

Summary of Financial Results

for the Second Quarter of Fiscal Year Ending March 2012

November 11, 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**

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 14, 2011

1. Business results for the fiscal year ended March 2012 (April 1, 2011-September 30, 2011)

(1) Consolidated business 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)	(%)
2Q FY2011	145,289	1.6	4,633	62.1	4,048	156.6	906	44.6
2Q FY2010	143,033	(8.9)	2,858	87.4	1,577	-	627	-

Note: Comprehensive income (millions of yen) Sep. 30 2011term: 636(285.9%) Sep. 30 2010term: 164(- %)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q FY2011	3.17	-
2Q FY2010	2.55	-

(2) Consolidated financial position

	Total assets (millions of yen)	Total net assets (millions of yen)	Total net assets/ total assets (%)
2Q FY2011	284,633	60,524	21.3
Mar. 31, 2011	286,224	60,460	21.1

Reference: Shareholders' Equity (millions of yen) Sep. 30 2011: 60,521 Mar. 31 2011: 60,453

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
FY2010	-	-	-	2.00	2.00
FY2011	-	-	-	-	-
FY2011 (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 2012 (April 1, 2011-March 31, 2012)

	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	329,000	8.8	9,500	(2.9)	7,900	6.3	2,100	(2.9)	7.34

Notes: Change made in figures of the forecasts as of the end of the current quarter form 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 accounting method uniquely adopted to prepare consolidated financial statements for the current quarter: None

(3) Changes to accounting policies; cheanges to accounting estimates; restatements

1) Changes due to revised accounting Standard: None

2) Changes other than the reason described above: None

3) Changes to accounting estimates: None

4) Restatements: None

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

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

Sep. 2011 term: 286,013,910

Mar. 2011 term: 286,013,910

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

Sep. 2011 term: 101,327

Mar. 2011 term: 100,824

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

Sep. 2011 term: 285,912,924

Sep. 2010 term: 245,665,848

※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:

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 Balance Sheets

(Millions of JPY)

	March 31,2011	September 30,2011
Assets		
Current assets		
Cash and deposits	46,121	55,727
Notes receivable, accounts receivable from completed construction contracts and other	107,143	94,333
Short-term investment securities	1	1
Costs on uncompleted construction contracts and other	13,577	20,302
Real estate for sale and development projects in progress	13,707	11,512
Accounts receivable-other	13,444	9,870
Other	7,195	5,634
Allowance for doubtful accounts	(1,345)	(1,145)
Total current assets	199,845	196,237
Noncurrent assets		
Property, plant and equipment		
Land	41,761	43,571
Other, net	19,073	20,280
Total property, plant and equipment	60,834	63,851
Intangible assets	622	628
Investments and other assets		
Investment securities	10,795	10,345
Other	22,114	19,505
Allowance for doubtful accounts	(7,987)	(5,935)
Total investments and other assets	24,922	23,915
Total noncurrent assets	86,379	88,396
Total assets	286,224	284,633
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	87,419	84,672
Short-term loans payable	52,986	49,521
Income taxes payable	1,265	1,139
Advances received on uncompleted construction contracts and other	25,841	26,494
Provision	3,968	3,899
Other	19,894	15,324
Total current liabilities	191,376	181,052
Noncurrent liabilities		
Long-term loans payable	25,684	34,116
Deferred tax liabilities for land revaluation	7,156	7,140
Provision	477	746
Other	1,069	1,051
Total noncurrent liabilities	34,387	43,056
Total liabilities	225,764	224,108

Consolidated Balance Sheets

(Millions of JPY)

	March 31,2011	September 30,2011
Net assets		
Shareholders' equity		
Capital stock	30,449	30,449
Capital surplus	18,386	18,386
Retained earnings	6,384	6,741
Treasury stock	(22)	(22)
Total shareholders' equity	55,197	55,555
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(125)	(381)
Deferred gains or losses on hedges	(7)	(1)
Revaluation reserve for land	5,327	5,305
Foreign currency translation adjustment	61	44
Total accumulated other comprehensive income	5,255	4,966
Minority interests	6	3
Total net assets	60,460	60,524
Total liabilities and net assets	286,224	284,633

Consolidated Statements of Income

(Millions of JPY)

	Sep. 2010 term	Sep. 2011 term
Net sales		
Net sales of completed construction contracts	137,034	138,800
Net sales of development business and other	5,999	6,489
Total net sales	143,033	145,289
Cost of sales		
Cost of sales of completed construction contracts	127,050	127,437
Cost of sales on development business and other	5,424	5,985
Total cost of sales	132,475	133,422
Gross profit		
Gross profit on completed construction contracts	9,983	11,363
Gross profit on development business and other	574	503
Total gross profit	10,558	11,866
Selling, general and administrative expenses	7,700	7,233
Operating income	2,858	4,633
Non-operating income		
Interest income	54	27
Dividends income	62	144
Reversal of allowance for doubtful accounts	—	202
Other	344	280
Total non-operating income	461	655
Non-operating expenses		
Interest expenses	1,128	887
Other	613	353
Total non-operating expenses	1,742	1,240
Ordinary income	1,577	4,048
Extraordinary income		
Gain on sales of noncurrent assets	402	48
Other	136	24
Total extraordinary income	539	73
Extraordinary loss		
Impairment loss	—	38
Provision for loss on litigation	—	300
Other	232	97
Total extraordinary losses	232	435
Income before income taxes and minority interests	1,884	3,685
Income taxes—current	851	1,029
Income taxes—deferred	399	1,752
Total income taxes	1,251	2,782
Income before minority interests	633	903
Minority interests in income (loss)	6	(3)
Net income	627	906

Statements of Consolidated Comprehensive Income

(Millions of JPY)

	Sep. 2010 term	Sep. 2011 term
Income before minority interests	633	903
Other comprehensive income		
Valuation difference on available-for-sale securities	(456)	(256)
Deferred gains or losses on hedges	0	5
Foreign currency translation adjustment	(13)	(16)
Total other comprehensive income	(469)	(267)
Comprehensive income	164	636
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	157	639
Comprehensive income attributable to minority interests	7	(3)

Consolidated Statements of Cash Flows

(Millions of JPY)

	Sep. 2010 term	Sep. 2011 term
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,884	3,685
Depreciation and amortization	1,731	1,607
Impairment loss	—	38
Increase (decrease) in allowance for doubtful accounts	21	(2,253)
Increase (decrease) in provision for bonuses	(106)	93
Increase (decrease) in provision for retirement benefits	(21)	(7)
Increase (decrease) in provision for loss on development business	(0)	—
Increase (decrease) Provision for loss on litigation	—	300
Increase (decrease) in provision for loss on voluntary retirement and other	(1,511)	—
Increase (decrease) in provision for loss on construction contracts	(108)	(109)
Interest and dividends income	(116)	(171)
Interest expenses	1,128	887
Foreign exchange losses (gains)	(142)	392
Equity in (earnings) losses of affiliates	(31)	4
Loss (gain) on sales of property, plant and equipment	(394)	(46)
Loss (gain) on sales of short-term and long term investment securities	(0)	(0)
Loss (gain) on valuation of investment securities	13	13
Decrease (increase) in notes and accounts receivable-trade	14,779	12,805
Decrease (increase) in costs on uncompleted construction contracts	(1,531)	(7,114)
Decrease (increase) in inventories	436	2,061
Increase (decrease) in notes and accounts payable-trade	(13,679)	(2,743)
Increase (decrease) in advances received on uncompleted construction contracts	6,979	653
Decrease (increase) in accounts receivable-other	1,832	3,574
Other, net	(3,396)	(2,652)
Subtotal	7,769	11,018
Interest and dividends income received	115	296
Interest expenses paid	(1,147)	(875)
Income taxes paid	(507)	(1,145)
Net cash provided by (used in) operating activities	6,229	9,294
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities	(359)	(8)
Proceeds from sales of short-term and long term investment securities	128	17
Purchase of property, plant and equipment	(7,254)	(4,413)
Proceeds from sales of property, plant and equipment	3,729	129
Payments of loans receivable	(2)	(4)
Collection of loans receivable	112	104
Other, net	(177)	(317)
Net cash provided by (used in) investing activities	(3,823)	(4,494)

Consolidated Statements of Cash Flows

(Millions of JPY)

	Sep. 2010 term	Sep. 2011 term
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	800	304
Proceeds from long-term loans payable	19,090	20,576
Repayment of long-term loans payable	(15,263)	(15,914)
Cash dividends paid	(480)	(562)
Other, net	(222)	(70)
Net cash provided by (used in) financing activities	3,924	4,333
Effect of exchange rate change on cash and cash equivalents	166	167
Net increase (decrease) in cash and cash equivalents	6,496	9,300
Cash and cash equivalents at beginning of period	55,931	45,662
Cash and cash equivalents at end of period	62,427	54,963

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

1. Orders Received

(Millions of yen)

	2Q FY2010 (From April 1, 2010 to Sep 30, 2010)	2Q FY2011 (From April 1, 2011 to Sep 30, 2011)	Increase (Decrease)	Rate of change (%)
Public works	29,512	27,539	(1,972)	(6.7)
Private works	18,004	25,044	7,040	39.1
Domestic civil engineering	47,516	52,584	5,068	10.7
Public works	13,520	6,962	(6,557)	(48.5)
Private works	22,510	46,433	23,922	106.3
Domestic architectural construction	36,030	53,396	17,365	48.2
Civil engineering	16,591	31,115	14,523	87.5
Architectural construction	34,904	23,209	(11,695)	(33.5)
Overseas	51,496	54,324	2,828	5.5
Construction Total	135,043	160,305	25,262	18.7
Real estate and Others	794	1,897	1,102	138.8
Total	135,838	162,203	26,364	19.4

2. Net Sales

(Millions of yen)

	2Q FY2010 (From April 1, 2010 to Sep 30, 2010)	2Q FY2011 (From April 1, 2011 to Sep 30, 2011)	Increase (Decrease)	Rate of change (%)
Public works	33,920	32,615	(1,304)	(3.8)
Private works	12,072	16,103	4,030	33.4
Domestic civil engineering	45,993	48,718	2,725	5.9
Public works	6,797	9,624	2,826	41.6
Private works	30,906	39,244	8,337	27.0
Domestic architectural construction	37,704	48,868	11,164	29.6
Civil engineering	34,065	25,000	(9,065)	(26.6)
Architectural construction	14,190	12,465	(1,725)	(12.2)
Overseas	48,255	37,465	(10,790)	(22.4)
Construction Total	131,953	135,053	3,100	2.3
Real estate and Others	288	1,892	1,604	555.3
Total	132,242	136,946	4,704	3.6

3. Backlog

(Millions of yen)

	2Q FY2010 (From April 1, 2010 to Sep 30, 2010)	2Q FY2011 (From April 1, 2011 to Sep 30, 2011)	Increase (Decrease)	Rate of change (%)
Public works	70,961	51,905	(19,055)	(26.9)
Private works	30,143	38,033	7,890	26.2
Domestic civil engineering	101,104	89,939	(11,165)	(11.0)
Public works	32,773	34,807	2,033	6.2
Private works	72,861	79,776	6,915	9.5
Domestic architectural construction	105,634	114,583	8,948	8.5
Civil engineering	124,003	122,695	(1,307)	(1.1)
Architectural construction	35,123	56,179	21,056	59.9
Overseas	159,127	178,875	19,748	12.4
Construction Total	365,866	383,398	17,531	4.8
Real estate and Others	800	211	(588)	(73.6)
Total	366,666	383,610	16,943	4.6