

Non-Consolidated Interim Financial Statements — Summary

(For the fiscal year ending March 31, 2007)

November 16, 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: **November 16, 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 interim term (April 1, 2006-September 30, 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)	(%)
Sep. 2006 interim term	125,850	7.9	(921)	-	(2,299)	-
Sep. 2005 interim term	116,623	4.7	112	-	(1,569)	-
Mar. 2006 term	318,959		12,598		9,584	

	Net income		Earnings per share
	(Millions of yen)	(%)	(Yen)
Sep. 2006 interim term	(8,543)	-	(17.38)
Sep. 2005 interim term	(2,183)	-	(5.21)
Mar. 2006 term	2,855		6.31

Notes:

①Average number of shares outstanding

Sep. 2006 interim term: 491,416,312 Sep. 2005 interim term: 418,736,094 Mar. 2006 term: 452,283,557

②Changes in accounting methods: Changed

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

(2) Non-Consolidated financial position

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Shareholders' equity / total assets (%)	Shareholders' equity per share (Yen)
Sep. 2006 interim term	332,254	53,729	16.2	109.34
Sep. 2005 interim term	386,559	54,972	14.2	118.62
Mar. 2006 term	356,147	63,771	17.9	129.77

Notes:

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

Sep. 2006 interim term: 491,413,623 Sep. 2005 interim term: 463,447,722 Mar. 2006 term: 491,418,246

②Number of treasury stock at term-end:

Sep. 2006 interim term: 114,197 Sep. 2005 interim term: 99,563 Mar. 2006 term: 109,574

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

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)
Entire term	282,000	2,000	(6,500)

Reference: Estimated earnings per share (yen, fiscal 2006): (13.23)

3. Dividends

	Annual dividends per share (Yen)	
	Interim	Term-end
Sep. 2006 interim term	-	-
Sep. 2005 interim term	-	-
Mar. 2006 term	-	-

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

	September 30, 2006 (Millions of yen)	September 30, 2005 (Millions of yen)	March 31, 2006 (Millions of yen)
I Current assets			
Cash and deposits	49,507	76,289	58,063
Notes receivable	6,859	5,262	6,206
Accounts receivable	84,219	60,078	95,791
Real estate for trade	10,989	13,780	13,634
Cost of uncompleted contracts	35,380	63,296	29,436
Real estate in progress	10,810	24,353	21,548
Raw materials and supplies	583	593	536
Other receivables	19,008	21,719	22,606
Other current assets	18,666	26,329	12,606
Allowance for doubtful accounts	(580)	(630)	(838)
Total current assets	235,445	291,074	259,592
II Fixed assets			
1.Tangible fixed assets:			
Land	33,375	34,082	34,065
Other tangible assets	17,297	18,150	17,670
Net tangible fixed assets	50,672	52,232	51,735
2.Intangible fixed assets	494	481	473
3.Investments and other assets			
Investment Securities	27,819	25,921	30,019
Long-term loans receivable	5,330	5,802	5,604
Impaired loan	5,742	6,021	5,837
Other	12,326	10,806	8,521
Allowance for doubtful accounts	(5,578)	(5,781)	(5,637)
Total investment and other assets	45,641	42,771	44,345
Total fixed assets	96,808	95,484	96,554
Total assets	332,254	386,559	356,147

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 2006 (Millions of yen)	September 30, 2005 (Millions of yen)	March 31, 2006 (Millions of yen)
I Current liabilities:			
Notes payable	21,143	20,665	25,327
Account payable	69,230	67,454	77,146
Short-term loans	67,863	86,462	77,396
Advances received on uncompleted contracts	33,385	49,478	27,648
Provision for loss on liquidation of a subsidiary	—	8,726	—
Reserves	2,771	2,693	2,402
Other current liabilities	17,941	15,997	18,190
Total current liabilities	212,336	251,477	228,110
II Long-term liabilities			
Convertible bonds	—	4,600	—
Long-term loans	48,990	60,965	46,449
Deferred tax liabilities for land revaluation excess	7,259	3,317	7,274
Reserve for retirement benefits	6,280	6,417	6,515
Reserve for directors' retirement bonuses	140	177	207
Provision for loss on real estate development business of affiliates	72	71	72
Other long-term liabilities	3,445	4,560	3,747
Total long-term liabilities	66,188	80,109	64,264
Total liabilities	278,524	331,587	292,375
I Common stock	—	25,770	28,070
II Capital reserve			
Additional paid-in capital	—	7,700	10,000
Other capital reserve	—	10,106	10,106
Total capital surplus	—	17,806	20,106
III Retained earnings			
Voluntary reserve	—	4,000	4,000
Retained loss for interim term	—	2,029	—
Retained earnings for entire term	—	—	3,008
Total retained earnings	—	1,970	7,008
IV Land revaluation, net of deferred tax assets	—	4,835	879
V Net unrealized holding gains on securities	—	4,600	7,720
VI Treasury stock, at cost	—	(10)	(13)
Total shareholders' equity	—	54,972	63,771
Total liabilities and shareholders' equity	—	386,559	356,147

I Shareholders' equity			
1. Common stock	28,070	—	—
2. Capital reserve			
Additional paid-in capital	10,000	—	—
Other capital reserve	10,106	—	—
Total capital reserve	20,106		
3. Retained earnings			
Voluntary reserve	4,000	—	—
Earned surplus carried forward	(5,512)	—	—
Total retained earnings	(1,512)	—	—
4. Treasury stock, at cost	(14)	—	—
Total shareholders' equity	46,650	—	—
II Valuation and Translation adjustments			
1. Net unrealized holding loss on securities	6,225	—	—
2. Deferred hedge income	(2)	—	—
3. Land revaluation, net of deferred tax assets	857	—	—
Total valuation and translation adjustment	7,079	—	—
Total Net Assets	53,729	—	—
Total liabilities and net assets	332,254	—	—

Non-Consolidated Statements of Income

	Sep. 2006 interim term (Millions of yen)	Sep. 2005 interim term (Millions of yen)	Mar. 2006 term (Millions of yen)
I Net sales:			
Construction business	125,463	115,707	314,300
Real estate and other	387	915	4,659
Total net sale	125,850	116,623	318,959
II Cost of sales:			
Construction business	117,374	106,158	283,402
Real estate and other	703	1,191	4,804
Total cost of sales	118,078	107,350	288,207
Gross profit (loss)			
Construction business	8,088	9,549	30,897
Real estate and other	(316)	(275)	(145)
Total gross profit	7,772	9,273	30,752
III Selling, general and administrative expenses:			
Operating income (loss)	(921)	112	12,598
IV Non-operating income:			
Interest income	157	140	301
Other non-operating income	422	486	942
Total non-operating income	580	626	1,244
V Non-operating expenses:			
Interest expense	1,373	1,731	3,380
Other non-operating expenses	584	577	876
Total non-operating expenses	1,958	2,309	4,257
Ordinary income (loss)	(2,299)	(1,569)	9,584
VI Extraordinary gain:	443	386	348
VII Extraordinary loss:	14,790	1,233	2,147
Income (loss) before income taxes	(16,646)	(2,416)	7,785
Corporation, inhabitant and enterprise	264	226	588
Income taxes deferred	(8,367)	(459)	4,342
Net income (loss)	(8,543)	(2,183)	2,855
Retained earnings at the beginning of the	—	222	222
Disposition on revaluation of land	—	(69)	(69)
Unappropriated earnings for the period	—	(2,029)	3,008

Non-Consolidated Statements of Changes in Net Assets

(April 1, 2006-September 30, 2006)

(Millions of yen)

	Shareholder' equity								Treasury stock, at cost	Total shareholder' equity		
	Common stock	Capital reserve			Retained earnings							
		Additional paid-in capital	Other capital reserve	Total capital reserve	Other retained earnings	Earned surplus carried forward	Total retained earnings					
Balance at March 31, 2006	28,070	10,000	10,106	20,106	4,000	3,008	7,008	(13)	55,172			
Changes in the interim period												
Net income							(8,543)	(8,543)		(8,543)		
Purchase of treasury stock								(0)		(0)		
Land revaluation, net of deferred tax portion						21	21			21		
Net changes in items other than those in shareholders' equity												
Total of changes in interim period						(8,521)	(8,521)	(0)		(8,522)		
Balance at September 30, 2006	28,070	10,000	10,106	20,106	4,000	(5,512)	(1,512)	(14)	46,650			

	Valuation and translation adjustments				Total net assets
	Net unrealized holding gains on securities	Deferred hedge income	Land revaluation, net of defffered tax assets	Total valuation and translation adjustment	
Balance at March 31, 2006	7,720	—	879	8,599	63,771
Changes in the interim period					
Net income					(8,543)
Purchase of treasury stock					(0)
Land revaluation, net of deferred tax portion					21
Net changes in items other than those in shareholders' equity	(1,495)	(2)	(21)	(1,520)	(1,520)
Total of changes in interim period	(1,495)	(2)	(21)	(1,520)	(10,042)
Balance at September 30, 2006	6,225	(2)	857	7,079	53,729

Orders Received, Net Sales and Backlog

1. Orders Received

		Sep. 2006 interim term (Millions of yen)	Sep. 2005 interim term (Millions of yen)	Mar. 2006 term (Millions of yen)
	Public works	26,552	48,380	82,198
	Private works	23,215	14,069	29,278
Domestic civil engineering		49,767	62,450	111,477
	Public works	1,787	7,461	10,739
	Private works	58,708	62,616	121,971
Domestic building construction		60,496	70,077	132,711
	Civil engineering	17,804	8,483	23,927
	Building construction	38,227	35	6,346
Overseas		56,031	8,519	30,273
Construction Total		166,295	141,047	274,461
Real estate and Others		340	1,297	2,034
Total		166,636	142,344	276,496

2. Net Sales

		Sep. 2006 interim term (Millions of yen)	Sep. 2005 interim term (Millions of yen)	Mar. 2006 term (Millions of yen)
	Public works	28,771	33,277	109,133
	Private works	20,355	12,764	33,239
Domestic civil engineering		49,127	46,041	142,373
	Public works	4,611	3,541	15,974
	Private works	44,348	47,475	115,945
Domestic building construction		48,960	51,016	131,919
	Civil engineering	20,975	13,299	29,063
	Building construction	6,399	5,349	10,943
Overseas		27,375	18,649	40,006
Construction Total		125,463	115,707	314,300
Real estate and Others		387	915	4,659
Total		125,850	116,623	318,959

3. Backlog

		Sep. 2006 interim term (Millions of yen)	Sep. 2005 interim term (Millions of yen)	Mar. 2006 term (Millions of yen)
	Public works	122,844	168,196	125,079
	Private works	35,728	37,040	32,852
Domestic civil engineering		158,752	205,236	157,932
	Public works	5,116	17,095	7,940
	Private works	104,365	99,119	90,004
Domestic building construction		109,481	116,215	97,945
	Civil engineering	87,714	84,499	88,621
	Building construction	43,894	10,157	11,825
Overseas		131,609	94,657	100,446
Construction Total		399,663	416,109	356,324
Real estate and Others		251	3,304	298
Total		399,915	419,413	356,622