

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2004 and 2003

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2004	2003	2004
Net sales	¥209,217	¥ 237,923	\$ 1,973,747
Cost of sales	189,185	217,608	1,784,765
Gross profit	20,032	20,315	188,982
Selling, general and administrative expenses	14,852	15,988	140,117
Operating income	5,180	4,327	48,865
Other income (expenses):			
Interest and dividend income	404	457	3,813
Interest expenses	(1,204)	(1,340)	(11,356)
Write-down of marketable securities and investment securities	(66)	(1,078)	(623)
Write-down of real estate for sale	(292)	—	(2,753)
Special provision for early retirement benefits	—	(2,795)	—
Gain from the transfer of the substitutional portion of the employee pension fund liabilities	—	3,008	—
Doubtful accounts for long-term receivables	(134)	—	(1,265)
Other, net	(457)	(436)	(4,318)
	<u>(1,749)</u>	<u>(2,184)</u>	<u>(16,502)</u>
Income before income taxes and minority interests	3,431	2,143	32,363
Income taxes			
Current	1,373	552	12,954
Adjustment of prior-year	—	(700)	—
Deferred	954	1,970	8,995
Minority interests	53	92	501
Net income	<u>¥ 1,051</u>	<u>¥ 229</u>	<u>\$ 9,913</u>
Retained earnings:			
Balance at beginning of year	¥ 15,389	¥ 16,185	\$ 145,180
Cash dividends	(982)	(982)	(9,261)
Bonuses to directors and corporate auditors	(6)	(6)	(61)
Write-off from revaluation excess of land	90	(37)	848
Net income	1,051	229	9,913
Balance at end of year	<u>¥ 15,542</u>	<u>¥ 15,389</u>	<u>\$ 146,619</u>
Per share data (Note 1):			
	Japanese Yen		U.S. Dollars (Note 2)
Net income	¥ 5.33	¥ 1.12	\$ 0.050
Cash dividends	¥ 5.00	¥ 5.00	\$ 0.047

The accompanying notes are an integral part of this statement.