

Financial Section

Six-Year Summary

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31

	Millions of Yen (except for per share figures)						Thousands of U.S. Dollars*
	2000	2001	2002	2003	2004	2005	2005
Revenue:							
Net sales:							
Construction	¥1,424,314	¥1,541,306	¥1,488,297	¥1,449,265	¥1,383,890	¥1,477,387	\$13,757,212
Real estate (including other)	256,993	209,086	185,537	195,373	214,622	230,566	2,146,997
Total	1,681,307	1,750,392	1,673,834	1,644,638	1,598,512	1,707,953	15,904,209
% change from previous year	(5.2)%	4.1%	(4.4)%	(1.7)%	(2.8)%	6.8%	
Costs and expenses							
Cost of sales	1,480,357	1,547,466	1,486,537	1,469,436	1,419,901	1,541,694	14,356,029
Selling, general and administrative expenses	157,311	136,179	131,771	125,712	118,712	117,303	1,092,309
Total	1,637,668	1,683,645	1,618,308	1,595,148	1,538,613	1,658,997	15,448,338
Operating income	43,639	66,747	55,526	49,490	59,899	48,956	455,871
Income (loss) before income taxes and other items							
Income (loss) before income taxes and other items	(85,505)	20,228	(52,383)	29,013	27,782	41,987	390,977
Income taxes	(28,950)	12,094	(13,115)	14,212	11,886	20,495	190,846
Net income (loss)	¥ (52,802)	¥ 8,382	¥ (30,997)	¥ 14,999	¥ 10,353	¥ 19,098	177,838
Per share of common stock							
(in yen and dollars):							
Shareholders' equity	¥ 192.52	¥ 238.67	¥ 184.43	¥ 180.91	¥ 211.70	¥ 242.10	\$ 2.254
Net income (loss)	(54.73)	8.69	(32.13)	15.52	10.80	19.76	0.184
Cash dividends	5.00	5.00	5.00	5.00	5.00	5.00	0.047
Financial ratios:							
Net income (loss) as a percentage of total revenue	(3.1)%	0.5%	(1.9)%	0.9%	0.6%	1.1%	
Total costs and expenses as a percentage of total revenue	97.4%	96.2%	96.7%	97.0%	96.3%	97.1%	
Dividends paid as a percentage of net income	—	57.6%	—	32.2%	46.3%	25.3%	
Financial position data:							
Current assets	¥1,403,912	¥1,286,330	¥1,197,769	¥1,173,621	¥1,076,988	¥1,100,443	\$10,247,165
Current liabilities	1,577,480	1,424,921	1,309,900	1,217,421	1,141,804	1,130,483	10,526,892
Net property and equipment	506,468	465,119	391,612	385,440	314,858	307,239	2,860,964
Long-term debt	333,452	361,851	317,026	345,301	307,733	312,450	2,909,489
Shareholders' equity	185,748	230,265	177,931	174,538	204,243	257,748	2,400,112
Other data:							
New orders received during the year	¥1,699,684	¥1,605,048	¥1,659,277	¥1,601,842	¥1,539,253	¥1,805,425	\$16,811,854
Contract backlog at end of the year	1,976,256	1,830,912	1,816,355	1,773,559	1,714,300	1,811,772	16,870,956
Shares issued (thousands)	964,803	964,803	964,803	964,803	964,803	1,064,803	

*U.S. dollar amounts are translated from yen, for convenience only, at the rate of US \$1.00 = ¥107.39.

Financial Section

Financial Review

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31

Operations

Growth in the Japanese economy showed signs of leveling off in the fiscal year under review. In the construction industry, private sector business performed well, driven by factors such as active investment in the manufacturing sector, while public works projects decreased in the face of budget cuts and other constraints. Moreover, price competition became even fiercer in the context of continued structural oversupply in the industry, which in combination with a steep rise in the cost of materials created a difficult overall operating environment.

Based on its medium-term business plan, the focus of Taisei Corporation and its consolidated subsidiaries ("Taisei Corporation Group") during the year was to expand orders, ensure profitability, and reduce expenses.

As a result, net sales rose 6.8% year on year to ¥1.708 trillion. Operating income for the year decreased 18.2% to ¥49.0 billion, and ordinary income decreased 15.3% to ¥43.6 billion.

Net income for the fiscal year ended March 2005 increased 84.5% year on year to ¥19.11 billion. This was primarily because of a significant reduction in extraordinary expenses, which in the previous year had included an impairment loss of ¥52.6 billion due to the early adoption of the accounting standard for impairment of fixed assets.

The dividend was maintained at the level of the previous year, with a distribution of ¥5 per ordinary share, including an interim dividend of ¥2.5 per share.

Financial Position

As of March 31, 2005, total consolidated assets had increased 2.4% to ¥1.815 trillion. Although real estate inventories declined due to sales and disposals, and deferred tax assets, current assets and property and equipment also declined, this was more than offset by an increase in cash from a capital increase, and an increase in investment securities.

Total liabilities decreased 0.8% year on year to ¥1.529 trillion, primarily because of a reduction in short-term borrowings and other factors. As of March 31, 2005, total consolidated interest-bearing debt was ¥565.4 billion, ¥19.1 billion lower than one year earlier.

Shareholders equity increased 26.2% year on year to ¥257.7 billion. The main factors contributing to this increase were an increase in paid-in capital due to a capital increase, an increase in capital reserve, and an increase in retained earnings resulting from the net income recorded for the period. The ratio of total shareholders' equity to total assets increased 2.7 percentage points to 14.2%.

Cash Flows

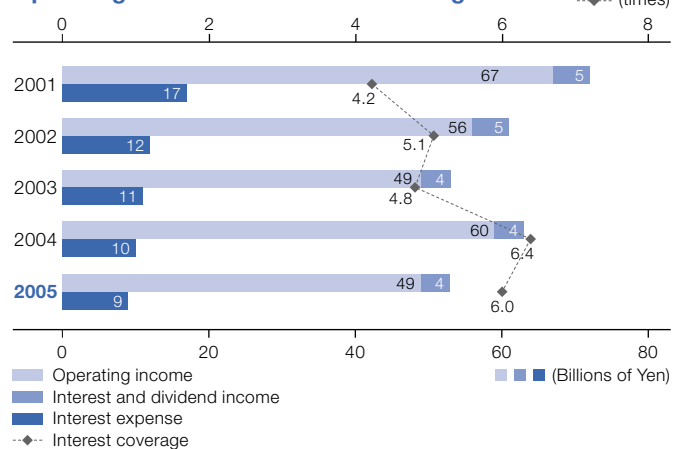
Net cash provided by operating activities decreased by ¥21.5 billion year on year to ¥58.7 billion. Although an increased net income before income taxes of ¥41.9 billion was recorded for the period and cash was generated from the sale of real estate assets, non-cash items such as impairment losses on fixed assets decreased.

Net cash used in investing activities amounted to ¥47.9 billion, compared to net cash used in the previous year of ¥16.4 billion. This reflects the acquisition of investment and marketable securities and of property and equipment.

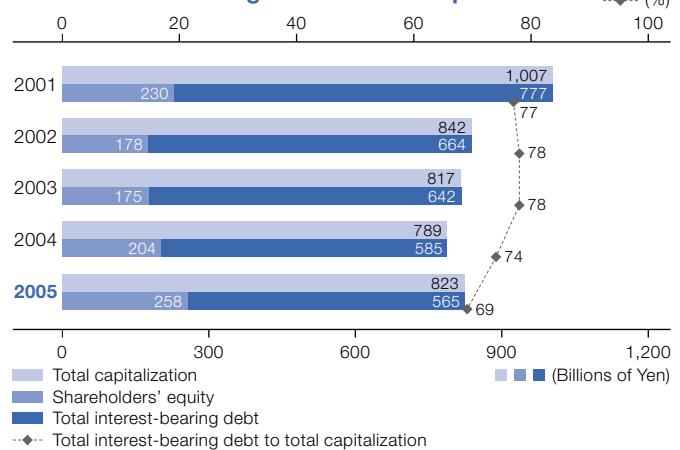
Net cash provided by financing activities was ¥11.4 billion, compared to net cash used in the previous year of ¥63.1 billion. Factors contributing to this outcome included the procurement of ¥55.7 billion in funding from share and bond issues, along with the repayment of interest-bearing debt and the payment of dividends.

As a result, cash and cash equivalents as of March 31, 2005 were ¥153.7 billion, ¥24.1 billion higher than one year earlier.

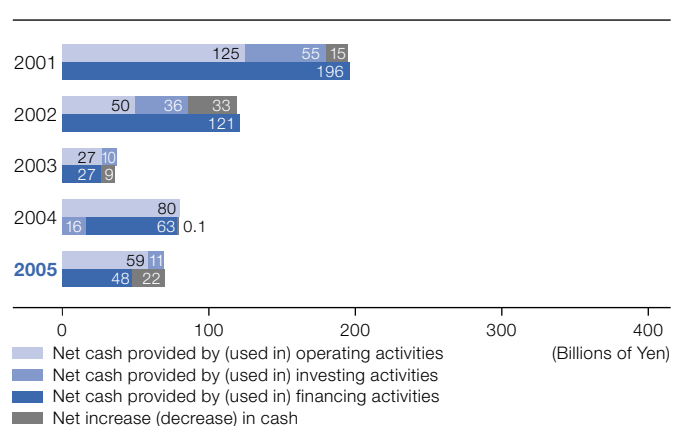
Operating Income and Interest Coverage



Total Interest-Bearing Debt to Total Capitalization



Cash Flows



Note: Net increase (decrease) in cash includes the effect of exchange rate changes, not the increase by newly consolidated and excluded subsidiaries.