

CONSTRUCTION, INC.

**Financial Statements
and
Supplementary Information
with
Accountants' Report**

**For the Year Ended
December 31, 2005**

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Accountants' Review Report

To the Board of Directors
Construction, Inc.

We have reviewed the accompanying balance sheet of Construction, Inc. as of December 31, 2005, and the related statements of operations and retained earnings and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Construction, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The supplementary information contained on pages 12 through 21 is presented only for purposes of additional analysis and has been subjected to the same inquiry and analytical procedures applied in the review of the basic financial statements. Our review of the basic financial statements was made for the purpose of expressing limited assurance that there are no material modifications that should be made to those statements in order for them to be in conformity with generally accepted accounting principles. Based on our review, we are not aware of any material modifications that should be made to the supplementary information.

Soren McAdam Christenson LLP

March 1, 2006

Independent Auditors' Report

To the Board of Directors
Construction, Inc.

We have audited the accompanying balance sheet of Construction, Inc. as of December 31, 2005 and the related statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Construction, Inc. as of December 31, 2005, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown on pages 12 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Soren McAdam Christenson LLP

March 1, 2006

Accountants' Compilation Report

To the Board of Directors
Construction, Inc.

We have compiled the accompanying balance sheet of Construction, Inc. as of December 31, 2005, and the related statements of operations and retained earnings and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The supplementary information contained on pages 12 through 21 is presented only for additional analysis purposes and has been compiled by us, without audit or review. We do not express an opinion or any other form of assurance on such information.

Soren McAdam Christenson LLP

March 1, 2006

CONSTRUCTION, INC.

Balance Sheet

December 31, 2005

ASSETS

Current assets

Cash and cash equivalents (restricted \$205,000)	\$ 337,400
Receivables	
Contract	2,418,100
Other	33,100
Revenues earned in excess of billings	25,500
Inventory	62,000
Prepaid expenses and deposits	<u>30,500</u>
Total current assets	<u>2,906,600</u>

Property and equipment

Land	40,000
Building	340,200
Construction equipment	723,700
Transportation equipment	552,200
Office equipment	<u>145,100</u>
	1,801,200
Less accumulated depreciation	<u>(720,700)</u>
	<u>1,080,500</u>

Other assets

	<u>17,500</u>
Total assets	<u>\$4,004,600</u>

*The accompanying notes are an integral part of these financial statements.
See accountants' report.*

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Line of credit	\$ 300,000
Current portion of long-term debt	153,300
Accounts payable, including retention of \$100,000	1,120,200
Accrued liabilities	221,100
Income taxes payable	102,900
Billings in excess of revenues earned	392,900
Deferred income taxes	<u>11,500</u>

Total current liabilities 2,301,900

Long-term debt 613,800

Deferred income taxes 28,700

Total liabilities 2,944,400

Stockholders' equity

Common stock, no par value	
Authorized: 1,000 shares	
Issued and outstanding: 300 shares	30,000
Retained earnings	<u>1,030,200</u>

Total stockholders' equity 1,060,200

Total liabilities and stockholders' equity \$4,004,600

CONSTRUCTION, INC.

Statement of Operations and Retained Earnings

For the Year Ended December 31, 2005

Contract operations	
Revenues earned	\$13,188,900
Costs of revenues earned	<u>10,085,600</u>
Gross profit	3,103,300
Operating expenses	<u>2,906,400</u>
Income from operations	<u>196,900</u>
Other income (expense)	
Interest income	46,100
Interest expense	(29,700)
Loss on sale of equipment	<u>(13,500)</u>
	<u>2,900</u>
Income before income taxes	199,800
Income taxes	<u>71,900</u>
Net income	127,900
Retained earnings	
Balance, beginning of year	<u>902,300</u>
Balance, end of year	<u>\$ 1,030,200</u>

*The accompanying notes are an integral part of these financial statements.
See accountants' report.*

CONSTRUCTION, INC.

Statement of Cash Flows

For the Year Ended December 31, 2005

Cash flows from operating activities	
Net income	\$ 127,900
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	186,000
Bad debt expense	21,300
Loss on sale of equipment	13,500
Deferred income tax benefit	(7,300)
(Increase) decrease in:	
Receivables	84,200
Revenues earned in excess of billings	(93,300)
Inventory	(42,000)
Prepaid expenses and deposits	4,500
Increase (decrease) in:	
Accounts payable and accrued liabilities	(133,100)
Income taxes payable	27,400
Billings in excess of revenues earned	<u>78,600</u>
Net cash provided by operating activities	<u>267,700</u>
Cash flows from investing activities	
Proceeds from sale of equipment	5,400
Purchase of property and equipment	(183,000)
Net cash used in investing activities	<u>(177,600)</u>
Cash flows from financing activities	
Borrowings under line of credit	100,000
Payments on line of credit	(150,000)
Proceeds from issuance of long-term debt	183,000
Principal payments on long-term debt	(101,100)
Net cash provided by financing activities	<u>31,900</u>
Net increase in cash	122,000
Cash	
Balance, beginning of year	<u>215,400</u>
Balance, end of year	<u>\$ 337,400</u>
Cash paid during the year for:	
Interest	\$86,700
Income taxes	\$51,800

Additional noncash information

The Company incurred long-term debt of \$100,000 for the acquisition of equipment.

*The accompanying notes are an integral part of these financial statements.
See accountants' report.*

CONSTRUCTION, INC.
Notes to Financial Statements

1. Summary of Significant Accounting Policies

Construction, Inc. contracts primarily with home builders, public works agencies, and commercial builders located in Southern California. Generally, the terms of the contracts provide for progress payments as stages of the work are completed.

The preparation of financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of financial statements. A description of the significant accounting policies used by the Company follows:

Recognition of Revenue Earned on Contracts

The accompanying financial statements are prepared using the percentage-of-completion method which takes into account the revenues earned to date on construction contracts. The amount considered as revenues earned under this method is that portion of the total contract price that the costs incurred to date bear to the anticipated total costs, based on current estimates of costs to complete the project. Because of uncertainties involved in estimating these future costs, it is at least reasonably possible that the estimates used will change within the next year, and the change could be significant.

Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Changes in estimated profitability are recognized in the period in which the revisions are known.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. Restricted amounts consist of deposits in lieu of retentions.

Inventory

Inventory consists of replacement parts for construction and transportation equipment and is stated at the lower of cost or market, with cost determined on a first-in, first-out basis.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on equipment using the accelerated and straight-line methods over the estimated useful lives of the assets. Additions are capitalized while expenditures for maintenance and repairs are expensed as incurred.

See accountants' report.

CONSTRUCTION, INC.
Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for temporary differences between amounts reported for financial statement and income tax purposes. Deferred income tax assets and liabilities represent the tax consequences of those temporary differences, which will either be taxable or deductible in future tax returns.

2. Contract Receivables

Contract receivables consisted of the following:

Billings	
Completed contracts	\$1,230,700
Contracts in progress	780,700
Retentions	<u>406,700</u>
	<u>\$2,418,100</u>

A summary of costs and earnings on contracts follows:

	Completed Contracts	Contracts in Progress	Total
Costs to date	\$12,396,100	\$1,854,600	\$14,250,700
Gross profit to date	<u>3,615,300</u>	<u>560,900</u>	<u>4,176,200</u>
Revenues earned to date	16,011,400	2,415,500	18,426,900
Billings to date	<u>16,011,400</u>	<u>2,782,900</u>	<u>18,794,300</u>
	<u>\$ -</u>	<u>\$ (367,400)</u>	<u>\$ (367,400)</u>

Included in balance sheet:

Revenues earned in excess of billings	\$ 25,500
Billings in excess of revenues earned	<u>(392,900)</u>
	<u>\$(367,400)</u>

3. Line of Credit

The Company has a \$1,000,000 credit line with The Bank. The line is unsecured, bears interest at prime plus 1.5 percent, payable monthly, expires June 30, 2006 and had a balance of \$300,000 at December 31, 2005. The line is personally guaranteed by the stockholders of the Company.

See accountants' report.

CONSTRUCTION, INC.
Notes to Financial Statements

4. Long-Term Debt

Details of long-term debt are presented below:

Stockholder	
Interest rate: 10.0%	
Repayment provisions: Interest payable monthly; principal due in four annual installments of \$50,000 commencing January 31, 2006	
Security: Unsecured	
Balance	\$200,000
Various equipment contracts	
Interest rates: Ranging between 8.3% to 12.7%	
Repayment provisions: \$4,158 monthly installments including principal and interest	
Security: Various pieces of equipment with a net book value of \$650,000	
Balances	
A Company	241,200
B Company	191,600
C Company	<u>134,300</u>
	767,100
Less current portion	<u>153,300</u>
Total long-term debt	<u>\$613,800</u>

As of December 31, 2005, the annual maturities of long-term debt for the following years are as follows:

Year ending December 31,	
2006	\$153,300
2007	164,200
2008	181,100
2009	107,500
2010	102,400
Thereafter	<u>58,600</u>
	<u>\$767,100</u>

See accountants' report.

CONSTRUCTION, INC.
Notes to Financial Statements

5. Operating Leases

The Company leases vehicles under two noncancellable operating leases. The following is a schedule by year of the remaining lease payments as of December 31, 2005:

Year ending December 31,	
2006	\$ 8,700
2007	8,700
2008	<u>7,280</u>
	<u>\$24,680</u>

Lease expense for the year ended December 31, 2005 was \$8,700.

6. Employee Benefit Plans

Multiemployer Plans

Most of the Company's employees are covered by union-sponsored multiemployer pension plans. The Company charged to operations the amount of contributions as determined in accordance with provisions of negotiated labor contracts, generally based on the number of man-hours worked. If the Company withdraws or partially withdraws (as defined by law) from any multiemployer pension plan, the Company may be required to record as a liability in its financial statements the Company's proportionate share of such plan's unfunded vested benefits. The amount for which the Company is contingently liable is not ascertainable at this time. The Company does not presently intend to withdraw from any of the multiemployer pension plans in which it participates.

401(k) and Profit Sharing Plans

The Company has adopted a 401(k) and profit sharing plan which covers all employees who meet the eligibility requirements, except those employees whose employment is governed by collective bargaining agreements. Contributions are at the discretion of the Company. For the year ended December 31, 2005, the Company charged to operations \$140,000 for profit sharing expense.

7. Income Taxes

Income taxes consisted of the following:

Current expense	\$79,200
Deferred benefit	<u>(7,300)</u>
	<u>\$71,900</u>

See accountants' report.

CONSTRUCTION, INC.
Notes to Financial Statements

7. Income Taxes (Continued)

Income taxes were at an effective rate of 36 percent. This differs from the statutory federal income tax rate of 34 percent primarily because of graduated federal tax rates, the inclusion of state income taxes, and certain expenses which were nondeductible for tax purposes.

Deferred income taxes are attributable to differences in reporting certain items of income and expense for financial statement and tax purposes. The differences are primarily related to the recognition of revenues and costs on contracts, depreciation expense, and state income taxes.

The Company's total deferred tax assets and liabilities were as follows:

Total deferred tax liabilities	\$110,900
Total deferred tax assets	<u>(70,700)</u>
Net deferred tax liability	<u>\$ 40,200</u>

These amounts have been presented in the balance sheet in the balance sheet as follows:

Current deferred tax liability	\$11,500
Noncurrent deferred tax liability	<u>28,700</u>
	<u>\$40,200</u>

8. Related Party Transactions

The Company has had various transactions, including the lending and borrowing of money, with parties which are related by common ownership or by family relationships with stockholders and officers of the Company. Transactions with related parties included in these financial statements include equipment rental expense of \$119,000. Additionally, the Company was paid \$23,000 from related parties for services provided. At December 31, 2005, there were no amounts due from these companies and no amounts due to them. Notes payable to a related party is discussed in Note 4.

9. Stock Repurchase Agreement

The Company is required to purchase the shares of its stockholders upon their death. At December 31, 2005, the agreed-upon purchase price was \$15,000 per share. The stock repurchase agreement requires the Company to execute a promissory note for any amount due. The note would provide for repayment with one hundred twenty equal monthly installments, plus interest at the rate of ten percent per annum.

See accountants' report.

CONSTRUCTION, INC.
Notes to Financial Statements

10. Backlog

The following schedule shows a reconciliation of backlog representing signed contracts in existence during the year ended December 31, 2005:

Balance, December 31, 2004	\$ 5,360,960
Contract adjustment	854,940
New contracts	<u>11,931,100</u>
	18,147,000
Less contract revenues earned	<u>13,188,900</u>
Balance, December 31, 2005	\$ <u>4,958,100</u>

In addition, between January 1 and March 1, 2006, the Company entered into additional construction contracts with revenues of \$2,500,000.

See accountants' report.

SUPPLEMENTARY INFORMATION

CONSTRUCTION, INC.

Revenues Earned and Costs of Revenues Earned

For the Year Ended December 31, 2005

	<u>Revenues Earned</u>	<u>Costs of Revenues Earned</u>	<u>Gross Profit</u>
Completed contracts	\$10,773,400	\$ 8,082,800	\$2,690,600
Contracts in progress	<u>2,415,500</u>	<u>1,854,600</u>	<u>560,900</u>
	13,188,900	9,937,400	3,251,500
Underapplied equipment costs		<u>148,200</u>	<u>(148,200)</u>
	<u>\$13,188,900</u>	<u>\$10,085,600</u>	<u>\$3,103,300</u>

Summary of costs of revenues earned

Labor and labor burden	\$ 4,184,500
Materials	2,728,100
Equipment costs	1,601,600
Subcontractors	1,400,800
Other job costs	<u>170,600</u>
	<u>\$10,085,600</u>

See accountants' report.

CONSTRUCTION, INC.

Completed Contracts

For the Year Ended December 31, 2005

Contract	From Inception to Date			Current Year		
	Revenues Earned	Costs of Revenues Earned	Gross Profit	Revenues Earned	Costs of Revenues Earned	Gross Profit
Contract 1	\$ 479,300	\$ 352,000	\$ 127,300	\$ 473,000	\$ 347,200	\$ 125,800
Contract 2	1,922,300	1,593,100	329,200	200,700	53,100	147,600
Contract 3	1,580,100	1,223,000	357,100	123,300	113,000	10,300
Contract 4	329,300	222,200	107,100	163,400	86,300	77,100
Contract 5	372,800	263,600	109,200	105,400	73,700	31,700
Contract 6	1,133,600	770,800	362,800	921,100	600,900	320,200
Contract 7	514,900	342,700	172,200	273,800	170,700	103,100
Contract 8	367,200	303,300	63,900	164,100	125,700	38,400
Contract 9	703,200	643,700	59,500	436,500	387,000	49,500
Contract 10	481,600	386,500	95,100	156,300	118,700	37,600
Contract 11	1,520,000	1,133,000	387,000	1,384,100	1,022,000	362,100
Contract 12	399,700	303,000	96,700	348,600	264,500	84,100
Contract 13	445,500	322,100	123,400	285,700	202,300	83,400
Contract 14	1,269,800	1,030,900	238,900	1,245,300	1,011,500	233,800
Contract 15	667,500	557,600	109,900	667,500	557,600	109,900
Contract 16	349,000	247,000	102,000	349,000	247,000	102,000
Contract 17	1,188,200	999,900	188,300	1,188,200	999,900	188,300
Contract 18	480,900	370,300	110,600	480,900	370,300	110,600
Contract 19	342,300	288,800	53,500	342,300	288,800	53,500
Contract 20	787,300	601,100	186,200	787,300	601,100	186,200
Contract 21	330,400	257,000	73,400	330,400	257,000	73,400
Contract 22	346,500	184,500	162,000	346,500	184,500	162,000
	<u>\$16,011,400</u>	<u>\$12,396,100</u>	<u>\$3,615,300</u>	<u>\$10,773,400</u>	<u>\$8,082,800</u>	<u>\$2,690,600</u>

See accountants' report.

CONSTRUCTION, INC.

Contracts in Progress

December 31, 2005

Contract	Contract Amount	Estimated			Percent Complete
		Total Costs	Gross Profit	Costs to Complete	
Contract 22	\$ 771,300	\$ 611,400	\$ 159,900	\$ 242,500	60.34%
Contract 23	1,363,300	1,022,600	340,700	265,800	74.01%
Contract 24	326,500	306,700	19,800	298,000	2.84%
Contract 25	425,600	332,900	92,700	215,100	35.39%
Contract 26	501,900	405,200	96,700	244,500	39.66%
Contract 27	634,600	490,400	144,200	446,100	9.03%
Contract 28	1,367,600	1,057,800	309,800	904,700	14.47%
Contract 29	794,600	697,000	97,600	619,300	11.15%
Contract 30	410,000	316,000	94,000	278,100	11.99%
Contract 31	358,300	272,300	86,000	269,500	1.03%
Jobs less than \$300,000	419,900	319,000	100,900	193,100	
	<u>\$7,373,600</u>	<u>\$5,831,300</u>	<u>\$1,542,300</u>	<u>\$3,976,700</u>	

See accountants' report.

	From Inception to Date				Current Year		
	(Over) Under Billed	Revenues Earned	Costs of Revenues Earned	Gross Profit	Revenues Earned	Costs of Revenues Earned	Gross Profit
\$ 617,600	\$(152,221)	\$ 465,379	\$ 368,900	\$ 96,479	\$ 465,379	\$ 368,900	\$ 96,479
1,049,000	(40,057)	1,008,943	756,800	252,143	1,008,943	756,800	252,143
	9,262	9,262	8,700	562	9,262	8,700	562
218,400	(67,797)	150,603	117,800	32,803	150,603	117,800	32,803
190,000	9,051	199,051	160,700	38,351	199,051	160,700	38,351
74,900	(17,574)	57,326	44,300	13,026	57,326	44,300	13,026
194,436	3,503	197,939	153,100	44,839	197,939	153,100	44,839
100,380	(11,800)	88,580	77,700	10,880	88,580	77,700	10,880
89,700	(40,526)	49,174	37,900	11,274	49,174	37,900	11,274
	3,684	3,684	2,800	884	3,684	2,800	884
248,484	(62,925)	185,559	125,900	59,659	185,559	125,900	59,659
<u>\$2,782,900</u>	<u>\$(367,400)</u>	<u>\$2,415,500</u>	<u>\$1,854,600</u>	<u>\$560,900</u>	<u>\$2,415,500</u>	<u>\$1,854,600</u>	<u>\$560,900</u>

CONSTRUCTION, INC.

Underapplied Equipment Costs

For the Year Ended December 31, 2005

Equipment fuel	\$ 358,400
Equipment repairs	205,100
Equipment rental	521,400
Small tools and supplies	63,600
Yard labor	176,800
Depreciation expense on equipment	164,300
DMV fees on equipment	24,300
Interest expense on equipment	65,900
Insurance	<u>21,800</u>
	1,601,600
Applied to jobs	<u>(1,453,400)</u>
Underapplied equipment and labor costs	\$ <u>148,200</u>

See accountants' report.

CONSTRUCTION, INC.

Operating Expenses

For the Year Ended December 31, 2005

Officer salaries	\$1,889,000
Office salaries and wages	202,100
Payroll burden	107,100
Employee benefits	26,900
Profit sharing expense	140,000
Marketing and advertising	80,800
Depreciation and amortization	21,700
Rent	8,700
Office supplies	130,000
Telephone	47,100
Engineering services	108,100
Professional fees	42,300
Insurance	17,100
Taxes and licenses	9,200
Dues and subscriptions	9,900
Travel	39,400
Bad debt expense	21,300
Miscellaneous	<u>5,700</u>
	<u>\$2,906,400</u>

See accountants' report.

CONSTRUCTION, INC.

Contract Receivables

December 31, 2005

From Whom	Current	30 Days	60 Days and Over	Subtotals	Retention	Funds Held In Escrow Restricted Cash	Total
Company A	\$ 356,900	\$ 38,900	\$ 2,400	\$ 398,200	\$255,000	\$(205,000)	\$ 448,200
Company B	47,800			47,800			47,800
Company C			23,000	23,000			23,000
Company D	133,600			133,600	29,700		163,300
Company E	88,400			88,400	2,300		90,700
Company F	144,100			144,100			144,100
Company G		24,800		24,800	7,500		32,300
Company H	12,500			12,500	8,400		20,900
Company I		11,500		11,500	21,000		32,500
Company J	67,900		14,000	81,900	8,600		90,500
Company K	26,800			26,800	3,300		30,100
Company L	14,500			14,500	5,900		20,400
Company M	4,500			4,500	61,700		66,200
Company N			31,300	31,300			31,300
Company O	13,900	179,000	6,700	199,600	23,500		223,100
Company P	78,800			78,800			78,800
Company Q					17,900		17,900
Company R	17,300			17,300	8,200		25,500
Company S							
Company T	1,700	38,200		39,900	19,000		58,900
Company U	62,800			62,800			62,800
Company V		125,200		125,200			125,200
Company W	38,900			38,900	10,000		48,900
Company X	43,800			43,800	19,200		63,000
Company Y	42,100			42,100			42,100
Company Z	220,300			220,300	107,000		327,300
All others under \$20,000	49,600	29,800	20,400	99,800	3,500		103,300
Totals	\$1,466,200	\$447,400	\$97,800	\$2,011,400	\$611,700	\$(205,000)	\$2,418,100

See accountants' report.

CONSTRUCTION, INC.

Accounts Payable

December 31, 2005

From Whom	Current	30 Days	60 Days and Over	Retention	Total
Company A		\$ 58,800		\$ 10,700	\$ 69,500
Company B	\$ 27,900	14,500	\$ 300		42,700
Company C	37,800				37,800
Company D		10,500	10,500		21,000
Company E	23,100				23,100
Company F	9,000	11,200			20,200
Company G	9,600	8,700			18,300
Company H	21,300				21,300
Company I	37,800				37,800
Company J	14,400	12,800			27,200
Company K	19,100	51,700	100		70,900
Company L	44,400	24,600	800		69,800
Company M	63,500	14,300	8,700		86,500
Company N	18,100	2,400		500	21,000
Company O	58,300				58,300
Company P	3,600	7,300		18,700	29,600
Company Q	18,400	20,000			38,400
Company R	8,000	9,900		4,000	21,900
Company S	33,300	17,300	700		51,300
Company T				28,000	28,000
Company U	37,800			4,400	42,200
Company V	10,700	36,700		19,800	67,200
Company W	8,800	3,700		9,000	21,500
Company X	45,000	700			45,700
Company Y	13,300	77,800	3,200		94,300
Company Z	19,400			2,900	22,300
All others under \$20,000	13,000	2,200	15,200	2,000	32,400
Totals	<u>\$595,600</u>	<u>\$385,100</u>	<u>\$39,500</u>	<u>\$100,000</u>	<u>\$1,120,200</u>

See accountants' report.

CONSTRUCTION, INC.

Property, Plant and Equipment and Accumulated Depreciation

December 31, 2005

	Cost			
	Balance			Balance
	12-31-04	Additions	Retirements	12-31-05
Land	\$ 40,000			\$ 40,000
Building	340,200			340,200
Transportation equipment	576,500	\$198,300	\$51,100	723,700
Construction equipment	493,400	77,700	18,900	552,200
Office equipment	138,100	7,000		145,100
	<u>\$1,588,200</u>	<u>\$283,000</u>	<u>\$70,000</u>	<u>\$1,801,200</u>

See accountants' report.

Accumulated Depreciation

Balance			Balance
12-31-04	Provision	Retirements	12-31-05
\$139,860	\$ 11,340		\$151,200
197,100	88,700	\$32,200	253,600
159,300	75,600	18,900	216,000
<u>89,540</u>	<u>10,360</u>		<u>99,900</u>
<u>\$585,800</u>	<u>\$186,000</u>	<u>\$51,100</u>	<u>\$720,700</u>