,872
	Building construction	29,153	14,572	(14,580)
Overseas		160,618	158,910	(1,708)
Construction Total		405,458	365,799	(39,659)
Real estate and Others		582	294	(288)
Total		406,041	366,093	(39,947)