

April, 23, 2007

Name of listed company:

Penta-Ocean Construction Co., Ltd  
Representative: Chairman and Executive Officer  
Yoshio Murashige

Code number: 1893

Stock exchange: Tokyo, Osaka, Nagoya

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**Revisions of Earnings Forecasts**  
**for the Fiscal Year Ending March 31, 2007**

In light of recent performance, Penta-Ocean Construction announced revisions to its earnings forecasts for FY3/07. The forecasts were originally provided on May 22, 2006, and revised on October 26, 2006.

1. Revised Forecasts of Full-Year Earnings for FY3/07(April 1, 2006 to March 31, 2007)

(1)Consolidated (Millions of yen, %)

	Net sales	Recurring profit	Net profit
Previous Forecasts (A)	317,000	3,000	(6,000)
Revised Forecasts (B)	323,000	2,000	(5,900)
Difference (B)-(A)	6,000	(1,000)	100
Percentage Change (%)	1.9%	(33.3%)	—
(Reference) Fiscal 2006	354,657	11,341	3,875

(2)Non- Consolidated (Millions of yen, %)

	Net sales	Recurring profit	Net profit
Previous Forecasts (A)	282,000	2,000	(6,500)
Revised Forecasts (B)	289,000	500	(6,700)
Difference (B)-(A)	7,000	(1,500)	(200)
Percentage Change (%)	2.5%	(75.0%)	—
(Reference) Fiscal 2006	318,959	9,584	2,855

## 2. Reasons for revision of forecast

- a. Decrease in recurring profit: JPY 3.0bn (the previous forecast) ⇒JPY 2.0bn
- The consolidated recurring profit forecast is revised downward to JPY 2.0bn from JPY 3.0bn.
  - This is attributed to larger-than-expected decline in gross profits and margins of the domestic civil engineering business, owing to bidding suspension and completion of a several unprofitable projects brought forward from the former fiscal year.
- b. Increase in extraordinary losses: JPY 16.0bn (the previous forecast) ⇒JPY 19.8bn
- Losses in the development business:  
(Cut down the selling price to the early disposal possible value)  
JPY 5.1bn(the previous forecast) ⇒JPY 8.6bn
  - Early application of the cost or market accounting method to the real estates for sale and the real estates in progress: JPY 7.9bn (unchanged)
  - Impairment loss on the fixed asset of the golf course and the other.  
JPY 1.5bn(the previous forecast) ⇒JPY 1.7bn
- c. Slight improvement of net loss: JPY 6.0bn (the previous forecast) ⇒JPY 5.9bn
- The extraordinary profit of JPY 5.4bn is planned to be booked by the sale of investment securities, which will offset the downwardly revised recurring profit and the increased extraordinary losses.

## 3. Orders received

New construction contracts exceeded the target of JPY 312.0 bn and increased 25.0% YoY to JPY 343.0 bn. The increase in domestic construction orders received from the private companies and the central government, as a result, limited the impact of bidding suspension.

<Reference> Orders Received for FY3/07

(Billions of yen)

		FY3/07	FY3/06	Difference	YoY
Domestic Civil Eng.	Public	73.3	82.2	(8.9)	(10.8%)
	Private	53.9	29.3	24.6	84.0%
	Total	127.2	111.5	15.7	14.1%
Domestic Building Const.	Public	4.3	10.7	(6.5)	(60.2%)
	Private	146.4	122.0	24.5	20.1%
	Total	150.7	132.7	18.0	13.6%
Overseas		65.1	30.3	34.8	115.1%
Construction Total		343.0	274.5	68.5	25.0%