

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

November 11, 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: November 12, 2010

1. Business results for the fiscal year ended March 2011 (April 1, 2010-September 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)	(%)
2Q FY2010	143,033	(8.9)	2,858	87.4	1,577	-	627	-
2Q FY2009	157,015	(14.8)	1,525	(10.2)	(31)	-	(153)	-

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q FY2010	2.55	-
2Q FY2009	(0.63)	-

(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 FY2010	287,867	54,102	18.8	220.23
Mar. 31, 2010	294,245	54,465	18.5	221.59

Reference: Shareholders' Equity (millions of yen) Sep. 30 2010: 54,102 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: Revised

4. Others

(1) Changes in significant subsidiaries during the second 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) :

Sep. 2010 term: 245,763,910

Mar. 2010 term: 245,763,910

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

Sep. 2010 term: 98,733

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) :

Sep. 2010 term: 245,665,848

Sep. 2009 term: 245,667,433

※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 revised from 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

(Million JPY)

	2010-09-30	2010-03-31
Assets		
Current assets		
Cash and deposits	62,791	56,438
Notes receivable, accounts receivable from completed construction contracts and other	86,838	101,618
Short-term investment securities	1	29
Costs on uncompleted construction contracts and other	15,328	14,029
Real estate for sale and development projects in progress	15,604	15,829
Accounts receivable-other	13,172	15,005
Other	8,533	9,301
Allowance for doubtful accounts	(1,259)	(1,270)
Total current assets	201,012	210,982
Noncurrent assets		
Property, plant and equipment		
Land	39,244	35,069
Other, net	20,318	21,936
Total property, plant and equipment	59,563	57,005
Intangible assets	575	501
Investments and other assets		
Investment securities	7,236	7,478
Other	27,074	25,839
Allowance for doubtful accounts	(7,594)	(7,561)
Total investments and other assets	26,715	25,756
Total noncurrent assets	86,854	83,262
Total assets	287,867	294,245
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	78,950	92,630
Short-term loans payable	55,132	53,680
Income taxes payable	864	568
Advances received on uncompleted construction contracts and other	32,324	25,345
Provision	2,727	4,515
Other	19,705	22,102
Total current liabilities	189,705	198,842
Noncurrent liabilities		
Long-term loans payable	35,334	32,159
Deferred tax liabilities for land revaluation	7,156	7,156
Provision	463	558
Other	1,103	1,063
Total noncurrent liabilities	44,058	40,937
Total liabilities	233,764	239,780

Consolidated quarterly balance sheets

(Million JPY)

	2010-09-30	2010-03-31
Net assets		
Shareholders' equity		
Capital stock	28,070	28,070
Capital surplus	16,007	16,007
Retained earnings	6,265	6,129
Treasury stock	(22)	(22)
Total shareholders' equity	50,320	50,184
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(209)	247
Deferred gains or losses on hedges	(4)	(4)
Revaluation reserve for land	3,910	3,910
Foreign currency translation adjustment	85	98
Total valuation and translation adjustments	3,781	4,251
Minority interests	—	29
Total net assets	54,102	54,465
Total liabilities and net assets	287,867	294,245

Consolidated quarterly statements of income

(Million JPY)

	2009-04-01 — 2009-09-30	2010-04-01 — 2010-09-30
Net sales		
Net sales of completed construction contracts	150,856	137,034
Net sales of development business and other	6,159	5,999
Total net sales	157,015	143,033
Cost of sales		
Cost of sales of completed construction contracts	140,206	127,050
Cost of sales on development business and other	6,150	5,424
Total cost of sales	146,356	132,475
Gross profit		
Gross profit on completed construction contracts	10,650	9,983
Gross profit on development business and other	8	574
Total gross profit	10,659	10,558
Selling, general and administrative expenses	9,133	7,700
Operating income	1,525	2,858
Non-operating income		
Interest income	67	54
Dividends income	136	62
Other	225	344
Total non-operating income	429	461
Non-operating expenses		
Interest expenses	1,396	1,128
Foreign exchange losses	259	207
Other	329	405
Total non-operating expenses	1,985	1,742
Ordinary income (loss)	(31)	1,577

Consolidated quarterly statements of income

(Million JPY)

	2009-04-01 — 2009-09-30	2010-04-01 — 2010-09-30
Extraordinary income		
Gain on prior period adjustment	383	29
Gain on sales of noncurrent assets	30	402
Gain on sales of investment securities	1,390	—
Other	7	107
Total extraordinary income	1,812	539
Extraordinary loss		
Impairment loss	547	—
Provision of allowance for doubtful accounts	1,719	—
Extra retirement payments	—	135
Loss on development business	1,426	—
Other	260	96
Total extraordinary losses	3,953	232
Income (loss) before income taxes and minority	(2,172)	1,884
Income taxes—current	154	851
Income taxes—deferred	(730)	399
Total income taxes	(575)	1,251
Income before minority interests	—	633
Minority interests in income (loss)	(1,442)	6
Net income (loss)	(153)	627

Consolidated quarterly statements of cash flows

(Million JPY)

	2009-04-01 — 2009-09-30	2010-04-01 — 2010-09-30
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(2,172)	1,884
Depreciation and amortization	1,875	1,731
Impairment loss	547	—
Increase (decrease) in allowance for doubtful accounts	714	21
Increase (decrease) in provision for bonuses	151	(106)
Increase (decrease) in provision for retirement benefits	(53)	(21)
Increase (decrease) in provision for loss on development business	(1,011)	(0)
Increase (decrease) in provision for loss on voluntary retirement and other	—	(1,511)
Increase (decrease) in provision for loss on construction contracts	(115)	(108)
Interest and dividends income	(203)	(116)
Interest expenses	1,430	1,128
Foreign exchange losses (gains)	(453)	(142)
Equity in (earnings) losses of affiliates	(4)	(31)
Loss (gain) on sales of property, plant and equipment	(23)	(394)
Loss (gain) on sales of short-term and long term investment securities	(1,389)	(0)
Loss (gain) on valuation of investment securities	235	13
Decrease (increase) in notes and accounts receivable-trade	24,026	14,779
Decrease (increase) in costs on uncompleted construction contracts	201	(1,531)
Decrease (increase) in inventories	3,210	436
Increase (decrease) in notes and accounts payable-trade	(24,194)	(13,679)
Increase (decrease) in advances received on uncompleted construction contracts	(2,933)	6,979
Decrease (increase) in accounts receivable-other	(2,118)	1,832
Other, net	(1,481)	(3,396)
Subtotal	(3,764)	7,769
Interest and dividends income received	210	115
Interest expenses paid	(1,428)	(1,147)
Income taxes paid	(421)	(507)
Net cash provided by (used in) operating activities	(5,404)	6,229

Consolidated quarterly statements of cash flows

(Million JPY)

	2009-04-01 — 2009-09-30	2010-04-01 — 2010-09-30
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities	(367)	(359)
Proceeds from sales of short-term and long term investment securities	4,913	128
Purchase of property, plant and equipment	(1,085)	(7,254)
Proceeds from sales of property, plant and equipment	220	3,729
Payments of loans receivable	(1)	(2)
Collection of loans receivable	154	112
Other, net	(68)	(177)
Net cash provided by (used in) investing activities	3,764	(3,823)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	6,230	800
Proceeds from long-term loans payable	22,301	19,090
Repayment of long-term loans payable	(23,558)	(15,263)
Cash dividends paid	(0)	(480)
Other, net	(86)	(222)
Net cash provided by (used in) financing activities	4,885	3,924
Effect of exchange rate change on cash and cash equivalents	488	166
Net increase (decrease) in cash and cash equivalents	3,735	6,496
Cash and cash equivalents at beginning of period	38,336	55,931
Cash and cash equivalents at end of period	42,072	62,427

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

1. Orders Received

(Unit: millions of yen)

	2Q FY2009 (From April 1, 2009 to Sep 30, 2009)	2Q FY2010 (From April 1, 2010 to Sep 30, 2010)	Increase (Decrease)	Rate of change (%)
Public works	37,236	29,512	(7,724)	(20.7)
Private works	15,606	18,004	2,398	15.4
Domestic civil engineering	52,843	47,516	(5,326)	(10.1)
Public works	12,523	13,520	996	8.0
Private works	34,356	22,510	(11,845)	(34.5)
Domestic building construction	46,880	36,030	(10,849)	(23.1)
Civil engineering	26,673	16,591	(10,081)	(37.8)
Building construction	3,384	34,904	31,520	931.4
Overseas	30,057	51,496	21,438	71.3
Construction Total	129,780	135,043	5,262	4.1
Real estate and Others	346	794	447	129.2
Total	130,127	135,838	5,710	4.4

2. Net Sales

(Unit: millions of yen)

	2Q FY2009 (From April 1, 2009 to Sep 30, 2009)	2Q FY2010 (From April 1, 2010 to Sep 30, 2010)	Increase (Decrease)	Rate of change (%)
Public works	45,342	33,920	(11,421)	(25.2)
Private works	21,067	12,072	(8,995)	(42.7)
Domestic civil engineering	66,409	45,993	(20,416)	(30.7)
Public works	6,720	6,797	77	1.2
Private works	33,405	30,906	(2,499)	(7.5)
Domestic building construction	40,126	37,704	(2,421)	(6.0)
Civil engineering	24,094	34,065	9,970	41.4
Building construction	13,030	14,190	1,159	8.9
Overseas	37,124	48,255	11,130	30.0
Construction Total	143,660	131,953	(11,707)	(8.1)
Real estate and Others	770	288	(481)	(62.5)
Total	144,431	132,242	(12,189)	(8.4)

3. Backlog

(Unit: millions of yen)

	2Q FY2009 (From April 1, 2009 to Sep 30, 2009)	2Q FY2010 (From April 1, 2010 to Sep 30, 2010)	Increase (Decrease)	Rate of change (%)
Public works	88,775	70,961	(17,814)	(20.1)
Private works	28,535	30,143	1,607	5.6
Domestic civil engineering	117,311	101,104	(16,206)	(13.8)
Public works	21,550	32,773	11,223	52.1
Private works	99,166	72,861	(26,305)	(26.5)
Domestic building construction	120,717	105,634	(15,082)	(12.5)
Civil engineering	135,563	124,003	(11,560)	(8.5)
Building construction	19,306	35,123	15,816	81.9
Overseas	154,870	159,127	4,256	2.7
Construction Total	392,898	365,866	(27,031)	(6.9)
Real estate and Others	158	800	641	403.9
Total	393,057	366,666	(26,390)	(6.7)