Consolidated Balance Sheet

March 31, 2000

ASSETS	Millions of Yen 2000	Thousands of U.S. Dollars 2000
Current assets:		
Cash and time deposits	¥ 37,578	$ 354,008
Marketable securities (Note 3(3), 4 and 5)	14,864	140,028
Trade receivables:		
Note	18,343	172,803
Account	156,728	1,476,477
Inventories: (Note 3(5) and 5)		
Cost of uncompleted contacts	60,543	570,353
Real estate for trade and real estate in progress	51,006	480,509
Other inventories	2,794	26,321
Deferred tax assets (Note 15)	15,083	142,091
Other current assets	7,235	68,158
Allowance for doubtful receivables (Note 3(4))	(3,986)	(37,550)
Total current assets	360,188	3,393,198
Investments and non-current assets:		
Investment in securities (Note 3(3), 4 and 5)	15,842	149,242
Long-term loans and receivables	7,195	67,781
Sundry investments	21,376	201,375
Deferred tax assets (Note 15)	9,776	92,096
Allowance for doubtful receivables (Note 3(4))	(9,103)	(85,755)
Total investments and non-current assets	45,086	424,739
Property and equipment: (Note 3(6))		
Land	52,335	493,029
Buildings and structures	42,383	399,275
Machinery, equipment and vehicles	19,131	180,226
Dredgers and vessels	45,091	424,786
Construction in progress	152	1,432
Other Property and equipment	3,722	35,063
Total property and equipment	162,814	1,533,811
Less accumulated depreciation	(58,809)	(554,018)
Property and equipment – net	104,005	979,793
Other assets		
Consolidation adjustments	192	1,809
Others (Note 3(7))	1,194	11,248
Total other assets	1,386	13,057
Total assets	¥510,665	$4,810,787

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2000	Thousands of U.S. Dollars 2000
Current liabilities:		
Bank loans (Note 6)	¥130,429	$1,228,724
Commercial paper	3,000	28,262
Current portion of long-term debt (Note 6)	26,233	247,131
Trade payables:		
Note	49,267	464,126
Account	98,855	931,276
Advance on contracts in progress	48,797	459,699
Deposit received	8,998	84,767
Accrued taxes on income	525	4,946
Accrued expenses	4,008	37,758
Other current liabilities	3,858	36,344
Total current liabilities	373,970	3,523,033
Long-term liabilities:		
Long-term debt (Note 6)	73,072	688,384
Accrued directors' and statutory auditors' and employees' severance indemnities (Note 3(10) and 3(11))	7,045	66,368
Deferred tax liabilities for land revaluation (Note 18)	3,358	31,635
Other long-term liabilities	6,867	64,692
Total long-term liabilities	90,342	851,079
Cumulative foreign currency translation adjustments	243	2,290
	464,555	4,376,402
Shareholders' equity:		
Common stock	33,971	320,028
Common stock, ¥50 par value		
Authorized — 599,135,000 shares		
Issued — 361,407,443 shares at March 31, 2000		
Additional paid-in capital (Note 17)	10,635	100,188
Land revaluation excess (Note 18)	4,628	43,599
Retained earnings (deficit) (Note 3(12))	(3,124)	(29,430)
Less: Tresury shares	(0)	(0)
Total shareholders' equity	46,110	434,385
Total liabilities and shareholders' equity	¥510,665	$4,810,787

Commitments and contingent liabilities (Note 14)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income, and Retained earnings or Deficit

For the year ended March 31, 2000

	Millions of Yen 2000	Thousands of U.S. Dollars 2000
Construction business:		
Net sales	¥436,910	$4,115,968
Cost of sales	389,785	3,672,021
	47,125	443,947
Real estate and others:		
Net sales	27,042	254,753
Cost of sales	27,514	259,199
	(472)	(4,446)
Total net sales	463,952	4,370,721
Total cost of sales	417,299	3,931,220
Total gross profit	46,653	439,501
Selling, general and administrative expenses	32,109	302,487
Operating income	14,544	137,014
Other income:		
Interest and dividends	822	7,744
Others (Note 7)	685	6,453
	1,507	14,197
Other expenses:		
Interest	5,215	49,129
Others (Note 8)	2,012	18,954
	7,227	68,083
Ordinary income	8,824	83,128
Extraordinary gain (Note 9)	4,686	44,145
Extraordinary loss (Note 10)	32,564	306,774
Income (loss) before income taxes	(19,054)	(179,501)
Income taxes: (Note 3(9) and 15)		
Current.	862	8,120
Tax effect adjustment.	(6,521)	(61,432)
Net income (loss)	(13,395)	(126,189)
Retained earnings or deficit: (Note 3(12))		
Balance at the beginning of the period.	(26,787)	(252,350)
Prior period tax effect adjustment.	18,031	169,863
Reversal of additional paid-in capital for cover of deficit	19,027	179,246
Net income (loss).	(13,395)	(126,189)
Balance at the end of the period	¥ (3,124)	$ (29,430)
Income (loss) per share of common stock (Note 3(13))	Yen	U.S. Dollars (Note1)
Primary	¥ (37.06)	$ (0.35)
Assuming full dilution	—	—

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Shareholders' Equity

For the year ended March 31, 2000

	Millions of Yen 2000	Thousands of U.S. Dollars 2000
Common stock:		
Balance at the beginning of the period	¥33,971	$320,028
Balance at the end of the period	33,971	320,028
Additional paid-in capital: (Note 17)		
Balance at the beginning of the period	29,662	279,434
Reversal for covering the deficit	(19,027)	(179,246)
Balance at the end of the period	10,635	100,188
Retained earnings or deficit: (Note 3(12))		
Balance at the beginning of the period	(26,787)	(252,350)
Prior period tax effect adjustment	18,031	169,863
Reversal of additional paid-in capital for covering the deficit	19,027	179,246
Net income (loss)	(13,395)	(126,189)
Balance at the end of the period	(3,124)	(29,430)
Land revaluation excess: (Note 18)		
Balance at the beginning of the period	—	—
Land revaluation excess	4,628	43,599
Balance at the end of the period	¥ 4,628	$ 43,599

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended March 31, 2000

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Cash flows from operating activities:		
Income (loss) before income taxes	¥(19,054)	$(179,501)
Adjustment to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	5,400	50,871
(Increase) decrease in allowance for doubtful receivables	2,759	25,992
(Increase) decrease in accured directors' and statutory auditors' and employees' severance indemnities	2,819	26,557
Interest and dividends received	(822)	(7,744)
Interest paid	5,680	53,509
Foreign exchange loss (gain)	684	6,444
Equity in loss (gain) of affiliates	336	3,165
Loss (gain) on sales and disposals of property and equipment	620	5,841
Loss (gain) on sales of marketable and investment in securities	283	2,666
Loss (gain) on valuation of marketable and investment in securities	228	2,148
Change in assets and liabilities:		
(Increase) decrease in trade receivables	18,451	173,820
(Increase) decrease in cost of uncompleted contacts.	6,563	61,828
(Increase) decrease in real estate for trade and real estate in progress	26,553	250,146
Increase (decrease) in trade payables	(14,302)	(134,734)
Increase (decrease) in advance on contracts in progress	(15,887)	(149,666)
Increase (decrease) in accured expenses	(907)	(8,545)
Other – net	(5,112)	(48,157)
Sub total	14,292	134,640
Interest and dividends received	756	7,122
Interest paid	(5,373)	(50,617)
Income taxes paid	(988)	(9,308)
Net cash provided by (used for) operating activities	8,687	81,837

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Cash flows from investing activities:		
Payments for purchases marketable securities	¥ (215)	$ (2,025)
Proceeds from sales of marketable securities	721	6,792
Payments for purchases investment in securities	(915)	(8,620)
Proceeds from sales of investment in securities	450	4,239
Payments for purchases property and equipment	(5,125)	(48,281)
Proceeds from sales of property and equipment	1,915	18,041
Disbursements for loans receivables	(3,281)	(30,909)
Proceeds from collection of loans receivables	1,939	18,267
Other – net	(349)	(3,288)
Net cash provided by (used for) financing activities	(4,860)	(45,784)
Cash flows from financing activities:		
Net increase (decrease) in short-term bank loans	(9,081)	(85,549)
Net increase (decrease) commercial paper	(2,000)	(18,841)
Proceeds from long-term debt	16,882	159,039
Payment of long-term debt	(20,489)	(193,019)
Cash dividends paid	(7)	(66)
Other – net	0	0
Net cash provided by (used for) financing activities	(14,695)	(138,436)
Difference resulting from conversion of foregin cash and cash equivalents to yen	(423)	(3,985)
Net increase (decrease) in cash and cash equivalents	(11,291)	(106,368)
Cash and cash equivalents at the beginning of the period	47,162	444,295
Cash and cash equivalents at the end of the period	¥35,871	$337,927

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statement

(Information with respect to fiscal 2000 is unaudited)

1. Basis of consolidated financial statement

The consolidated financial statement was disclosed from the fiscal year ended March 31, 2000 in order that the consolidated standards and its related regulations were revised and enforced on/from April 1, 1999.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles and practices generally accepted and applied in Japan and the regulations under the Securities and Exchange Law Japan. The accounting principles and practices adopted by the oversea consolidated subsidiaries conform to those adopted by the Company. The accompanying consolidated financial statements have been reclassified for the convenience of readers outside Japan.

The figures in these financial statements are shown in U.S. dollars at the conversion rate of U.S.$1=¥106.15, the exchange rate prevailing on March 31, 2000. This is solely for the convenience of the readers outside Japan and does not mean that assets and liabilities originating yen can converted into or settled in dollars at the above rate.

2. Consolidation

(1) Condition

The Company has been 23 subsidiaries and 6 affiliates at March 31, 2000. The Company consolidated 23 subsidiaries and applied the equity method to 6 affiliates.

(2) Consolidation date

The balance sheet date in the Company and the domestic subsidiaries is on March 31 and those of the overseas subsidiaries are on December 31.

The consolidation date is on March 31.

The transactions from year-end date to consolidation date were neglected excluding significant transactions.

(3) Valuation of assets and liabilities of consolidated subsidiaries

The company applied the method which allocate the valuation excess between the amounts which evaluated assets and liabilities of subsidiaries at fair market value and their book value on the proportion of holding share's number of minority shareholders and the Company.

This method was applied to subsidiaries which were acquired on and after April 1, 1999.

(4) Consolidation adjustments

Consolidation adjustments are amortized on the straight-line method over five years.

(5) Appropriation of retained earnings or deficit

Appropriation of retained earnings or deficit approved by shareholders' meeting held during the fiscal year in the respective consolidated companies was reflected to the consolidated financial sratements.

3. Summary of significant accounting policies

(1) Foreign currency conversion

Transactions in foreign currencies are converted into yen at the exchange rate prevailing at the time of the transactions. Short-term receivables and payables denominated in foreign currencies are converted into yen at the exchange rate prevailing on the balance sheet date. The other items denominated in foreign currencies are converted into yen at the exchange rate prevailing at time when assets were acquired or liabilities were incurred. Exchange gains or losses, realized or unrealized, are included in current income.

(2) Recognition of contract revenue

The Company generally recognizes revenue upon the completed-contract method. However it uses the percentage of completion method to recognize revenue derived from large, long-term construction projects which meet a certain specified term. Advances received in excess of revenue incurred on long-term contracts are shown as a current liability. Unbilled costs are included in inventories.

(3) Securities

Securities included in current assets and investments are stated at cost determined by the moving average method except for those of a remarkable fall in market price.

(4) Allowance for doubtful receivables

The Company declared estimated amounts based on the ratio of actual bad debt to monetary credit balances and certain amounts for individual receivables which are considered uncollectable.

(5) Inventories

Inventories are stated at specific cost, except for raw materials and supplies which are determined by the first-in first-out method.

(6) Property and equipment

Property and equipment of the Company and domestic subsidiaries is stated at cost and its depreciation is calculated under the declining balance method using the estimated useful lives stipulated by Japanese tax regulations, except buildings (except for equipment fixed inside buildings) which were acquired on/after April 1, 1998 and which are calculated under the straight-line method. The straight-line method is applied to their properties and equipments of overseas subsidiaries.

At the time of sale or disposal, the cost and related accumlated depreciation are eliminated from the account, and gains or losses are reflected in income. Maintenance and repair costs, including minor renewals and betterments and purchases of small equipment, are included in the expenses incurred during the fiscal year under review.

(7) Research and development costs, and computer software

Research and development costs are charged to income as they are incurred.

The computer software which has been purchased for internal use is amortized as no scrap values by the straight – line method for five years based on the estimated useful lives of internal use.

(8) Accounting for finance lease

To transactions of finance lease other than these which the right of ownership to lease assets is recognized to belong to lessee, the same accounting method as that of operating is adopted.

(9) Income taxes

The Company and consolidated domestic subsidiaries declares corporation and other taxes for the current fiscal year on the basis of the taxable income calculated under the provisions of the Corporation Tax Law and other tax regulations. Taxable income thus calculated is different from earnings in the account book.

Japanese corporation and other taxes applicable to the Company and consolidated domestic subsidiaries comprise of (a) corporation tax of 30.0 percent on taxable income, (b) enterprise tax of 9.6 percent on taxable income after a certain adjustment, and (c) prefectural and municipal taxes averaging 20.4 percent on the amount of corporation tax after a certain adjustment. When paid, enterprise tax is deductible for income tax purposes.

Foreign subsidiaries are subject to income taxes at the various tax rate applicable in each country. Foreign tax credit related to the amounts of income tax paid to foreign tax offices by the Company directly or indirectly, is approved under a certain limitation in accordance with Japanese tax regulations.

(10) Accrued employees' severance indemnities

The Company has a plan which provides for lump-sum severance benefits to employees whose services with the Company are terminated. The amount to be paid is generally determined by reference to length of service and current basic salary at the time of termination or retirement. The Company set aside the amount which is 100 percent of the amount which would be required to be paid, if all employees voluntarily terminated their service at the balance sheet date.

The Company established retirement annuity funds with private life insurance companies and trust banks in the fiscal year ended March 31, 1992. These had been to cover 70 percent of the amount which would be required to be paid, if all employees voluntarily terminated their service at the balance sheet date. Japanese tax regulations require deduction of the amount contributed to the retirement annuity fund from the basic amount of the calculations which the regulations allow companies to reserve as accrued employees' severance indemnities referred to above.

Employees can require lump-sum severance benefits when they reach the retirement age of 60, and the amount to be paid is satisfied by 70 percent from the retirement annuity fund and 30 percent from the Company.

They can select a method to be paid as a pension only after fifteen years of service at the time of their retirement. When employees whose length of service with the Company is fifteen years or over, voluntarily terminate their service before retirement age, they are also entitled to receive pension payments which continue to be payable a survivors' annuity upon death.

The total amount of pension assets was ¥7,235 million (U.S.$68,158 thousand) as of March 31, 2000. Past service cost must be amortized for ten years, and such amounts charged to income as an expense were ¥1,919 million (U.S.$18,078 thousand) for the fiscal year ended March 31, 2000.

(11) Accrued directors' and statutory auditors' retirement allowance

The Company provides the retirement allowance equal to the amount required if all directors and statutory auditors retired on the balance sheet date.

(12) Legal reserve

Legal reserve is included in retained earnings in this accompanying consolidated financial statements.

(13) Net income per share

Primary net income per share is calculated on the basis of the weighted average number for a period of outstanding common stocks from the beginning to the end of the fiscal period.

Assuming full dilution has not been presented with the results that convertible bonds and bonds with detachable warrant have not been issued as of the end of March 31, 2000.

(14) Statement of cash flows

Cash and cash equivalents included in the statement of cash flows consists of cash, time deposits which can draw out less than three months.

(15) Deferred charge

Preoperating and start-up expenses are deferred and amortized over five years on the straight-line method.

(16)Derivative transactions

The Company and the consolidated subsidiaries enter into interest rate swap agreements and forward exchange contracts to hedge risks from fluctuations in interest rate and foreign exchange rate, respectively.

4. Marketable securities

Marketable securities current and non-current at March 31, 2000 are summarized as follows:

Market value of current and non-current marketable securities against book value is listed below.

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Marketable securities:		
Listed stocks	¥14,103	$132,859
Bonds and debentures	636	5,992
Total	¥14,739	$138,851
Investments in marketable securities:		
Listed stocks	¥10,680	$100,612
Other	120	1,131
Total	¥10,800	$101,743

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Market value of listed securities included in:		
Marketable securities	¥21,663	$204,079
Investments in marketable securities	21,673	204,174
Total	¥43,336	$408,253
Net unrealized gain	¥17,797	$167,659

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Not available for sale		
Currents:		
Unlisted bond (within 1 year)	¥ 125	$ 1,177
Non current:		
Unlisted stocks	¥2,542	$23,947
Privately placed internal bond	2,500	23,552

5. Pledged assets

The following assets were placed instead of guaranty money relating to fulfillment of construction contracts at March 31, 2000.

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Marketable securities	¥359	$3,382
Investment in securities	265	2,496
Sundry investments	150	1,414
Total	¥774	$7,292

6. Loans and long-term debt

Short-term bank loans as of March 31, 2000 are represented primarily in the form of overdraft facility notes bearing annual interest rates ranging from 0.595 percent to 6.620 percent for the fiscal year ended March 31, 2000. Long-term debt as of March 31, 2000 is summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Long-term loans from banks and insurance companies maturing in 2010 (bearing annual interest rates ranging from 1.280 percent to 3.520 percent)	¥99,305	$935,515
Less: current portion of long-term debt	(26,233)	(247,131)
Total	¥73,072	$688,384

The aggregate annual maturing amounts of long-term loans after March 31, 2000 are as follows:	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Years ending March 31,		
2001	¥26,233	$247,131
2002	21,136	199,114
2003	14,827	139,680
2004	8,929	84,117
2005 and after that	28,180	265,473
Total	¥99,305	$935,515

7. Other income

The composition of “other income-others” for the year ended March 31, 2000 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Rent received from real estate	¥223	$2,101
Others	462	4,352
Total	¥685	$6,453

8. Other expenses

The composition of “other expenses-others” for the year ended March 31, 2000 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Foreign exchange loss	¥1,327	$12,501
Equity in loss of affiliates	336	3,165
Others	349	3,288
Total	¥2,012	$18,954

9. Extraordinary gain

The composition of "Extraordinary gain" for the year ended March 31, 2000 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Gain on cancellation of land contract	¥3,562	$33,556
Gain on sale for investment in securities	18	170
Gain on sale of fixed assets	14	132
Prior period adjustments	757	7,131
Others	335	3,156
Total	¥4,686	$44,145

10. Extraordinary loss

The composition of "Extraordinary loss" for the year ended March 31, 2000 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Loss from sale of fixed assets	¥ 634	$ 5,973
Loss from disposition of fixed assets	414	3,900
Provision for bad debt	3,065	28,874
Loss on revaluation of real estate for trade	18,502	174,301
Loss on securities revaluation	228	2,148
Loss resulting from cancellation of interest rate swap agreements	3,441	32,416
Loss resulting from recognizing the shortage of past service costs by the change in accounting	3,309	31,173
Others	2,971	27,989
Total	¥32,564	$306,774

11. Research and development costs

Research and development costs changed to income as expenses for the fiscal year ended March 31, 2000 were ¥2,334 million (U.S.$21,988 thousand).

12. The summary of finance lease transactions

The Company has entered into contracts of finance lease transactions. The summary of them is as follows:

(1) Fair value of properties leased by the Company, accumulated depreciation and present value of them are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Equipment	¥332	$3,128
Vehicles	278	2,619
Buildings	21	197
	631	5,944
Accumulated depreciation	(391)	(3,683)
Present value	¥240	$2,261

Depreciation is calculated under the straight-line method for lease periods and the scrap value is zero.

(2) The future lease payments in the fiscal year ended March 31, 2000 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Within less than one year	¥135	$1,272
Later years	113	1,064
Total	¥248	$2,336

(3) The difference between the aggregate payment amounts of lease properties and the acquisition fair value of them is regarded as an interest to be paid and it is allocated to each of the accounting periods through the lease period of initial contracts by the interest-method and its summary is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Lease payment	¥169	$1,592
Depreciation	158	1,488
Interest expense	9	85

13. Derivative transactions

The Company and consolidated subsidiaries have entered into interest rate swap agreements to hedge risk incurring from fluctuating of interest rate.

At March 31, 2000	Millions of Yen			Thousands of U.S. Dollars (Note 1)		
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Non-market transactions						
Interest rate swap						
Fixed rate payment, floating rate receipt	¥6,427	¥(71)	¥(71)	$60,546	$(669)	$(669)
Total	¥6,427	¥(71)	¥(71)	$60,546	$(669)	$(669)

Fair value is based on the price offered by the banks concluding the derivative agreements.

14. Commitments and contingent liabilities

As of March 31, 2000, commitments for the purchase of machinery and equipment and other assets are ¥75 million (U.S.$707 thousand).

As of March 31, 2000 the Company is contingently liable for the borrowings of its subsidiaries, affiliates and others amounting to ¥8,522 million (U.S.$80,283 thousand).

15. Income taxes

Deferred tax assets and deferred tax liabilities result from time differences between financial reporting purpose and tax reporting purposes and those are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Deferred tax assets		
Deficit incurred on tax return	¥ 9,727	$ 91,634
Loss on revaluation of real estate for trade	8,576	80,791
Excess allowance for doubtful receivables	1,749	16,477
Excess accrued employees' severance indemnities	1,642	15,469
Others	3,403	32,058
Total: deferred tax assets	¥25,097	$236,429
Deferred tax liabilities		
Others	¥ (238)	$ (2,242)
Total: deferred tax liabilities	¥ (238)	$ (2,242)
Net: deferred tax assets	¥24,859	$234,187

16. Consumption tax

Consumption tax is usually levied at the rate of 5 percent on all transactions in connection with transferences (including services) and purchases, except for tax-free transactions. Consumption tax is eliminated from transferences (including services) and purchases stated in the statement of income.

17. Additional paid in capital

Paid in capital is capital surplus in excess of par value ¥10,635 million (U.S.$100,188 thousand), regulated by Japanese Commercial Code.

18. Land revaluation excess

The Company revalued the land of ownership used for its own business purpose based on the value appraised by an appraiser who is regulated by Article 2 No. 4 and 5 of an Enforcement Ordinance No. 119 of the Law concerning Land Revaluation promulgated on March 31, 1999.

As its result the revaluation excess was recognized and taxes to be levied to its excess in future was declared as a deferred tax liability and net excess having deducted the above taxes was presented in shareholders' equities as a Land Revaluation Excess.

The day of the revaluation: On March 31, 2000

Book value	¥39,305 million (U.S.$370,278 thousand)
Appraisal value	¥47,292 million (U.S.$445,520 thousand)

19. Segment Information

(1) Business segments

Business segments are primarily composed of the followings:

Construction	Civil engineering, Construction, etc.
Real estate development	Sale or rental of real estate
Others	Sale of construction materials, shipbuilding, etc.

Year ended March 31, 2000:	Millions of Yen					
	Construction	Real estate development	Others	Total	Eliminations and/or addition	Consolidated
Net sales:						
Customers	¥436,910	¥17,283	¥ 9,759	¥463,952	¥ —	¥463,952
Internal sales or transfer	604	102	3,114	3,820	(3,820)	—
Total	437,514	17,385	12,873	467,772	(3,820)	463,952
Operating expenses	421,446	18,419	13,408	453,273	(3,865)	449,408
Operating income	16,068	(1,034)	(535)	14,499	45	14,544
Assets	344,416	71,920	35,557	451,893	58,772	510,665
Depreciation	3,665	207	1,528	5,400	—	5,400
Capital expenditures	1,036	5	4,273	5,314	—	5,314

Year ended March 31, 2000:	Thousands of U.S. Dollars (NOTE 1)					
	Construction	Real estate development	Others	Total	Eliminations and/or addition	Consolidated
Net sales:						
Customers	$4,115,968	$162,817	$91,936	$4,370,721	$ —	$4,370,721
Internal sales or transfer	5,690	961	29,336	35,987	(35,987)	—
Total	4,121,658	163,778	121,272	4,406,708	(35,987)	4,370,721
Operating expenses	3,970,287	173,519	126,312	4,270,118	(36,411)	4,233,707
Operating income	151,371	(9,741)	(5,040)	136,590	424	137,014
Assets	3,244,616	677,532	334,969	4,257,117	553,670	4,810,787
Depreciation	34,527	1,950	14,394	50,871	—	50,871
Capital expenditures	9,760	47	40,254	50,061	—	50,061

(2) Geographic segments

Geographic segments are primarily composed of the followings:

Japan
Southeast Asia .... Singapore, Hong Kong, Malaysia
Others .... Egypt, Micronesia, Sri Lanka

	Millions of Yen					
Year ended March 31, 2000:	Japan	Southeast Asia	Others	Total	Eliminations and/or addition	Consolidated
Net sales:						
Customers	¥383,902	¥76,064	¥3,986	¥463,952	¥ —	¥463,952
Internal sales or transfer	—	—	—	—	—	—
Total	383,902	76,064	3,986	463,952	—	463,952
Operating expenses	370,237	75,145	4,026	449,408	—	449,408
Operating income	13,665	919	(40)	14,544	—	14,544
Assets	396,161	42,129	4,869	443,159	67,506	510,665

	Thousands of U.S. Dollars (NOTE 1)					
Year ended March 31, 2000:	Japan	Southeast Asia	Others	Total	Eliminations and/or addition	Consolidated
Net sales:						
Customers	$3,616,599	$716,571	$37,551	$4,370,721	$ —	$4,370,721
Internal sales or transfer	—	—	—	—	—	—
Total	3,616,599	716,571	37,551	4,370,721	—	4,370,721
Operating expenses	3,487,866	707,913	37,928	4,233,707	—	4,233,707
Operating income	128,733	8,658	(377)	137,014	—	137,014
Assets	3,732,087	396,882	45,869	4,174,838	635,949	4,810,787

All the operating expenses are allocated to the respective segments applicably.

The assets unable to allocate belong to general control division in the head office of the Company and subsidiaries at March 31, 2000 was ¥67,506 million (U.S.$635,949) thousand).

These principally consisted of cash and time deposits, marketable securities, investment in securities and sundry assets

(3) Overseas sales

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
For the year ended March 31, 2000	Southeast Asia	Others	Total	Total
Overseas sales	¥76,064	¥3,985	¥ 80,050	$ 754,122
Consolidated sales			¥463,952	$4,370,721
The proportion of overseas sales to consolidated sales	16.4%	0.9%	17.3%	17.3%

Segments of countries or areas are set up on the basis of geographical closeness.

Principal countries and areas included in each category.
— Southeast Asia: Singapore, Hong Kong, Malaysia
— Others: Egypt, Micronesia, Sri Lanka

Report of Independent Certified Public Accountants on the Consolidated Financial Statements

The Board of Directors
Penta-Ocean Construction Co., Ltd.

We have audited the consolidated balance sheet of Penta-Ocean Construction Co., Ltd. and its consolidated subsidiaries as of March 31, 2000 and the related consolidated statement of income and retained earnings or deficit, shareholders' equity and cash flow for the year ended March 31, 2000, all stated in yen.
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 audits. We conducted our audits in accordance with **auditing standards, procedures and practices generally accepted and applied in Japan.** Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statement is free of material misstatement. An audit includes examining, on a test basis,evidence supporting the amounts and disclosures in the consolidated financial statement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentations.
In our opinion, the consolidated financial statement referred to above present fairly, in all material respects, the financial position of Penta-Ocean Construction Co., Ltd. and its consolidated subsidiaries as of March 31, 2000, and the result of operation and the shareholders' equity, and the cash flow for the year then ended in conformity with accounting principles and practices in Japan generally accepted and applied.

The accompanying consolidated financial statement expressed in United States dollar has been translated into dollar solely for convenience of the reader. We have reviewed the translation and, in our opinion, the consolidated financial statement expressed in yen has been translated into dollar on the basis described in Note I to the consolidated financial statements.

Tokyo, Japan
June 29, 2000

Century Ota Showa & Co.

CENTURY OTA SHOWA & CO.

See notes to the consolidated financial statements which explains the basis of preparing the non-consolidated financial statements of Penta-Ocean Construction Co., Ltd. under Japanese accounting principles and practices.