

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	
	2002	2003	2004	2005	2006	2006	
Orders received	¥318,174	¥265,605	¥298,079	¥326,909	¥276,497	\$2,353,767	
Civil engineering	191,157	140,578	151,789	197,567	135,405	1,152,677	
Architectural engineering	124,860	118,852	140,086	126,542	139,057	1,183,766	
Real estate and other	2,157	6,175	6,204	2,800	2,035	17,324	
Net sales	396,743	347,176	297,389	317,359	318,960	2,715,246	
Civil engineering	238,582	206,779	168,438	158,300	171,437	1,459,411	
Architectural engineering	155,649	136,512	123,124	156,360	142,864	1,216,174	
Real estate and other	2,512	3,884	5,827	2,699	4,659	39,661	
Contract backlog	481,621	388,128	382,317	391,032	356,623	3,035,864	
Civil engineering	336,254	259,832	237,238	275,937	246,554	2,098,867	
Architectural engineering	145,212	125,851	142,257	112,172	109,771	934,460	
Real estate and other	154	2,445	2,822	2,923	298	2,537	
Total assets	458,078	430,632	407,119	384,089	356,148	3,031,821	
Shareholders' equity	54,013	33,918	38,533	45,574	63,772	542,879	
Ordinary income	7,250	1,478	6,640	7,649	9,585	81,595	
Income (loss) before income taxes	5,571	(24,117)	5,587	7,811	7,786	66,281	
Net income (loss)	1,557	(18,388)	1,548	1,616	2,855	24,304	
Cash dividends	904	—	—	—	—	—	
Per share of common stock:			Yen			U.S. dollars	
Shareholders' equity	¥149.46	¥93.86	¥106.64	¥115.33	¥129.77	\$1.10	
Net income (loss)	4.31	(50.88)	4.28	4.28	6.31	0.05	
Cash dividends	2.50	—	—	—	—	—	
Number of employees	3,655	3,121	3,043	2,965	2,880		

U.S.\$1=¥117.47 as at March 31, 2006

NON-Consolidated Balance Sheets

Penta-Ocean Construction Co., Ltd.
As of March 31, 2005 and 2006

ASSETS	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Current assets:			
Cash and deposits	¥ 64,065	¥ 58,064	\$ 494,288
Securities	84	91	775
Trade receivables:			
Notes	7,501	6,207	52,839
Accounts	106,752	116,784	994,160
Subsidiaries and affiliates	14,825	4,308	36,673
Inventories:			
Cost of uncompleted contracts	44,627	29,436	250,583
Real estate for trade and real estate in progress	35,995	35,183	299,506
Raw materials and supplies	634	537	4,571
Deferred tax assets	8,638	5,518	46,974
Other current assets	4,652	4,303	36,631
Allowance for doubtful accounts	(910)	(838)	(7,134)
Total current assets	286,863	259,593	2,209,866
Investments and non-current assets:			
Investments in and loans to subsidiaries and affiliates	3,153	2,808	23,904
Investment in securities	22,476	28,784	245,033
Long-term accounts receivable	4,692	4,290	36,520
Sundry investments	14,348	13,072	111,279
Deferred tax assets	5,157	1,029	8,760
Allowance for doubtful accounts	(6,523)	(5,637)	(47,987)
Total investments and non-current assets	43,303	44,346	377,509
Property, plant and equipment:			
Land	34,468	34,065	289,989
Buildings and structures	32,246	31,507	268,213
Machinery, equipment and vehicles	14,034	13,631	116,038
Dredgers and vessels	24,858	24,679	210,088
Construction in progress	13	84	715
Other property, plant and equipment	792	788	6,708
Total property and equipment	106,411	104,754	891,751
Less accumulated depreciation	(52,981)	(53,018)	(451,332)
Property and equipment — net	53,430	51,736	440,419
Other assets	493	473	4,027
Total assets	¥384,089	¥356,148	\$3,031,821

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Current liabilities:			
Short-term debt			
Bank	¥ 61,108	¥ 39,782	\$ 338,657
Current portion of long-term debt	48,345	37,614	320,201
Trade payable:			
Notes	26,268	25,159	214,174
Accounts	79,595	73,360	624,500
Subsidiaries and affiliates	4,433	8,397	71,482
Advance on contracts in progress	36,991	27,645	235,337
Deposits received	11,373	10,897	92,764
Accrued income taxes	1,285	616	5,244
Provision for loss on real estate development business of affiliates	8,704	—	—
Accrued expenses	1,789	2,019	17,187
Allowance for losses on construction works	687	383	3,260
Other current liabilities	2,212	2,239	19,060
Total current liabilities	<u>282,790</u>	<u>228,111</u>	<u>1,941,866</u>
Long-term liabilities:			
Long-term debt	40,954	46,449	395,412
Reserve for retirement benefits	6,302	6,516	55,470
Reserve for directors' and statutory auditors' retirement pay	229	207	1,762
Deferred tax liabilities for land revaluation excess	3,270	7,274	61,922
Other long-term liabilities	4,970	3,819	32,510
Total long-term liabilities	<u>55,725</u>	<u>64,265</u>	<u>547,076</u>
Shareholders' equity:			
Common stock			
Authorized — 599,135,000 shares			
Issued and outstanding share			
March 31, 2006 491,527,820 shares			
March 31, 2005 395,264,852 shares			
Capital surplus			
Capital surplus reserve	2,500	10,000	85,128
Other capital surplus	10,106	10,106	86,031
Total capital surplus	<u>12,606</u>	<u>20,106</u>	<u>171,159</u>
Earned surplus			
General reserve	—	4,000	34,051
Unappropriated retained earnings	4,223	3,009	25,615
Total earned surplus	<u>4,223</u>	<u>7,009</u>	<u>59,666</u>
Land revaluation excess — net	4,767	879	7,483
Unrealized valuation gain on other securities — net	3,417	7,721	65,727
Less: Treasury stock	(9)	(13)	(111)
Total shareholders' equity	<u>45,574</u>	<u>63,772</u>	<u>542,879</u>
Total liabilities and shareholders' equity	<u>¥384,089</u>	<u>¥356,148</u>	<u>\$3,031,821</u>

Non-Consolidated Statements of Income

Penta-Ocean Construction Co., Ltd.
For the two years ended March 31, 2006

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Construction business:			
Net sales	¥314,660	¥314,301	\$2,675,585
Cost of sales	284,400	283,403	2,412,556
Gross profit	30,260	30,898	263,029
Real estate development and other:			
Net sales	2,699	4,659	39,661
Cost of sales	3,585	4,804	40,895
Gross profit (loss)	(886)	(145)	(1,234)
Total net sales	317,359	318,960	2,715,246
Total cost of sales	287,985	288,207	2,453,451
Total gross profit	29,374	30,753	261,795
Selling, general and administrative expenses	18,123	18,155	154,551
Operating income	11,251	12,598	107,244
Other income:			
Interest and dividends	414	742	6,316
Interest and dividends from subsidiaries and affiliates	110	89	758
Other	381	413	3,516
	905	1,244	10,590
Other expenses:			
Interest	3,654	3,380	28,773
Other	853	877	7,466
	4,507	4,257	36,239
Ordinary income	7,649	9,585	81,595
Extraordinary gain	12,872	349	2,971
Extraordinary loss	12,710	2,148	18,285
Income before income taxes	7,811	7,786	66,281
Income taxes			
Current	1,170	589	5,014
Income taxes deferred	5,025	4,342	36,963
	6,195	4,931	41,977
Net income	¥ 1,616	¥ 2,855	\$ 24,304
Retained earnings (deficit) brought forward	(276)	223	1,898
Reversal of land revaluation excess	2,883	(69)	(587)
Unappropriated deficit	¥ 4,223	¥ 3,009	\$ 25,615
Income per share of common stock			
Primary	¥4.28	¥6.31	\$0.05
Assuming full dilution	—	—	—