

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2001 and 2000

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2001	2000	2001
Net sales	¥ 294,693	¥ 266,807	\$ 2,376,557
Cost of sales	266,570	237,826	2,149,758
Gross profit	28,123	28,981	226,799
Selling, general and administrative expenses	17,160	17,776	138,386
Operating income	10,963	11,205	88,413
Other income (expenses):			
Interest and dividends income	551	—	4,441
Interest expenses	(1,661)	(1,725)	(13,400)
Devaluation of marketable securities and investment securities	(413)	(748)	(3,330)
Write-down for real estate for sale	(241)	(2,829)	(1,942)
Provision for accrued severance indemnities	—	(568)	—
Amortization of transition amount for retirement benefits	(13,743)	—	(110,829)
Other, net	(1,239)	887	(9,992)
	<u>(16,746)</u>	<u>(4,983)</u>	<u>(135,052)</u>
Income (loss) before income taxes and minority interest	(5,783)	6,222	(46,639)
Income taxes			
Current	5,035	3,146	40,606
Deferred	(6,941)	693	(55,978)
Minority interest	88	162	710
Net income (loss)	<u>¥ (3,965)</u>	<u>¥ 2,221</u>	<u>\$ (31,977)</u>
Retained earnings:			
Balance at beginning of year	¥ 20,183	¥ 10,494	\$ 162,764
Cumulative effect of adopting deferred tax accounting at April 1, 1999	—	7,758	—
Inclusion in consolidation of non-consolidated subsidiaries	—	306	—
Cash dividends	(997)	(581)	(8,040)
Bonuses to directors and statutory auditors	(69)	(15)	(558)
Net income (loss)	(3,965)	2,221	(31,977)
Balance at end of year	<u>¥ 15,152</u>	<u>¥ 20,183</u>	<u>\$ 122,189</u>
Per share data (Note 1):			
	Japanese Yen		U.S. Dollars (Note 2)
Net income (loss)	¥ (19.89)	¥ 11.29	\$ (0.160)
Cash dividend	¥ 5.00	¥ 5.00	\$ 0.040

The accompanying notes are an integral part of this statement.