

Summary of Consolidated Financial Results of Fiscal Year Ended March 2011

May 13, 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**

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 ordinary general meeting of shareholders date: June 29, 2011

Schedule of payment of dividends date: June 30, 2011

Schedule of financial statement reporting date: June 29, 2011

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

(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.2011 term	302,256	(6.9)	9,782	(9.4)	7,431	(3.9)	2,163	23.8
Mar.2010 term	324,781	(18.5)	10,799	(0.2)	7,733	9.3	1,746	-

Note: Comprehensive income (millions of yen) Mar. 31 2011term: 1,764(189.0%) Mar. 31 2010term: 610(- %)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/ total assets	Operating income/ net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Mar.2011 term	8.50	-	3.8	2.6	3.2
Mar.2010 term	7.11	-	3.3	2.4	3.3

Reference: Equity in earning of affiliates(millions of yen) Mar. 31 2011term: 37 Mar. 31 2010term: 46

(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, 2011	286,224	60,460	21.1	211.44
Mar. 31, 2010	294,245	54,465	18.5	221.59

Reference: Shareholders' Equity (millions of yen) Mar. 31, 2011: 60,453 Mar. 31, 2010: 54,436

(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.2011 term	1,917	(9,143)	(3,242)	45,662
Mar.2010 term	31,339	5,506	(19,507)	55,931

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			
FY2009	-	-	-	2.00	2.00	491	28.1	0.9
FY2010	-	-	-	2.00	2.00	571	23.5	0.9
FY2011 (Forecast)	-	-	-	2.00	2.00		27.2	

3. Earnings forecasts for fiscal year ended March 2012 (April 1, 2011-March 31, 2012)

	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	134,000	(6.3)	800	(72.0)	(700)	-	(600)	-	(2.10)
Entire term	327,000	8.2	9,500	(2.9)	7,400	(0.4)	2,100	(2.9)	7.34

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 period (significant changes in the basis of presenting the consolidated financial statements for the current period):

1) Changes due to revised accounting Standard: Adopted

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. 2011 term: 286,013,910

Mar. 2010 term: 245,763,910

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

Mar. 2011 term: 100,824

Mar. 2010 term: 97,378

3) Average number of shares outstanding during the period :

Mar. 2011 term: 254,549,533

Mar. 2010 term: 245,667,020

※This document is out of the scope of the quarterly 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 risks and uncertainties. Actual results may vary significantly from 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 31,2010	March 31,2011
Assets		
Current assets		
Cash and deposits	56,438	46,121
Notes receivable, accounts receivable from completed construction contracts and other	101,618	107,143
Short-term investment securities	29	1
Costs on uncompleted construction contracts and other	14,029	13,577
Real estate for sale and development projects in	15,829	13,707
Accounts receivable-other	15,005	13,444
Deferred tax assets	5,235	4,241
Other	4,066	2,953
Allowance for doubtful accounts	(1,270)	(1,345)
Total current assets	210,982	199,845
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	31,625	31,205
Machinery, vehicles, tools, furniture and fixtures	68,894	66,192
Land	35,069	41,761
Construction in progress	1,300	453
Other	111	127
Accumulated depreciation	(79,994)	(78,906)
Total property, plant and equipment	57,005	60,834
Intangible assets	501	622
Investments and other assets		
Investment securities	7,478	10,795
Deferred tax assets	10,089	9,480
Other	15,749	12,634
Allowance for doubtful accounts	(7,561)	(7,987)
Total investments and other assets	25,756	24,922
Total noncurrent assets	83,262	86,379
Total assets	294,245	286,224
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	92,630	87,419
Short-term loans payable	53,680	52,986
Income taxes payable	568	1,265
Advances received on uncompleted construction contracts and other	25,345	25,841
Provision for warranties for completed construction	586	719
Provision for bonuses	1,091	1,015
Provision for loss on construction contracts	1,326	2,233
Provision for loss on voluntary retirement and other	1,511	—
Other	22,102	19,894
Total current liabilities	198,842	191,376
Noncurrent liabilities		
Long-term loans payable	32,159	25,684
Deferred tax liabilities for land revaluation	7,156	7,156
Provision for retirement benefits	350	333
Provision for directors' retirement benefits	199	143
Provision for loss on development business	8	—
Other	1,063	1,069
Total noncurrent liabilities	40,937	34,387
Total liabilities	239,780	225,764

Consolidated Balance Sheets

(Millions of JPY)

	March 31,2010	March 31,2011
Net assets		
Shareholders' equity		
Capital stock	28,070	30,449
Capital surplus	16,007	18,386
Retained earnings	6,129	6,384
Treasury stock	(22)	(22)
Total shareholders' equity	50,184	55,197
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	247	(125)
Deferred gains or losses on hedges	(4)	(7)
Revaluation reserve for land	3,910	5,327
Foreign currency translation adjustment	98	61
Total accumulated other comprehensive income	4,251	5,255
Minority interests	29	6
Total net assets	54,465	60,460
Total liabilities and net assets	294,245	286,224

Consolidated Statements of Income

(Millions of JPY)

	Mar. 2010 term	Mar. 2011 term
Net sales		
Net sales of completed construction contracts	312,612	289,661
Net sales of development business and other	12,168	12,594
Total net sales	324,781	302,256
Cost of sales		
Cost of sales of completed construction contracts	284,785	264,554
Cost of sales on development business and other	11,336	12,400
Total cost of sales	296,121	276,954
Gross profit		
Gross profit on completed construction contracts	27,827	25,107
Gross profit on development business and other	832	193
Total gross profit	28,659	25,301
Selling, general and administrative expenses	17,859	15,519
Operating income	10,799	9,782
Non-operating income		
Interest income	112	92
Dividends income	212	101
Equity in earnings of affiliates	46	37
Real estate rent	71	66
Other	324	466
Total non-operating income	767	764
Non-operating expenses		
Interest expenses	2,783	2,204
Foreign exchange losses	288	230
Other	761	679
Total non-operating expenses	3,833	3,115
Ordinary income	7,733	7,431
Extraordinary income		
Gain on prior period adjustment	784	144
Gain on sales of noncurrent assets	69	463
Reversal of allowance for doubtful accounts	—	259
Reversal of provision for warranties for completed construction	—	201
Gain on sales of investment securities	2,038	22
Other	33	105
Total extraordinary income	2,925	1,196
Extraordinary loss		
Loss on prior period adjustment	3	—
Impairment loss	907	1,158
Loss on disaster	—	1,019
Provision of allowance for doubtful accounts	4,643	525
Loss on development business	1,520	—
Loss on voluntary retirement and other	1,511	—
Other	1,222	407
Total extraordinary losses	9,807	3,111
Income before income taxes and minority interests	852	5,516
Income taxes—current	438	1,670
Income taxes—deferred	304	1,668
Total income taxes	743	3,339
Income before minority interests	—	2,176
Minority interests in income (loss)	(1,638)	13
Net income	1,746	2,163

Statements of Consolidated Comprehensive Income

(Millions of JPY)

	Mar. 2010 term	Mar. 2011 term
Income before minority interests	—	2,176
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(372)
Deferred gains or losses on hedges	—	(2)
Foreign currency translation adjustment	—	(36)
Total other comprehensive income	—	(412)
Comprehensive income	—	1,764
Comprehensive income attributable to		
Comprehensive income attributable to owners of the	—	1,750
Comprehensive income attributable to minority interests	—	13

Consolidated Statements of Cash Flows

(Millions of JPY)

	Mar. 2010 term	Mar. 2011 term
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	852	5,516
Depreciation and amortization	3,950	3,522
Impairment loss	907	1,158
Increase (decrease) in allowance for doubtful accounts	3,227	501
Increase (decrease) in provision for bonuses	(532)	(76)
Increase (decrease) in provision for retirement benefits	(241)	(16)
Increase (decrease) in provision for loss on development business	(1,011)	(8)
Increase (decrease) in provision for loss on construction contracts	707	907
Increase (decrease) in provision for loss on voluntary retirement and other	1,511	(1,511)
Interest and dividends income	(324)	(194)
Interest expenses	2,817	2,204
Foreign exchange losses (gains)	(238)	(180)
Equity in (earnings) losses of affiliates	(46)	(37)
Loss (gain) on sales of property, plant and equipment	(47)	(454)
Loss (gain) on sales of short-term and long term investment securities	(2,036)	(22)
Loss (gain) on valuation of investment securities	360	18
Decrease (increase) in notes and accounts receivable-	39,386	(5,524)
Decrease (increase) in costs on uncompleted construction contracts	3,735	918
Decrease (increase) in inventories	7,356	1,597
Increase (decrease) in notes and accounts payable-trade	(29,238)	(5,210)
Increase (decrease) in advances received on uncompleted construction contracts	(121)	496
Decrease (increase) in accounts receivable-other	2,592	1,560
Other, net	867	(267)
Subtotal	34,433	4,897
Interest and dividends income received	349	204
Interest expenses paid	(2,796)	(2,227)
Income taxes paid	(647)	(957)
Net cash provided by (used in) operating activities	31,339	1,917
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities	(628)	(3,845)
Proceeds from sales of short-term and long term investment securities	8,513	155
Purchase of property, plant and equipment	(2,568)	(9,518)
Proceeds from sales of property, plant and equipment	296	3,981
Payments of loans receivable	(40)	(174)
Collection of loans receivable	295	194
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	63	—
Other, net	(424)	63
Net cash provided by (used in) investing activities	5,506	(9,143)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(3,837)	(601)
Proceeds from long-term loans payable	22,301	19,090
Repayment of long-term loans payable	(37,794)	(25,656)
Proceeds from issuance of common stock	—	4,759
Cash dividends paid	(0)	(482)
Other, net	(175)	(350)
Net cash provided by (used in) financing activities	(19,507)	(3,242)

Consolidated Statements of Cash Flows

(Millions of JPY)

	Mar. 2010 term	Mar. 2011 term
Effect of exchange rate change on cash and cash	256	200
Net increase (decrease) in cash and cash equivalents	17,594	(10,268)
Cash and cash equivalents at beginning of period	38,336	55,931
Cash and cash equivalents at end of period	55,931	45,662

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

1. Orders Received

(Millions of yen)

	FY2009 (From April 1, 2009 to Mar 31, 2010)	FY2010 (From April 1, 2010 to Mar 31, 2011)	Increase (Decrease)	Rate of change (%)
Public works	75,778	63,560	(12,217)	(16.1)
Private works	27,286	31,611	4,325	15.9
Domestic civil engineering	103,065	95,172	(7,892)	(7.7)
Public works	23,974	27,109	3,135	13.1
Private works	53,081	63,065	9,983	18.8
Domestic architectural construction	77,055	90,174	13,118	17.0
Civil engineering	64,210	32,730	(31,479)	(49.0)
Architectural construction	12,724	57,304	44,580	350.4
Overseas	76,934	90,034	13,100	17.0
Construction Total	257,055	275,381	18,326	7.1
Real estate and Others	894	1,554	659	73.7
Total	257,950	276,936	18,985	7.4

2. Net Sales

(Millions of yen)

	FY2009 (From April 1, 2009 to Mar 31, 2010)	FY2010 (From April 1, 2010 to Mar 31, 2011)	Increase (Decrease)	Rate of change (%)
Public works	97,289	81,948	(15,340)	(15.8)
Private works	37,072	26,731	(10,340)	(27.9)
Domestic civil engineering	134,361	108,680	(25,681)	(19.1)
Public works	13,669	15,691	2,021	14.8
Private works	70,040	71,734	1,694	2.4
Domestic architectural construction	83,710	87,426	3,715	4.4
Civil engineering	51,395	56,025	4,629	9.0
Architectural construction	26,787	25,600	(1,186)	(4.4)
Overseas	78,182	81,625	3,443	4.4
Construction Total	296,254	277,732	(18,522)	(6.3)
Real estate and Others	1,183	1,641	458	38.8
Total	297,437	279,373	(18,063)	(6.1)

3. Backlog

(Millions of yen)

	FY2009 (From April 1, 2009 to Mar 31, 2010)	FY2010 (From April 1, 2010 to Mar 31, 2011)	Increase (Decrease)	Rate of change (%)
Public works	75,369	56,981	(18,388)	(24.4)
Private works	24,211	29,091	4,880	20.2
Domestic civil engineering	99,581	86,073	(13,507)	(13.6)
Public works	26,051	37,469	11,417	43.8
Private works	81,256	72,587	(8,669)	(10.7)
Domestic architectural construction	107,308	110,056	2,748	2.6
Civil engineering	144,337	118,396	(25,940)	(18.0)
Architectural construction	14,572	45,823	31,251	214.4
Overseas	158,910	164,220	5,310	3.3
Construction Total	365,799	360,350	(5,449)	(1.5)
Real estate and Others	294	207	(87)	(29.7)
Total	366,093	360,557	(5,536)	(1.5)