

CONSOLIDATED BALANCE SHEETS

TOA CORPORATION and its consolidated subsidiaries
As of March 31, 2006 and 2005

ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2006	2005	2006
Current assets:			
Cash and time deposits (Note 3)	¥ 24,857	¥ 23,606	\$ 212,455
Marketable securities (Note 4)	—	15	—
Notes and accounts receivable, trade	79,507	65,857	679,544
Allowance for doubtful accounts	(1,536)	(1,556)	(13,134)
Inventories, principally real estate for sale	14,564	16,738	124,481
Cost on contracts in progress	27,403	35,030	234,215
Deferred income taxes (Note 8)	5,327	5,553	45,531
Advanced money	13,314	—	113,793
Prepaid expenses and other current assets	6,654	20,301	56,877
Total current assets	<u>170,090</u>	<u>165,544</u>	<u>1,453,762</u>
Investments and other assets:			
Investments in affiliates	609	380	5,207
Investments in securities (Notes 4 and 5)	24,601	19,001	210,267
Long-term loans	914	663	7,810
Deferred income taxes (Note 8)	4,785	8,284	40,899
Others	9,351	10,646	79,924
Reserve for loss on investments to affiliates	(78)	—	(668)
Allowance for doubtful accounts	(6,412)	(6,857)	(54,809)
Total investments and other assets	<u>33,770</u>	<u>32,117</u>	<u>288,630</u>
Property, plant and equipment, at cost (Notes 5 and 10):			
Land	30,030	30,410	256,670
Buildings and structures	19,494	19,570	166,612
Machinery and equipment	31,837	31,637	272,115
Construction in progress	128	78	1,092
Total property, plant and equipment	<u>81,489</u>	<u>81,695</u>	<u>696,489</u>
Less accumulated depreciation	(37,239)	(35,907)	(318,278)
Property, plant and equipment—net	<u>44,250</u>	<u>45,788</u>	<u>378,211</u>
Total	<u>¥ 248,110</u>	<u>¥ 243,449</u>	<u>\$ 2,120,603</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)
	2006	2005	2006
Current liabilities:			
Short-term borrowings (Note 5)	¥ 31,151	¥ 30,974	\$ 266,248
Current portion of long-term debt (Note 5)	10,956	8,363	93,640
Commercial paper	11,000	6,000	94,017
Notes and accounts payable, trade	71,519	66,752	611,274
Accrued income taxes	1,111	1,934	9,495
Advances on contracts in progress (Note 6)	14,744	21,575	126,013
Other current liabilities	14,502	14,633	123,949
Total current liabilities	<u>154,983</u>	<u>150,231</u>	<u>1,324,636</u>
Long-term debt (Note 5)	20,717	26,381	177,070
Reserve for retirement benefits (Note 7)	7,013	11,418	59,939
Reserve for loss on development business	6,210	6,836	53,077
Reserve for loss on guarantees	560	—	4,786
Deferred income taxes on revaluation of land (Note 11)	2,829	—	24,178
Other long-term liabilities	2,863	3,206	24,474
Total liabilities	<u>195,175</u>	<u>198,072</u>	<u>1,668,160</u>
Minority interests	1,520	1,388	12,995
Shareholders' equity (Note 9):			
Common stock,			
Authorized—600,000,000 shares			
Issued 224,946,290 and 199,401,173 shares at March 31, 2006 and 2005, respectively	18,977	16,469	162,193
Additional paid-in capital	18,085	15,586	154,574
Revaluation reserve for land (Note 11)	(2,853)	(275)	(24,387)
Retained earnings	10,476	9,834	89,540
Net unrealized gain on securities	7,205	2,918	61,585
Treasury stock, at cost 2,862,000 shares and 3,194,000 shares at March 31, 2006 and 2005, respectively	(475)	(543)	(4,057)
Total shareholders' equity	<u>51,415</u>	<u>43,989</u>	<u>439,448</u>
Commitments and contingent liabilities (Note 12):			
Total	<u>¥ 248,110</u>	<u>¥ 243,449</u>	<u>\$ 2,120,603</u>

The accompanying notes are an integral part of this statement.