

Non-Consolidated Financial Statements

Non-Consolidated Five-year Summary

Penta-Ocean Construction Co., Ltd.
Years ended March 31

	Millions of Yen					Thousands of U.S. Dollars
	2001	2002	2003	2004	2005	2005
Orders received	¥ 473,024	¥ 318,174	¥ 265,605	¥ 298,079	¥ 326,909	\$ 3,044,129
Civil engineering	316,349	191,157	140,578	151,789	197,567	1,839,715
Architectural engineering	151,291	124,860	118,852	140,086	126,542	1,178,341
Real estate and other	5,384	2,157	6,175	6,204	2,800	26,073
Net sales.....	419,382	396,743	347,176	297,389	317,359	2,955,201
Civil engineering	250,937	238,582	206,779	168,438	158,300	1,474,066
Architectural engineering	163,308	155,649	136,512	123,124	156,360	1,456,002
Real estate and other	5,137	2,512	3,884	5,827	2,699	25,133
Contract backlog	543,262	481,621	388,128	382,317	391,032	3,641,233
Civil engineering	369,569	336,254	259,832	237,238	275,937	2,569,485
Architectural engineering	173,184	145,212	125,851	142,257	112,172	1,044,529
Real estate and other	509	154	2,445	2,822	2,923	27,219
Total assets	465,121	458,078	430,632	407,119	384,089	3,576,581
Shareholders' equity	55,167	54,013	33,918	38,533	45,574	424,379
Ordinary income	10,917	7,250	1,478	6,640	7,649	71,226
Income (loss) before income taxes	7,481	5,571	(24,117)	5,587	7,811	72,735
Net income (loss)	2,674	1,557	(18,388)	1,548	1,616	15,048
Cash dividends	1,807	904	—	—	—	—
Per share of common stock:	Yen					U.S. Dollars
Shareholders' equity	¥ 152.64	¥ 149.46	¥ 93.86	¥ 106.64	¥ 115.33	\$ 1.07
Net income	7.40	4.31	(50.88)	4.28	4.28	0.04
Cash dividends	5.00	2.50	—	—	—	—
Number of employees.....	3,710	3,655	3,121	3,043	2,965	

U.S.\$1=¥107.39 as at march 31, 2005

Non-Consolidated Statements of Income

Penta-Ocean Construction Co., Ltd.

For the two years ended March 31, 2005

	Millions of Yen		Thousands of U.S. Dollars
	2004	2005	2005
Construction business:			
Net sales	¥ 291,562	¥ 314,660	\$ 2,930,068
Cost of sales	261,272	284,400	2,648,291
Gross profit	30,290	30,260	281,777
Real estate development and other :			
Net sales	5,827	2,699	25,133
Cost of sales	6,866	3,585	33,383
Gross profit (loss)	(1,039)	(886)	(8,250)
Total net sales	297,389	317,359	2,955,201
Total cost of sales	268,138	287,985	2,681,674
Total gross profit	29,251	29,374	273,527
Selling, general and administrative expenses			
Operating income	18,914	18,123	168,759
Operating income	10,337	11,251	104,768
Other income:			
Interest and dividends	412	414	3,855
Interest and dividends from subsidiaries and affiliates	91	110	1,024
Other	407	381	3,548
	910	905	8,427
Other expenses:			
Interest	3,679	3,654	34,026
Other	928	853	7,943
	4,607	4,507	41,969
Ordinary income	6,640	7,649	71,226
Extraordinary gain	2,141	12,872	119,862
Extraordinary loss	3,194	12,710	118,353
Income before income taxes	5,587	7,811	72,735
Income taxes			
Current	485	1,170	10,895
Income taxes deferred	3,554	5,025	46,792
	4,039	6,195	57,687
Net income	¥ 1,548	¥ 1,616	\$ 15,048
Retained earnings (deficit) brought forward	(5,794)	(276)	(2,570)
Covering deficit on capital decrease	5,794	—	—
Reversal of land revaluation excess	(1,824)	2,883	26,846
Unappropriated retained earnings (deficit)	¥ (276)	¥ 4,223	\$ 39,324
Income per share of common stock			
	Yen		U.S. Dollars
Primary	¥ 4.28	¥ 4.28	\$ 0.04
Assuming full dilution	—	—	—

Non-Consolidated Balance Sheets

Penta-Ocean Construction Co., Ltd.
As of March 31, 2004 and 2005

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2004	2005	2005
Current assets:			
Cash and deposits	¥ 50,294	¥ 64,065	\$ 596,564
Securities	201	84	782
Trade receivables:			
Notes	14,756	7,501	69,848
Accounts	104,788	106,752	994,059
Subsidiaries and affiliates	4,945	14,825	138,048
Inventories:			
Cost of uncompleted contracts	47,093	44,627	415,560
Real estate for trade and real estate in progress	38,067	35,995	335,180
Raw materials and supplies	600	634	5,904
Deferred tax assets	10,605	8,638	80,436
Other current assets	4,448	4,652	43,319
Allowance for doubtful accounts	(940)	(910)	(8,474)
Total current assets	274,857	286,863	2,671,226
Investments and non-current assets:			
Investments in and loans to subsidiaries and affiliates	14,225	3,153	29,361
Investment in securities	21,859	22,476	209,293
Long-term accounts receivable	4,262	4,692	43,691
Sundry investments	14,819	14,348	133,606
Deferred tax assets	10,488	5,157	48,021
Allowance for doubtful accounts	(6,561)	(6,523)	(60,741)
Total investments and non-current assets	59,092	43,303	403,231
Property, plant and equipment:			
Land	46,080	34,468	320,961
Buildings and structures	36,564	32,246	300,270
Machinery, equipment and vehicles	14,722	14,034	130,683
Dredgers and vessels	24,911	24,858	231,474
Construction in progress	83	13	121
Other property, plant and equipment	3,639	792	7,375
Total property, plant and equipment	125,999	106,411	990,884
Less accumulated depreciation	(53,326)	(52,981)	(493,352)
Property, plant and equipment – net	72,673	53,430	497,532
Other assets	498	493	4,592
Total assets	¥ 407,120	¥ 384,089	\$ 3,576,581

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars
	2004	2005	2005
Current liabilities:			
Short-term debt			
Bank.....	¥ 69,326	¥ 61,108	\$ 569,029
Current portion of long-term debt.....	32,669	48,345	450,181
Trade payable:			
Notes	24,075	26,268	244,604
Accounts.....	74,593	79,595	741,177
Subsidiaries and affiliates.....	6,381	4,433	41,279
Advance on contracts in progress	48,537	36,991	344,455
Deposits received.....	15,236	11,373	105,904
Accrued income taxes.....	361	1,285	11,966
Provision for loss on liquidation of a subsidiary	617	—	—
Provision for loss on real estate development business of affiliates	—	8,704	81,050
Accrued expenses.....	1,667	1,789	16,659
Allowance for losses on construction works	—	687	6,397
Other current liabilities	2,264	2,212	20,598
Total current liabilities	275,726	282,790	2,633,299
Long-term liabilities:			
Long-term debt.....	68,289	40,954	381,358
Reserve for retirement benefits	7,022	6,302	58,683
Reserve for directors' and statutory auditors' retirement pay	270	229	2,132
Deferred tax liabilities for land revaluation excess.....	5,248	3,270	30,450
Other long-term liabilities	12,031	4,970	46,280
Total long-term liabilities	92,860	55,725	518,903
Shareholders' equity:			
Common stock	18,070	20,570	191,545
Authorized – 599,135,000 shares			
Issued and outstanding shares			
March 31, 2005 395,264,852 shares			
March 31, 2004 361,407,443 shares			
Capital surplus			
Capital surplus reserve	—	2,500	23,280
Other capital surplus.....	10,106	10,106	94,105
Total capital surplus.....	10,106	12,606	117,385
Earned surplus			
Unappropriated retained earnings (deficit).....	(276)	4,223	39,324
Total earned surplus.....	(276)	4,223	39,324
Land revaluation excess—net.....	7,650	4,767	44,390
Unrealized valuation gain on other securities—net	2,989	3,417	31,819
Less: Treasury stock.....	(5)	(9)	(84)
Total shareholders' equity.....	38,534	45,574	424,379
Total liabilities and shareholders' equity	¥ 407,120	¥ 384,089	\$ 3,576,581