Annual Report 2002

for the fiscal year ended March 31,2002

TOA CORPORATION

Since its establishment in 1908, TOA CORPORATION has been contributing to the business of developing coastal industrial zones together with their attendant seaside facilities.

With its unique state-of-the-art technology and abundant accumulated experience, Toa has been aggressively involved in large-scale projects in the fields of on-land civil engineering, architecture, energy development plants and waterfront facilities, gaining the firm trust of customers in all areas.

We are determined to meet the expectations of our customers by expanding and leveraging our capabilities.

Contents

FINANCIAL HIGHLIGHTS

TOA CORPORATION

Years ended March 31

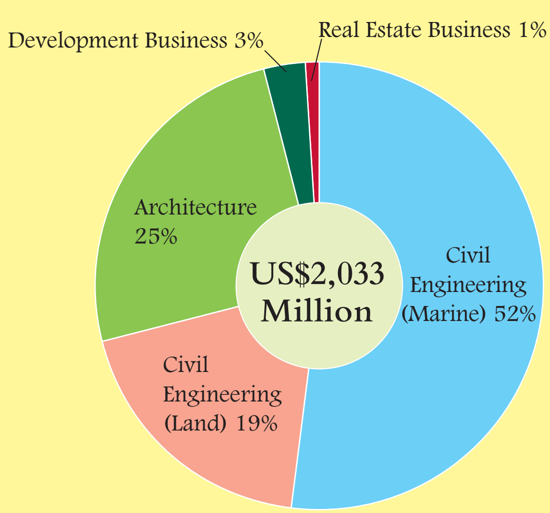
	Millions of Japanese Yen					Thousands of U.S. Dollars
	2002	2001	2002	2001	2000	2002
	Non-consolidated		Consolidated			
For the year:						
Net sales	¥ 270,341	¥ 271,307	¥288,932	¥294,693	¥266,807	$ 2,172,420
Income (loss) before income taxes and other items	4,247	(7,055)	5,502	(5,783)	6,222	41,368
Net income (loss)	1,512	(4,632)	2,025	(3,965)	2,221	15,221
At year-end:						
Total assets	293,169	283,869	325,949	318,018	303,875	2,450,746
Shareholders' equity	44,314	43,996	47,065	46,248	51,692	353,870
Property, plant and equipment—net	42,762	40,604	57,361	52,151	51,224	431,288
	Yen		Yen			U.S. Dollars
Per share of common stock:						
Net income (loss)	¥ 7.58	¥ (23.23)	¥ 10.30	¥ (19.89)	¥ 11.29	$ 0.077
Cash dividends	5.00	5.00	5.00	5.00	5.00	0.038

Note: The amount in U.S. dollars was translated at the rate of ¥133 = US$1, the effective rate at March 31, 2002.

Sales Composition by Project Type

(For the Year Ended March 31, 2002)

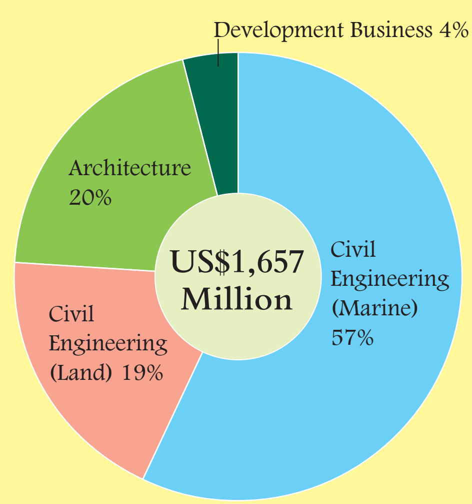
Non-consolidated



Orders Received by Project Type

(For the Year Ended March 31, 2002)

Non-consolidated



MESSAGE FROM THE PPRESIDENT

The Japanese economy for the fiscal year ending March 31, 2002 continued to sag in the doldrums and gave a sense of deepened uncertainty as the business recession due to deflation worsened. Overall business profits fell despite the measures by government to stimulate the economy, and personal consumption did not show any signs of recovery because of the instability of employment and drop in income.

In the construction industry, public works projects decreased due to the fiscal burden on local governments, investment in plants and equipment in the private sector decreased sharply because of the uncertainty of the economy, and demand for construction as a whole continued to diminish, being particularly affected by inactive investment in housing. Meanwhile, the management environment facing the construction industry remained in a very severe state, in large part because of a further heating up of price competition for survival among companies. Under such circumstances, TOA CORPORATION and its group tried to ensure good quality works and promoted the establishment of a low cost execution system, making efforts to attain high levels of performance by reducing administrative expenses.

Operating Performance

Non-consolidated orders received totaled ¥220,352 million (US$1,657 million), a decrease of 32.1% compared with the previous year. The breakdown of the amount of orders received was ¥210,368 million (US$1,582 million), or a decrease of 34.3%, in the construction business, and ¥9,984 million (US$75 million) in the development business, representing an increase of 130.2%. In the domestic market, the amount of orders received was ¥199,531 million (US$1,500 million), a decrease of 17.5%, while the overseas market saw a decrease of 74.7%, or ¥20,821 million (US$157 million). In the construction business, marine civil engineering work accounted for 57.4%, land civil engineering for 18.6%, and building works for 19.5%, while in terms of the type of customers placing orders, the domestic government sector accounted for 65%, domestic private sector for 25%, and overseas organizations for 10% of all orders received.

Net sales amounted to ¥288,932 million (US$2,172 million), down 2.0% from the previous year on a consolidated accounting basis. Although there was a valuation loss of stocks in hand, the current-term net profit was ¥2,025 million (US$15 million), an increase of ¥5,990 million (US$45 million) compared with the previous year. Corporate owned properties in land for business use were reevaluated in terms of the current price calculated using the land revaluation method in order to correct the divergence between the book value and current value, thereby eliminating any uncertainty in the balance sheet and enhancing its soundness. ¥158 million (US$1 million) of the increase in the book value of around ¥380 million (US$3 million) was posted as a deferred tax in debt, while ¥222 million (US$17 million) was posted as revaluation excess in capital.

Financial Situation

The amount of capital increased by ¥7,393 million (US$56 million) through operating activities in the current year. However, the balance of cash and cash equivalents at the end of the year was ¥41,794 million (US$314 million), an increase of ¥6,084 million (US$46 million) compared with the previous year. This is because some ¥7,349 million (US$55 million) was used for the acquisition of property, plant and equipment and other investment activities, and ¥5,955 million (US$45 million) was procured by the issuance of commercial paper and other financial operations. While the current-term net income before income tax was ¥5,502 million (US$41 million), cash flow due to business activity was ¥7,393 million (US$56 million) after adjustment of depreciation expenses and subtraction of corporate taxes and other payments, and the capital finally decreased by ¥3,774 million (US$28 million) compared with the previous year.

Cash flow due to investing activities decreased by ¥7,349 million (US$55 million) as a result of the acquisition of property, plant and equipment, and the capital decreased by ¥3,159 million (US$24 million) compared with the previous year. Cash flow due to financing activities was ¥5,955 million (US$45 million) as a result of financing by the issuance of commercial paper, leading to an increase in capital of ¥18,388 million (US$138 million) compared with the previous year.

Perspectives

The future economy is expected to bottom out before long after a number of policies adopted by the government in response to changes in the economic and financial state of the economy actually begin to take effect. However, it seems that it will still be some time before the economy begins to recover in full based on an increase in corporate earnings and personal consumption. The construction industry anticipates a promotion of urban redevelopment, which is a priority measure of the government, and other types of public investment. Basically, however, it seems that the construction market will continue to shrink in the foreseeable future due to a curtailment of public works spending, inactive investment in plant and equipment, and diminishing housing investment. Further, the current state of structural depression combined with more severe price competition is also expected to last for some time to come.

New Three-year Management Plan

To overcome such an increasingly severe management environment, our group replaced the three-year management plan that started in 2000 with a new three-year plan that more closely reflects this present environment. Particular emphasis has been given to addressing the following management problems:

1. Maintenance of the current level of orders and profits by the civil engineering division;
2. Improvement of the low-profit system of the construction division;
3. Expansion of the international business division; and
4. Conversion of the organization into a stronger corporate structure.

The following measures are to be undertaken with respect to orders received:

(1) Expansion of the fields of business in the categories of renewal, deep water related facilities, medical welfare facilities, halls for ceremonial functions, facilities for HACCP (Hazard Analysis Critical Control Point), etc.;
(2) Aggressive development of business activity in the fields of urban redevelopment, PFI projects, and projects related to the environment; and
(3) Entry into new business areas and fields overseas.

The following steps are to be taken to enhance profits:

(1) Increase profit margins by improving the capability of quantity surveys for construction work and by adopting more efficient construction management methods; and
(2) Introduce specific measures to improve productivity and implement greater cost controls in order to reduce expenditures and personnel costs.

The following measures have been planned in order to enhance financial strength and improve the efficiency of management:

Masao Watanabe, President

(1) Reduction of interest-bearing debt and increase financial strength; and
(2) Systematization of information and establishment of a company-wide, network based database.

The above plans and policy measures have been set forth as the basic strategy of the organization to improve its position and move forward more successfully during the next three years by establishing a sound, tenacious corporate structure to improve corporate performance.

In these endeavors, we ask our shareholders for their kind, continual support and cooperation.

June 2002

Masao Watanabe

Masao Watanabe
President

Construction of the Central Japan International Airport

The Central Japan International Airport will be a full-fledged offshore airport with a 3,500-meter-long runway. This will be an international airport open around the clock, and special consideration has been given to its facilities, systems, and operations. Due to start service in 2005, reclamation work, revetment work, and terminal building construction are progressing simultaneously. A 470 hectare airport site is to be reclaimed using 56,000,000 m^3 of earth and sand, of which 12,000,000 m^3 are provided by effectively utilizing earth and sand as recycled material dredged in the Nagoya Port, where the Company is in charge of reclamation work (Part 1) as a reading company Joint Venture business, after cement-type material is added for solidification. The remaining 44,000,000 m^3 consists of mountain soil transported to the site by sea. A revetment having a circumference of twelve kilometers will surround the airport island. The minimum distance in the sea area between the revetment and the opposite shore will be at least 1.1 km, and the island will be curved to prevent eddy currents. These measures will help ensure that any potential impact on the tidal stream from this project is minimized.

Kansai International Airport 2nd Stage

In this project, a 545-hectare airport island will be built 200 meters off the airport in the first stage in order to construct a second 4,000 meter-long parallel runway, apron, and taxiway. The island will need 250,000,000-m^3 earth and sand because the average depth of the water at the site is some 19.5 meters deep. The revetment for the project began in July 1999 was completed in November 2001, and full-fledged reclamation work is proceeding along at this time. It is important to build a strong foundation free from any ground subsidence when preparing the ground for an airport. In order to ensure the construction of a strong foundation, TOA CORPORATION is freely using numerous technologies and techniques at the reclamation work site. These include the "Beluga" system, GPS for positioning of work ships, reclamation earth-and-sand dumping control system, and many other state-of-the-art technologies, thereby ensuring effective, efficient earth-and-sand dumping and high-precision earth and layer control technologies. Both these technologies and the results achieved thus far have been highly rated.

Construction of new Hitachi Naka Thermal Power Plant (Coal unloading jetty)

In this project, the Electric Power Development Co., Ltd., and Tokyo Electric Power Co., Ltd. each respectively installed one 1,000,000 kW generating system to construct a 2,000,000 kW coal-fired thermal power plant in Tokaimura, Ibaraki. TOA constructed a coal-unloading jetty jointly with Nippon Kokan K.K. for unloading coal transported to the plant from overseas. One of the features of this work was to make an SRC jacket structure as the main structure of the jetty by making use of the exposed base rock at the sea bottom. Large blocks of the structure were then installed on top using a large crane ship, thereby shortening the work period and reducing construction costs substantially. The foundation work was conducted at a depth of twenty meters and consisted of excavating the soft rock layer by two meters in order to place underwater concrete. This was an engineering challenge requiring high-precision work that was successfully met.

Construction of new submerged tunnel at Naha Port

Composed of more than sixty islands, Okinawa is one of the most popular tourist sites and destination in Japan. The region still fosters a unique traditional Ryukyu culture, which exalts the beautiful sea and nature. Securing effective traffic flow between the airport and Naha Port and the urban district is an important factor for further economic development in the area. In order to facilitate a smoother flow of people and goods between the port entrance of Naha Wharf and the airport, our company is moving ahead with construction to connect these two points by an undersea tunnel. The total length of the tunnel will be 724 meters. It will be constructed by the submerged tunnel construction method, in which eight hybrid caissons of full-sandwich structure measuring 36.9 meters in width, 8.7 meters in height, and 91 meters in length will be joined together. The tunnel is expected for completion by 2009.

Construction of new Shibakawa Tunnel

Shibakawa is a river without a headspring, and the deterioration of water quality due to household wastewater from various sources has become a problem of ever increasing concern. To improve this situation, a project is being promoted to introduce clean water from Arakawa River for purification. As part of this project, our company received an order to construct a Shibakawa water tunnel from the Ministry of Land, Infrastructure and Transportation. It was difficult to recycle the sludge produced by the construction work that contained large quantities of water using conventional technologies and equipment. However, our company introduced the first sludge recycling system developed by Mitsubishi Heavy Industries into the 2,300-meter-long shield tunneling work site to recycle the sludge generated by the construction work. A total of some 5,300 m^3 of excavated mud was recycled for use as banking material. Our efforts were highly rated and acknowledged as the model for effective recycling work in 2001, winning the Chairman's Award of the Recycling Promotion Committee.

Construction of Arai Auction Bayside

TOA received an order to design and construct the largest auction hall in Japan in the Higashi Ogishima district of Kawasaki, near Tokyo. Built on a site that is 100,000 m^2 or ten hectares in area, construction of the hall was completed in September 2001. The hall can support the latest digital video type satellite communication systems, is provided with 1,200 posting seats, a display motor pool that is about 82,500 m^2 in size and a carrier car space of 16,500 m^2 that can also be used as a parking lot, accommodating 5,000 cars on display.

Construction of new Yumeshima container terminal

In order to cope with the recent increase in the size of containerships and the quantity of cargo being processed through at Osaka Port, work is being promoted to upgrade the largest high-standard container berth (three submerged type berths of 15 meters in depth) at Yumeshima (Kita-Konan district). During the current year, work was completed on the administration building, maintenance shop building used for repair of various port facilities and support of container handling, and the gatehouse building used for entry and exit of trailers. These facilities form the core of Yumeshima container terminal C-11, which is the largest physical distribution site at Osaka Port. TOA was responsible for construction of these facilities.

Project for construction of Melville Street Fish Market

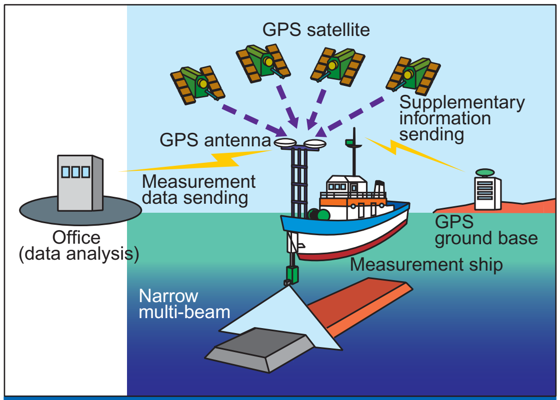
This project consists of construction of a fish market ordered by the Ministry of Agriculture, Lands, Forestry, and Fisheries, the Government of Grenada, a country in the Caribbean Sea in Central America. The site is located on the coast along Melville Street. The project was completed in August 2001.

Phu My Thermal Power Plant

Vietnam has been enjoying a period of conspicuous development. This has led to increasing investment in the country by Japanese and many other foreign corporations each year. Consequently, the shortage of absolute electric power and related energy infrastructure has become quite serious. The Phu My district, 80 kilometers southeast of Ho Chi Minh City, has been designated as an important power supply district. Three power plants are under construction in the district in addition to the power plant that is currently in operation in the area. The Vietnamese government borrowed funds from the Japanese government to construct the Phu My No.1 Power Plant to produce 1000 MW of electricity. The Electricity Corporation of Vietnam will own this plant. As a subcontractor of Mitsubishi Heavy Industries, Ltd., who built the plant, our company took charge of the civil engineering and construction work, among other tasks for construction of the power plant. These tasks included construction of the following facilities: (1) a steam turbine building, (2) a gas turbine building, (3) a central control building, (4) and administration building, (5) C/W intake/discharge facilities, (6) an oil unloading jetty, amongst others. The project was completed in May 2002.

■Beluga System

This is our own developed system for accurate and speedy measurement of depth of ground level in water by effectively combining latest measurement devices including the narrow multi-beam depth measuring sonar in order to acquire data in wide regions and the GPS.



Measurement concept by the Beluga System

■TUJ Water-Intake Method

This is the technology to intake deep marine water by using steel tubes as water intake tubes, and use newly developed TUJ (TOA Universal Joint) as joint tubes for water intake tubes.

The inner wall of water intake tubes and joint tubes is coated perfectly with polyethylene to consider purification and water running.

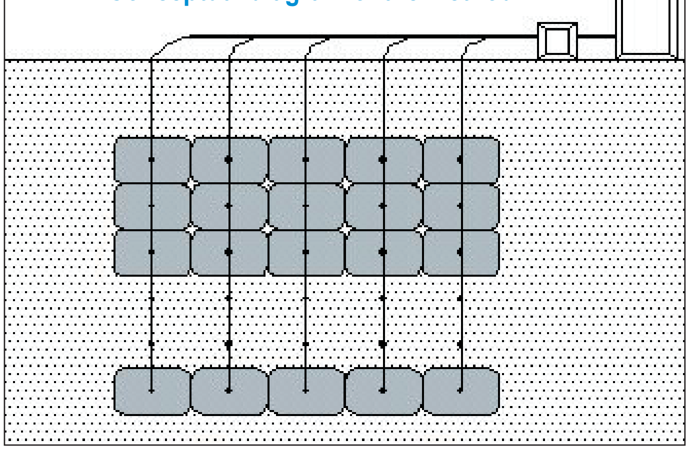
■Soil Separator Method

The Soil Separator Method is a system to recycle dredged soil and sand into various construction materials such as coast abundance and banking. The soil separator in this method, which is a kind of centrifugal separating machines, separates the dredged soil and muddy water from sand for recycle use.

■Ultra Multi Grout Method

This is a new but noteworthy technology to prevent soil from liquefaction. In this method, dozens to hundreds of nozzles are set three-dimentionally in the ground and grout is automatically poured by the most suitable pressure and current volume based on pre-measured data.

Conceptual diagram of the Method



Financial Review

CONSOLIDATED BALANCE SHEETS

TOA CORPORATION and its consolidated subsidiaries
As of March 31, 2002 and 2001

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
ASSETS	2002	2001	2002
Current assets:			
Cash and time deposits (Note 3)	¥ 42,130	¥ 36,766	$ 316,767
Marketable securities (Notes 4)	30	—	224
Notes and accounts receivable, trade	76,237	83,889	573,215
Allowance for doubtful accounts	(2,132)	(1,982)	(16,032)
Inventories, principally real estate for sale	11,400	13,040	85,720
Cost on contracts in progress	69,760	70,622	524,512
Deferred income taxes (Note 8)	4,654	4,774	34,992
Prepaid expenses and other current assets	35,627	25,416	267,870
Total current assets	237,706	232,525	1,787,268
Investments and other assets:			
Investments in and long-term loans to affiliates	204	1,734	1,533
Investments in securities (Notes 4 and 5)	13,837	15,721	104,037
Long-term loans	662	582	4,975
Deferred income taxes (Note 8)	10,914	9,478	82,061
Others	12,474	13,876	93,790
Allowance for doubtful accounts	(7,209)	(8,049)	(54,206)
Total investments and other assets	30,882	33,342	232,190
Property, plant and equipment, at cost (Notes 5 and 10)**:**			
Land	35,991	31,174	270,615
Buildings and structures	21,746	21,765	163,501
Machinery and equipment	33,394	28,962	251,080
Construction in progress	65	1,395	492
Total property, plant and equipment	91,196	83,296	685,688
Less accumulated depreciation	(33,835)	(31,145)	(254,400)
Property, plant and equipment—net	57,361	52,151	431,288
Total	¥ 325,949	¥ 318,018	$ 2,450,746

The accompanying notes are an integral part of this statement.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Japanese Yen 2002	Millions of Japanese Yen 2001	Thousands of U.S. Dollars (Note 2) 2002
Current liabilities:			
Short-term borrowings (Note 5)	¥ 38,294	¥ 39,402	$ 287,925
Current portion of long-term debt (Note 5)	10,128	4,561	76,152
Commercial paper	8,000	—	60,150
Notes and accounts payable, trade	103,623	106,538	779,125
Accrued income taxes	4,400	5,286	33,080
Advances on contracts in progress (Note 6)	39,973	44,450	300,546
Other current liabilities	26,350	19,005	198,123
Total current liabilities	230,768	219,242	1,735,101
Long-term debt (Note 5)	26,230	31,728	197,218
Reserve for retirement benefits (Note 7)	17,093	16,278	128,517
Other long-term liabilities	3,327	3,249	25,017
Total liabilities	277,418	270,497	2,085,853
Minority interest	1,466	1,273	11,023
Shareholders' equity (Note 9):			
Common stock, ¥50 par value:			
Authorized—600,000,000 shares			
Issued—199,401,173 shares at March 31, 2002 and 2001	16,469	16,469	123,830
Additional paid-in capital	15,582	15,582	117,159
Revaluation reserve for land (Note 11)	222	—	1,670
Retained earnings	16,185	15,152	121,683
Net unrealized loss on securities	(811)	(393)	(6,096)
Common stock owned by consolidated subsidiaries, at cost	(582)	(562)	(4,376)
Total shareholders' equity	47,065	46,248	353,870
Commitments and contingent liabilities (Note 12):			
Total	¥ 325,949	¥ 318,018	$ 2,450,746

The accompanying notes are an integral part of this statement.

Consolidated Statements of Operations and Retained Earnings

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2002 and 2001

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2002	2001	2002
Net sales	¥ 288,932	¥ 294,693	$ 2,172,420
Cost of sales	263,422	266,570	1,980,613
Gross profit	25,510	28,123	191,807
Selling, general and administrative expenses	16,985	17,160	127,712
Operating income	8,525	10,963	64,095
Other income (expenses):			
Interest and dividends income	561	551	4,218
Interest expenses	(1,446)	(1,661)	(10,872)
Write-down of marketable securities and investment securities	(1,383)	(413)	(10,400)
Write-down of real estate for sale	(95)	(241)	(710)
Amortization of transition amount for retirement benefits	—	(13,743)	—
Other, net	(660)	(1,239)	(4,962)
	(3,023)	(16,746)	(22,726)
Income (loss) before income taxes and minority interest	5,502	(5,783)	41,368
Income taxes			
Current	4,373	5,035	32,882
Deferred	(1,055)	(6,941)	(7,934)
Minority interest	159	88	1,199
Net income (loss)	¥ 2,025	¥ (3,965)	$ 15,221
Retained earnings:			
Balance at beginning of year	¥ 15,152	¥ 20,183	$ 113,921
Cash dividends	(983)	(997)	(7,389)
Bonuses to directors and corporate auditors	(9)	(69)	(70)
Net income (loss)	2,025	(3,965)	15,221
Balance at end of year	¥ 16,185	¥ 15,152	$ 121,683
Per share data (Note 1):	Japanese Yen		U.S. Dollars (Note 2)
Net income (loss)	¥ 10.30	¥ (19.89)	$ 0.077
Cash dividends	¥ 5.00	¥ 5.00	$ 0.038

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2002 and 2001

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2002	2001	2002
Cash flows from operating activities:			
Income (loss) before income taxes	¥ 5,502	¥ (5,783)	$ 41,368
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,391	3,295	33,014
Gain (loss) on sales or disposal of P.P. & E	151	(318)	1,135
Gain (loss) on sales of securities	241	(219)	1,809
Write-down of marketable securities and investment securities	1,383	413	10,400
Write-down of real estate for sale and other	261	4,326	1,963
Provision for severance indemnities	815	11,200	6,125
Provision for allowance for doubtful accounts	(689)	263	(5,183)
Changes in:			
Notes and accounts receivable, trade	7,652	(11,454)	57,533
Inventories, principally real estate for sale	1,545	(786)	11,620
Cost on contracts in progress	862	315	6,480
Prepaid expenses and other current assets	10,266	(2,623)	77,191
Notes and accounts payable, trade	(2,915)	16,940	(21,915)
Advances on contracts in progress	(4,477)	(4,575)	(33,662)
Other current liabilities	(10,433)	3,378	(78,441)
Other, net	(1,022)	767	(7,687)
Sub-total	13,533	15,139	101,750
Interest and dividends income received	560	541	4,211
Interest paid	(1,455)	(1,693)	(10,938)
Income taxes paid	(5,245)	(2,820)	(39,435)
Net cash provided by/(used in)operating activities	7,393	11,167	55,588
Cash flows from investing activities:			
Payment for purchases of securities	(1,061)	(239)	(7,976)
Proceeds from sale of marketable and investment securities	1,790	1,124	13,460
Acquisition of investment in securities	(1,059)	(1,552)	(7,962)
Acquisition of P.P. & E	(9,165)	(4,510)	(68,910)
Proceeds from sale or disposal of P.P. & E	239	953	1,799
Other, net	1,907	34	14,333
Net cash provided by/(used in) investing activities	(7,349)	(4,190)	(55,256)
Cash flows from financing activities:			
Proceeds from long-term debt	5,203	2,113	39,120
Increase in commercial paper	8,000	—	60,150
Net decrease in short-term borrowings	(1,108)	(7,908)	(8,333)
Redemption of bonds	(500)	(300)	(3,759)
Repayment of long-term debt	(4,633)	(5,184)	(34,836)
Cash dividends paid	(983)	(997)	(7,389)
Other, net	(24)	(157)	(177)
Net cash provided by/(used in) financing activities	5,955	(12,433)	44,776
Effect of exchange rate changes on cash and cash equivalents	85	259	636
Net increase (decrease) in cash and cash equivalents	6,084	(5,197)	45,744
Cash and cash equivalents at beginning of year	35,710	40,907	268,498
Cash and cash equivalents at end of year	¥ 41,794	¥ 35,710	$ 314,242

The accompanying notes to the financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

TOA CORPORATION and its consolidated subsidiaries

(1) Summary of Significant Accounting Policies

(a) Basis of presenting consolidated financial statements:

The accompanying consolidated financial statements have been prepared from the accounts maintained by TOA CORPORATION, (the "Company") and its consolidated subsidiaries together "the Companies", in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with Director of Kanto Financial Bureau, as required by the Securities and Exchange Law of Japan have been reclassified for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(b) Basis of consolidation:

The Company had 18 majority-owned subsidiaries as of March 31, 2002

The consolidated financial statements for the years ended March 31, 2002 and 2001 include the accounts of the Company and 12 of its majority-owned subsidiaries.

The consolidated subsidiaries for 2002 included TOA Real Estate Co., Ltd., TOA Tekko Co., Ltd., TOA Kikai Kogyo Co., Ltd., TOA Agency Co., Ltd., Tagawa Real Estate Co., Ltd., TOA Builtec Co., Ltd., TOA Agency Nishinihon Co., Ltd., TOA Doboku Co., Ltd., TOA Kaiun Sangyo Co., Ltd., Shinko Corporation, Tsurumi Rinko Co., Ltd., and TOA Concrete Co., Ltd.

Other subsidiaries were not consolidated as they were not significant in terms of total assets, net sales, retained earnings or net income.

Investment in unconsolidated subsidiaries and affiliates (companies owned 15% to 40%), are stated at cost.

All significant inter-company accounts and transactions have been eliminated in consolidation.

(c) Foreign currency translation:

Effective from the year ended March 31, 2001, the Companies adopted the present Japanese accounting standard for foreign currency translation, which is effective for periods beginning on or after April 1, 2000. Under the present standard, all monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Resulting gains and losses are included net profit or loss for the period. The adoption of the present method had no material impact on the accompanying consolidated financial statements.

(d) Cash and cash equivalents:

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to withdrawn on demand and short-term investment with an original maturity of three months or less and which represent a minus risk of fluctuation in value.

(e) Financial instruments:

Effective from the year ended March 31, 2001, the Companies adopted the present Japanese accounting standard for financial instruments, which is effective for periods beginning on or after April 1, 2000. As a result of adoption of the present standard, the effect of income before income taxes for the year ended March 31, 2001 was immaterial, as compared with the amount which would have been reported if the previous standard had been applied consistently.

(I) Derivatives

Under the new standard, all derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see (III) Hedge Accounting, specified below).

(II) Securities

Securities held by the Companies, under the present standard, classified into three categories;

Held-to-maturity debt securities, that the Companies have intent to hold to maturity, are stated at cost after accounting for premium or discount on acquisition, which are amortized over the period to maturity.

Investments of the Companies in equity securities issued by unconsolidated subsidiaries and affiliates are stated at cost.

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the shareholders' equity at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

Under the present standard, debt securities due within one year are presented as "current" and all the other securities are presented as "non-current".

(III) Hedge Accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Companies are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts receivable and payable, long-term bank loans.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Companies evaluate effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(f) Inventories:

Cost on contracts in progress and real estate for sale are stated at specific cost for each lot. Materials and supplies are stated at moving average cost.

(g) Allowance for doubtful accounts:

Allowance for general receivables are established in amounts considered to be appropriate based upon credit loss experience. For specific receivables such as doubtful accounts, allowance for these are established in amounts considered to be uncollectible based upon an evaluation of possibility of collection in the each receivables outstanding.

(h) Property, plant and equipment and depreciation:

Depreciation is principally computed by a declining-balance method at rates based on the estimated useful lives. Useful life and residual value are in conformity to the provisions of the income tax law. However, depreciation of building which the Companies acquired on and after April 1, 1998, is amortized on a straight-line basis over the shortened estimated period.

(i) Reserve for retirement benefits:

Effective from the year ended March 31, 2001, the Companies adopted the present Japanese accounting standard for retirement benefits, which is effective for periods beginning on or after April 1, 2000. In accordance with the present standard, the reserve for retirement benefits as of March 31, 2001 and 2002 represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets. The unrecognized actuarial differences are amortized on straight-line basis over the period of 15 years from the next year in which they arise.

With respect to corporate officer, directors and statutory auditors, the Company provides for lump-sum severance indemnities on the basis of 100% of the amount required in the event of ordinary retirement at the balance sheet dates.

(j) Income taxes:

The Companies have adopted the asset-liability method of tax effect amounting to recognize the effect of all temporary differences in the recognition of tax basis assets and liabilities and their financial report amounts.

(k) Consumption tax:

In Japan, consumption tax at the flat rate of 5% for 2002 and 2001 on all domestic consumption of goods and services (with certain exemptions) is levied.

The Companies have adopted the accounting method by which the consumption tax does not primarily affect net income.

(l) Recognition of contract revenue:

The Companies follow the completed contract method of accounting for revenue from contracts except for projects in amounts of ¥2 billion (US$15 million) and over and those requiring more than one year for completion. These are accounted for by the percentage of completion method, measured by the ratio of the costs incurred to the estimated total costs for each contact.

The amounts of contract revenue which are accounted for by the percentage of completion method were ¥47,987 million (US$360,805 thousand) for 2002 and ¥39,001 million for 2001.

(m) Appropriation of retained earnings:

Appropriation of retained earnings approved by shareholders subsequent to the balance sheet date are recorded as if such approval was made at the respective balance sheet dates in the accompanying financial statements.

(n) Leases:

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, except that leases do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(0) Net income and cash dividend per share:

Net income per share assuming no dilution is based on the weighted average number of shares of common stock outstanding during the respective years.

Net income per share assuming full dilution was not disclosed in 2002 and 2001, due to the fact that there were no bonds with warrant and convertible bonds at the end of 2002 and 2001.

Cash dividends per share for each year represent the dividends declared as applicable to the respective years.

(2) U.S. Dollar Amounts

The dollar amounts included in the financial statements and notes thereto represent the arithmetical results of translating yen to dollars at rate ¥133 = US$1, the approximate rate of exchange effective at March 31, 2002. The inclusion of such dollar amounts is solely for convenience of readers outside of Japan and is not intended to imply that yen and assets and liabilities originating in yen have been or could be readily converted, realized or settled in dollars at this or any other rates.

(3) Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2002 and 2001 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Cash and bank deposits ……	¥ 42,130	¥ 36,766	$ 316,767
Time deposits with deposit term of 3 months ….	(336)	(1,056)	(2,525)
Cash and cash equivalents ..	¥ 41,794	¥ 35,710	$ 314,242

(4) Marketable Securities and Investments in Securities

The following is certain information relating to the aggregate carrying amount and fair value of securities after the adoption of the new standard in 2002.

(a) Held-to-maturity debt securities having its market value:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Government bond, municipal bond and other	¥ 45	¥ 25	$ 336
Corporate bond.	300	300	2,256
Total.........	¥ 345	¥ 325	$ 2,592

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Carrying value..	¥ 345	¥ 325	$ 2,592
Market value....	318	324	2,390
Unrealized loss..	¥ 27	¥ 1	$ 202

(b) Other securities having its market value:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Marketable equity securities......	¥ 11,074	¥ 13,198	$ 83,266
Debentures.......	5	16	40
Other..............	290	167	2,183
Total.........	¥ 11,369	¥ 13,381	$ 85,489

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Cost..............	¥ 12,751	¥ 14,049	$ 95,873
Market value....	11,369	13,381	85,489
Unrealized loss..	¥ 1,382	¥ 668	$ 10,384

Securities for which market quotations are not available are principally non-listed securities.

(5) Short-term Borrowings and Long-term Debt

Short-term borrowings were represented generally by 365-day notes in 2002 and 2001 issued by the Companies and bore interest principally at the short-term primary interest rates in effect in 2002 and 2001.

As is customary in Japan, the Company and its consolidated domestic subsidiaries maintain deposit balances with banks with which they have short-term bank loans or long-term debt.

Such deposit balance are not legally or contractually restricted as to withdrawal.

Long-term debt as of March 31, 2002 and 2001 consisted of the following:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
3.20% bond, due 2002	¥ 3,700	¥ 3,700	$ 27,820
3.45% bond, due 2003	5,400	5,800	40,602
3.55% bond, due 2004	3,800	3,900	28,571
Loans from banks and insurance companies with interest ranging from 0.60% to 2.95%, due various dates through 2009:			
Collateralized or guaranteed	¥23,458	¥ 22,889	$176,377
Total	36,358	36,289	273,370
Current portion included in current liabilities	(10,128)	(4,561)	(76,152)
Total	¥26,230	¥ 31,728	$197,218

Certain of the Companies' long-term debt agreements provide, among other things, that the lender may request the Companies to submit proposals for appropriations of retained earnings (including payment of dividends) for review and, in some instances, approval prior to presentation to the shareholders. However, the Companies has never received such a request.

In addition, as is customary in Japan, substantially all of the Companies' bank borrowings are subject to general agreements with each bank which provide, among other things, that the relevant bank may treat any security furnished to the bank as well as cash deposited with it as security for all present and future indebtedness and may, when the bank deems it necessary, request additional security for the loans.

At March 31, 2002, the Company had credit lines from 10 banks which totaled ¥15,000 million (US$112,781 thousand).

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2002 were as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Assets pledged as collateral:		
Land	¥ 4,980	$ 37,443
Building and structures	808	6,076
Investment securities	1,773	13,334
	¥ 7,561	$ 56,853

	Millions of Japanese Yen	Thousands of U.S. Dollars
Liabilities secured thereby:		
Current portion of long-term debt	¥ 2,994	$ 22,514
Long-term debt	¥ 2,259	$ 16,987

The aggregate annual maturities of long-term loans (including current portion) as of March 31, 2002 were as follows:

Year ending March 31	Millions of Japanese Yen	Thousands of U.S. Dollars
2003	¥ 6,428	$ 48,332
2004	9,626	72,378
2005	4,317	32,459
2006	1,566	11,777
2007	1,286	9,668
2008 and thereafter	235	1,763
Total	¥ 23,458	$176,377

(6) Advances on Contracts in Progress

The Company usually receives payments from customers in the public sector on a progress basis in accordance with terms of the respective construction contracts.

(7) Reserve for retirement benefits and Pension Plan

The Company has defined benefit retirement plans covering substantially all employees.

The reserve for retirement benefits as of March 31, 2002 and 2001 are analyzed as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Projected benefit obligations	**¥(42,032)**	¥(40,354)	**$(316,035)**
Plan assets	**18,580**	19,316	**139,700**
	(23,452)	(21,038)	**(176,335)**
Unrecognized actuarial differences	**7,132**	6,109	**53,628**
	¥(16,320)	¥(14,929)	**$(122,707)**

(Note: The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.)

Net pension expense related to the retirement benefits for the years ended March 31, 2002 and 2001 was as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Service cost	**¥ 1,844**	¥ 1,550	**$ 13,869**
Interest cost	**1,206**	1,217	**9,070**
Expected return on plan assets	**(502)**	(606)	**(3,782)**
Amortization of transition amount	**—**	13,743	**—**
Amortization of unrecognized actuarial differences amount	**407**	—	**3,063**
Net pension expense	**¥ 2,955**	¥15,904	**$ 22,220**

Assumptions used in calculation of the above information were as follows:

	2002	2001
Discount rate	**3.0%**	3.0%
Expected rate of return on plan assets	**3.0%**	3.5%
Method of attributing the projected benefits to periods of services	**Straight-line basis**	Straight-line basis
Amortization of transition amount	**1 year**	1 year

	2002	2001
Amortization of unrecognized actuarial differences ………	**15 years**	15 years

The balance of reserve for retirement benefits included the reserve for retirement allowance for directors and statutory auditors in amounts of ¥773 million (US$5,809 thousands) and ¥1,348 million as of March 31, 2002 and 2001, respectively.

(8) Income Taxes

(a) The significant components of deferred tax assets and liabilities at March 31, 2002 and 2001 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
Deferred Tax Assets:	**2002**	2001	**2002**
Expense for retirement benefits ..	**¥ 5,943**	¥ 5,216	**$ 44,687**
Revaluation of inventories ..	**2,916**	2,877	**21,925**
Revaluation of investments securities …………..	**1,228**	989	**9,234**
Allowance for doubtful accounts …	**1,131**	955	**8,500**
Accrued bonus to employees …………	**374**	554	**2,813**
Reserve for retirement benefits to directors .	**313**	547	**2,350**
Accrued tax …………	**365**	421	**2,743**
Others ……………….	**3,539**	2,738	**26,611**
Deferred Tax Assets …	**15,809**	14,297	**118,863**
Deferred Tax Liabilities:			
Property and equipment ………..	**(1,537)**	(1,537)	**(11,559)**
Other ………………..	**(231)**	(47)	**(1,739)**
Deferred Tax Liabilities …………..	**(1,769)**	(1,584)	**(13,298)**
Net Deferred Tax Assets ………………	**¥ 14,040**	¥ 12,713	**$ 105,565**

(b) A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2002 and the actual effective tax rates reflected in the accompanying consolidated statements of operations is as follows:

	2002
Normal effective statutory tax rate ……	41.7 %
Expenses not deductible for income tax purposes ………………..	11.0
Non-taxable income …………………	(1.0)
Per capita levy of inhabitant taxes …..	3.8
Other-net ……………………………..	4.8
Actual effective tax rate ………………..	60.3 %

As a result of making loss before income taxes for the year ended March 31, 2001, the reconciliation between normal effective statutory tax rate for the year ended March 31, 2001 and the actual effective tax rates has not been presented.

(9) Shareholders' Equity

Under the Commercial Code of Japan, certain issuance of common shares is required to be credited to the common stock account for 50% of the proceeds. The Code permits, upon approval of the board of directors, transfer of amounts from additional paid-in capital to the common stock.

Effective October 1, 2001, the Commercial Code of Japan provides that an amount equal to at least 10% of all cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25 % of the stated amount of capital stock. Legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the board of directors. On condition that the total amount of legal reserve and additional paid-in capital remains equal to or exceeds 25% of common stock, it is available for distributions by the resolution of shareholder' meeting. Par value stock is abolished and unifies in No-par value stock.

The Japanese Commercial Code permits the Companies to make a partially free distribution to shareholders by way of rights issue at a subscription price per Share which is less than the par value there of if (a) the difference between the subscription price and the par value does not exceed the amount of the stated capital minus the aggregate par value of all outstanding Shares, divided by the number of new Shares to be issued pursuant to such right issue,

(b) the sum of the net assets of the Companies (as appearing on the latest balance sheet) and the total subscription price, divided by the number of Shares in issue immediately after the issue of the new Shares, is at least ¥50 and (c) the subscription rights are made transferable. In order to satisfy the requirement mentioned in (a) above, the Board of Directors might transfer the whole or any part of additional paid-in capital or legal reserve to stated capital.

(10) Leases

The Companies lease tools, vehicles and certain other assets under operating leases. Leases qualifying as capital leases at March 31, 2002 and 2001 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Machinery, vehicles, tools and others	¥ 648	¥ 645	$ 4,874
Accumulated depreciation	439	444	3,304
	¥ 209	¥ 201	$ 1,570

The scheduled maturities of future lease rental payments, including an interest portion on such lease con-tracts as of March 31, 2002 and 2001 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year ...	¥ 110	¥ 102	$ 828
Due over one year	99	99	742
	¥ 209	¥ 201	$ 1,570

Lease rental expenses incurred in connection with finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees amount to ¥124 million (US$934 thousand) and ¥121 million for the years ended March 31, 2002 and 2001, respectively.

(11) Revaluation of land

The Company revalued the land of ownership used for its own business purposes based on the value appraised by an appraiser who is regulated by Article 2 No.1 and 4 of an Enforcement Ordinance No.119 of Law Concerning Land Revaluation (effective March 31, 1998) with certain necessary adjustments.

As its result the excess of revaluation was recognized and taxes to be levied to its excess in future was declared as a deferred tax liability' amounting to ¥158 million (US$1,194 thousand) including in other long-term liabilities and net excess having deducted the above taxes was presented in shareholders' equities as a reserve for land revaluation amounting to ¥222 million (US$1,670 thousand).

Date of revaluation: March 31, 2002
Book value before revaluation
¥26,704 million (US$200,782 million)
Book value after revaluation
¥27,084 million (US$203,639 million)

(12) Commitments and Contingent Liabilities

There were no commitments outstanding at March 31, 2002 and 2001 for the purchase of property, plant and equipment.

The Companies are contingently liable for the following at March 31, 2002 and 2001:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Trade notes receivable endorsed	¥ 32	¥ 3	$ 243
Trade notes receivable discounted	246	436	1,853
Contingently liable for guarantees of short-term and long-term debt of customers, unconsolidated subsidiaries and affiliates..	¥5,390	¥5,161	$ 40,533

(13) Subsequent events

The Company has decided to invite employees who want to retire on their own initiative at the Board of Directors Meeting held in May 24, 2002.

1. Reason to invite employees who want to retire on their own initiative :

   Management conditions to receive new orders in the domestic construction market is forecasted to become more severe due to sluggish capital investment in the private sector and decrease of public investment. To cope with this market trend, the Company has to establish the most suitable composition of employees.

2. Invited Age range :
Employees from the age of 30 up to 58 years old.

3. Number of people invited to retire :
150 (There are 2,224 employees as of March 31, 2002)

4. Period of application :
From July 8 to August 31, 2002.

5. Date of retirement :
By August 31, 2002.

6. Additional retirement allowance :
If we have 150 applicants, total additional retirement allowance is expected to reach maximum amount of ¥2,800 million.

(14) Segment Information

a. Business Segments

Business segments are principally composed of the followings:

Construction ……….. Civil Engineering and Architectural Construction
Real Estate ………….. Development of Land and Buildings
Other Areas ………… Architecture, Engineering and any other relevant business

Year Ended March 31, 2002 — Millions of Japanese Yen

	Construction	Real Estate	Other Businesses	Total	Elimination	Consolidated
Net sales:						
Customers ………………..	¥ 278,953	¥ 6,943	¥ 3,036	¥ 288,932	¥ 0	¥ 288,932
Inter-segment …………….	2,367	1,098	2,394	5,859	(5,859)	0
Total …………….	281,319	8,041	5,430	294,791	(5,859)	288,932
Operating expenses ………..	273,555	6,990	5,184	285,729	(5,322)	280,407
Operating profit …………….	7,765	1,051	246	9,062	(537)	8,525
Total assets …………………..	224,975	54,291	4,236	283,502	42,447	325,949
Depreciation expenses ………	3,990	279	95	4,364	26	4,390
Capital Expenditure ………..	¥ 6,326	¥ 3,426	¥ 194	¥ 9,947	¥ (605)	¥ 9,342

Year Ended March 31, 2001 — Millions of Japanese Yen

	Construction	Real Estate	Other Businesses	Total	Elimination	Consolidated
Net sales:						
Customers ………………..	¥ 284,733	¥ 4,925	¥ 5,035	¥ 294,693	¥ 0	¥ 294,693
Inter-segment …………….	2,379	376	2,692	5,447	(5,447)	0
Total …………….	287,112	5,301	7,727	300,140	(5,447)	294,693
Operating expenses ………..	277,028	4,667	7,317	289,012	(5,282)	283,730
Operating profit …………….	10,084	634	410	11,128	(165)	10,963
Total assets …………………..	227,937	42,536	4,967	275,440	42,578	318,018
Depreciation expenses ………	2,856	305	108	3,269	26	3,295
Capital Expenditure ………..	¥ 5,120	¥ 14	¥ 30	¥ 5,164	¥ (286)	¥ 4,878

Year Ended March 31, 2002 — Thousands of U.S. Dollars

	Construction	Real Estate	Other Businesses	Total	Elimination	Consolidated
Net sales:						
Customers ………………..	$ 2,097,388	$ 52,203	$ 22,829	$ 2,172,420	$ 0	$ 2,172,420
Inter-segment …………….	17,796	8,257	17,997	44,051	(44,051)	0
Total …………….	2,115,184	60,460	40,826	2,216,471	(44,051)	2,172,420
Operating expenses ………..	2,056,804	52,559	38,975	2,148,338	(40,012)	2,108,325
Operating profit …………….	58,380	7,901	1,851	68,133	(4,038)	64,095
Total assets …………………..	1,691,538	408,206	31,851	2,131,594	319,150	2,450,745
Depreciation expenses ………	30,002	2,101	712	32,815	199	33,014
Capital Expenditure ………..	$ 47,567	$ 25,759	$ 1,462	$ 74,788	$ (4,546)	$ 70,242

b. Geographical Segments

Each area primarily refers to the following countries:

Southeast Asia ………Singapore, Philippines and Viet Nam

Year Ended March 31, 2002 — Millions of Japanese Yen

	Japan	Southeast Asia	Other Areas	Total	Elimination	Consolidated
Net sales:						
Customers ………………..	¥ 267,036	¥ 20,145	¥ 1,751	¥ 288,932	¥ —	¥ 288,932
Inter-segment …………….	—	—	—	—	(—)	—
Total …………….	276,036	20,145	1,751	288,932	(—)	288,932
Operating expenses ………..	258,445	20,347	1,615	280,407	(—)	280,407
Operating profit …………….	8,591	(202)	136	8,525	(—)	8,525
Total assets …………………..	¥ 260,867	¥ 10,045	¥ 751	¥ 271,662	¥ 54,287	¥ 325,949

Year Ended March 31, 2001 — Millions of Japanese Yen

	Japan	Southeast Asia	Other Areas	Total	Elimination	Consolidated
Net sales:						
Customers ………………..	¥ 276,308	¥ 16,387	¥ 1,998	¥ 294,693	¥ —	¥ 294,693
Inter-segment …………….	—	—	—	—	(—)	—
Total …………….	276,308	16,387	1,998	294,693	(—)	294,693
Operating expenses ………..	266,700	15,385	1,645	283,730	(—)	283,730
Operating profit …………….	9,608	1,002	353	10,963	(—)	10,963
Total assets …………………..	¥ 260,874	¥ 9,273	¥ 589	¥ 270,736	¥ 47,282	¥ 318,018

Year Ended March 31, 2002 — Thousands of U.S. Dollars

	Japan	Southeast Asia	Other Areas	Total	Elimination	Consolidated
Net sales:						
Customers	$2,007,787	$ 151,464	$ 13,169	$2,172,420	$ —	$2,172,420
Inter-segment	—	—	—	—	(—)	—
Total	2,007,787	151,464	13,169	2,172,420	(—)	2,172,420
Operating expenses	1,943,195	152,985	12,145	2,108,325	(—)	2,108,325
Operating profit	64,592	(1,521)	1,024	64,095	(—)	64,095
Total assets	$1,961,404	$ 75,525	$ 5,646	$2,042,575	$408,170	$2,450,745

c. Overseas Net Sales

Each area primarily refers to the following countries:

Southeast Asia ....Singapore, Philippines and Viet Nam

Year Ended March 31, 2002 — Millions of Japanese Yen

	Southeast Asia	Other Areas	Total
Overseas net sales	¥ 20,145	¥ 1,751	¥ 21,896
Consolidated net sales	—	—	288,932
Ratio (%)	7.0	0.6	7.6

Year Ended March 31, 2001 — Millions of Japanese Yen

	Southeast Asia	Other Areas	Total
Overseas net sales	¥ 16,387	¥ 1,998	¥ 18,385
Consolidated net sales	—	—	294,693
Ratio (%)	5.5	0.7	6.2

Year Ended March 31, 2002 — Thousands of U.S. Dollars

	Southeast Asia	Other Areas	Total
Overseas net sales	$ 151,464	$ 13,169	$ 164,633
Consolidated net sales	—	—	2,172,420

REPORT OF INDEPENDENT ACCOUNTANTS

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

To the Board of Directors
TOA CORPORATION

We have audited the accompanying consolidated balance sheets of TOA CORPORATION and its consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of operations and retained earnings and of cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of TOA CORPORATION and its consolidated subsidiaries as of March 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

As described in Note (1) (e) and (i), effective from the year ended March 31, 2001, TOA CORPORATION and its consolidated subsidiaries have adopted the new Japanese accounting standards for financial instrument and reserve for retirement benefits.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation
Tokyo, Japan
June 28, 2002

NON-CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

TOA CORPORATION
For the years ended March 31, 2002 and 2001

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2002	2001	2002
Net sales	¥ 270,341	¥ 271,307	$ 2,032,641
Cost of sales	248,955	247,053	1,871,845
Gross profit	21,386	24,254	160,796
Selling, general and administrative expenses	14,433	14,694	108,519
Operating income	6,953	9,560	52,277
Other income (expenses):			
Interest and dividends income	664	596	4,993
Interest expenses	(1,279)	(1,499)	(9,618)
Write-down of marketable securities and investment securities	(1,362)	(406)	(10,237)
Gain on sales or disposals of property and equipment-net	(79)	518	(591)
Write-down of real estate and others	(196)	(1,078)	(1,477)
Amortization of transition amount for retirement benefits	—	(13,704)	—
Other, net	(454)	(1,042)	(3,411)
	(2,706)	(16,615)	(20,341)
Income (loss) before income taxes	4,247	(7,055)	31,936
Income taxes			
Current	3,620	4,392	27,218
Deferred	(885)	(6,815)	(6,654)
Net income (loss)	¥ 1,512	¥ (4,632)	$ 11,372
Retained earnings:			
Balance at beginning of year	10,212	16,007	76,777
Cash dividends	(997)	(997)	(7,496)
Transfer to legal reserve	(100)	(106)	(752)
Bonuses to directors and statutory auditors	—	(60)	—
Net income (loss)	1,512	(4,632)	11,372
Balance at end of year	¥ 10,627	¥ 10,212	$ 79,901

Per share data (Note 1):	Japanese Yen		U.S. Dollars (Note 2)
Net income (loss)	¥ 7.58	¥ (23.23)	$ 0.060
Cash dividends	¥ 5.00	¥ 5.00	$ 0.038

The accompanying notes are an integral part of this statement.

NON-CONSOLIDATED BALANCE SHEETS

TOA CORPORATION
As of March 31, 2002 and 2001

ASSETS	Millions of Japanese Yen 2002	Millions of Japanese Yen 2001	Thousands of U.S. Dollars (Note 2) 2002
Current assets:			
Cash and time deposits (Note 3)	¥ 36,479	¥ 31,374	$ 274,278
Notes and accounts receivable:			
Construction contracts accounts	69,974	75,812	526,117
Subsidiaries and affiliates	4,869	4,620	36,608
Other	22,488	16,384	169,081
Allowance for doubtful accounts	(2,026)	(1,911)	(15,230)
Inventories, principally real estate for sale	9,880	11,009	74,288
Deferred income taxes (Note 7)	4,382	4,448	32,947
Cost on contracts in progress	57,647	59,817	433,434
Prepaid expenses and other current assets	10,095	5,777	75,906
Total current assets	213,788	207,330	1,607,429
Investments and other assets:			
Investments in and long-term loans to subsidiaries and affiliates	6,859	4,884	51,575
Investments in securities (Notes 4 and 5)	13,533	15,575	101,749
Deferred income taxes (Note 7)	10,418	9,175	78,330
Long-term loans	661	582	4,975
Other investments	3,745	4,191	28,157
Other assets	8,613	9,575	64,758
Allowance for doubtful accounts	(7,210)	(8,047)	(54,213)
Total investments and other assets	36,619	35,935	275,331
Property, plant and equipment, at cost (Notes 5 and 9)**:**			
Land	27,085	25,472	203,646
Buildings and structures	15,354	15,562	115,447
Machinery and equipment	5,757	5,210	43,288
Vessels	17,680	14,125	132,928
Construction in progress	62	1,392	465
Total property, plant and equipment	65,938	61,761	495,774
Less accumulated depreciation	(23,176)	(21,157)	(174,255)
Property, plant and equipment—net	42,762	40,604	321,519
Total	¥ 293,169	¥ 283,869	$2,204,279

The accompanying notes to the financial statements are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Japanese Yen 2002	2001	Thousands of U.S. Dollars (Note 2) 2002
Current liabilities:			
Short-term borrowings (Note 5)	**¥ 33,574**	¥ 34,194	**$ 252,436**
Current portion of long-term debt (Note 5)	**7,885**	4,125	**59,286**
Commercial paper	**8,000**	—	**60,150**
Notes and accounts payable:			
Contract costs	**89,003**	87,156	**669,192**
Subsidiaries and affiliates	**5,895**	8,567	**44,326**
Other	**2,706**	3,907	**20,344**
Accrued income taxes	**3,752**	4,700	**28,210**
Advances on contracts in progress	**39,426**	43,674	**296,438**
Other current liabilities	**22,036**	13,736	**165,683**
Total current liabilities	**212,277**	200,059	**1,596,065**
Long-term debt (Note 5)	**19,195**	23,366	**144,320**
Reserve for retirement benefits	**16,850**	16,040	**126,695**
Other long-term liabilities	**533**	408	**4,008**
Total liabilities	**248,855**	239,873	**1,871,088**
Shareholders' equity (Note 8):			
Common stock, ¥50 par value:			
Authorized—600,000,000 shares			
Issued—199,401,173 shares at March 31, 2002 and 2001	**16,469**	16,469	**123,831**
Additional paid-in capital	**15,582**	15,582	**117,159**
Revaluation reserve for land (Note 10)	**222**	—	**1,670**
Legal reserve	**2,237**	2,137	**16,821**
Retained earnings	**10,627**	10,212	**79,900**
Net unrealized loss on marketable securities	**(822)**	(404)	**(6,183)**
Treasury stock	**(1)**	—	**(7)**
Total shareholders' equity	**44,314**	43,996	**333,191**
Commitments and contingent liabilities (Note 11):			
Total	**¥ 293,169**	¥ 283,869	**$ 2,204,279**

The accompanying notes to the financial statements are an integral part of these statements.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION
For the years ended March 31, 2002 and 2001

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2002	2001	2002
Cash flows from operating activities:			
Income (loss) before income taxes	¥ 4,247	¥ (7,055)	$ 31,935
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,116	2,028	23,430
(Gain)/loss on sale or disposal of P.P. & E	82	(507)	615
(Gain)/loss on sale of marketable securities and investment securities	244	(212)	1,839
Write-down of securities	1,362	406	10,237
Write-down of real estate for sale and other	147	4,290	1,103
Provision for severance benefits	811	11,139	6,096
Provision for allowance for doubtful accounts	(721)	192	(5,422)
Changes in:			
Trade receivables	(514)	(11,783)	(3,870)
Inventories	1,129	(242)	8,488
Cost on contracts in progress	2,170	2,076	16,314
Prepaid expenses and other current assets	(3,729)	184	(28,038)
Trade payables	(2,026)	12,407	(15,237)
Advances on contracts in progress	(4,248)	(3,970)	(31,937)
Other current liabilities	8,300	2,402	62,407
Other, net	1,804	1,552	13,566
Sub-total	12,174	12,907	91,526
Interest and dividends income received	663	587	4,987
Interest paid	(1,311)	(1,468)	(9,857)
Income taxes paid	(4,569)	(1,967)	(34,350)
Net cash provided by/(used in) operating activities	6,957	10,059	52,306
Cash flows from investing activities:			
Proceeds from sale of investment securities	735	1,214	5,527
Acquisition of investments in securities	(942)	(1,700)	(7,081)
Acquisition of P.P. & E	(5,036)	(3,355)	(37,861)
Proceeds from sale or disposal of P.P. & E	200	911	1,506
(Increase)/decrease in investments in, short and long-term loans	(2,639)	(202)	(19,848)
Other, net	377	62	2,835
Net cash provided by/(used in) investing activities	(7,305)	(3,070)	(54,922)
Cash flows from financing activities:			
Proceeds from long-term debt	4,213	1,512	31,677
Net increase/(decrease) in short-term bank loans	(620)	(8,083)	(4,662)
Net increase/(decrease) commercial paper	8,000	—	60,150
Redemption of bonds	(500)	(200)	(3,759)
Repayment of long-term debt	(4,125)	(4,532)	(31,015)
Cash dividends paid	(997)	(997)	(7,496)
Other, net	(1)	0	(7)
Net cash provided by/(used in) financing activities	5,970	(12,300)	44,888
Effect of exchange rate changes on cash and cash equivalents	77	259	581
Net increase (decrease) in cash and cash equivalents	5,699	(5,052)	42,853
Cash and cash equivalents at beginning of year	30,640	35,692	230,372
Cash and cash equivalents at end of year	¥ 36,339	¥ 30,640	$ 273,225

The accompanying notes to the financial statements are an integral part of these statements.

(1) Summary of Significant Accounting Policies

(a) Basis of presenting non-consolidated financial statements:

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by TOA CORPORATION, (the "Company"), in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the non-consolidated financial statements filed with Director of Kanto Financial Bureau, have been reclassified for the convenience of readers outside Japan. In addition, the non-consolidated statements of cash flows are not required to be filed with the Director of Kanto Financial Bureau for the year ended March 31, 2002 and 2001 but such statements have been prepared specifically for inclusion in the accompanying non-consolidated financial statements in accordance with the standards for cash flow statements which has recently been established and become effective from the year ended March 31, 2000.

(b) Foreign currency translation:

Effective from the year ended March 31, 2001, the Company adopted the present Japanese accounting standard for foreign currency translation, which is effective for periods beginning on or after April 1, 2000. Under the present standard, all monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Resulting gains and losses are included net profit or loss for the period. The adoption of the present method had no material impact on the accompanying non-consolidated financial statements.

(c) Cash and cash equivalents:

Cash and cash equivalents in the non-consolidated statements of cash flows are composed of cash on hand, bank deposits able to withdrawn on demand and short-term investment with an original maturity of three months or less and which represent an minus risk of fluctuation in value.

(d) Financial Instruments:

Effective from the year ended March 31, 2001, the Company adopted the present Japanese accounting standard for financial instruments, which is effective for periods beginning on or after April 1, 2000. As a result of adoption of the new standard, the effect of income before income taxes for the year ended March 31, 2001 was immaterial, as compared with the amount which would have been reported if the previous standard had been applied consistently.

(I) Derivatives

Under the present standard, all derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see (III) Hedge Accounting, specified below).

(II) Securities

Securities held by the Company, under the present standard, classified into three categories;

Held-to-maturity debt securities, that the Company has intent to hold to maturity, are stated at cost after accounting for premium or discount on acquisition, which are amortized over the period to maturity.

Investments of the Company in equity securities issued by subsidiaries and affiliates are stated at cost.

Other securities for which market quotation are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the shareholders' equity at a net-of-tax amount. Other securities for which market quotation are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by subsidiaries and affiliates, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

Under the present standard, debt securities due within one year are presented as "current" and all the other securities are presented as "non-current".

(III) Hedge Accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts receivable and payable, long-term bank loans.

The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Company evaluates effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(e) Inventories:

Real estate held for sale is stated at specific cost for each lot. Materials and supplies are stated at moving average cost.

(f) Allowance for doubtful accounts:

Allowance for doubtful accounts are established in amounts considered to be appropriate based primarily upon the Company's past credit loss experience and an evaluation of potential losses in the receivable outstanding.

(g) Property, plant and equipment, and depreciation:

Property, plant and equipment, including significant renewals and additions, are carried at cost. Maintenance, repairs and purchase of small equipment are recorded as expenses as incurred. Depreciation is principally computed by a declining-balance method at rates based on the estimated useful lives of the related assets.

(h) Reserve for retirement benefits:

Effective from the year ended March 31, 2001, the Company adopted the present Japanese accounting standard for retirement benefits, which is effective for periods beginning on or after April 1, 2000. In accordance with the present standard, the reserve for retirement benefits as of March 31, 2001 represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets.

The unrecognized actuarial differences are amortized on straight-line basis over the period of 15 years from the next year in which they arise.

With respect to corporate officer, directors and statutory auditors, the Company provides for lump-sum severance indemnities on the basis of 100% of the amount required in the event of ordinary retirement at the balance sheet dates.

(i) Income taxes:

The Company has adopted the asset-liability method of tax effect amounting to recognize the effect of all temporary differences in the recognition of tax basis assets, and liabilities and their financial reporting amounts.

(j) Consumption tax:

In Japan, consumption tax at the flat rate of 5% for 2002 and 2001 on all domestic consumption of goods and services (with certain exemption) is levied.

The Company has adopted the accounting method by which the consumption tax does not primarily affect net income.

(k) Recognition of contract revenue:

The Company follows the completed contract method of accounting for revenue from contracts except for projects in amounts of ¥2 billion (US$15 million) and over and those requiring more than one year for completion. These are accounted for by the percentage of completion method, measured by the ratio of the costs incurred to the estimated total costs for each contract.

(l) Appropriation of retained earnings:

Appropriation of retaining earnings approved by shareholders subsequent to the balance sheet date is recorded as if such approval was made at the respective balance sheet dates in the accompanying financial statements.

(m) Leases:

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, except that leases do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(n) Net Income per share:

Net income per share assuming no dilution is based on the weighted average number of shares of common stock outstanding during the respective years.

(2) U.S. Dollar Amounts

The dollar amounts included in the financial statements and notes thereto represent the arithmetical results of translating yen to dollars at rate of ¥133=US$1, the approximate ratio of exchange effective at March 31, 2002.

The inclusion of such dollar amounts is solely for convenience of readers outside of Japan and is not intended to imply that yen and assets and liabilities originating in yen have been or could be readily converted, realized or settled in dollars at this or at any other rates.

(3) Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2002 and 2001 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Cash and bank deposits	¥ 36,479	¥ 31,374	$ 274,278
Time deposits with deposit term of 3 months	(140)	(734)	(1,053)
Cash and cash equivalents ..	¥ 36,339	¥ 30,640	$ 273,225

(4) Marketable Securities and Investment in Securities

(a) Held-to-maturity debt securities having its market value:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Government bond and municipal bond	¥ 20	¥ 15	$ 150
Corporate bond	300	300	2,256
Total.........	¥ 320	¥ 315	$ 2,406

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Carrying value.........	¥ 320	¥ 315	$ 2,406
Market value ...	293	314	2,203
Unrealized loss...........	¥ 27	¥ 1	$ 203

(b) Other securities having its market value:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Marketable equity securities......	¥ 10,931	¥ 13,041	$ 82,189
Debentures......	5	5	40
Other...........	261	178	1,960
Total........	¥ 11,197	¥ 13,224	$ 84,189

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Cost..............	¥ 12,594	¥ 13,911	$ 94,694
Market value...	11,197	13,224	84,189
Unrealized loss............	¥ 1,397	¥ 687	$ 10,505

(5) Short-term borrowings and Long-term Debt

Short-term borrowings at March 31, 2002 and 2001 were represented generally by 30 to 365-days notes payable to banks, bearing an annual interest rate from 0.620% to 1.990%.

Long-term debt at March 31, 2002 and 2001 are summarized as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
3.20% Japanese yen unsecured bonds due 2002	¥ 4,000	¥ 4,000	$ 30,075
3.45% Japanese yen unsecured bonds due 2003	5,500	5,900	41,353
3.55% Japanese yen unsecured bonds due 2004	3,800	3,900	28,571
Collateralized or guaranteed	¥ 13,780	¥13,691	$103,607
Total	27,080	27,491	203,606
Less current portion	(7,885)	(4,125)	(59,286)
	¥ 19,195	¥ 23,366	$144,320

Certain of the Company's long-term debt agreements provide, among other things, that the lender may request the Company to submit proposals for appropriations of retained earnings (including payment of dividends) for review and, in some instances, approval prior to presentation to the shareholders. However, the Company has never received such a request.

In addition, as is customary in Japan, substantially all of the Company's bank borrowings are subject to general agreements with each bank which provide, among other things, that the relevant bank may treat any security furnished to the bank as well as cash deposited with it as security for all present and future indebtedness and may, when the bank deems it necessary, request additional security for the loans.

At March 31, 2002, the Company had credit lines from 10 banks which totaled ¥15,000 million (US$112,781 thousand).

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2002 were as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Assets pledged as collateral:		
Land	¥ 2,848	$ 21,412
Building and structures	348	2,617
Marketable securities and investment securities	1,773	13,334
	¥ 4,969	$ 37,363

	Millions of Japanese Yen	Thousands of U.S. Dollars
Liabilities secured thereby:		
Current portion of long-term debt	¥ 1,193	$ 8,970
Long-term debt	¥ 1,052	$ 7,914

The aggregate annual maturities of long-term loans (including current portion) as of March 31, 2002 were as follows:

Year ending March 31	Millions of Japanese Yen	Thousands of U.S. Dollars
2003	¥ 3,885	$ 29,211
2004	6,133	46,109
2005	2,108	15,850
2007	921	6,925
2008 and thereafter	733	5,511

(6) Advances on Contracts in Progress

The Company usually receives payments from customers in the public sector on a progress basis in accordance with terms of the respective construction contracts.

(7) Income Taxes

(a) The significant components of deferred tax assets at March 31, 2002 and 2001 were as follows.

Deferred Tax Assets:	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Expense for retirement benefits	¥ 5,895	¥ 5,184	$ 44,320
Revaluation of inventories	2,897	2,876	21,784
Allowance for doubtful accounts	1,117	954	8,401

Revaluation of securities	1,166	640	8,770
Reserve for retirement benefits to directors	284	515	2,138
Accrued bonus to employees	316	509	2,375
Accrued tax	309	376	2,320
Others	2,816	2,569	21,169
Deferred Tax Assets	¥14,800	¥ 13,623	$ 111,277

(b) A Reconciliation between the normal effective statutory tax rate for the year ended March 31, 2002 and the actual effective tax rates reflected in the accompanying non-consolidated statements of operations is as follows:

Normal effective statutory tax rate	41.7 %
Expenses not deductible for income tax purposes	12.8
Non-taxable income	(1.1)
Per capita levy of inhabitant taxes	4.7
Other-net	6.3
Actual effective tax rate	64.4 %

As a result of making loss before income taxes for the year ended March 31, 2001, the reconciliation between normal effective statutory tax rate for the year ended March 31, 2001 and the actual effective tax rates has not been presented.

(8) Shareholders' Equity

Under the Commercial Code of Japan, certain issuance of common shares is required to be credited to the common stock account for 50% of the proceeds. The Code permits, upon approval of the board of directors, transfer of amounts from additional paid-in capital to the common stock.

Effective October 1, 2001, the Commercial Code of Japan provides that an amount equal to at least 10% of all cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25 % of the stated amount of capital stock. Legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the board of directors. On condition that the total amount of legal reserve and additional paid-in capital remains equal to or exceeds 25% of common stock, it is available for distributions by the resolution of shareholder' meeting. Par value stock is abolished and unifies in No-par value stock.

The Japanese Commercial Code permits the Company to make a partially free distribution to shareholders by way of rights issue at a subscription price per Share which is less than the par value there of if (a) the difference between the subscription price and the par value does not exceed the amount of the stated capital minus the aggregate par value of all outstanding Shares, divided by the number of new Shares to be issued pursuant to such right issue, (b) the sum of the net assets of the Company (as appearing on the latest balance sheet) and the total subscription price, divided by the number of Shares in issue immediately after the issue of the new Shares, is at least ¥50 and (c) the subscription rights are made transferable. In order to satisfy the requirement mentioned in (a) above, the Board of Directors might transfer the whole or any part of additional paid-in capital or legal reserve to stated capital.

(9) Leases

The Company leases tools, vehicles and certain other assets under operating leases. Leases qualifying as capital leases at March 31, 2002 and 2001 were as follows :

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Machinery, vehicles, tools and others	¥ 971	¥1,055	$ 7,301
Accumulated depreciation	676	736	5,080
	¥ 295	¥ 319	$ 2,221

The scheduled maturities of future lease rental payments, including an interest portion on such lease contracts as of March 31, 2002 and 2001 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥ 169	¥ 159	$ 1,274
Due over one year	126	160	947
	¥ 295	¥ 319	$ 2,221

Lease rental expenses incurred in connection with finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees amount to ¥191 million (US$1,435 thousand) and ¥205 million for the years ended March 31, 2002 and 2001, respectively.

(10) Revaluation of land

The Company revalued the land of ownership used for its own business purposes based on the value appraised by an appraiser who is regulated by Article 2 No.1 and 4 of an Enforcement Ordinance No.119 of Law Concerning Land Revaluation (effective March 31, 1998) with certain necessary adjustments.

As its result the excess of revaluation was recognized and taxes to be levied to its excess in future was declared as a deferred tax liability' amounting to ¥158 million (US$1,188 thousand) including in other long-term liabilities and net excess having deducted the above taxes was presented in shareholders' equities as a reserve for land revaluation amounting to ¥222 million (US$1,669 thousand).

Date of revaluation: March 31, 2002

Book value before revaluation
¥26,704 million (US$200,782 million)
Book value after revaluation
¥27,084 million (US$203,639 million)

(11) Commitments and Contingent Liabilities

There were no commitments outstanding at March 31, 2002 and 2001 for the purchase of property, plant and equipment.

The Company is contingently liable for the following at March 31, 2002 and 2001:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2002	2001	2002
Contingently liable for guarantees for short-term and long-term debt of customers, subsidiaries and affiliates	**¥14,176**	¥12,782	**$106,587**

(12) Subsequent events

The Company has decided to invite employees who want to retire on their own initiative at the Board of Directors Meeting held in May 24, 2002.

1. Reason to invite employees who want to retire on their own initiative :
   Management conditions to receive new orders in the domestic construction market is forecasted to become more severe due to sluggish capital investment in the private sector and decrease of public investment. To cope with this market trend, the Company has to establish the most suitable composition of employees.

2. Invited Age range :
   Employees from the age of 30 up to 58 years old.

3. Number of people invited to retire :
   150 (There are 2,224 employees as of March 31, 2002)

4. Period of application :
   From July 8 to August 31, 2002.

5. Date of retirement :
   By August 31, 2002.

6. Additional retirement allowance :
   If we have 150 applicants, total additional retirement allowance is expected to reach maximum amount of ¥2,800 million.

Report of Independent Accountants

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

To the Board of Directors
TOA CORPORATION

We have audited the accompanying non-consolidated balance sheets of TOA CORPORATION as of March 31, 2002 and 2001, and the related non-consolidated statements of operations and retained earnings and of cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the non-consolidated financial position of TOA CORPORATION as of March 31, 2002 and 2001, and the non-consolidated results of its operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

As described in Note (1)(d) and (h), effective from the year ended March 31, 2001, TOA CORPORATION has adopted the new Japanese accounting standards for financial instrument and reserve for retirement benefits.

The amounts expressed in U.S. dollars which are provided solely for the convenience of the readers, have been translated on the basis set forth in Note (2) to the accompanying non-consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation
Tokyo, Japan
June 28, 2002

Board of Directors

(As of June 28, 2002)

Chairman of the Board and Representative Director
Hiroshi Kitamura

President and Representative Director
Masao Watanabe

Representative Directors
Hiroshi Shirasu
Koki Tokunaga

Directors
Hiroshi Otani
Ryoichi Tomioka
Jun Kawamura
Isao Sakamoto
Shuji Kubo
Isao Morikawa
Hiroshi Ogawa
Keiji Yoshikura
Hidechika Akiyama
Kentaro Imano

Corporate Auditors
Taketo Fujiike
Hirotoshi Furuya
Hiroyasu Morita
Minoru Oka

Executive Officers

(As of June 28, 2002)

President and Chief Executive Officer (CEO)
Masao Watanabe

Executive Vice Presidents
Hiroshi Shirasu
Koki Tokunaga

Senior Executive Officers
Hiroshi Otani
Ryoichi Tomioka
Jun Kawamura
Isao Sakamoto
Shuji Kubo
Hideaki Kimoto

Managing Executive Officers
Isao Morikawa
Hiroshi Ogawa
Fumio Ichinose
Keiji Yoshikura
Shintaro Ueki
Hidechika Akiyama
Kentaro Imano
Takeshi Monji
Sadao Kurasawa
Hisahiko Uemura
Hideyo Maoka

Executive Officers
Akiyasu Kuroiwa
Koki Honjo
Shojiro Ishida
Norifumi Takamura
Toshikatsu Kasagi
Ryosaku Asano
Yukio Suzuki
Hisao Sawamura

INVESTOR INFORMATION

(As of March 31, 2002)

Head Office
TOA CORPORATION
5, Yonbancho, Chiyoda-ku, Tokyo
102-8451, Japan
Phone: (03) 3262-5102
http://www.toa-const.co.jp/

International Division
Science Plaza 4th Fl, 5-3, Yonbancho,
Chiyoda-ku, Tokyo 102-0081, Japan
Phone: (03) 3234-4809
Facsimile: (03) 3234-7698
E-mail: webmaster@toa-const.co.jp

Date of Incorporation
January 1920

Paid-In Capital
¥16,469 million

Authorized Shares
600,000,000

Outstanding Shares
199,401 thousand shares in 2002

Number of Shareholders
17,419

Number of Employees
2,224

General Meeting
The General Meeting of Shareholders was held on June 27, 2002

Stock Listing
Tokyo Stock Exchange, 1st Section
Sapporo Stock Exchanges

Transfer Agent
Mizuho Trust & Banking Co., Ltd.
1-6-2, Marunouchi, Chiyoda-ku, Tokyo
100-0005

Auditor
ChuoAoyama Audit Corporation
Kasumigaseki Building, 32nd Floor,
3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo
100-6088

Domestic Branches

Hokkaido Branch
Tohoku Branch
Chiba Branch
Tokyo Branch
Yokohama Branch
Hokuriku Branch
Nagoya Branch
Osaka Branch
Chugoku Branch
Shikoku Branch
Kyushu Branch
Technical Research Institute

Overseas NETWORK

Overseas Offices

SINGAPORE
Singapore Office
23, Pandan Crescent,
Republic of Singapore 128472
Phone: (65) 7755044~49
Facsimile: (65) 7753542, 7750373

INDONESIA
Jakarta Office
9th Floor, Permata Plaza,
Jalan M.H. Thamrin 57,
Jakarta 10350, Republic of Indonesia
Phone: (62-21) 3903168, 3141786, 3903425
Facsimile: (62- 21) 3903169

PHILIPPINES
Manila Office
3F-B, ODC International Plaza,
219 Salcedo St., Legaspi Village,
Makati Metro Manila
Republic of the Philippines
Phone: (63-2) 8184743, 8922809
Facsimile: (63-2) 8937158

VIETNAM
Hanoi Office
Suite 707, Hanoi Tung Shing Sq.,
2 Ngo Quyen, Hoan Kiem Dist.,
Hanoi, Socialist Republic of Vietnam
Phone: (84-4) 8262606
Facsimile: (84-4) 8262628

TAIWAN
Taiwan Office
11F Capital Commercial Bldg. 81,
Section 2 Cheng de Road,
Taipei, Taiwan, Republic of China
Phone: (886-2) 25505727
Facsimile: (886-2) 25490149

Overseas Subsidiaries and Affiliates

TC AMERICA, INC.
725 South Figueroa St.,
Suite 1200, Los Angeles,
California 90017-5476, U.S.A.
Phone: (1-213)4887100
Facsimile: (1-213) 6291033

TOA HARBOR (S) PTE., LTD.
23, Pandan Crescent,
Republic of Singapore 128472
Phone: (65) 7755044
Facsimile: (65) 7753542

TOA (M) SENDIRIAN BERHAD
Kwang Tung Building
Suite 512, 44 Jalan Pudu, 55100,
Kuala Lumpur, Malaysia
Phone: (60-3) 2068876
Facsimile: (60-3) 2068879

P.T. TOA TIRTA DHARMA
9th Floor, Permata Plaza,
Jalan M.H. Thamrin 57,
Jakarta 10350, Republic of Indonesia
Phone: (62-21) 3903168
Facsimile:(62-21) 3903169

TOA (LUX) S.A.
4, Rue Henri Schnadt L-2530,
Luxembourg
Phone: (352) 403727
Facsimile:(352) 403723

TOA CORPORATION

Address: 5, Yonban-cho, Chiyoda-ku, Tokyo 102-8451, Japan

Printed in Japan