

Independent Auditors' Report

To the Shareholders and Board of Directors of Taisei Corporation:

We have audited the accompanying consolidated balance sheets of Taisei Corporation (a Japanese corporation) and consolidated subsidiaries as of March 31, 2003 and 2004, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the two years in the period ended March 31, 2004, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taisei Corporation and consolidated subsidiaries as of March 31, 2003 and 2004, and the consolidated results of their operations and their cash flows for each of the two years in the period ended March 31, 2004, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.

- (1) As discussed in Notes 2 (n) and 12 to the consolidated financial statements, effective April 1, 2002, the Company changed its accounting method for amortization of the actuarial differences.
- (2) As discussed in Note 2 (t) to the consolidated financial statements, effective April 1, 2003, the Company adopted the new accounting standard for impairment of fixed assets.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 25, 2004

Director and Corporate Auditors

Chairman and Representative Director

Osamu Hirashima

President and Representative Director

Kanji Hayama

Director

Masaichi Hayakawa

Representative Directors

Hiromitsu Honda

Masami Ichikawa

Directors

Nobuhiko Tsuruta

Kunihiko Nambu

Hiroshi Yamada

Representative Director

Hiroyasu Takuma

Directors

Tetsuo Sekiya

Yoshiro Yamamoto

Senior Corporate Auditors

Hiroshi Ushioda

Hiroshi Tamaru

Corporate Auditors

Tadashi Yamamoto

Takefumi Higuchi

Hajime Okamura

Executive Officers

President and Chief Executive Officer

Kanji Hayama

Senior Executive Vice Presidents

Masaichi Hayakawa

In charge of Marketing & Sales

Hiromitsu Honda

General Manager, Marketing & Sales (Building Construction) Division (Integrated)

Masami Ichikawa

General Manager, Civil Engineering Division and In charge of Marketing & Sales and in charge of Safety Administration

Nobuhiko Tsuruta

General Manager, Corporate Planning Office

Kunihiko Nambu

General Manager, International Division

Executive Vice Presidents

Yasuyuki Hirota

In charge of Marketing & Sales

Mikio Ito

Deputy General Manager, Marketing & Sales (Building Construction) Division (Integrated)

Mitsuo Masuda

General Manager, Marketing & Sales (Civil Engineering) Division and Deputy General Manager, Corporate Planning Office

Kouji Okumura

General Manager, Housing Division

Hiroshi Yamada

General Manager, Architecture & Engineering Division (Integrated) and General Manager, Tokyo Branch and In charge of Marketing & Sales

Hiroyasu Takuma

General Manager, Business Administration Division

Kuniyuki Sonoda

General Manager, Marketing & Sales (Building Construction) Division I & II and Deputy General Manager, Corporate Planning Office

Hiromichi Hagiwara

General Manager, Engineering Division and General Manager, Ecology Division

Hiromichi Ujihara

Deputy General Manager, Corporate Planning Office

Koutarou Okazaki

General Manager, Nagoya Branch

Takashi Yamauchi

General Manager, Building Construction Division and Deputy General Manager, Corporate Planning Office

Senior Vice Presidents

Toru Kobayashi

General Manager, Tohoku Branch

Yasuto Kikuoka

In charge of Marketing & Sales

Yukio Kobayashi

General Manager, Marketing & Sales (Building Construction) Division III

Fumio Ikawa

General Manager, Safety Administration & Environmental Division

Daisuke Takahashi

In charge of Marketing & Sales

Yosuke Nawa

In charge of Marketing & Sales

Katsuhiko Ogura

General Manager, Urban Development Division and In charge of Property Administration

Saisuke Kani

General Manager, Design & Proposal Division

Masashi Kobayashi

General Manager, Sapporo Branch

Atsushi Okamoto

Deputy General Manager, Business Administration Division and General Manager, Personnel Department and Deputy General Manager, Corporate Planning Office

Hitoshi Terashita

General Manager, Kansai Branch

Michio Gokita

Deputy General Manager, International Division (In charge of Building Construction)

Vice Presidents

Yasuyuki Nakayama

In charge of Marketing & Sales

Masaya Segawa

In charge of Marketing & Sales

Mitsuo Nakatsumi

General Manager, Secretarial Department

Tadakatsu Kyuma

General Manager, Kyushu Branch

Hiroaki Hibino

Deputy General Manager, Marketing & Sales (Building Construction) Division

Isao Komai

Deputy General Manager, Marketing & Sales (Building Construction) Division

Hiroshi Mitsuoka

General Manager, Yokohama Branch

Tadatoshi Fujisaki

Deputy General Manager, Kansai Branch

Yoshihiro Fujiwara

Deputy General Manager, Urban Development Division

Hiroshi Kubo

General Manager, Hiroshima Branch

Hiroyuki Kimura

Deputy General Manager, Marketing & Sales (Civil Engineering) Division and Deputy General Manager, Civil Engineering Division

Kenji Nakamura

Deputy General Manager, Civil Engineering Division and General Manager, Civil Engineering Department and Deputy General Manager, Corporate Planning Office

Soichi Kawamura

General Manager, Taisei Technology Center and General Manager, Nuclear Facilities Division

Nobuyuki Motegi

General Manager, Chiba Branch

Takaharu Kubozoe

Deputy General Manager, Corporate Planning Office and General Manager, Corporate Planning Department

Kunihiko Hirano

Deputy General Manager, International Division and General Manager, Building Construction Department

Hiroshi Tada

Deputy General Manager, Marketing & Sales (Building Construction) Division

Isao Nagashima

Deputy General Manager, International Division and General Manager, Civil Engineering Department

Tetsuo Seki

Deputy General Manager, Marketing & Sales (Building Construction) Division

Yasuhiro Arai

General Manager, Hokushin-etsu Branch

Misao Akune

Deputy General Manager, Business Administration Division and General Manager, Accounting Department

(As of August 1, 2004)