

CONSOLIDATED BALANCE SHEETS

TOA CORPORATION and its consolidated subsidiaries
As of March 31, 2003 and 2002

| ASSETS | Millions of Japanese Yen | | Thousands of U.S. Dollars (Note 2) |
|---|--------------------------|----------------------|--|
| | 2003 | 2002 | 2003 |
| Current assets: | | | |
| Cash and time deposits (Note 3) | ¥ 26,171 | ¥ 42,130 | \$ 218,092 |
| Marketable securities (Notes 4) | 25 | 30 | 208 |
| Notes and accounts receivable, trade | 60,815 | 76,237 | 506,790 |
| Allowance for doubtful accounts | (1,708) | (2,132) | (14,230) |
| Inventories, principally real estate for sale | 17,143 | 11,400 | 142,855 |
| Cost on contracts in progress | 54,912 | 69,760 | 457,598 |
| Deferred income taxes (Note 8) | 5,156 | 4,654 | 42,969 |
| Prepaid expenses and other current assets | 18,965 | 35,627 | 158,045 |
| Total current assets | <u>181,479</u> | <u>237,706</u> | <u>1,512,327</u> |
| Investments and other assets: | | | |
| Investments in and long-term loans to affiliates | 767 | 204 | 6,389 |
| Investments in securities (Notes 4 and 5) | 13,264 | 13,837 | 110,533 |
| Long-term loans | 535 | 662 | 4,457 |
| Deferred income taxes (Note 8) | 8,667 | 10,914 | 72,227 |
| Others | 11,272 | 12,474 | 93,931 |
| Allowance for doubtful accounts | (7,045) | (7,209) | (58,707) |
| Total investments and other assets | <u>27,460</u> | <u>30,882</u> | <u>228,830</u> |
| Property, plant and equipment, at cost (Notes 5 and 10): | | | |
| Land | 35,893 | 35,991 | 299,106 |
| Buildings and structures | 22,008 | 21,746 | 183,402 |
| Machinery and equipment | 33,115 | 33,394 | 275,957 |
| Construction in progress | 33 | 65 | 279 |
| Total property, plant and equipment | <u>91,049</u> | <u>91,196</u> | <u>758,744</u> |
| Less accumulated depreciation | <u>(36,047)</u> | <u>(33,835)</u> | <u>(300,391)</u> |
| Property, plant and equipment—net | <u>55,002</u> | <u>57,361</u> | <u>458,353</u> |
| Total | <u>¥ 263,941</u> | <u>¥ 325,949</u> | <u>\$ 2,199,510</u> |

The accompanying notes are an integral part of this statement.

| LIABILITIES AND SHAREHOLDERS' EQUITY | Millions of Japanese Yen | | Thousands of U.S. Dollars (Note 2) |
|--|--------------------------|------------------|--|
| | 2003 | 2002 | 2003 |
| Current liabilities: | | | |
| Short-term borrowings (Note 5) | ¥ 33,832 | ¥ 38,294 | \$ 281,936 |
| Current portion of long-term debt (Note 5) | 15,607 | 10,128 | 130,060 |
| Commercial paper | 12,500 | 8,000 | 104,167 |
| Notes and accounts payable, trade | 63,464 | 103,623 | 528,866 |
| Accrued income taxes | 558 | 4,400 | 4,648 |
| Advances on contracts in progress (Note 6) | 33,686 | 39,973 | 280,713 |
| Other current liabilities | 16,502 | 26,350 | 137,515 |
| Total current liabilities | <u>176,149</u> | <u>230,768</u> | <u>1,467,905</u> |
| Long-term debt (Note 5) | 23,664 | 26,230 | 197,203 |
| Reserve for retirement benefits (Note 7) | 13,402 | 17,093 | 111,685 |
| Other long-term liabilities | 3,214 | 3,327 | 26,782 |
| Total liabilities | <u>216,429</u> | <u>277,418</u> | <u>1,803,575</u> |
| Minority interest | 1,308 | 1,466 | 10,896 |
| Shareholders' equity (Note 9): | | | |
| Common stock, ¥50 par value: | | | |
| Authorized—600,000,000 shares | | | |
| Issued—199,401,173 shares at March 31, 2003 and 2002 | 16,469 | 16,469 | 137,246 |
| Additional paid-in capital | 15,582 | 15,582 | 129,851 |
| Revaluation reserve for land (Note 11) | 265 | 222 | 2,206 |
| Retained earnings | 15,389 | 16,185 | 128,242 |
| Net unrealized loss on securities | (1,159) | (811) | (9,654) |
| Treasury stock | (342) | (582) | (2,852) |
| Total shareholders' equity | <u>46,204</u> | <u>47,065</u> | <u>385,039</u> |
| Commitments and contingent liabilities (Note 12): | | | |
| Total | <u>¥ 263,941</u> | <u>¥ 325,949</u> | <u>\$ 2,199,510</u> |

The accompanying notes are an integral part of this statement.