

Summary of Financial Results for the First Quarter of Fiscal Year Ending March 2009

August 6, 2008

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, Osaka, 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, Finance Department**

Name: **Hisayuki Kobayashi**

Tel: **03-3817-7618**

Schedule of financial statement reporting date: August 8, 2008

1. Business results for the fiscal year ended March 2009 (April 1, 2008-June 30, 2008)

(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)	(%)
1Q FY2008	66,949	-	(3,672)	-	(4,177)	-	(2,311)	-
1Q FY2007	55,769	18.0	(2,827)	-	(3,211)	-	(2,088)	-

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
1Q FY2008	(9.41)	-
1Q FY2007	(4.25)	-

(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)
1Q FY2008	328,638	52,091	15.8	212.01
Mar. 31, 2008	340,233	53,862	15.8	219.19

Reference: Shareholders' Equity (millions of yen) 1Q FY2008: 52,087 Mar. 2008 term: 53,851

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
FY2007	-	-	-	0.00	0.00
FY2008	-	—	—	—	—
FY2008 (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 2009 (April 1, 2008-March 31, 2009)

	Net sales (Millions of yen)		Operating income (Millions of yen)		Ordinary income (Millions of yen)		Net income (Millions of yen)		Earnings per share (Yen)
Interim term	163,000	-	0	-	(1,700)	-	(2,000)	-	(8.14)
Entire term	390,000	10.5	11,400	29.0	8,000	57.0	3,000	16.7	12.21

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 first 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: Yes

2) Changes other than the reason described above: Yes

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

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

1Q FY2008: 245,763,910 FY2007: 245,763,910

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

1Q FY2008: 83,170 FY2007: 81,444

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

1Q FY2008: 245,681,872 FY2007: 491,404,328

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, 2009 are also the same as ones provided in May 16, 2008.

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.

3) The number of shares per unit was changed at the time the reverse stock split come into effect at August 7, 2008.

4) The company has adopted the "Accounting Standard for Quarterly Financial Statements"(Corporate Accounting Standard No.12) and the "Implementation Guidance for the Accounting Standard for Quarterly Financial Statements"(Corporate Accounting Standard Implementation Guidance No.14), effective from the beginning of FY 2008. The company also develops consolidated financial statements for each quarter.

Consolidated Balance Sheets

(Unit: millions of yen)

	1Q FY2008 (As of June 30, 2008)	March 31, 2008
Current assets		
Cash and deposits	34,492	33,421
Notes and accounts receivable	109,351	136,002
Marketable securities	101	102
Contract works in progress	38,713	33,514
Real estate for sale and real estate in progress	12,463	12,740
Other receivables	21,132	19,881
Other current assets	13,296	10,885
Allowance for doubtful accounts	(1,026)	(1,160)
Total current assets	228,525	245,388
Fixed assets		
Tangible fixed assets		
Land	36,024	36,024
Other tangible assets	25,260	25,247
Net tangible fixed assets	61,284	61,271
Intangible fixed assets	585	568
Investments and other assets		
Investment Securities	15,054	14,463
Other investment and other assets	29,840	25,142
Allowance for doubtful accounts	(6,651)	(6,601)
Total investments and other assets	38,243	33,005
Total fixed assets	100,113	94,844
Total assets	328,638	340,233

	(Unit: millions of yen)	
	1Q FY2008 (As of June 30, 2008)	March 31, 2008
Current liabilities		
Notes and account payable	109,771	117,960
Short-term loans	69,241	63,188
Income taxes payable	297	743
Advances received on uncompleted contracts	29,927	28,910
Allowance	2,398	2,966
Other current liabilities	19,382	17,047
Total current liabilities	231,018	230,816
Long-term liabilities		
Long-term loans	36,014	45,909
Deferred tax liabilities for land revaluation excess	7,216	7,216
Allowance	1,214	1,322
Other long-term liabilities	1,083	1,105
Total long-term liabilities	45,529	55,553
Total liabilities	276,547	286,370
Shareholders' equity		
Common stock	28,070	28,070
Additional paid-in capital	20,106	20,106
Retained earnings	1,679	3,991
Treasury stock, at cost	(20)	(20)
Total shareholders' equity	49,835	52,147
Valuation and Translation adjustments		
Net unrealized holding loss on securities	(1,384)	(1,973)
Deferred hedge income	(29)	(32)
Land revaluation, net of differed tax assets	3,539	3,539
Foreign currency translation adjustments	126	170
Total valuation and translation adjustments	2,251	1,703
Minority interests	3	11
Total Net Assets	52,091	53,862
Total liabilities and net assets	328,638	340,233

Consolidated Statements of Income

(Unit: millions of yen)

1Q FY2008

(From April 1, 2008 to June 30, 2008)

Net sales	
Construction business	63,746
Real estate and others	3,203
Total net sales	66,949
Cost of sales	
Construction business	62,964
Real estate and others	3,046
Total cost of sales	66,010
Gross profit	
Construction business	781
Real estate and others	157
Total gross profit	938
Selling, general and administrative expenses	
	4,611
Operating income	
	(3,672)
Non-operating income	
Interest income	38
Dividend income	164
Other non-operating income	99
Total non-operating income	301
Non-operating expenses	
Interest expense	712
Other non-operating expenses	95
Total non-operating expenses	807
Ordinary income	
	(4,177)
Extraordinary gain	
Gain on sale of property and equipment	252
Reversal of allowance for doubtful accounts	142
Other extraordinary gains	89
Total extraordinary gain	484
Extraordinary loss	
Loss on sale of property and equipment	7
Loss related to lawsuits	12
Other extraordinary losses	5
Total extraordinary loss	24
Income before income taxes	
	(3,717)
Corporation, inhabitant and enterprise taxes	
	85
Income taxes deferred	
	(1,491)
Total income tax	
	(1,405)
Minority interests	
	(0)
Net income	
	(2,311)

Consolidated Statement of Cash Flows

(Unit: millions of yen)

1Q FY2008

(From April 1, 2008 to June 30, 2008)

Cash flow from operating activities	
Income (losses) before taxes and minority interests	(3,717)
losses on impairment of fixed assets	1,064
Increase (decrease) in allowance for doubtful accounts	(84)
Increase (decrease) in reserve for bonus	(1,012)
Increase (decrease) in reserve for retirement benefits	(35)
Increase (decrease) in allowance for losses on construction works	513
Interest and dividends receivable	(202)
Interest expenses	776
Foreign exchange losses (gains)	522
Equity losses (gains)	0
losses (gains) on sales and disposals of property, plant and equipment	(249)
losses (gains) on sales of investment in securities	0
(Increase) decrease in trade receivables	26,647
(Increase) decrease in cost of uncompleted contracts	(5,142)
(Increase) decrease in real estate for trade and real estate in progress and other inventories	144
Increase (decrease) in trade payables	(8,185)
Increase (decrease) in advance on contracts in progress	1,023
(Increase) decrease in other receivable	(1,251)
Other-net	1,095
Sub-total	11,906
Interest and dividends received	219
Interest paid	(491)
Income taxes paid	(494)
Net cash provided by (used in) operating activities	11,139
Cash flows from investing activities	
Purchases of securities and investment in securities	(9)
Proceeds from securities and investment in securities	1
Purchases of property, plant and equipment	(1,112)
Proceeds from sales of property, plant and equipment	292
Loans made	(3)
Collection of loans receivable	43
Investment on development projects	(4,750)
Other-net	(45)
Net cash provided by (used in) investing activities	(5,584)
Cash flows financing activities	
Net increase (decrease) in long-term bank loans	(3,842)
Other-net	(68)
Net cash provided by (used in) financing activities	(3,910)
Difference resulting from conversion of foreign cash and cash equivalents to yen	(570)
Net increase (decrease) in cash and cash equivalents	1,074
Cash and cash equivalents at beginning of the period	33,394
Cash and cash equivalents at end of the period	34,468

(Reference)**Summary of Non-Consolidated Financial Statements****1. Business results for the fiscal year ended 2009 (April 1, 2008-June 30, 2008)**

(1) Non-consolidated financial 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)	(%)
1Q FY2008	61,272	-	(3,490)	-	(4,014)	-	(2,347)	-
1Q FY2007	50,151	16.2	(2,790)	-	(3,202)	-	(2,010)	-

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
1Q FY2008	(9.92)	-
1Q FY2007	(4.09)	-

(2) Non-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)
1Q FY2008	300,020	46,864	15.6	190.75
Mar. 31, 2008	307,210	48,710	15.9	198.26

Reference:

Shareholders' Equity (millions of yen)

1Q FY2008: 46,864

Mar. 2008 term: 48,710

2. Earnings forecasts for fiscal year ended March 2009 (April 1, 2008-March 31, 2009)

	Net sales (Millions of yen)		Operating income (Millions of yen)		Ordinary income (Millions of yen)		Net income (Millions of yen)		Earnings per share (Yen)
Interim term	150,000	-	0	-	(1,700)	-	(1,800)	-	(7.33)
Entire term	356,000	12.0	10,400	53.4	7,000	127.2	2,500	79.9	10.18

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

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, 2009 are also the same as ones provided in May 16, 2008.
- 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.
- 3) The number of shares per unit was changed at the time the reverse stock split come into effect at August 7, 2008.
- 4) The company has adopted the "Accounting Standard for Quarterly Financial Statements"(Corporate Accounting Standard No.12) and the "Implementation Guidance for the Accounting Standard for Quarterly Financial Statements"(Corporate Accounting Standard Implementation Guidance No.14), effective from the beginning of FY 2008. The company also develops consolidated financial statements for each quarter.

(Reference)

Non-Consolidated Balance Sheets

(Unit: millions of yen)

	1Q FY2008 (As of June 30, 2008)	March 31, 2008	Increase (Decrease)
I Current assets			
Cash and deposits	28,739	24,960	3,779
Notes receivable	4,900	8,404	(3,504)
Accounts receivable on completed projects	98,129	119,461	(21,332)
Marketable securities	101	102	(0)
Real estate for trade	6,860	7,134	(274)
Cost of uncompleted contracts	30,371	26,668	3,703
Real estate in progress	4,718	4,706	11
Raw materials and supplies	1,247	832	414
Other receivables	21,888	20,666	1,222
Other current assets	15,310	12,315	2,994
Allowance for doubtful accounts	(849)	(981)	132
Total current assets	211,418	224,272	(12,854)
II Fixed assets			
1. Tangible fixed assets			
Land	34,266	34,266	-
Other tangible assets	15,168	14,805	362
Net tangible fixed assets	49,434	49,072	362
2. Intangible fixed assets	527	505	21
3. Investments and other assets			
Investment Securities	16,090	15,942	597
Others	28,890	24,207	4,683
Allowance for doubtful accounts	(6,342)	(6,340)	(2)
Total investment and other assets	38,639	33,360	5,278
Total fixed assets	88,601	82,938	5,663
Total assets	300,020	307,210	(7,190)

(Unit: millions of yen)

	1Q FY2008 (As of June 30, 2008)	March 31, 2008	Increase (Decrease)
I Current liabilities			
Notes payable	19,356	20,408	(1,051)
Account payable on construction works	81,323	86,954	(5,631)
Short-term loans	62,938	59,950	2,988
Advances received on construction works	25,048	24,989	59
Allowances	2,136	2,648	(511)
Other current liabilities	18,116	15,441	2,675
Total current liabilities	208,919	210,391	(1,472)
II Long-term liabilities			
Long-term loans	35,866	39,697	(3,830)
Deferred tax liabilities for land revaluation excess	7,216	7,216	-
Reserve for retirement benefits	680	712	(32)
Provision for loss on real estate development business of affiliates	90	90	-
Other long-term liabilities	382	392	(9)
Total long-term liabilities	44,236	48,108	(3,872)
Total liabilities	253,155	258,500	(5,344)
I Shareholders' equity			
Common stock	28,070	28,070	-
Total capital reserve	20,106	20,106	-
Retained earnings	(3,433)	(1,005)	(2,437)
Treasury stock, at cost	(20)	(20)	(0)
Total shareholders' equity	44,712	47,150	(2,437)
II Valuation and translation adjustments			
Net unrealized holding gains on securities	(1,384)	(1,972)	588
Loss on deferred hedge	(3)	(7)	3
Land revaluation, net of differed tax assets	3,539	3,539	-
Total valuation and translation adjustments	2,151	1,559	591
Total net assets	46,864	48,710	(1,845)
Total liabilities and net assets	300,020	307,210	(7,190)

(Reference)

Non-Consolidated Statements of Income

(Unit: millions of yen)

	1Q FY2007 (From April 1, 2007 to June 30, 2007)	1Q FY2008 (From April 1, 2008 to June 30, 2008)	Increase (Decrease)
I Net sales			
Construction business	46,825	61,128	14,302
Real estate and others	3,325	144	(3,181)
Total net sales	50,151	61,272	11,121
II Cost of sales			
Construction business	45,535	60,333	14,797
Real estate and others	3,222	327	(2,895)
Total cost of sales	48,758	60,660	11,902
Gross profit			
Construction business	1,290	794	(495)
Loss for real estate and others	102	(182)	(285)
Total gross profit	1,393	612	(780)
III Selling, general and administrative expenses	4,184	4,103	(80)
Operating income	(2,790)	(3,490)	(700)
IV Non-operating income	331	286	(45)
V Non-operating expenses	742	809	66
Ordinary income	(3,202)	(4,014)	(812)
VI Extraordinary gain	273	232	(41)
VII Extraordinary loss	29	22	(7)
Income before income taxes	(2,957)	(3,803)	(845)
Income tax-current	(947)	(1,366)	(419)
Net income	(2,010)	(2,437)	(426)

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

1. Orders Received (Unit: millions of yen)

	1Q FY2007 (From April 1, 2007 to June 30, 2007)	1Q FY2008 (From April 1, 2008 to June 30, 2008)	Increase (Decrease)
Public works	20,959	11,627	(9,332)
Private works	8,082	14,964	6,881
Domestic civil engineering	29,042	26,591	(2,450)
Public works	1,416	3,337	1,920
Private works	32,793	31,747	(1,046)
Domestic building construction	34,210	35,084	874
Civil engineering	20,227	20,403	176
Building construction	4,390	13,519	9,128
Overseas	24,617	33,923	9,305
Construction Total	87,870	95,599	7,729
Real estate and Others	472	165	(306)
Total	88,342	95,764	7,422

2. Net Sales (Unit: millions of yen)

	1Q FY2007 (From April 1, 2007 to June 30, 2007)	1Q FY2008 (From April 1, 2008 to June 30, 2008)	Increase (Decrease)
Public works	10,299	15,941	5,711
Private works	7,952	9,650	1,698
Domestic civil engineering	18,182	25,592	7,410
Public works	433	1,206	773
Private works	18,243	21,164	2,921
Domestic building construction	18,676	22,371	3,694
Civil engineering	6,407	9,301	2,893
Building construction	3,559	3,863	303
Overseas	9,967	13,164	3,197
Construction Total	46,825	61,128	14,302
Real estate and Others	3,325	144	(3,181)
Total	50,151	61,272	11,121

3. Backlog (Unit: millions of yen)

	1Q FY2007 (From April 1, 2007 to June 30, 2007)	1Q FY2008 (From April 1, 2008 to June 30, 2008)	Increase (Decrease)
Public works	139,194	101,123	(38,071)
Private works	43,309	55,751	12,442
Domestic civil engineering	182,504	156,874	(25,629)
Public works	4,444	6,730	2,286
Private works	138,154	153,094	14,939
Domestic building construction	142,598	159,824	17,225
Civil engineering	92,396	141,962	49,566
Building construction	43,808	54,323	10,514
Overseas	136,204	196,285	60,081
Construction Total	461,307	512,985	51,677
Real estate and Others	125	20	(105)
Total	461,433	513,005	51,572