

Non-Consolidated Financial Statements — Summary

(For the fiscal year ended March 31, 2006)

May 22, 2006

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.**

Code number: **1893**

Representative

Title: **Chief Executive Officer**

Name: **Yoshio Murashige**

Contact

Title: **General Manager, Finance Department**

Name: **Hisayuki Kobayashi**

Board of Directors meeting: May 22, 2006

Stock exchange: **Tokyo, Osaka, Nagoya**
Head office: **Tokyo**

Tel: **03-3817-7618**

URL: **http://www.penta-ocean.co.jp/**

Interim divided system: **No**

Investment unit system: **Yes**

One investment unit=1,000 shares

1. Business results for the fiscal 2005 (April 1, 2005-March 31, 2006)

(1)Non-Consolidated financial results Note: All amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Mar. 2006 term	318,959	0.5	12,598	12.0	9,584	25.3
Mar. 2005 term	317,359	6.7	11,251	8.8	7,649	15.2

	Net income		Earnings per share (Yen)	Earnings per share (diluted) (Yen)	Return on equity (%)	Ordinary income/ total assets (%)	Ordinary income/ net assets (%)
	(Millions of yen)	(%)	(Millions of yen)	(Yen)			
Mar. 2006 term	2,855	76.7	6.31	-	5.2	2.6	3.0
Mar. 2005 term	1,615	4.4	4.28	-	3.8	1.9	2.4

Notes:

①Average number of shares outstanding

Mar. 2006 term: 452,283,557 Mar. 2005 term: 377,768,881

②Changes in accounting methods: Changed

③Percentages for net sales, operating income, ordinary income and net income indicate changes from the previous corresponding term.

(2)Dividends

	Annual dividends per share (Yen)		Total dividends (Annual) (Millions of yen)	Payout ratio (%)	Dividends/ shareholder's equity (%)
	Interim	Term-end			
Mar. 2006 term	0.0	-	0.0	-	-
Mar. 2005 term	0.0	-	0.0	-	-

(3)Non-Consolidated financial position

	Total assets (Millions of yen)	Shareholders' equity (Millions of yen)	Shareholders' equity/ total assets (%)	Shareholders' equity per share (yen)
Mar. 31, 2006	356,147	63,771	17.9	129.77
Mar. 31, 2005	384,088	45,573	11.9	115.33

Notes:

①Number of shares outstanding at term-end (Non-consolidated):

Mar. 2006 term: 491,418,246 Mar. 2005 term: 395,175,333

②Number of treasury stock at term-end:

Mar. 2006 term: 109,574 Mar. 2005 term: 89,519

2. Forecast for fiscal 2006 (April 1, 2005-March 31, 2007)

	Net sales	Ordinary income	Net income	Annual dividends per share (Yen)	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	Interim	Term-end
Interim term	117,500	△ 1,500	△ 2,000	-	-
Entire term	310,000	7,000	2,500	-	0.00

Reference: Estimated earnings per share (yen, fiscal 2006): 5.09

Note:

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.

Non-Consolidated Balance Sheets

ASSETS

	March 31, 2006 (Millions of yen)	March 31, 2005 (Millions of yen)	Increase (Decrease) (Millions of yen)
I Current assets			
Cash and deposits	58,063	64,065	(6,001)
Notes receivable	6,206	7,501	(1,294)
Accounts receivable	95,791	86,063	9,728
Real estate for trade	13,634	12,308	1,326
Cost of uncompleted contracts	29,436	44,627	(15,190)
Real estate in progress	21,548	23,687	(2,138)
Raw materials and supplies	536	633	(97)
Other receivables	22,606	21,983	622
Other current assets	12,606	26,904	(14,297)
Allowance for doubtful accounts	(838)	(910)	72
Total current assets	259,592	286,863	(27,270)
II Fixed assets			
1. Tangible fixed assets:			
Land	34,065	34,468	(402)
Other tangible assets	17,670	18,961	(1,291)
Net tangible fixed assets	51,735	53,430	(1,694)
2. Intangible fixed assets	473	492	(18)
3. Investments and other assets			
Investment Securities	30,019	23,860	6,159
Long-term loans receivable	5,604	6,203	(599)
Impaired loan	5,837	6,883	(1,046)
Other	8,521	12,877	(4,356)
Allowance for doubtful accounts	(5,637)	(6,523)	885
Total investment and other assets	44,345	43,302	1,042
Total fixed assets	96,554	97,225	(670)
Total assets	356,147	384,088	(27,941)

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2006 (Millions of yen)	March 31, 2005 (Millions of yen)	Increase (Decrease) (Millions of yen)
I Current liabilities:			
Notes payable	25,327	26,348	(1,021)
Account payable	77,146	77,905	(758)
Short-term loans	77,396	109,453	(32,057)
Advances received on uncompleted contracts	27,648	37,021	(9,372)
Provision for loss on real estate development business of affiliates	—	8,704	(8,704)
Reserves	2,402	2,475	(72)
Other current liabilities	18,190	20,883	(2,692)
Total current liabilities	228,110	282,790	(54,679)
II Long-term liabilities			
Long-term loans	46,449	40,954	5,495
Deferred tax liabilities for land revaluation excess	7,274	3,270	4,003
Reserve for retirement benefits	6,515	6,301	213
Reserve for directors' retirement bonuses	207	229	(21)
Provision for loss on real estate development business of affiliates	72	70	2
Other long-term liabilities	3,747	4,899	(1,152)
Total long-term liabilities	64,264	55,724	8,540
Total liabilities	292,375	338,514	(46,139)
I Common stock	28,070	20,570	7,500
II Capital surplus			
Capital surplus	10,000	2,500	7,500
Other capital surplus	10,106	10,106	—
Total capital surplus	20,106	12,606	7,500
III Retained earnings			
Voluntary reserve	4,000	—	4,000
General reserve	4,000	—	4,000
Retained earnings for entire term	3,008	4,222	(1,213)
Total retained earnings	7,008	4,222	2,786
IV Land revaluation excess	879	4,766	(3,887)
V Net unrealized holding gains (loss) on securities	7,720	3,417	4,303
VI Treasury stock, at cost	(13)	(9)	(4)
Total shareholders' equity	63,771	45,573	18,198
Total liabilities and shareholders' equity	356,147	384,088	(27,941)

Non-Consolidated Statements of Income

	Mar. 2006 term (Millions of yen)	Mar. 2005 term (Millions of yen)	Increase (Decrease) (Millions of yen)
I Net sales:			
Construction business	314,300	314,660	(359)
Real estate and others	4,539	2,699	1,960
Total net sale	318,959	317,359	1,600
II Cost of sales:			
Construction business	283,402	284,400	(997)
Real estate and others	4,804	3,584	1,219
Total cost of sales	288,207	287,985	221
Gross profit			
Construction business	30,897	30,259	638
Loss for real estate and others	145	885	(740)
Total gross profit	30,752	29,374	1,378
III Selling, general and administrative expenses:	18,154	18,122	31
Operating income	12,598	11,251	1,346
IV Non-operating income:			
Interest income	504	274	229
Other non-operating income	740	630	
Total non-operating income	1,244	904	339
V Non-operating expenses:			
Interest expense	3,380	3,653	(273)
Exchange loss, net	289	483	(194)
Other non-operating expenses	587	369	218
Total non-operating expenses	4,257	4,506	(249)
Ordinary income	9,584	7,649	1,935
VI Extraordinary gain:	348	12,871	(12,523)
VII Extraordinary loss:	2,147	12,710	(10,562)
Income before income taxes	7,785	7,811	(25)
Corporation, inhabitant and enterprise	588	1,170	(581)
Income taxes deferred	4,342	5,025	(683)
Net income	2,855	1,615	1,239
Retained earnings (deficit) brought	222	(276)	498
Reversal of land revaluation excess	(69)	2,883	(2,952)
Retained earnings for entire term	3,008	4,222	(1,213)

Orders Received, Net Sales and Backlog

1. Orders Received

		Mar. 2006 term (Millions of yen)	Mar. 2005 term (Millions of yen)	Increase (Decrease) (Millions of yen)
	Public works	82,198	156,541	(74,342)
	Private works	29,278	24,282	4,995
Domestic civil engineering		111,477	180,824	(69,347)
	Public works	10,739	11,998	(1,259)
	Private works	121,971	113,235	8,735
Domestic building construction		132,711	125,234	7,476
	Civil engineering	23,927	16,742	7,184
	Building construction	6,346	1,306	5,039
Overseas		30,273	18,049	12,223
Construction Total		274,461	324,108	(49,646)
Real estate and Others		2,034	2,799	(765)
Total		276,496	326,908	(50,411)

2. Net Sales

		Mar. 2006 term (Millions of yen)	Mar. 2005 term (Millions of yen)	Increase (Decrease) (Millions of yen)
	Public works	109,133	105,410	3,722
	Private works	33,239	28,064	5,175
Domestic civil engineering		142,373	133,475	8,898
	Public works	15,974	29,700	(13,726)
	Private works	115,945	113,792	2,152
Domestic building construction		131,919	143,493	(11,573)
	Civil engineering	29,063	24,825	4,238
	Building construction	10,943	12,866	(1,923)
Overseas		40,006	37,692	2,314
Construction Total		314,300	314,660	(359)
Real estate and Others		4,659	2,699	1,960
Total		318,959	317,359	1,600

3. Backlog

		Mar. 2006 term (Millions of yen)	Mar. 2005 term (Millions of yen)	Increase (Decrease) (Millions of yen)
	Public works	125,079	153,093	(28,013)
	Private works	32,852	35,735	(2,882)
Domestic civil engineering		157,932	188,828	(30,896)
	Public works	7,940	13,175	(5,235)
	Private works	90,004	83,978	6,026
Domestic building construction		97,945	97,153	791
	Civil engineering	88,621	87,108	1,513
	Building construction	11,825	15,018	(3,192)
Overseas		100,446	102,126	(1,679)
Construction Total		356,324	388,109	(31,784)
Real estate and Others		298	2,922	(2,624)
Total		356,622	391,031	(34,409)