

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2000 and 1999

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Net sales	¥ 266,807	¥ 257,633	\$ 2,517,043
Cost of sales	237,826	233,636	2,243,638
Gross profit	28,981	23,997	273,405
Selling, general and administrative expenses	17,776	17,719	167,695
Operating income	11,205	6,278	105,710
Other income (expenses):			
Interest expenses	(1,725)	(1,688)	(16,277)
Revaluation of marketable securities and investment securities	(748)	(4,656)	(7,052)
Write-off of marketable securities and investment securities	—	(339)	—
Write-down for real estate for sale	(2,829)	—	(26,684)
Provision for accrued severance indemnities	(568)	—	(5,355)
Special provision for early retirement benefits	—	(4,359)	—
Doubtful accounts for long-term receivables	—	(2,004)	—
Other, net	887	570	8,358
	<u>(4,983)</u>	<u>(12,476)</u>	<u>(47,010)</u>
Income (loss) before income taxes and other items	6,222	(6,198)	58,700
Income taxes (Note 8)	3,146	233	29,677
Adjustment by income taxes and others	693	—	6,540
Equity in earnings of affiliates	—	11	—
Minority interests	(162)	—	(1,526)
Net income (loss)	<u>¥ 2,221</u>	<u>(¥ 6,420)</u>	<u>\$ 20,957</u>
Retained earnings:			
Balance at beginning of year	¥ 10,494	¥ 16,334	\$ 98,995
Cumulative effect of adopting deferred tax accounting at April 1, 1999	7,758	—	73,188
Inclusion in consolidation of non-consolidated subsidiaries	306	—	2,881
Cash dividends	(581)	(1,196)	(5,477)
Transfer from legal reserve (Note 9)	—	1,859	—
Bonuses to directors and statutory auditors	(15)	(83)	(141)
Net income (loss)	2,221	(6,420)	20,957
Balance at end of year	<u>¥ 20,183</u>	<u>¥ 10,494</u>	<u>\$ 190,403</u>
Per share data (Note 1~9):	Japanese Yen		U.S. Dollars (Note 2)
Net income (loss)	¥ 11.29	(¥ 32.20)	\$ 0.107
Cash dividend	¥ 5.00	¥ 3.00	\$ 0.047

The accompanying notes are an integral part of this statement.