

IRCJ Approves Application for Assistance for Tamano Consultants Co., Ltd.

Tokyo, December 24, 2004 – The Industrial Revitalization Corporation of Japan (“the IRCJ”) today approved an application by Tamano Consultants Co., Ltd. (“Tamano Consultants”) under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003.

1. Outline of businesses approved for assistance

Company names	Tamano Consultants Co., Ltd. Tamano Toshi Kaihatsu Co., Ltd.
Date of establishment	1951
Capital	¥320 million (as of September 30, 2004)
Head office	Nakamura-ku, Nagoya City, Aichi Prefecture
Representative	Hitoshi SAKAGUCHI
Number of employees	800 (as of September 30, 2004)
Outline of business	<u>Tamano Consultants Co., Ltd.</u> Tamano Consultants is a comprehensive civil engineering consulting company with operations including construction consulting, surveying, geological surveying, and compensation consulting. It receives most of its survey and design contracts through government and other public bodies. <u>Tamano Toshi Kaihatsu Co., Ltd.</u> This company's primary operations are in real estate sales, real estate brokerage and real estate leasing, along with land readjustment agency operations.

2. Name of financial institution or other party jointly submitting application

UFJ Bank Limited

3. Outline of revitalization plan

1. Business plan

1. Asset disposal and restructuring of subsidiaries

Real estate assets held will in principle all be sold, with the funds received used to reduce interest-bearing debt. Debt-laden Tamano Toshi Kaihatsu Co., Ltd. will be liquidated. Nanki Airlines K.K., because it has only limited relevance to the future business development of Tamano Consultants, will be sold to an outside party.

2. Selection and concentration of operations

The operations of Tamano consultants will be divided into three specialized divisions—urban development, construction, and urban environment—and four geographical areas—central Japan, eastern Japan, western Japan, and Kyushu/Okinawa. Within Tamano Consultants, management resources will be

shifted to concentrate on its strengths in urban development. Moreover, in the construction and urban environment divisions a structure will be established to promote the securing of orders arising from contracts handled by the urban development division. Independent orders will be pursued with a focus on the traditionally strong areas of central and western Japan and Kyushu, with the aim of increasing the sales conversion rate.

3. Increasing operational efficiency

Talented human resources will be secured, while maintaining and strengthening industry-leading levels of personnel efficiency. Variable costs will also be reduced through measures such as seeking lower prices on external orders.

4. Managing earnings and efficiency by region

Authority and responsibilities will be transferred to each operating region, promoting clear understanding of each area's contribution to earnings and the early identification and resolution of problems.

5. Formulation of business alliance with sponsor

An alliance will be formed with Nippon Koei Co., Ltd. to pursue efficiencies through integrating back office operations and increasing business capabilities through the exchange of personnel and technical information. At the same time, business expansion will be pursued in urban development projects in the Tokyo metropolis—an area Tamano Consulting has been slow to develop—and joint projects will be sought overseas.

6. Quantitative targets

Net sales of approximately ¥11.9 billion and operating income of approximately ¥730 million are targeted for the fiscal year ending March 31, 2008.

2. Business restructuring

The following business structure is planned.

1. Tamano Consulting

Following the implementation of comprehensive financial restructuring through measures such as the sale of real estate assets, the following actions are planned:

1. 90%-plus reduction of capital
2. 10:1 reverse share split
3. ¥3,300 million yen capital injection by sponsor Nippon Koei Co., Ltd.

2. Tamano Toshi Kaihatsu

Tamano Toshi Kaihatsu is severely over indebted, and because it generates almost no earnings from transaction partners other than Tamano Consulting or other group companies, its continued existence as an independent entity is difficult to envisage. For this reason Tamano Toshi Kaihatsu will be liquidated following the sale of its real estate holdings. Debt remaining after implementation of the financial assistance outlined in 3. below will be assumed by Tamano Consulting subject to a request that the company is

released from liability.

3. Other Tamano Consulting group companies

Nanki Airlines K.K. has little relevance to Tamano Consulting's operations, so shares and operating assets relating to the airline will be sold to an outside party. Nanki Airlines' surveying operations will be continued as part of Tamano Consulting or within the Tamano Consulting group of companies. There currently are no plans to restructure any other Tamano Consulting group companies through M&A.

3.Outline of financial assistance sought

A total of ¥13,018 million of financial support (debt forgiveness) will be requested from financial institutions.

4.Implications for management

All current directors of Tamano Consulting will resign, and a new management structure will be decided in cooperation with Nippon Koei.

5.Implications for shareholders

The holdings of existing owners of ordinary shares will be significantly diluted due to a capital reduction of more than 90%, a 10:1 reverse share split, and recapitalization by Nippon Koei.

6.IRCJ rationale for providing assistance

Tamano Consulting is the tenth-ranked company by sales in Japan's construction consulting industry, and has earned the trust of regional public bodies particularly for its pioneering work in the field of urban development.

However, as well as a worsening in the business environment brought about by a review of the public works program and other factors, the company's financial position has been substantially weakened by the accumulation of unrealized losses on real estate assets, and the company has become over indebted. In addition, factors such as a lack of self-reforming initiative caused by the top-down management style adopted since the company was founded—along with sectionalism between divisions—have been barriers, and necessary comprehensive reforms have not been implemented.

The core components of the business revitalization plan are 1) to eliminate excessive debt through financial assistance, and 2) realign the business structure through personnel and technical input in alliance with sponsor Nippon Koei. Based on this, and by implementing measures such as 1) restoring financial strength through the sale of assets, 2) shifting management resources to reflect the company's strengths in urban development, 3) improving operational efficiency through improving the effectiveness of personnel and reducing external costs, and 4) constructing an area management system, the IRCJ believes there is strong potential to revitalize this business. .

4. Comments from the state ministers in charge of the Industrial Revitalization Corporation of Japan, and from ministers in charge of the target company's industry.

State ministers in charge of the IRCJ: None expressed

Minister of Land, Infrastructure & Transport: *Given that the construction consulting operations of Tamano Consulting are understood to be fundamentally sound, I find nothing unreasonable about the decision of the IRCJ to provide support.*

Note on comments from ministers: The IRCJ is a quasi-governmental organization. As such, the IRCJ is required to obtain comments about decisions to assist private-sector companies from the three government ministers in charge of the IRCJ, and from the minister of the industrial sector in which the target company operates.

5. Debt repurchase application period

From December 24, 2004 until February 3, 2005 (applications must arrive at the IRCJ on or before this date).

Note: The debt repurchase application period is a period established for the purpose of consensus building between the financial institutions concerned and the IRCJ in regard to debt repurchase and the revitalization plan. This period is so named because, where agreement is achieved in legal terms, the financial institutions concerned apply to the IRCJ for debt repurchase etc.

6. Request for temporary cessation of demands for credit repayment

Under Article 24, Clause 1 of the Industrial Revitalization Corporation Act, financial institutions and other creditors of Tamano Consulting have been requested not to recover loans or exercise any other rights they may have as creditors before the end of the debt repurchase application period as per item 5 above.

7. Treatment of trade and other creditors

The decision to provide assistance concerns only the request for financial support made to financial institutions in regard to amounts lent to the assisted business and has no effect on the claims of trade and other creditors.

For more information, please contact

Corporate Planning Department

The Industrial Revitalization Corporation of Japan

Tel: 03-6212-6437

#

About the IRCJ

The IRCJ was established jointly by the public and private sector on April 16, 2003, with the aim of providing revitalization assistance beneficial to both the industrial and the financial sectors in Japan. It targets assistance at companies that have sound business fundamentals but are unable to thrive because of excessive debt levels or other factors. The IRCJ has approximately 200 employees and is based in Tokyo. For more information please visit www.ircj.co.jp