

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

November 12, 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: November 13, 2008

## 1. Business results for the fiscal year ended March 2009 (April 1, 2008-September 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)	(%)
2Q FY2008	184,191	-	1,699	-	(496)	-	(1,904)	-
2Q FY2007	138,612	0.3	(1,083)	-	(2,512)	-	(2,261)	-

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
2Q FY2008	(7.75)	-
2Q FY2007	(9.20)	-

(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)
2Q FY2008	358,531	52,163	14.5	212.29
Mar. 31, 2008	340,233	53,862	15.8	219.19

Reference: Shareholders' Equity (millions of yen) 2Q FY2008: 52,155 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 30, 2009)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Entire term	408,000	15.6	11,600	31.2	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: Revised

#### 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) :  
2Q FY2008: 245,763,910                      FY2007: 245,763,910
  - 2) Number of shares of treasury stock as of end of period :  
2Q FY2008: 87,623                              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) :  
2Q FY2008: 245,680,158                      2QFY2007: 245,697,310

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 revised due to increase of orders and net sales in overseas. Ordinary income and net income 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 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)

	2Q FY2008 (As of September 30, 2008)	March 31, 2008
<b>Current assets</b>		
Cash and deposits	37,901	33,421
Notes and accounts receivable	141,616	136,002
Marketable securities	401	102
Contract works in progress	32,237	33,514
Real estate for sale and real estate in progress	17,372	12,740
Other receivables	22,860	19,881
Other current assets	13,494	10,885
Allowance for doubtful accounts	(1,578)	(1,160)
<b>Total current assets</b>	264,306	245,388
<b>Fixed assets</b>		
Tangible fixed assets		
Land	35,991	36,024
Other tangible assets	24,741	25,247
<b>Net tangible fixed assets</b>	60,733	61,271
Intangible fixed assets	578	568
Investments and other assets		
Investment Securities	13,550	14,463
Other investment and other assets	26,372	25,142
Allowance for doubtful accounts	(7,009)	(6,601)
<b>Total investments and other assets</b>	32,914	33,005
<b>Total fixed assets</b>	94,225	94,844
<b>Total assets</b>	358,531	340,233

(Unit: millions of yen)

	2Q FY2008 (As of September 30, 2008)	March 31, 2008
<b>Current liabilities</b>		
Notes and account payable	117,961	117,960
Short-term loans	83,588	63,188
Income taxes payable	609	743
Advances received on uncompleted contracts	26,957	28,910
Allowance	3,544	2,966
Other current liabilities	17,216	17,047
<b>Total current liabilities</b>	<b>249,878</b>	<b>230,816</b>
<b>Long-term liabilities</b>		
Long-term loans	47,201	45,909
Deferred tax liabilities for land revaluation excess	7,212	7,216
Allowance	985	1,322
Other long-term liabilities	1,091	1,105
<b>Total long-term liabilities</b>	<b>56,490</b>	<b>55,553</b>
<b>Total liabilities</b>	<b>306,368</b>	<b>286,370</b>
<b>Shareholders' equity</b>		
Common stock	28,070	28,070
Additional paid-in capital	20,106	20,106
Retained earnings	2,092	3,991
Treasury stock, at cost	(21)	(20)
<b>Total shareholders' equity</b>	<b>50,248</b>	<b>52,147</b>
<b>Valuation and Translation adjustments</b>		
Net unrealized holding loss on securities	(1,736)	(1,973)
Deferred hedge income	(36)	(32)
Land revaluation, net of differed tax assets	3,533	3,539
Foreign currency translation adjustments	146	170
<b>Total valuation and translation adjustments</b>	<b>1,907</b>	<b>1,703</b>
<b>Minority interests</b>	<b>7</b>	<b>11</b>
<b>Total Net Assets</b>	<b>52,163</b>	<b>53,862</b>
<b>Total liabilities and net assets</b>	<b>358,531</b>	<b>340,233</b>

## Consolidated Statements of Income

(Unit: millions of yen)

2Q FY2008

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

<b>Net sales</b>	
Construction business	176,322
Real estate and others	7,869
<b>Total net sales</b>	184,191
<b>Cost of sales</b>	
Construction business	165,739
Real estate and others	7,345
<b>Total cost of sales</b>	173,084
Gross profit	
Construction business	10,583
Real estate and others	523
<b>Total gross profit</b>	11,106
<b>Selling, general and administrative expenses</b>	
	9,407
Operating income	1,699
<b>Non-operating income</b>	
Interest income	90
Dividend income	173
Other non-operating income	180
<b>Total non-operating income</b>	445
<b>Non-operating expenses</b>	
Interest expense	1,466
Exchange loss, net	752
Other non-operating expenses	423
<b>Total non-operating expenses</b>	2,641
<b>Ordinary income</b>	(496)
<b>Extraordinary gain</b>	
Gain on sale of property and equipment	292
Settlement received	88
Other extraordinary gains	32
<b>Total extraordinary gain</b>	413
<b>Extraordinary loss</b>	
Loss on Devaluation of Investment Securities	1,675
Provision for allowance for doubtful accounts	465
Other extraordinary losses	38
<b>Total extraordinary loss</b>	2,179
Income before income taxes	(2,263)
Corporation, inhabitant and enterprise taxes	328
Income taxes deferred	(690)
<b>Total income tax</b>	(361)
Minority interests	3
<b>Net income</b>	(1,904)

## Consolidated Statement of Cash Flows

(Unit: millions of yen)

2Q FY2008

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

Cash flow from operating activities	
Income (losses) before taxes and minority interests	(2,263)
losses on impairment of fixed assets	2,243
Increase (decrease) in allowance for doubtful accounts	825
Increase (decrease) in reserve for bonus	153
Increase (decrease) in reserve for retirement benefits	(275)
Increase (decrease) in allowance for losses on construction works	467
Interest and dividends receivable	(264)
Interest expenses	1,595
Foreign exchange losses (gains)	569
Equity losses (gains)	(3)
losses (gains) on sales and disposals of property, plant and equipment	(288)
losses (gains) on sales of investment in securities	(0)
Write-down of securities and investment in securities	1,675
(Increase) decrease in trade receivables	(6,754)
(Increase) decrease in cost of uncompleted contracts	(539)
(Increase) decrease in real estate for trade and real estate in progress and other inventories	1,706
Increase (decrease) in trade payables	4
Increase (decrease) in advance on contracts in progress	(1,946)
(Increase) decrease in other receivable	(2,973)
Other-net	(1,355)
Sub-total	<u>(7,423)</u>
Interest and dividends received	238
Interest paid	(1,601)
Income taxes paid	(492)
Net cash provided by (used in) operating activities	<u>(9,278)</u>
Cash flows from investing activities	
Purchases of securities and investment in securities	(840)
Proceeds from sales of securities and investment in securities	2
Purchases of property, plant and equipment	(1,789)
Proceeds from sales of property, plant and equipment	406
Loans made	(33)
Collection of loans receivable	63
Investment on development projects	(4,750)
Other-net	(81)
Net cash provided by (used in) investing activities	<u>(7,023)</u>
Cash flows financing activities	
Net increase (decrease) in short-term bank loans	13,530
Borrowings	23,800
Repayment of long-term debt	(15,638)
Cash dividends paid	(0)
Other-net	(310)
Net cash provided by (used in) financing activities	<u>21,381</u>
Difference resulting from conversion of foreign cash and cash equivalents to yen	(600)
Net increase (decrease) in cash and cash equivalents	4,478
Cash and cash equivalents at beginning of the period	33,394
Cash and cash equivalents at end of the period	<u>37,873</u>

(Reference)

## Summary of Non-Consolidated Financial Statements

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

(1) Non-consolidated financial 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 FY2008	168,392	-	1,612	-	(603)	-	(2,076)	-
2Q FY2007	126,320	0.4	(1,599)	-	(3,063)	-	(2,580)	-

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
2Q FY2008	(8.45)	-
2Q FY2007	(10.50)	-

(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)
2Q FY2008	331,792	46,865	14.1	190.76
Mar. 31, 2008	307,210	48,710	15.9	198.26

Reference:

Shareholders' Equity (millions of yen)

2Q FY2008: 46,865

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)
Entire term	374,000	17.7	10,600	56.3	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 from the previous announcement: Changed

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 revised due to increase of orders and net sales in overseas. Ordinary income and net income 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 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)

	2Q FY2008 (As of September 30, 2008)	March 31, 2008	Increase (Decrease)
<b>I Current assets</b>			
Cash and deposits	33,200	24,960	8,240
Notes receivable	7,567	8,404	(837)
Accounts receivable on completed projects	126,041	119,461	6,579
Marketable securities	101	102	(0)
Real estate for trade	11,906	7,134	4,771
Cost of uncompleted contracts	26,775	26,668	106
Real estate in progress	4,549	4,706	(157)
Raw materials and supplies	985	832	152
Other receivables	23,647	20,666	2,981
Other current assets	15,232	12,315	2,917
Allowance for doubtful accounts	(1,401)	(981)	(420)
<b>Total current assets</b>	<b>248,607</b>	<b>224,272</b>	<b>24,334</b>
<b>II Fixed assets</b>			
1. Tangible fixed assets			
Land	34,370	34,266	103
Other tangible assets	15,043	14,805	237
<b>Net tangible fixed assets</b>	<b>49,413</b>	<b>49,072</b>	<b>341</b>
2. Intangible fixed assets	525	505	20
3. Investments and other assets			
Investment Securities	14,692	15,942	(800)
Others	25,068	24,207	860
Allowance for doubtful accounts	(6,515)	(6,340)	(175)
<b>Total investment and other assets</b>	<b>33,246</b>	<b>33,360</b>	<b>(114)</b>
<b>Total fixed assets</b>	<b>83,184</b>	<b>82,938</b>	<b>246</b>
<b>Total assets</b>	<b>331,792</b>	<b>307,210</b>	<b>24,581</b>



**(Reference)**

(Unit: millions of yen)

	2Q FY2008 (As of September 30, 2008)	March 31, 2008	Increase (Decrease)
<b>I Current liabilities</b>			
Notes payable	17,253	20,408	(3,154)
Account payable on construction works	92,452	86,954	5,497
Short-term loans	78,143	59,950	18,193
Advances received on construction works	22,596	24,989	(2,393)
Allowances	3,075	2,648	427
Other current liabilities	16,196	15,441	755
<b>Total current liabilities</b>	<b>229,717</b>	<b>210,391</b>	<b>19,325</b>
<b>II Long-term liabilities</b>			
Long-term loans	47,088	39,697	7,391
Deferred tax liabilities for land revaluation excess	7,212	7,216	(3)
Reserve for retirement benefits	431	712	(281)
Provision for loss on real estate development business of affiliates	91	90	1
Other long-term liabilities	386	392	(6)
<b>Total long-term liabilities</b>	<b>55,209</b>	<b>48,108</b>	<b>7,100</b>
<b>Total liabilities</b>	<b>284,926</b>	<b>258,500</b>	<b>26,425</b>
<b>I Shareholders' equity</b>			
Common stock	28,070	28,070	-
Total capital reserve	20,106	20,106	-
Retained earnings	(3,076)	(1,005)	(2,070)
Treasury stock, at cost	(21)	(20)	(0)
<b>Total shareholders' equity</b>	<b>45,078</b>	<b>47,150</b>	<b>(2,071)</b>
<b>II Valuation and translation adjustments</b>			
Net unrealized holding gains on securities	(1,736)	(1,972)	236
Loss on deferred hedge	(10)	(7)	(2)
Land revaluation, net of deferred tax assets	3,533	3,539	(5)
<b>Total valuation and translation adjustments</b>	<b>1,786</b>	<b>1,559</b>	<b>227</b>
<b>Total net assets</b>	<b>46,865</b>	<b>48,710</b>	<b>(1,844)</b>
<b>Total liabilities and net assets</b>	<b>331,792</b>	<b>307,210</b>	<b>24,581</b>

(Reference)

### Non-Consolidated Statements of Income

(Unit: millions of yen)

	2Q FY2007 (From April 1, 2007 to September 30, 2007)	2Q FY2008 (From April 1, 2008 to September 30, 2008)	Increase (Decrease)
<b>I Net sales</b>			
Construction business	122,859	167,781	44,922
Real estate and others	3,460	610	(2,850)
<b>Total net sales</b>	126,320	168,392	42,071
<b>II Cost of sales</b>			
Construction business	115,654	157,418	41,763
Real estate and others	4,037	949	(3,088)
<b>Total cost of sales</b>	119,692	158,367	38,675
Gross profit			
Construction business	7,205	10,363	3,158
Loss for real estate and others	(576)	(338)	237
<b>Total gross profit</b>	6,628	10,024	3,396
<b>III Selling, general and administrative expenses</b>	8,227	8,411	184
Operating income	(1,599)	1,612	3,212
<b>IV Non-operating income</b>	508	428	(79)
<b>V Non-operating expenses</b>	1,971	2,644	672
<b>Ordinary income</b>	(3,063)	(603)	2,459
<b>VI Extraordinary gain</b>	282	111	(170)
<b>VII Extraordinary loss</b>	492	2,031	1,539
Income before income taxes	(3,272)	(2,523)	749
Income tax-current	180	80	(100)
Income taxes deferred	(872)	(527)	345
<b>Net income</b>	(2,580)	(2,076)	504

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

## 1. Orders Received

(Unit: millions of yen)

	2Q FY2007 (From April 1, 2007 to September 30, 2007)	2Q FY2008 (From April 1, 2008 to September 30, 2008)	Increase (Decrease)
Public works	37,284	25,488	(11,795)
Private works	19,038	22,164	3,126
Domestic civil engineering	56,322	47,653	(8,669)
Public works	5,375	3,687	(1,688)
Private works	51,230	46,367	(4,863)
Domestic building construction	56,606	50,054	(6,552)
Civil engineering	89,364	28,207	(61,156)
Building construction	4,498	17,891	13,392
Overseas	93,863	46,099	(47,764)
Construction Total	206,793	143,806	(62,986)
Real estate and Others	1,944	1,502	(442)
Total	208,737	145,309	(63,428)

## 2. Net Sales

(Unit: millions of yen)

	2Q FY2007 (From April 1, 2007 to September 30, 2007)	2Q FY2008 (From April 1, 2008 to September 30, 2008)	Increase (Decrease)
Public works	32,652	41,570	8,918
Private works	19,858	24,998	5,139
Domestic civil engineering	52,511	66,569	14,058
Public works	1,088	3,064	1,975
Private works	46,768	58,826	12,058
Domestic building construction	47,857	61,891	14,034
Civil engineering	13,054	29,126	16,071
Building construction	9,436	10,194	758
Overseas	22,491	39,321	16,829
Construction Total	122,859	167,781	44,922
Real estate and Others	3,460	610	(2,850)
Total	126,320	168,392	42,071

## 3. Backlog

(Unit: millions of yen)

	2Q FY2007 (From April 1, 2007 to September 30, 2007)	2Q FY2008 (From April 1, 2008 to September 30, 2008)	Increase (Decrease)
Public works	133,097	89,355	(43,742)
Private works	42,357	47,602	5,245
Domestic civil engineering	175,455	136,958	(38,497)
Public works	7,748	5,222	(2,525)
Private works	128,066	130,052	1,985
Domestic building construction	135,815	135,275	(540)
Civil engineering	152,148	130,259	(21,889)
Building construction	36,409	52,493	16,083
Overseas	188,558	182,752	(5,806)
Construction Total	499,828	454,985	(44,843)
Real estate and Others	1,463	892	(571)
Total	501,292	455,878	(45,414)