

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

August 6, 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, Account Department**

Name: **Syunji Kitahashi**

Tel: **03-3817-7619**

Schedule of financial statement reporting date: August 6, 2010

## 1. Business results for the fiscal year ended March 2011 (April 1, 2010-June 30, 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)	(%)
1Q FY2010	66,023	(8.7)	1,285	-	274	-	76	-
1Q FY2009	72,346	8.1	(807)	-	(1,431)	-	(1,845)	-

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
1Q FY2010	0.31	-
1Q FY2009	(7.51)	-

(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 FY2010	275,904	53,811	19.5	218.93
Mar. 31, 2010	294,245	54,465	18.5	221.59

Reference: Shareholders' Equity (millions of yen) Jun. 30 2010: 53,783 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 (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Earnings per share (Yen)
Interim term	125,000	300	(1,200)	(1,500)	(6.11)
Entire term	310,000	11,000	7,500	2,300	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 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: 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) :

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

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

Jun. 2010 term: 98,112 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) :

Jun. 2010 term: 245,666,197 Jun. 2009 term: 245,667,993

※ 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 May 13, 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

	2010-06-30	2010-03-31
<b>Assets</b>		
Current assets		
Cash and deposits(millionJPY)	55,226	56,438
Notes receivable, accounts receivable from completed construction contracts and other(millionJPY)	82,561	101,618
Short-term investment securities (millionJPY)	1	29
Costs on uncompleted construction contracts and other(millionJPY)	14,997	14,029
Real estate for sale and development projects in progress(millionJPY)	15,752	15,829
Accounts receivable-other(millionJPY)	14,718	15,005
Other(millionJPY)	8,897	9,301
Allowance for doubtful accounts (millionJPY)	(1,259)	(1,270)
Total current assets(millionJPY)	190,895	210,982
Noncurrent assets		
Property, plant and equipment		
Land(millionJPY)	35,041	35,069
Other, net(millionJPY)	22,279	21,936
Total property, plant and equipment (millionJPY)	57,320	57,005
Intangible assets(millionJPY)	581	501
Investments and other assets		
Investment securities(millionJPY)	7,287	7,478
Other(millionJPY)	27,384	25,839
Allowance for doubtful accounts (millionJPY)	(7,564)	(7,561)
Total investments and other assets (millionJPY)	27,106	25,756
Total noncurrent assets(millionJPY)	85,009	83,262
Total assets(millionJPY)	275,904	294,245
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other (millionJPY)	80,180	92,630
Short-term loans payable(millionJPY)	54,459	53,680
Income taxes payable(millionJPY)	297	568
Advances received on uncompleted construction contracts and other (millionJPY)	26,124	25,345
Provision(millionJPY)	2,107	4,515
Other(millionJPY)	23,878	22,102
Total current liabilities(millionJPY)	187,048	198,842
Noncurrent liabilities		

Long-term loans payable(millionJPY)	26,297	32,159
Deferred tax liabilities for land revaluation(millionJPY)	7,156	7,156
Provision(millionJPY)	471	558
Other(millionJPY)	1,118	1,063
Total noncurrent liabilities(millionJPY)	35,043	40,937
Total liabilities(millionJPY)	222,092	239,780
Net assets		
Shareholders' equity		
Capital stock(millionJPY)	28,070	28,070
Capital surplus(millionJPY)	16,007	16,007
Retained earnings(millionJPY)	5,715	6,129
Treasury stock(millionJPY)	(22)	(22)
Total shareholders' equity(millionJPY)	49,770	50,184
Valuation and translation adjustments		
Valuation difference on available-for-sale securities(millionJPY)	(68)	247
Deferred gains or losses on hedges (millionJPY)	70	(4)
Revaluation reserve for land (millionJPY)	3,910	3,910
Foreign currency translation adjustment(millionJPY)	101	98
Total valuation and translation adjustments(millionJPY)	4,012	4,251
Minority interests(millionJPY)	28	29
Total net assets(millionJPY)	53,811	54,465
Total liabilities and net assets (millionJPY)	275,904	294,245

## Consolidated quarterly statements of income

	2009-04-01	2010-04-01
	-	-
	2009-06-30	2010-06-30
Net sales		
Net sales of completed construction contracts(millionJPY)	69,457	63,254
Net sales of development business and other(millionJPY)	2,889	2,768
Total net sales(millionJPY)	72,346	66,023
Cost of sales		
Cost of sales of completed construction contracts(millionJPY)	65,796	58,213
Cost of sales on development business and other(millionJPY)	2,685	2,485
Total cost of sales(millionJPY)	68,482	60,698
Gross profit		
Gross profit on completed construction contracts(millionJPY)	3,661	5,041

Gross profit on development business and other(millionJPY)	203	283
Total gross profit(millionJPY)	3,864	5,325
Selling, general and administrative expenses(millionJPY)	4,672	4,039
Operating income (loss)(millionJPY)	(807)	1,285
Non-operating income		
Interest income(millionJPY)	14	14
Dividends income(millionJPY)	127	57
Other(millionJPY)	122	98
Total non-operating income(millionJPY)	264	170
Non-operating expenses		
Interest expenses(millionJPY)	674	569
Foreign exchange losses(millionJPY)	–	410
Other(millionJPY)	213	201
Total non-operating expenses (millionJPY)	888	1,181
Ordinary income (loss)(millionJPY)	(1,431)	274
Extraordinary income		
Gain on prior period adjustment (millionJPY)	66	0
Gain on sales of noncurrent assets (millionJPY)	18	34
Reversal of allowance for doubtful accounts(millionJPY)	58	24
Other(millionJPY)	2	13
Total extraordinary income(millionJPY)	145	72
Extraordinary loss		
Loss on retirement of noncurrent assets(millionJPY)	3	21
Provision of allowance for doubtful accounts(millionJPY)	1,499	–
Extra retirement payments(millionJPY)	–	102
Other(millionJPY)	17	12
Total extraordinary losses(millionJPY)	1,520	137
Income (loss) before income taxes and minority interests(millionJPY)	(2,806)	209
Income taxes-current(millionJPY)	173	145
Income taxes-deferred(millionJPY)	(1,127)	(12)
Total income taxes(millionJPY)	(954)	132
Income before minority interests (millionJPY)	–	76
Minority interests in income (loss) (millionJPY)	(7)	0
Net income (loss)(millionJPY)	(1,845)	76

## Consolidated quarterly statements of cash flows

2009-04-01

2010-04-01

	-	-
	2009-06-30	2010-06-30
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests(millionJPY)	(2,806)	209
Depreciation and amortization (millionJPY)	921	848
Increase (decrease) in allowance for doubtful accounts(millionJPY)	974	(8)
Increase (decrease) in provision for bonuses(millionJPY)	(987)	(684)
Increase (decrease) in provision for retirement benefits(millionJPY)	52	(5)
Increase (decrease) in provision for loss on voluntary retirement and other (millionJPY)	-	(1,511)
Increase (decrease) in provision for loss on construction contracts (millionJPY)	(74)	(159)
Interest and dividends income (millionJPY)	(142)	(72)
Interest expenses(millionJPY)	707	569
Foreign exchange losses (gains) (millionJPY)	(184)	268
Equity in (earnings) losses of affiliates (millionJPY)	(3)	(9)
Loss (gain) on sales of property, plant and equipment(millionJPY)	(16)	(33)
Loss (gain) on sales of short-term and long term investment securities (millionJPY)	1	-0
Loss (gain) on valuation of investment securities(millionJPY)	12	7
Decrease (increase) in notes and accounts receivable-trade(millionJPY)	30,736	19,057
Decrease (increase) in costs on uncompleted construction contracts (millionJPY)	(1,140)	(978)
Decrease (increase) in inventories (millionJPY)	112	91
Increase (decrease) in notes and accounts payable-trade(millionJPY)	(20,848)	(12,449)
Increase (decrease) in advances received on uncompleted construction contracts(millionJPY)	(5,812)	779
Decrease (increase) in accounts receivable-other(millionJPY)	3	287
Other, net(millionJPY)	387	(39)
Subtotal(millionJPY)	1,892	6,167
Interest and dividends income received(millionJPY)	135	45
Interest expenses paid(millionJPY)	(484)	(341)

Income taxes paid(millionJPY)	(490)	(327)
Net cash provided by (used in) operating activities(millionJPY)	1,053	5,543
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities(millionJPY)	(113)	(186)
Proceeds from sales of short-term and long term investment securities (millionJPY)	18	28
Purchase of property, plant and equipment(millionJPY)	(430)	(863)
Proceeds from sales of property, plant and equipment(millionJPY)	22	90
Payments of loans receivable (millionJPY)	(1)	(2)
Collection of loans receivable (millionJPY)	50	108
Other, net(millionJPY)	(54)	(105)
Net cash provided by (used in) investing activities(millionJPY)	(508)	(931)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable(millionJPY)	11,980	(120)
Repayment of long-term loans payable (millionJPY)	(11,350)	(4,962)
Cash dividends paid(millionJPY)	–	(301)
Other, net(millionJPY)	(37)	(44)
Net cash provided by (used in) financing activities(millionJPY)	591	(5,428)
Effect of exchange rate change on cash and cash equivalents(millionJPY)	200	(249)
Net increase (decrease) in cash and cash equivalents(millionJPY)	1,337	(1,065)
Cash and cash equivalents at beginning of period(millionJPY)	38,336	55,931
Cash and cash equivalents at end of period(millionJPY)	39,673	54,865

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

## 1. Orders Received

(Unit: millions of yen)

	1Q FY2009 (From April 1, 2009 to June 30, 2009)	1Q FY2010 (From April 1, 2010 to June 30, 2010)	Increase (Decrease)	Rate of change (%)
Public works	17,225	12,993	(4,231)	(24.6)
Private works	9,315	12,606	3,291	35.3
Domestic civil engineering	26,540	25,600	(940)	(3.5)
Public works	9,097	8,979	(117)	(1.3)
Private works	14,864	6,079	(8,785)	(59.1)
Domestic building construction	23,962	15,059	(8,902)	(37.2)
Civil engineering	7,248	14,500	7,251	100.0
Building construction	137	32,074	31,937	23,226.0
Overseas	7,386	46,575	39,189	530.6
Construction Total	57,888	87,234	29,346	50.7
Real estate and Others	83	402	318	382.6
Total	57,971	87,636	29,664	51.2

## 2. Net Sales

(Unit: millions of yen)

	1Q FY2009 (From April 1, 2009 to June 30, 2009)	1Q FY2010 (From April 1, 2010 to June 30, 2010)	Increase (Decrease)	Rate of change (%)
Public works	21,635	15,262	(6,372)	(29.5)
Private works	9,953	4,972	(4,980)	(50.0)
Domestic civil engineering	31,588	20,235	(11,353)	(35.9)
Public works	2,127	2,692	565	26.6
Private works	14,985	15,171	185	1.2
Domestic building construction	17,113	17,864	751	4.4
Civil engineering	11,548	16,982	5,434	47.1
Building construction	5,999	6,236	236	3.9
Overseas	17,548	23,219	5,670	32.3
Construction Total	66,250	61,319	(4,931)	(7.4)
Real estate and Others	188	200	11	6.2
Total	66,439	61,519	(4,919)	(7.4)

## 3. Backlog

(Unit: millions of yen)

	1Q FY2009 (From April 1, 2009 to June 30, 2009)	1Q FY2010 (From April 1, 2010 to June 30, 2010)	Increase (Decrease)	Rate of change (%)
Public works	92,470	73,100	(19,369)	(20.9)
Private works	33,358	31,845	(1,513)	(4.5)
Domestic civil engineering	125,829	104,945	(20,883)	(16.6)
Public works	22,717	32,338	9,621	42.4
Private works	98,094	72,164	(25,929)	(26.4)
Domestic building construction	120,811	104,503	(16,308)	(13.5)
Civil engineering	132,072	144,762	12,689	9.6
Building construction	23,849	40,712	16,863	70.7
Overseas	155,921	185,474	29,553	19.0
Construction Total	402,561	394,923	(7,638)	(1.9)
Real estate and Others	477	496	18	3.9
Total	403,039	395,419	(7,620)	(1.9)