

Notice of Recording a Special loss and Adjustment to the Forecast of Operating Results

Haseko Corporation (the “Company”) is expected to record a special loss and has adjusted the forecast of operating results for the year ended March 31, 2006 (from April 1, 2005 to March 31, 2006), which were given at the time of publication of its interim financial statements on November 24, 2005, as described below.

1. Recording a special loss:

As a result of the carrying value of fixed assets (Real estate for lease) has been reduced, the Company is expected to record a special loss of ¥2.7billion for the 2nd half of the year ended March 31, 2006 as impairment of fixed assets.

2. Adjustment to the forecast of operating results (non-consolidated) for the year ended March 31, 2006(from April 1,2005 to March 31,2006):

(Million yen)

	Net Sales	Ordinary Income	Net Income
Previous forecast	460,000	40,000	37,000
Current forecast	489,000	44,000	37,000
Change	+29,000	+4,000	-
Rate of change	6.3%	10.0%	-
Previous year (Ended March 31,2005)	404,797	32,113	(70,556)

3. Adjustment to the forecast of operating results (consolidated) for the year ended March 31, 2006(from April 1,2005 to March 31,2006):

(Million yen)

	Net Sales	Ordinary Income	Net Income
Previous forecast	590,000	50,000	43,500
Current forecast	620,000	53,000	43,500
Change	+30,000	+3,000	-
Rate of change	5.1%	6.0%	-
Previous year (Ended March 31,2005)	506,954	39,750	(48,141)

4. Reason for the adjustment to the forecast of operating result:

(1) Non-consolidated

Net sales increased primarily caused by real estate sale.

Ordinary income has increased caused by improvement on profit ratio of construction contracts and commissioned work, however 3 billion yen as the financial costs will be recorded as non-operating expense based on an agreement on a syndicated method term loan concluded March 28, 2006.

The Company is expected that net income will be approximately ¥40 billion, ¥3 billion increase or so, caused by ordinary income increase and impairment of fixed assets. However, the court judgment, describes as (5) bellow, will be scheduled on May 17, 2006, and the amount of influence given to the operation is unknown. Therefore, the Company does not adjust the net profit forecast at the present moment.

(2) Consolidated

Net Sales and ordinary income upward adjustment primarily caused by increase in non-consolidated operating results.

The Company is expected that net income will be approximately ¥47 billion, a ¥3.5 billion increase, caused by ordinary income increase and impairment of fixed assets. However, the Company does not adjust the net profit forecast by the same reason as non-consolidated forecast at the present moment.

5. Lawsuit:

The Company is presently in the midst of a lawsuit with Fujita Corporation, who is alleging ¥3,583,214,183 to be paid for the construction of the Hotel Sherena PR building, the penalties for delay in payment of same, and payment of, legal commercial interest. The court judgment will be scheduled on May 17, 2006. The Company is claiming that we have no obligation to pay, but the outcome of the lawsuit may lead to influence given to operating results for the year ended March 31, 2006.

Note: The above forecasts of operating results are calculated based on the information available to the management as of the date hereof. Actual results may differ from the forecasts described above due to any changes in a variety of factors in the future.