



April 12, 2006

LOVAT Inc. Agreed Strategic Alliance for North America and the World with KAWASAKI HEAVY INDUSTRIES Ltd.

LOVAT Inc. has agreed with **KAWASAKI HEAVY INDUSTRIES Ltd. JAPAN** to combine resources and experience to form a worldwide collaboration agreement to provide tunnelling contractors a formidable solution for their tunnelling equipment needs.

The combined resources, expertise and experience of LOVAT and KAWASAKI total more than 80 years of TBM innovation and manufacturing excellence. LOVAT and KAWASAKI believe that this long history of service will provide our clients a quality product meeting all of their requirements.

The joining of resources will focus on Slurry TBMs from 3.0m diameter and up; and Large Diameter TBMs (greater than 10m). Further sectors of the market will be added as required to meet the demands of our clients. Both organizations will continue to operate separately for most projects but will come together to offer TBMs for the above noted market sectors.

In addition to the joint manufacturing of equipment the partnership will also result in a transfer of technologies and experience between the two companies and an increased ability to market TBM equipment and manage relationships with our clients.

The lead partner for each project will be dependent on client needs, project specifications and market location. Contractors, consultants and other requests should continue to contact their local LOVAT and KAWASAKI representatives or head offices.

For information on LOVAT and KAWASAKI please visit our web sites at www.lovat.com and www.khi.co.jp.

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LOVAT Inc.

Kawasaki

Kawasaki Heavy Industries.Ltd
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