

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2006 and 2005

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2006	2005	2006
Net sales	¥222,530	¥201,158	\$ 1,901,963
Cost of sales	204,928	183,365	1,751,518
Gross profit	17,602	17,793	150,445
Selling, general and administrative expenses	13,707	13,791	117,150
Operating income	3,895	4,002	33,295
Other income (expenses):			
Interest and dividend income	522	446	4,458
Interest expenses	(932)	(921)	(7,962)
Write-down of marketable securities and investment securities	—	(8)	—
Write-down of real estate for sale	(555)	(2,988)	(4,745)
Doubtful accounts for long-term receivables	(1,977)	(4)	(16,896)
Reserve for loss on development business	—	(6,836)	—
Reserve for loss on guarantees	(560)	—	(4,786)
Reserve for loss on investments affiliates	(78)	—	(668)
Gain from overseas business credit in preceding years	1,033	—	8,827
Gain on securities contributed to employee retirement benefit trust..	2,423	—	20,713
Other, net	(178)	(1,325)	(1,526)
	<u>(302)</u>	<u>(11,636)</u>	<u>(2,585)</u>
Income (loss) before income taxes and minority interests	3,593	(7,634)	30,710
Income taxes:			
Current	1,049	1,870	8,963
Deferred	990	(4,377)	8,458
	<u>2,039</u>	<u>(2,507)</u>	<u>17,421</u>
Minority interests	66	54	568
Net income (loss)	<u>¥ 1,488</u>	<u>(¥5,181)</u>	<u>\$ 12,721</u>
Retained earnings:			
Balance at beginning of year	¥ 9,834	¥ 15,542	\$ 84,048
Cash dividends	(585)	(976)	(5,003)
Write-off from revaluation excess of land	(261)	449	(2,226)
Net income (loss)	1,488	(5,181)	12,721
Balance at end of year	<u>¥ 10,476</u>	<u>¥ 9,834</u>	<u>\$ 89,540</u>
Per share data (Note 1):			
	Japanese Yen		U.S. Dollars (Note 2)
Net income (loss)	¥ 7.03	(¥26.39)	\$0.060
Cash dividends	¥ 3.00	¥ 3.00	\$0.026

The accompanying notes are an integral part of this statement.