

# CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

TOA CORPORATION and its consolidated subsidiaries  
For the years ended March 31, 2003 and 2002

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2003	2002	2003
<b>Net sales</b> .....	¥ 237,923	¥ 288,932	\$ 1,982,695
<b>Cost of sales</b> .....	217,608	263,422	1,813,401
Gross profit .....	20,315	25,510	169,294
<b>Selling, general and administrative expenses</b> .....	15,988	16,985	133,235
Operating income .....	4,327	8,525	36,059
<b>Other income (expenses):</b>			
Interest and dividends income .....	457	561	3,809
Interest expenses .....	(1,340)	(1,446)	(11,172)
Write-down of marketable securities and investment securities .....	(1,078)	(1,383)	(8,987)
Write-down of real estate for sale .....	—	(95)	—
Special provision for early retirement benefits .....	(2,795)	—	(23,288)
Gain from the transfer of the substitutional portion of the employee pension fund liabilities .....	3,008	—	25,067
Other, net .....	(436)	(660)	(3,633)
	<u>(2,184)</u>	<u>(3,023)</u>	<u>(18,204)</u>
<b>Income before income taxes and minority interest</b> .....	2,143	5,502	17,855
<b>Income taxes</b>			
Current .....	552	4,373	4,596
Adjustment of prior-year .....	(700)	—	(5,833)
Deferred .....	1,970	(1,055)	16,417
<b>Minority interest</b> .....	92	159	763
<b>Net income</b> .....	<u>¥ 229</u>	<u>¥ 2,025</u>	<u>\$ 1,912</u>
<b>Retained earnings:</b>			
Balance at beginning of year .....	¥ 16,185	¥ 15,152	\$ 134,865
Cash dividends .....	(982)	(983)	(8,183)
Bonuses to directors and corporate auditors .....	(6)	(9)	(45)
Write-off from revaluation excess of land .....	(37)	—	(307)
Net income .....	229	2,025	1,912
Balance at end of year .....	<u>¥ 15,389</u>	<u>¥ 16,185</u>	<u>\$ 128,242</u>
<b>Per share data</b> (Note 1):			
	Japanese Yen		U.S. Dollars (Note 2)
Net income .....	¥ 1.12	¥ 10.30	\$ 0.009
Cash dividends .....	¥ 5.00	¥ 5.00	\$ 0.042

The accompanying notes are an integral part of this statement.