

Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 2011

February 10, 2011

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, Account Department**

Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Schedule of financial statement reporting date: February 14, 2011

1. Business results for the fiscal year ended March 2011 (April 1, 2010-December 31, 2010)

(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)	(%)
3Q FY2010	216,791	(8.4)	5,702	22.2	3,886	41.5	1,599	(3.4)
3Q FY2009	236,651	(15.8)	4,667	48.8	2,746	-	1,657	-

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3Q FY2010	6.51	-
3Q FY2009	6.74	-

(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)
3Q FY2010	288,758	55,327	19.2	225.22
Mar. 31, 2010	294,245	54,465	18.5	221.59

Reference: Shareholders' Equity (millions of yen) Dec. 31 2010: 55,327 Mar. 31 2010: 54,436

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
FY2009	-	-	-	2.00	2.00
FY2010	-	-	-		
FY2010 (Forecast)				2.00	2.00

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

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

	Net Sales (Million of Yen)		Operating income (Million of Yen)		Ordinary income (Million of Yen)		Net income (Million of Yen)		Earnings per share (Yen)
Entire term	314,500	(3.2)	11,000	1.9	7,500	(3.0)	2,300	31.7	9.36

Notes: Change made in figures of the forecasts as of the end of the current quarter from the previous announcement: None

4. Others

(1) Changes in significant subsidiaries during the third quarter (changes in specific subsidiaries resulting in change the scope of consolidation): None
(2) Adoption of convenient method in accounting and of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter: Adopted

(3) 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: Adopted

2) Changes other than the reason described above: None

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

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

Dec. 2010 term: 245,763,910

Mar. 2010 term: 245,763,910

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

Dec. 2010 term: 100,459

Mar. 2010 term: 97,378

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

Dec. 2010 term: 245,665,430

Dec. 2009 term: 245,667,166

※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, 2011 are also the same as ones provided in Nov 11, 2010.

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 quarterly balance sheets

(Million JPY)

	2010-12-31	2010-03-31
Assets		
Current assets		
Cash and deposits	59,036	56,438
Notes receivable, accounts receivable from completed construction contracts and other	92,373	101,618
Short-term investment securities	1	29
Costs on uncompleted construction contracts and other	14,614	14,029
Real estate for sale and development projects in progress	15,717	15,829
Accounts receivable-other	12,797	15,005
Other	7,015	9,301
Allowance for doubtful accounts	(1,116)	(1,270)
Total current assets	200,440	210,982
Noncurrent assets		
Property, plant and equipment		
Land	41,981	35,069
Other, net	20,153	21,936
Total property, plant and equipment	62,134	57,005
Intangible assets	566	501
Investments and other assets		
Investment securities	10,370	7,478
Other	23,454	25,839
Allowance for doubtful accounts	(8,208)	(7,561)
Total investments and other assets	25,616	25,756
Total noncurrent assets	88,318	83,262
Total assets	288,758	294,245
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	86,217	92,630
Short-term loans payable	54,954	53,680
Income taxes payable	640	568
Advances received on uncompleted construction contracts and other	28,267	25,345
Provision	2,045	4,515
Other	20,074	22,102
Total current liabilities	192,200	198,842
Noncurrent liabilities		
Long-term loans payable	32,513	32,159
Deferred tax liabilities for land revaluation	7,156	7,156
Provision	458	558
Other	1,101	1,063
Total noncurrent liabilities	41,230	40,937
Total liabilities	233,431	239,780

Consolidated quarterly balance sheets

(Million JPY)

	2010-12-31	2010-03-31
Net assets		
Shareholders' equity		
Capital stock	28,070	28,070
Capital surplus	16,007	16,007
Retained earnings	7,238	6,129
Treasury stock	(22)	(22)
Total shareholders' equity	51,293	50,184
Valuation and translation adjustments		
Valuation difference on available- for-sale securities	59	247
Deferred gains or losses on hedges	(5)	(4)
Revaluation reserve for land	3,910	3,910
Foreign currency translation adjustment	69	98
Total valuation and translation adjustments	4,034	4,251
Minority interests	—	29
Total net assets	55,327	54,465
Total liabilities and net assets	288,758	294,245

Consolidated quarterly statements of income

(Million JPY)

	2009-04-01	2010-04-01
	—	—
	2009-12-31	2010-12-31
Net sales		
Net sales of completed construction contracts	228,211	207,682
Net sales of development business and other	8,440	9,109
Total net sales	236,651	216,791
Cost of sales		
Cost of sales of completed construction contracts	210,513	191,650
Cost of sales on development business and other	8,100	8,080
Total cost of sales	218,614	199,730
Gross profit		
Gross profit on completed construction contracts	17,697	16,031
Gross profit on development business and other	339	1,029
Total gross profit	18,037	17,060
Selling, general and administrative expenses	13,369	11,358
Operating income	4,667	5,702
Non-operating income		
Interest income	78	67
Dividends income	208	96
Other	341	500
Total non-operating income	628	663
Non-operating expenses		
Interest expenses	2,103	1,690
Foreign exchange losses	13	320
Other	431	468
Total non-operating expenses	2,548	2,479
Ordinary income	2,746	3,886
Extraordinary income		
Gain on sales of noncurrent assets	60	435
Gain on sales of investment securities	1,853	22
Other	458	164
Total extraordinary income	2,372	621
Extraordinary loss		
Impairment loss	547	—
Provision of allowance for doubtful accounts	3,034	540
Loss on development business	1,387	—
Other	343	239
Total extraordinary losses	5,311	780
Income (loss) before income taxes and minority interests	(192)	3,727
Income taxes—current	273	1,044
Income taxes—deferred	(653)	1,076
Total income taxes	(379)	2,120
Income before minority interests	—	1,607
Minority interests in income (loss)	(1,469)	7
Net income	1,657	1,599

Consolidated quarterly statements of cash flows

(Million JPY)

	2009-04-01 — 2009-12-31	2010-04-01 — 2010-12-31
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(192)	3,727
Depreciation and amortization	2,859	2,629
Impairment loss	547	—
Increase (decrease) in allowance for doubtful accounts	1,704	492
Increase (decrease) in provision for bonuses	(980)	(725)
Increase (decrease) in provision for retirement benefits	(58)	(26)
Increase (decrease) in provision for loss on development business	(1,011)	(8)
Increase (decrease) in provision for loss on construction contracts	500	(110)
Increase (decrease) in provision for loss on voluntary retirement and other	—	(1,511)
Interest and dividends income	(286)	(163)
Interest expenses	2,136	1,690
Foreign exchange losses (gains)	(343)	(166)
Equity in (earnings) losses of affiliates	(23)	(42)
Loss (gain) on sales of property, plant and equipment	(46)	(426)
Loss (gain) on sales of short-term and long term investment securities	(1,851)	(22)
Loss (gain) on valuation of investment securities	274	15
Decrease (increase) in notes and accounts receivable-trade	39,085	9,245
Decrease (increase) in costs on uncompleted construction contracts	814	(1,071)
Decrease (increase) in inventories	6,540	553
Increase (decrease) in notes and accounts payable-trade	(17,099)	(6,412)
Increase (decrease) in advances received on uncompleted construction contracts	880	2,922
Decrease (increase) in accounts receivable-other	(5,442)	2,208
Other, net	(237)	(1,644)
Subtotal	27,767	11,153
Interest and dividends income received	269	180
Interest expenses paid	(1,836)	(1,540)
Income taxes paid	(676)	(918)
Net cash provided by (used in) operating activities	25,523	8,875

Consolidated quarterly statements of cash flows

(Million JPY)

	2009-04-01 — 2009-12-31	2010-04-01 — 2010-12-31
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities	(472)	(3,200)
Proceeds from sales of short-term and long term investment securities	8,158	154
Purchase of property, plant and equipment	(1,419)	(8,235)
Proceeds from sales of property, plant and equipment	262	3,840
Payments of loans receivable	(3)	(154)
Collection of loans receivable	203	160
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	63	—
Other, net	77	242
Net cash provided by (used in) investing activities	6,868	(7,191)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(3,079)	780
Proceeds from long-term loans payable	22,301	19,090
Repayment of long-term loans payable	(28,057)	(18,242)
Cash dividends paid	(0)	(481)
Other, net	(131)	(275)
Net cash provided by (used in) financing activities	(8,967)	871
Effect of exchange rate change on cash and cash equivalents	362	194
Net increase (decrease) in cash and cash equivalents	23,787	2,749
Cash and cash equivalents at beginning of period	38,336	55,931
Cash and cash equivalents at end of period	62,124	58,680

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

1. Orders Received

(Unit: millions of yen)

	3Q FY2009 (From April 1, 2009 to Dec 31, 2009)	3Q FY2010 (From April 1, 2010 to Dec 31, 2010)	Increase (Decrease)	Rate of change (%)
Public works	51,712	41,237	(10,474)	(20.3)
Private works	21,097	23,305	2,208	10.5
Domestic civil engineering	72,809	64,543	(8,266)	(11.4)
Public works	15,261	19,722	4,461	29.2
Private works	47,744	35,371	(12,372)	(25.9)
Domestic building construction	63,005	55,094	(7,911)	(12.6)
Civil engineering	44,168	33,781	(10,387)	(23.5)
Building construction	10,754	56,406	45,651	424.5
Overseas	54,922	90,187	35,264	64.2
Construction Total	190,737	209,824	19,087	10.0
Real estate and Others	458	1,109	650	141.6
Total	191,196	210,933	19,737	10.3

2. Net Sales

(Unit: millions of yen)

	3Q FY2009 (From April 1, 2009 to Dec 31, 2009)	3Q FY2010 (From April 1, 2010 to Dec 31, 2010)	Increase (Decrease)	Rate of change (%)
Public works	68,204	53,781	(14,423)	(21.1)
Private works	28,746	19,265	(9,480)	(33.0)
Domestic civil engineering	96,950	73,046	(23,904)	(24.7)
Public works	10,465	11,807	1,342	12.8
Private works	51,063	48,909	(2,153)	(4.2)
Domestic building construction	61,528	60,717	(810)	(1.3)
Civil engineering	37,390	46,560	9,170	24.5
Building construction	21,029	19,202	(1,826)	(8.7)
Overseas	58,420	65,763	7,343	12.6
Construction Total	216,898	199,527	(17,371)	(8.0)
Real estate and Others	977	483	(494)	(50.6)
Total	217,876	200,010	(17,865)	(8.2)

3. Backlog

(Unit: millions of yen)

	3Q FY2009 (From April 1, 2009 to Dec 31, 2009)	3Q FY2010 (From April 1, 2010 to Dec 31, 2010)	Increase (Decrease)	Rate of change (%)
Public works	80,388	62,825	(17,562)	(21.8)
Private works	26,347	28,251	1,904	7.2
Domestic civil engineering	106,736	91,077	(15,658)	(14.7)
Public works	20,543	33,966	13,422	65.3
Private works	94,896	67,719	(27,177)	(28.6)
Domestic building construction	115,440	101,685	(13,754)	(11.9)
Civil engineering	137,090	130,057	(7,033)	(5.1)
Building construction	18,104	51,491	33,386	184.4
Overseas	155,195	181,548	26,352	17.0
Construction Total	377,371	374,311	(3,060)	(0.8)
Real estate and Others	63	919	856	1,341.3
Total	377,435	375,231	(2,204)	(0.6)