# 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, 2003

The consolidated financial statements for the years ended March 31, 2003 and 2002 include the accounts of the Company and 12 of its majority-owned subsidiaries.

The consolidated subsidiaries for 2003 included TOA Real Estate Co., Ltd., TOA Tekko Co., Ltd., TOA Kikai Kogyo Co., Ltd., Tagawa Real Estate Co., Ltd., TOA Doboku Co., Ltd., Shinko Corporation, TOA Builtec Co., Ltd., TOA Concrete Co., Ltd., TOA Agency Co., Ltd., TOA Agency Nishinihon Co., Ltd., TOA Kaiun Sangyo Co., Ltd., and Tsurumi Rinko 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:

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.

### (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:

**(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:

The reserve for retirement benefits as of March 31, 2002 and 2003 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 2003 and 2002 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$17 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 ¥31,165 million (US$259,708 thousand) for 2003 and ¥47,987 million for 2002.

(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 2003 and 2002, due to the fact that there were no bonds with warrant and convertible bonds at the end of 2003 and 2002.

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

Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share"). The effect of adopting the Guidelines is stated in Note 9.

## (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 ¥120 = US$1, the approximate rate of exchange effective at March 31, 2003. 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, 2003 and 2002 consisted of:

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2003** | 2002 | **2003** |
| Cash and bank deposits …… | **¥ 26,171** | ¥ 42,130 | **$ 218,092** |
| Time deposits with deposit term of 3 months …. | **(312)** | (336) | **(2,599)** |
| Cash and cash equivalents .. | **¥ 25,859** | ¥ 41,794 | **$ 215,493** |

## (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 |
|---|---|---|---|
| | 2003 | 2002 | 2003 |
| Government bond, municipal bond and other .......... | ¥ 77 | ¥ 45 | $ 640 |
| Corporate bond. | 300 | 300 | 2,500 |
| Total......... | ¥ 377 | ¥ 345 | $ 3,140 |

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2003 | 2002 | 2003 |
| Carrying value.. | ¥ 377 | ¥ 345 | $ 3,140 |
| Market value.... | 369 | 318 | 3,073 |
| Unrealized loss.. | ¥ 8 | ¥ 27 | $ 67 |

(b) Other securities having its market value:

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2003 | 2002 | 2003 |
| Marketable equity securities...... | ¥ 9,057 | ¥ 11,074 | $ 75,476 |
| Debentures....... | 5 | 5 | 45 |
| Other............. | 239 | 290 | 1,990 |
| Total......... | ¥ 9,301 | ¥ 11,369 | $ 77,511 |

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2003 | 2002 | 2003 |
| Cost.............. | ¥ 11,246 | ¥ 12,751 | $ 93,715 |
| Market value.... | 9,301 | 11,369 | 77,511 |
| Unrealized loss.. | ¥ 1,945 | ¥ 1,382 | $ 16,204 |

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 2003 and 2002 issued by the Companies and bore interest principally at the short-term primary interest rates in effect in 2003 and 2002.

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, 2003 and 2002 consisted of the following:

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2003 | 2002 | 2003 |
| 3.20% bond, due 2002 ................ | ¥ — | ¥ 3,700 | $ — |
| 3.45% bond, due 2003 ................ | 4,800 | 5,400 | 40,000 |
| 3.55% bond, due 2004 ................ | 3,700 | 3,800 | 30,833 |
| Loans from banks and insurance companies with interest ranging from 0.60% to 2.95%, due various dates through 2009: | | | |
| Collateralized or guaranteed ......... | ¥30,771 | ¥23,458 | $256,430 |
| Total ............. | 39,271 | 36,358 | 327,263 |
| Current portion included in current liabilities .......... | (15,607) | (10,128) | (130,060) |
| Total ............ | ¥23,664 | ¥26,230 | $197,203 |

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, 2003, the Company had credit lines from 8 banks amounting to ¥15,000 million (US$125,000 thousand) in total.

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2003 were as follows:

| | Millions of Japanese Yen | Thousands of U.S. Dollars |
|---|---|---|
| **Assets pledged as collateral:** | | |
| Land | ¥ 4,096 | $ 34,134 |
| Building and structures | 1,396 | 11,635 |
| Investment securities | 4,855 | 40,459 |
| | ¥ 10,347 | $ 86,228 |

| | Millions of Japanese Yen | Thousands of U.S. Dollars |
|---|---|---|
| **Liabilities secured thereby:** | | |
| Current portion of long-term debt | ¥ 2,337 | $ 19,476 |
| Long-term debt | ¥ 2,261 | $ 18,839 |

The aggregate annual maturities of long-term loans (including current portion) as of March 31, 2003 were as follows:

| Year ending March 31 | Millions of Japanese Yen | Thousands of U.S. Dollars |
|---|---|---|
| 2004 | ¥ 10,807 | $ 90,060 |
| 2005 | 6,832 | 56,935 |
| 2006 | 5,297 | 44,144 |
| 2007 | 4,557 | 37,977 |
| 2008 | 3,166 | 26,384 |
| 2009 and thereafter | 112 | 930 |
| Total | ¥ 30,771 | $256,430 |

## (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 Company obtained the approval from the Minister of Health, Labor and Welfare on March 1, 2003, for an exemption from the future benefit obligation related to the substituted government's portion of pension benefits provided by social welfare pension fund.

The reserve for retirement benefits as of March 31, 2003 and 2002 are analyzed as follows:

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2003** | 2002 | **2003** |
| Projected benefit obligations | **¥(29,968)** | ¥(42,032) | **$(249,738)** |
| Plan assets | **8,459** | 18,580 | **70,492** |
| | **(21,509)** | (23,452) | **(179,246)** |
| Unrecognized actuarial differences | **8,978** | 7,132 | **74,824** |
| | **¥(12,531)** | ¥(16,320) | **$(104,422)** |

The Company, on the approval date, recognized the relinquishment of the substituted portion of benefit obligation of welfare pension funds and the corresponding portion of plan assets.

The amount of plan assets to be transferred back to the government was ¥8,099 million (US$67,496 thousand) as of March 31, 2003.

Net pension expense related to the retirement benefits for the years ended March 31, 2003 and 2002 was as follows:

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2003** | 2002 | **2003** |
| Service cost | **¥ 1,840** | ¥ 1,844 | **$ 15,336** |
| Interest cost | **1,256** | 1,206 | **10,468** |
| Expected return on plan assets | **(500)** | (502) | **(4,171)** |
| Amortization of unrecognized actuarial differences amount | **503** | 407 | **4,189** |
| Net pension expense | **¥ 3,099** | ¥2,955 | **$ 25,822** |
| Gain by the transfer of the substitutional portion of the employee pension fund liabilities | **(3,008)** | — | **(25,067)** |
| | **¥ 91** | ¥2,955 | **$ 755** |

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

| | 2003 | 2002 |
|---|---|---|
| Discount rate .................. | **2.5%** | 3.0% |
| Expected rate of return on plan assets .................... | **2.5%** | 3.0% |
| Method of attributing the projected benefits to periods of services .................... | **Straight-line basis** | Straight-line basis |
| 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 ¥871 million (US$7,263 thousands) and ¥773 million as of March 31, 2003 and 2002, respectively.

## (8) Income Taxes

(a) The significant components of deferred tax assets and liabilities at March 31, 2003 and 2002 were as follows.

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| **Deferred Tax Assets:** | **2003** | 2002 | **2003** |
| Expense for retirement benefits .. | **¥ 4,684** | ¥ 5,943 | **$ 39,031** |
| Revaluation of inventories ........... | **2,828** | 2,916 | **23,570** |
| Write-down of investments securities .............. | **511** | 1,228 | **4,258** |
| Allowance for doubtful accounts ... | **1,146** | 1,131 | **9,547** |
| Accrued bonus to employees ........... | **482** | 374 | **4,013** |
| Reserve for retirement benefits to directors . | **358** | 313 | **2,985** |
| Accrued tax ........... | **16** | 365 | **137** |
| Others .................. | **3,878** | 3,539 | **32,313** |
| Deferred Tax Assets .. | **¥ 13,903** | ¥ 15,809 | **$ 115,854** |
| **Deferred Tax Liabilities:** | | | |
| Property and equipment ............ | **¥ (1,535)** | ¥ (1,537) | **$ (12,793)** |
| Other .................... | **(55)** | (231) | **(453)** |
| Deferred Tax Liabilities ............. | **(1,590)** | (1,769) | **(13,246)** |
| Net Deferred Tax Assets .................. | **¥ 12,313** | ¥ 14,040 | **$ 102,607** |

(b) A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2003 and the actual effective tax rates reflected in the accompanying consolidated statements of operations is as follows:

| | 2003 |
|---|---|
| Normal effective statutory tax rate ...... | 41.7 % |
| Expenses not deductible for income tax purposes ................... | 25.6 |
| Non-taxable income ..................... | (1.4) |
| Per capita levy of inhabitant taxes ..... | 9.4 |
| Other-net .................................. | 9.7 |
| Actual effective tax rate ................... | 85.0 % |

According to the portional revision concerning to the Local Tax Law issued on March 31, 2003, the effective income tax rate used for calculating deferred tax assets and liabilities for this year was changed. As a result, deferred tax assets decreased by ¥132 million (US$1,100 thousands), whilst the income taxes and minority interest increased by ¥132 million.

## (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.

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.

Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share"). For the year ended March 31, 2003, net income per share is ¥1.17 (US$0.010), as compared with the amount which would have been reported if the previous standard had been applied.

## (10) Leases

The Companies lease tools, vehicles and certain other assets under operating leases. Leases qualifying as capital leases at March 31, 2003 and 2002 were as follows:

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2003 | 2002 | 2003 |
| Machinery, vehicles, tools and others ....... | ¥1,103 | ¥ 648 | $ 9,188 |
| Accumulated depreciation ........... | 501 | 439 | 4,176 |
| | ¥ 602 | ¥ 209 | $ 5,012 |

The scheduled maturities of future lease rental payments, including an interest portion on such lease contracts as of March 31, 2003 and 2002 are as follows:

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2003 | 2002 | 2003 |
| Due within one year ... | ¥ 164 | ¥ 110 | $ 1,366 |
| Due over one year ...... | 438 | 99 | 3,647 |
| | ¥ 602 | ¥ 209 | $ 5,013 |

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 ¥190 million (US$1,587 thousand) and ¥124 million for the years ended March 31, 2003 and 2002, 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 from 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 deferred tax liabilities amounting to ¥179 million (US$1,496 thousand) including in other long-term liabilities and net excess having deducted the above taxes was presented in shareholders' equity as a reserve for land revaluation amounting to ¥265 million (US$2,206 thousand).

On the date of revaluation of March 31, 2003, there was difference in value between market and book after revaluation amounting ¥2,354 million (US$19,617 thousands).

## (12) Commitments and Contingent Liabilities

There were no commitments outstanding at March 31, 2003 and 2002 for the purchase of property, plant and equipment.

The Companies are contingently liable for the following at March 31, 2003 and 2002:

| | Millions of Japanese Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2003 | 2002 | 2003 |
| Trade notes receivable endorsed ................. | ¥ — | ¥ 32 | $ — |
| Trade notes receivable discounted ............... | 287 | 246 | 2,393 |
| Contingently liable for guarantees of short-term and long-term debt of customers, unconsolidated subsidiaries and affiliates.. | 4,414 | 5,390 | 36,786 |
| | ¥4,701 | ¥5,668 | $ 39,179 |

## (13) 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, 2003** Millions of Japanese Yen

| | Construction | Real Estate | Other Businesses | Total | Elimination | Consolidated |
|---|---|---|---|---|---|---|
| Net sales: | | | | | | |
| Customers .................... | ¥ 228,066 | ¥ 6,501 | ¥ 3,356 | ¥ 237,923 | ¥ 0 | ¥ 237,923 |
| Inter-segment ................ | 1,901 | 631 | 1,526 | 4,058 | (4,058) | 0 |
| Total ................ | 229,967 | 7,132 | 4,882 | 241,981 | (4,058) | 237,923 |
| Operating expenses ............ | 226,229 | 6,808 | 4,697 | 237,734 | (4,138) | 233,596 |
| Operating profit ................ | 3,738 | 324 | 185 | 4,247 | 80 | 4,327 |
| Total assets ....................... | 177,542 | 52,672 | 4,365 | 234,579 | 29,362 | 263,941 |
| Depreciation expenses ......... | 3,898 | 238 | 91 | 4,227 | 11 | 4,238 |
| Capital Expenditure ............ | ¥ 1,961 | ¥ 132 | ¥ 231 | ¥ 2,324 | ¥ (9) | ¥ 2,315 |

**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, 2003** Thousands of U.S. Dollars

| | Construction | Real Estate | Other Businesses | Total | Elimination | Consolidated |
|---|---|---|---|---|---|---|
| Net sales: | | | | | | |
| Customers .................... | $1,900,555 | $ 54,177 | $ 27,963 | $1,982,695 | $ 0 | $ 1,982,695 |
| Inter-segment ................ | 15,840 | 5,260 | 12,718 | 33,818 | (33,818) | 0 |
| Total ................ | 1,916,395 | 59,437 | 40,681 | 2,016,513 | (33,818) | 1,982,695 |
| Operating expenses ............ | 1,885,240 | 56,737 | 39,146 | 1,981,123 | (34,487) | 1,946,636 |
| Operating profit ................ | 31,155 | 2,700 | 1,535 | 35,390 | 669 | 36,059 |
| Total assets ....................... | 1,479,517 | 438,934 | 36,372 | 1,954,823 | 244,688 | 2,199,511 |
| Depreciation expenses ......... | 32,485 | 1,980 | 762 | 35,227 | 91 | 35,318 |
| Capital Expenditure ............ | $ 16,345 | $ 1,099 | $ 1,926 | $ 19,370 | $ (81) | $ 19,289 |

## b. Geographical Segments

Each area primarily refers to the following countries:

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

**Year Ended March 31, 2003** — Millions of Japanese Yen

| | Japan | Southeast Asia | Other Areas | Total | Elimination | Consolidated |
|---|---|---|---|---|---|---|
| Net sales: | | | | | | |
| Customers .................... | ¥ 219,164 | ¥ 15,500 | ¥ 3,259 | ¥ 237,923 | ¥ — | ¥ 237,923 |
| Inter-segment ................ | — | — | — | — | (—) | — |
| Total ................ | 219,164 | 15,500 | 3,259 | 237,923 | (—) | 237,923 |
| Operating expenses ............ | 214,731 | 15,909 | 2,956 | 233,596 | (—) | 233,596 |
| Operating profit ................ | 4,433 | (409) | 303 | 4,327 | (—) | 4,327 |
| Total assets ....................... | ¥ 213,366 | ¥ 10,388 | ¥ 990 | ¥ 224,744 | ¥ 39,197 | ¥ 263,941 |

**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, 2003** — Thousands of U.S. Dollars

| | Japan | Southeast Asia | Other Areas | Total | Elimination | Consolidated |
|---|---|---|---|---|---|---|
| Net sales: | | | | | | |
| Customers .................... | $1,826,370 | $ 129,170 | $ 27,155 | $1,982,695 | $ — | $1,982,695 |
| Inter-segment ................ | — | — | — | — | (—) | — |
| Total ................ | 1,826,370 | 129,170 | 27,155 | 1,982,695 | (—) | 1,982,695 |
| Operating expenses ............ | 1,789,426 | 132,579 | 24,631 | 1,946,636 | (—) | 1,946,636 |
| Operating profit ................ | 36,944 | (3,409) | 2,524 | 36,059 | (—) | 36,059 |
| Total assets ....................... | $1,778,048 | $ 86,570 | $ 8,247 | $1,872,865 | $ 326,646 | $2,199,511 |

### c. Overseas Net Sales

Each area primarily refers to the following countries:

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

**Year Ended March 31, 2003** — Millions of Japanese Yen

| | Southeast Asia | Other Areas | Total |
|---|---|---|---|
| Overseas net sales | ¥ 15,500 | ¥ 3,259 | ¥ 18,759 |
| Consolidated net sales | — | — | 237,923 |
| Ratio (%) | 6.5 | 1.4 | 7.9 |

**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, 2003** — Thousands of U.S. Dollars

| | Southeast Asia | Other Areas | Total |
|---|---|---|---|
| Overseas net sales | $ 129,170 | $ 27,155 | $ 156,325 |
| Consolidated net sales | — | — | 1,982,695 |