TOC CO., LTD.

ANNUAL REPORT 2002

Profile

TOC Co., Ltd. is a comprehensive urban developer engaged in services ranging from project planning to development and management in the Greater Tokyo metropolitan area. Since opening the TOC Building as a total distribution center in 1970, we have continuously and successfully completed numerous projects, creating urban environments where people can get together, work and engage in a wide variety of activities.

We are also involved in the linen supply, pharmaceuticals and other businesses, and are steadily expanding operations by emphasizing close relationships with our customers.

Our corporate credo is to be a company of value to society and our customers. To this end, we will continue to improve our performance in existing business fields, while exploring new opportunities to meet the needs of our clientele and the world in which we live.

Contents

Financial Highlights

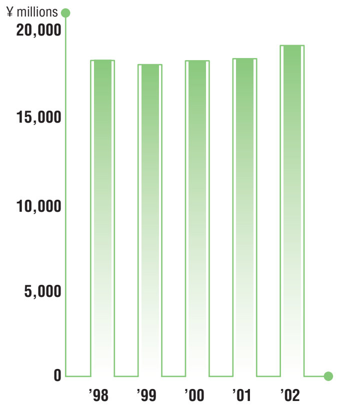
TOC Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
For the Year			
Net sales	**¥ 19,013**	¥ 18,279	**$ 142,958**
Operating income	**5,351**	5,320	**40,237**
Net income (loss)	**2,781**	(2,181)	**20,907**
At Year-End			
Shareholders' equity	**¥ 52,717**	¥ 51,010	**$ 396,369**
Total assets	**76,852**	80,096	**577,835**

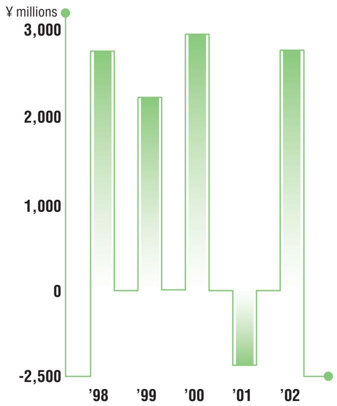
	Yen		U.S. Dollars
	2002	2001	**2002**
Per Share			
Net income	**¥ 41.47**	¥ (32.05)	**$ 0.31**
Cash dividends	**11.00**	11.00	**0.08**

Note: U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥133= US$1, the rate of exchange on March 31, 2002.

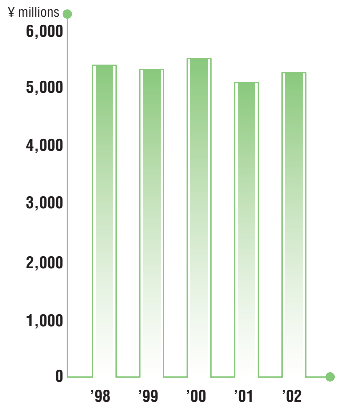
Net Sales



Net Income/Loss



Shareholders' Equity



TOC at a Glance

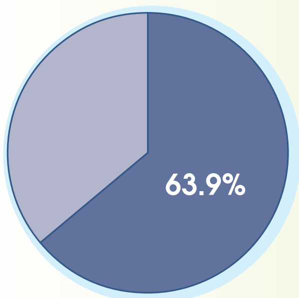
TOC is actively involved in a variety of business fields. These are categorized into three segments: Real Estate, our mainstay; Linen Supply; and Others, which includes our pharmaceuticals business.

TOC Building


Osaki New City

Real Estate Segment

This is the largest of our business segments, accounting for 63.9% of consolidated net sales. This segment is responsible for planning, execution and management of urban development projects, geared to meeting the demands of the changing times. We aim to contribute to society through such endeavors, and continuously strive to create urban environments where people can relax, meet each other and enjoy various types of activities.

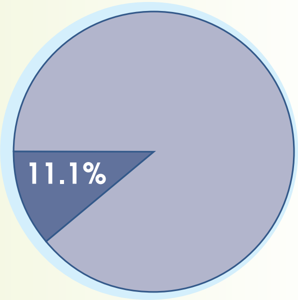



Asakusa ROX


Exibition Hall

Linen Supply Segment

This segment, which accounts for 11.1% of consolidated net sales, is involved in renting a wide variety of linens used in hotels and restaurants. It also provides dry cleaning services to guests at the Hotel New Otani and sells items such as bathrobes and towels.

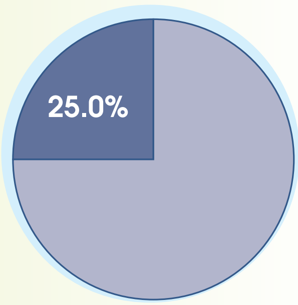


Atsugi Linen Cleaning Plant

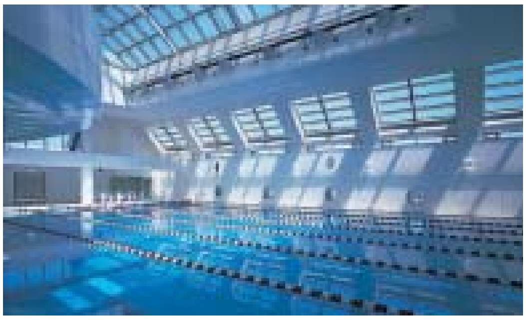
Others Segment

This segment accounts for 25.0% of consolidated net sales. It includes our pharmaceuticals business, building maintenance services, management of a sports club and a bathing facility, and environmental protection and energy-saving businesses.

In April 2001, we opened a bathing facility, the largest to be established in a building complex in Tokyo, in our Asakusa ROX building. It offers 11 types of baths, including an open-air bath built overlooking the city from a height of 30 meters, an aesthetic salon and a massage center. In conjunction with a sports club in the same building, this provides an environment where people can relax both physically and mentally. In the twelve months ended March 31, 2002, the bathing facility welcomed more than 230,000 users, and the number of users continues to rise.



"Asakusa ROX Matsuri-Yu" Bathing Facility



"ROX FITNESS CLUB begin"

Items from our Pharmaceutical Lineup

The TOC Group's basic management policy is to undertake construction of buildings and facilities that perfectly serve the needs of both visitors and tenants. It is also our mission to improve the business performance of the Group as a whole and to contribute, through development, to society at large by looking closely at the demands of the surrounding environment.

Analysis of Operating Results for Fiscal 2002

The Japanese economy during the year ended March 31, 2002 remained anemic, due to sluggish consumer spending and severe employment insecurity. Terrorist attacks on the U.S. in September 2001 further dampened economic activities. Amid such an environment, corporations were reluctant to invest in facilities and equipment.

Under these daunting circumstances, TOC posted consolidated net sales of ¥19,013 million (US$142,958 thousand), up 4.0% from fiscal 2001. This was due mainly to concerted efforts to optimize overall management and to the inclusion in this fiscal year of TOL Co., Ltd., which operates the Asakusa ROX Matsuri-Yu bathing facility, as a consolidated subsidiary.

Consolidated net income was ¥2,781 million (US$20,907 thousand), a turnaround from a consolidated net loss of ¥2,181 million in fiscal 2001, despite the fact that we took a one-time depreciation for expenses incurred in opening Asakusa ROX Matsuri-Yu.

Results by business segment are as follows.

Real Estate Segment

The office building market in fiscal 2002 continued to be challenging. Low tenant occupancy in new office complexes in Tokyo's main business districts became conspicuous as foreign-affiliated corporations and IT-related enterprises, from which much of the demand for office space has come, retreated as a result of the faltering economy. In addition, the distribution and retail industries, our main source of tenants, were hit hard by years of depressed consumer spending and intense price competition.

Reflecting this environment, net sales totaled ¥12,153 million (US$91,377 thousand), a decrease of 1.5% from fiscal 2001. We focused on improving the strengths of individual buildings we own, renewing and beautifying them to meet evolving needs, and heightening their value through a variety of building management measures. Through these steps, and by providing existing tenants with enhanced operating and maintenance services at lower cost, as well as attracting new tenants suited to the characteristics of the buildings, we achieved a tenant occupancy rate of 95.4%, equal to that of the previous fiscal year. Income from the lease of exhibition halls improved, thanks to new customers acquired through vigorous sales activities. However, parking business income decreased from fiscal 2001 as a result of cost reduction activities on the part of tenants. Overall operating income for this sector was ¥5,121 million (US$38,506 thousand), up 1.8%.

Linen Supply Segment

Since this business segment depends on the hotel industry as its main source of income, overall performance was hit hard by deflationary trends. Nonetheless, net sales amounted to ¥2,109 million (US$15,858 thousand), a decrease of only 0.8% from fiscal 2001. And operating income was actually up 67.3% to ¥37 million (US$281 thousand), as a result of management streamlining.

Others Segment

Total net sales in the Others segment amounted to ¥4,751 million (US$35,723 thousand), an increase of 24.4% over fiscal 2001, with total operating income of ¥186 million (US$1,398 thousand). Pharmaceuticals, a field in which we have been involved since the founding of the company in 1926, showed dramatically higher profits thanks to expanded sales of our main product line, which combines traditional Chinese medicine with the latest scientific advances. Our Sports Club business increased both sales and operating income as a result of steady growth in membership. Retail and Restaurant sectors saw decreased sales despite the closing of some outlets to cope with staggering consumer spending. Building Maintenance Services also showed lower sales results, due to shrinking demand for interior refurbishing. Sales in the Environmental Protection and Energy-Saving businesses, elements of TOC's consolidated results since fiscal 2001, declined as well. The Bathing Facility business, which we initiated in April 2001, posted an operating loss as this was its first year in business. However, visitors are on the rise, and we expect to increase income in this sector through reinforced service and sales activities.

Business Outlook for Fiscal 2003

Despite a glimmer of light in some industries, the overall Japanese economy will likely remain bleak in fiscal 2003. Under the weight of prolonged poor business performance, a drastic increase in private sector capital expenditures cannot be expected, and the domestic job market and consumer spending will likely remain weak.

In the building industry, the TOC Group's main field of business, the "2003 issue" also is drawing near. Most of the building projects begun in 1999 will be completed in 2003, thus flooding the Greater Tokyo area with brand-new large office complexes and resulting in intense competition for acquiring tenants. The business environment surrounding the Group will continue to be difficult, and we shall have to keep a close eye on trends in the market.

Facing these conditions, we will focus on new development projects. For existing businesses, we will also promote management flexibility to more effectively accommodate change. Though these are not optimistic times, we forecast consolidated net sales of ¥19,000 million (US$142,857 thousand) for fiscal 2003, a marginal decrease of 0.1% from fiscal 2002, and net income of ¥2,900 million (US$21,805 thousand), up 4.3%.

As we look to secure further growth in shareholder value, we respectfully request a continuation of the support we have enjoyed to date.

June 2002

President
Takuo Otani

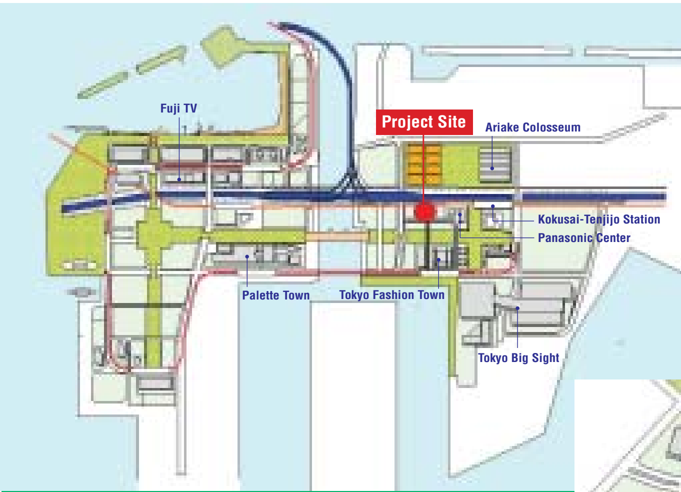
Through Major New Building Projects, TOC Is Striving to Expand Shareholder Value and Assure a Brighter Future.

In the building industry, many Tokyo-area development projects will be completed in 2003, causing an oversupply of office space. Our development projects in progress will likely face fierce competition. To survive in this environment, we will seek balance between the buildings we already own and carefully considered new projects, taking utmost advantage of our long-accumulated expertise and brand recognition.

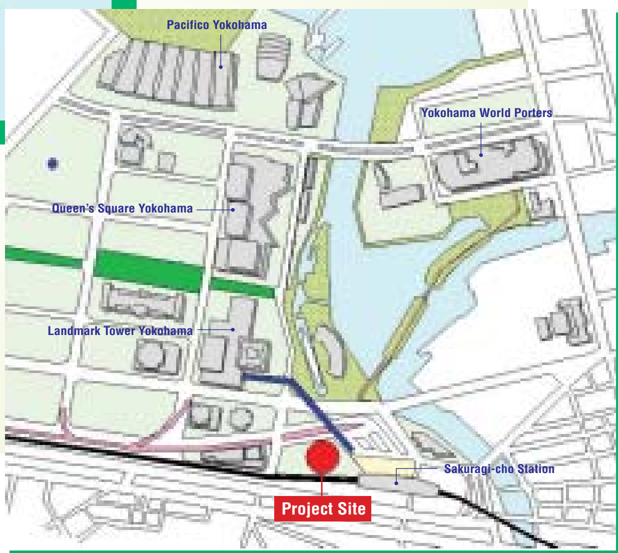
The "Ariake Minami LM2 Zone" project (site area: 9,036.65 square meters), for which we entered into a land lease contract with the Tokyo Metropolitan Government in March 2001, will cater to a wide variety of businesses, mainly for distribution purposes. The "TOC Building for the 21st Century" is scheduled to begin construction here in March 2003.

The "Minato-Mirai 21-28 District" project (site area: 6,611.00 square meters) is being developed directly in front of Sakuragi-cho Station, a major train station in Yokohama. Capitalizing on this prime location, we are planning a multi-purpose complex focusing on fashion and entertainment. Our know-how gained in managing the Asakusa ROX, another fashion- and entertainment-oriented facility we own, should prove valuable in this new project.

The tentatively named "Marunouchi 1-1" project, of which we hold a 5% stake, is located at the Yaesu North exit of Tokyo Station. Construction of an office building on this site began in October 2001, with completion scheduled for September 2003.



"Ariake Minami LM2 Zone" project



"Minato-Mirai 21-28 District" project

TOC Co., Ltd. and Consolidated Subsidiaries

Consolidated Financial Statements for the Years Ended March 31, 2002 and 2001, and Independent Auditors' Report

Financial Review

Net Sales

Consolidated net sales amounted to ¥19,013 million, an increase of ¥735 million (4.0%) over fiscal 2001. This is due mainly to our concerted efforts to strengthen overall business management throughout the consolidated Group as a whole. The consolidation of TOL Co., Ltd., which manages the Asakusa ROX Matsuri-Yu bathing facility, also contributed to net sales growth.

By segment, net sales in the Real Estate segment totaled ¥12,153 million, a decrease of ¥181 million (1.5%), mainly because parking sales were adversely affected by tenants' cost reduction activities. Net sales in Linen Supply amounted to ¥2,109 million, a decrease of ¥18 million (0.8%). Drawing its clientele primarily from the hotel industry, this segment suffered directly from depressed consumer spending and deflationary trends. Net sales in the Others segment totaled ¥4,751 million, an increase of ¥933 million (24.4%). This was due mainly to the consolidation of TOL Co., Ltd., as well as strong sales in the pharmaceuticals and sports club sectors.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales for fiscal 2002 increased ¥517 million (4.9%) over fiscal 2001 to ¥11,000 million, while the cost of sales to net sales ratio improved slightly to 57.9%. Selling, general and administrative (SGA) expenses grew by ¥186 million (7.5%) to ¥2,662 million, and the ratio of SGA expenses to net sales increased from 13.5% to 14.0%.

Operating Income

Operating income for fiscal 2002 rose ¥32 million (0.6%) to ¥5,351 million, with the ratio of operating income to net sales declining from 29.1% to 28.1%. By segment, operating income was ¥5,121 million for the Real Estate segment, ¥37 million for the Linen Supply segment and ¥186 million for the Others segment, respectively.

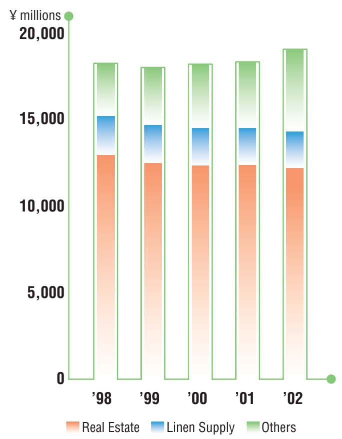
Net Income

Net income for fiscal 2002 amounted to ¥2,781 million, up from a net loss of ¥2,181 million for the previous fiscal year. In that year, we posted an extraordinary loss for the first time since our listing on the stock market, due to losses of ¥8,998 million arising from compulsory devaluation of land and leasehold deposits.

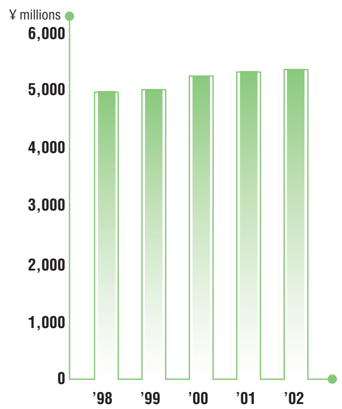
Financial Position

Total assets as of the end of fiscal 2002 stood at ¥76,852 million, a decrease of ¥3,244 million (4.0%) from fiscal 2001. The primary causes of this were a ¥1,413 million decline in cash deposits as a result of bank loan payments, and a ¥1,529 million decrease in marketable and investment securities.

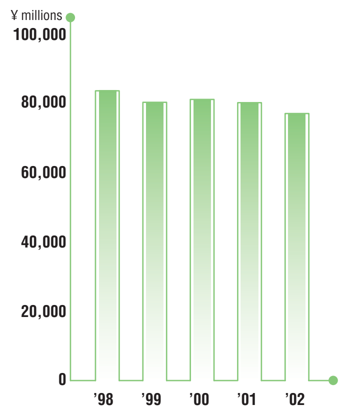
Net Sales by Segment



Operating Income



Total Assets



Current assets fell ¥2,466 million (19.0%) to ¥10,525 million, due mainly to a drop in the value of marketable securities. Inventories shrank by ¥56 million (9.8%) to ¥518 million, while cash and cash equivalents declined by ¥1,449 million (15.1%) to ¥8,153 million. Property, plant and equipment decreased ¥717 million (1.5%) to ¥47,278 million, attributable to a sharp drop in construction in progress. Intangible assets were lower by ¥9 million (0.1%), at ¥7,053 million. And investment and other assets amounted to ¥11,996 million, a decrease of ¥52 million (0.4%).

Current liabilities totaled ¥11,904 million, down ¥4,305 million (26.6%) from fiscal 2001, mainly reflecting a decrease in short-term bank loans and borrowings, down ¥4,010 million (35.1%) to ¥7,400 million. Long-term liabilities amounted to ¥11,875 million, a drop of ¥653 million (5.2%), due primarily to a decline in deposits from tenants. Long-term bank loans decreased ¥90 million (4.7%) to ¥1,810 million.

Shareholders' equity grew ¥1,707 million (3.3%) to ¥52,717 million, even after deducting cash dividends paid (¥739 million) and retirement of treasury stock (¥380 million), and the shareholders' equity ratio improved 4.9 percentage points to 68.6%.

Cash Flows

Total cash and cash equivalents stood at ¥8,153 million at the end of March 2002, a decrease of ¥1,449 million (15.1%) from fiscal 2001, after payment of cash dividends amounting to ¥739 million for the year.

Net cash and cash equivalents provided by operating activities fell ¥628 million (14.7%) to ¥3,630 million, due to a decrease in trade accounts payable, as well as an increase in repayment of deposits from tenants.

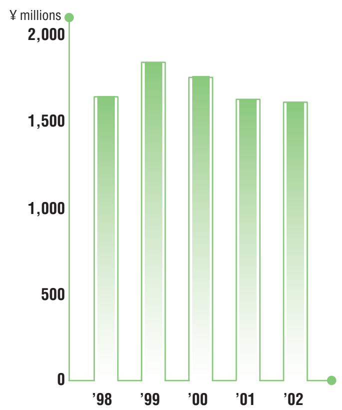
Net cash and cash equivalents used in investing activities dropped sharply by ¥5,773 million (98.7%) to ¥75 million, a figure that reflects our large purchases of property, plant and equipment in fiscal 2001. In addition, payments for purchases of property, plant and equipment for the newly established bathing facility in Asakusa were offset by proceeds from the collection of time deposits and proceeds from the sale of investment securities.

Net cash and cash equivalents provided by financing activities decreased from a positive ¥813 million in fiscal 2001 to a negative ¥5,122 million in fiscal 2002. This was due mainly to repayment of bank loans and other debts to reduce interest liabilities, as well as payment for purchases of treasury stock for the purpose of amortization.

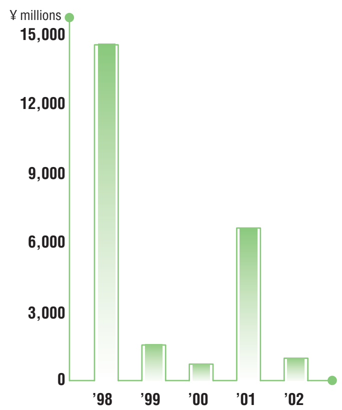
Dividends

Cash dividends for fiscal 2002 were ¥11.0 per share, representing a payout ratio of 25.7%.

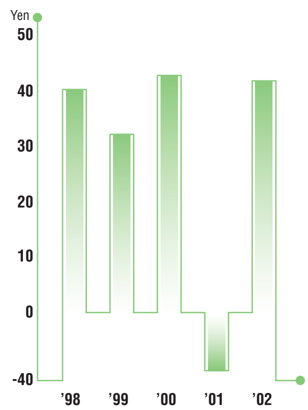
Depreciation and Amortization



Capital Expenditures



Net Income per Share



Consolidated Balance Sheets

March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 8,153	¥ 9,602	$ 61,300
Short-term investments (Note 3)	92	722	693
Marketable securities (Note 4)	20	320	153
Receivables:			
Trade notes	71	77	532
Trade accounts (Note 11)	1,075	1,059	8,085
Allowance for doubtful receivables	(20)	(19)	(151)
Inventories (Note 5)	518	574	3,892
Deferred tax assets (Note 9)	162	170	1,217
Prepaid expenses and other current assets (Note 11)	454	486	3,416
Total current assets	10,525	12,991	79,137
PROPERTY, PLANT AND EQUIPMENT (Note 6):			
Land	29,616	29,572	222,674
Buildings and structures	49,035	47,822	368,687
Machinery and equipment	1,066	1,117	8,013
Construction in progress	132	799	994
Other	1,345	1,328	10,114
Total	81,194	80,638	610,482
Accumulated depreciation	(33,916)	(32,643)	(255,009)
Net property, plant and equipment	47,278	47,995	355,473
INVESTMENTS AND OTHER ASSETS:			
Investment securities	4,664	5,161	35,069
Investments in and advances to unconsolidated subsidiaries and an associated company	311	377	2,339
Leasehold	6,966	6,966	52,380
Deferred tax assets (Note 9)	3,938	3,994	29,610
Other assets	3,198	2,636	24,040
Allowance for doubtful receivables	(28)	(24)	(213)
Total investments and other assets	19,049	19,110	143,225
TOTAL	¥ 76,852	¥ 80,096	$ 577,835

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans and borrowings (Note 6)	¥ 7,400	¥ 11,410	$ 55,639
Current portion of long-term debt	90	2	677
Payables:			
Trade accounts	474	504	3,562
Other (Note 11)	674	865	5,067
Income taxes payable	1,106	1,141	8,317
Accrued expenses	94	98	709
Other current liabilities (Note 11)	2,066	2,190	15,533
Total current liabilities	11,904	16,210	89,504
LONG-TERM LIABILITIES:			
Long-term bank loans (Note 6)	1,810	1,900	13,609
Deposits from tenants (Note 11)	9,785	10,214	73,574
Liability for employees' retirement benefits (Note 7)	137	207	1,030
Liability for retirement allowance for directors and corporate auditors	143	207	1,072
Total long-term liabilities	11,875	12,528	89,285
MINORITY INTERESTS	356	348	2,677
SHAREHOLDERS' EQUITY (Note 8):			
Common stock—authorized, 271,817,000 shares; issued and outstanding, 66,770,416 shares in 2002 and 67,370,416 shares in 2001	11,768	11,768	88,483
Additional paid-in capital	9,327	9,327	70,126
Retained earnings	31,794	30,155	239,051
Unrealized loss on available-for-sale securities (Note 4)	(6)	(66)	(40)
Total	52,883	51,184	397,620
Treasury stock—at cost, 214,000 shares in 2002 and 221,000 shares in 2001	(166)	(174)	(1,251)
Total shareholders' equity	52,717	51,010	396,369
TOTAL	¥ 76,852	¥ 80,096	$ 577,835

Consolidated Statements of Operations

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
NET SALES (Note 11)	¥ 19,013	¥ 18,279	$ 142,958
COST OF SALES (Note 11)	11,000	10,483	82,706
Gross profit	8,013	7,796	60,252
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,662	2,476	20,015
Operating income	5,351	5,320	40,237
OTHER INCOME (EXPENSES):			
Interest and dividends	135	180	1,016
Interest expense	(187)	(190)	(1,406)
Gain on sales of property, plant and equipment	10	161	74
Loss on disposal of property, plant and equipment	(36)	(94)	(267)
Loss on devaluation of land and leasehold	—	(9,035)	—
Equity in earnings of an associated company	22	21	162
Other—net	(303)	(139)	(2,286)
Other expenses—net	(359)	(9,096)	(2,707)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	4,992	(3,776)	37,530
INCOME TAXES (Note 9):			
Current	2,203	2,192	16,560
Deferred	20	(3,792)	152
Total income taxes	2,223	(1,600)	16,712
MINORITY INTERESTS IN NET INCOME (LOSS)	(12)	5	(89)
NET INCOME (LOSS)	¥ 2,781	¥ (2,181)	$ 20,907

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.m):			
Net income (loss)	¥ 41.47	¥ (32.05)	$ 0.31
Cash dividends applicable to the year	11.00	11.00	0.08

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Years Ended March 31, 2002 and 2001

	Thousands	Millions of Yen				
	Outstanding Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Loss on Available-for-sale Securities	Treasury Stock
BALANCE, APRIL 1, 2000	68,670	¥ 11,768	¥ 9,327	¥ 33,988	—	¥ (3)
Adjustment of retained earnings for newly consolidated subsidiary	—	—	—	(8)	—	—
Net loss	—	—	—	(2,181)	—	—
Cash dividends, ¥11 per share	—	—	—	(753)	—	—
Bonuses to directors	—	—	—	(29)	—	—
Retirement of treasury stock	(1,300)	—	—	(862)	—	—
Increase in unrealized loss on available-for-sale securities	—	—	—	—	¥ (66)	—
Increase in treasury stock—net	—	—	—	—	—	(171)
BALANCE, MARCH 31, 2001	67,370	11,768	9,327	30,155	(66)	(174)
Adjustment of retained earnings for newly consolidated subsidiary	—	—	—	(1)	—	—
Net income	—	—	—	2,781	—	—
Cash dividends, ¥11 per share	—	—	—	(739)	—	—
Bonuses to directors	—	—	—	(22)	—	—
Retirement of treasury stock	(600)	—	—	(380)	—	—
Increase in unrealized gain on available-for-sale securities	—	—	—	—	60	—
Decrease in treasury stock—net	—	—	—	—	—	8
BALANCE, MARCH 31, 2002	66,770	¥ 11,768	¥ 9,327	¥ 31,794	¥ (6)	¥ (166)

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Loss on Available-for-sale Securities	Treasury Stock
BALANCE, MARCH 31, 2001	$ 88,483	$ 70,126	$ 226,732	$ (497)	$ (1,305)
Adjustment of retained earnings for newly consolidated subsidiary	—	—	(4)	—	—
Net income	—	—	20,907	—	—
Cash dividends, $0.08 per share	—	—	(5,555)	—	—
Bonuses to directors	—	—	(169)	—	—
Retirement of treasury stock	—	—	(2,860)	—	—
Increase in unrealized gain on available-for-sale securities	—	—	—	457	—
Decrease in treasury stock—net	—	—	—	—	54
BALANCE, MARCH 31, 2002	$ 88,483	$ 70,126	$ 239,051	$ (40)	$ (1,251)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	¥ 4,992	¥ (3,776)	$ 37,530
Adjustments for:			
Income taxes—paid	(2,238)	(2,214)	(16,824)
Depreciation and amortization	1,605	1,622	12,069
Amortization of excess of acquired net equity over cost	—	3	—
Loss on devaluation of land and leasehold	—	9,035	—
Loss on devaluation of investment securities	110	—	825
Provision for doubtful receivables	5	39	41
Bonuses to directors and corporate auditors	(22)	(29)	(169)
Loss (gain) on sales and disposals of property, plant and equipment—net	26	(67)	193
Equity in earnings of an associated company	(22)	(21)	(162)
Changes in assets and liabilities—net:			
Increase in trade notes and accounts receivable	(8)	(95)	(59)
Decrease (increase) in inventories	56	(32)	422
(Decrease) increase in trade accounts payable	(206)	126	(1,548)
(Decrease) increase in accrued expenses	(4)	12	(31)
Decrease in deposits from tenants	(555)	(160)	(4,176)
Decrease in liabilities for employees' retirement benefits	(70)	(60)	(528)
Decrease in liabilities for retirement allowance for directors and corporate auditors	(64)	(29)	(483)
Other—net	26	(95)	195
Total adjustments	(1,361)	8,035	(10,235)
Net cash provided by operating activities	3,631	4,259	27,295
INVESTING ACTIVITIES:			
Payment for purchases of time deposits	(482)	(1,730)	(3,625)
Proceeds from collection of time deposits	1,112	3,488	8,361
Payment for purchases of marketable securities	—	(200)	—
Proceeds from sales of marketable securities	320	297	2,404
Payment for purchases of property, plant and equipment	(965)	(6,583)	(7,253)
Proceeds from sales of property, plant and equipment	63	258	471
Payment for purchases of intangible assets	(11)	(3)	(84)
Payment for purchases of investment securities	(90)	(380)	(677)
Proceeds from sales of investment securities	522	20	3,928
Payment for purchases of non-consolidated subsidiary securities	—	4	—
Other—net	(544)	(1,020)	(4,090)
Net cash used in investing activities	(75)	(5,849)	(565)
FINANCING ACTIVITIES:			
(Repayment of) proceeds from short-term bank loans and borrowings	(4,010)	2,680	(30,151)
Repayments of long-term bank loans	(2)	(80)	(12)
Proceeds from sales of treasury stock	19	—	146
Payment for purchases of treasury stock	(390)	(1,033)	(2,935)
Cash dividends paid	(739)	(754)	(5,556)
Net cash (used in) provided by financing activities	(5,122)	813	(38,508)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,566)	(777)	(11,778)
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	117	—	882
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,602	10,379	72,196
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 8,153	¥ 9,602	$ 61,300

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2002 and 2001

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, 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. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which TOC Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133 to $1, the approximate rate of exchange at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements include the accounts of the Company and its seven (six in 2001) significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Parent, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in an associated company are accounted for by the equity method. Investments in an unconsolidated subsidiary (two in 2001) are stated at cost. If the equity method of accounting had been applied to the investments in this company, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash Equivalents—Cash equivalents are marketable securities that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and bond funds, which mature or become due within three months of the date of acquisition.

c. Inventories—Merchandise is principally stated at cost determined by the retail method as generally applied for the retail industry in Japan.

Finished products, work in process, raw materials and supplies are stated at cost determined by the moving-average method.

d. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings, (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost, and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998. The range of useful lives is principally from 3 to 60 years for buildings and structures.

f. Allowance for Doubtful Accounts—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

g. Retirement and Pension Plans—The Company and certain consolidated subsidiaries have funded and unfunded retirement plans.

Liability for retirement benefits is based on the projected benefit obligations and plan assets at the balance sheet date.

h. Retirement Allowances for Directors and Corporate Auditors—Retirement allowances for directors and corporate auditors are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

i. Leases—All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

j. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

k. Appropriations of Retained Earnings—Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

l. Derivatives and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to fluctuations in interest rates. Interest rate swaps are utilized by the Group to reduce interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

The accounting standard requires that for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

m. Per Share Information—The computation of net income per share is based on the weighted average number of shares of common stock outstanding during the year, retroactively adjusted for stock splits. The weighted average number of common shares used in the computation was 67,057 thousand shares (2002) and 68,037 thousand shares (2001).

Diluted net loss per share is not disclosed because it is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the year including dividends to be paid after the end of the year.

3. SHORT-TERM INVESTMENTS

Short-term investments consisted of time deposits which become due over three months.

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Current:			
Government and corporate bonds	**—**	¥ 300	**—**
Trust fund investments and other	**¥ 20**	20	**$ 153**
Total	**¥ 20**	¥ 320	**$ 153**
Non-current:			
Marketable equity securities	**¥ 191**	¥ 290	**$ 1,438**
Non-marketable equity securities	**2,902**	2,872	**21,818**
Government and corporate bonds	**1,510**	1,916	**11,352**
Trust fund investments and other	**61**	83	**461**
Total	**¥ 4,664**	¥ 5,161	**$ 35,069**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2002 and 2001, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2002				
Securities classified as available-for-sale:				
Equity securities	¥ 181	¥ 26	¥ 16	¥ 191
Government and corporate bonds	1,533	17	40	1,510
Trust fund investments and other	80	2	—	82
March 31, 2001				
Securities classified as available-for-sale:				
Equity securities	291	46	47	290
Government and corporate bonds	2,333	19	136	2,216
Trust fund investments and other	102	1	—	103

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2002				
Securities classified as available-for-sale:				
Equity securities	$ 1,360	$ 198	$ 120	$ 1,438
Government and corporate bonds	11,524	131	303	11,352
Trust fund investments and other	602	11	—	613

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2002 and 2001, were ¥2,902 million ($21,818 thousand) and ¥2,872 million, respectively.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale with specific maturity dates at March 31, 2002, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 20	$ 153
Due after one year through five years	112	837
Total	¥ 132	$ 990

5. INVENTORIES

Inventories at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Merchandise	**¥ 59**	¥ 93	**$ 444**
Finished products	**311**	322	**2,337**
Work in process	**26**	34	**195**
Raw materials	**64**	76	**477**
Supplies	**58**	49	**439**
Total	**¥ 518**	¥ 574	**$ 3,892**

6. SHORT-TERM BANK LOANS, BORROWINGS AND LONG-TERM BANK LOANS

Short-term bank loans and borrowings at March 31, 2002 and 2001, mainly consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans and borrowings ranged from 0.6% to 1.8% and from 0.6% to 1.9% at March 31, 2002 and 2001, respectively.

Long-term bank loans at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Unsecured 2.1% yen loans from bank, due 2018	**¥ 1,900**	¥ 1,900	**$ 14,286**
Unsecured 2.6% yen loans from bank, due 2001	**—**	2	**—**
Total	**1,900**	1,902	**14,286**
Less current portion	**(90)**	(2)	**(677)**
Long-term debt, less current portion	**¥ 1,810**	¥ 1,900	**$ 13,609**

Annual maturities of long-term debt at March 31, 2002, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2003	¥ 90	$ 677
2004	120	902
2005	120	902
2006	120	902
2007	120	902
2008 and thereafter	1,330	10,001
Total	¥ 1,900	$ 14,286

The carrying amounts of assets pledged as collateral for the above short-term bank loans and borrowings at March 31, 2002, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures	¥ 5,440	$ 40,905
Land	689	5,179
Total	¥ 6,129	$ 46,084

7. RETIREMENT AND PENSION PLANS

Employees whose service with the Company and one of its subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for employees' retirement benefits at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Projected benefit obligation	**¥ 663**	¥ 698	**$ 4,985**
Fair value of plan assets	**(526)**	(491)	**(3,955)**
Net liability	**¥ 137**	¥ 207	**$ 1,030**

The components of net periodic benefit costs for the years ended March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Service cost	**¥ 67**	¥ 135	**$ 502**
Transitional obligation	**—**	(57)	**—**
Net periodic benefit costs	**¥ 67**	¥ 78	**$ 502**

8. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 25% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Company's legal reserve amount, which is included in retained earnings, totals ¥2,942 million ($22,121 thousand) and ¥2,897 million as of March 31, 2002 and 2001, respectively. Under the Code, companies may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split could not be less than ¥50. The revised Code eliminated this restriction.

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Company's books. At March 31, 2002, retained earnings recorded on the Company's books were ¥28,199 million ($212,024 thousand) which is available for future dividends subject to the approval of the shareholders and legal reserve requirements.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus amount of stated capital, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

The Code permits companies to transfer a portion of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits companies to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

At the general shareholders meeting held on June 29, 2000, the Company's shareholders revised its articles of incorporation and approved the following purchase of treasury stock for retirement and the related reduction of retained earnings and additional paid-in capital:

The Board of Directors is authorized to repurchase, up to 6,700 thousand shares of the Company's stock for the purpose of canceling the shares and charging such amounts to retained earnings.

On January 22, 2002, based on the revised articles of incorporation noted above, the Board of Directors approved the purchase of up to 600 thousand shares of the Company's stock (aggregate amount of ¥400 million) for the purpose of canceling the shares and charging such amounts to retained earnings. During the year ended March 31, 2002, the Company purchased 600 thousand shares of the Company's stock for ¥380 million ($2,860 thousand).

The article mentioned above was deleted at the general shareholders meeting held on June 26, 2002, because of an amendment of the Code.

At the general shareholders meeting held on June 26, 2002, the Company's shareholders approved the following purchase of treasury stock:

The Board of Directors is authorized to repurchase, up to 3,000 thousand shares of the Company's stock (aggregate amount of ¥2,000 million).

The balance of treasury stock recorded in the shareholders' equity section as of March 31, 2002, represents treasury stock purchased for the purpose of granting stock options to directors and key employees. As of March 31, 2002, stock options for 218,000 shares have been granted and are exercisable through June 30, 2005.

Exercise price is ¥762. This exercise price will change if the Company makes a stock split or issues stock at amounts less than fair value.

9. INCOME TAXES

The Company and its subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 42% for the years ended March 31, 2002 and 2001.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Deferred tax assets:			
Accrued enterprise taxes	**¥ 96**	¥ 104	**$ 720**
Retirement benefits for directors and corporate auditors	**60**	87	**451**
Unrealized gain on sales of property	**35**	41	**260**
Unrealized loss on available-for-sale securities	**5**	49	**36**
Devaluation of land and leasehold	**3,799**	3,799	**28,564**
Tax loss carryforwards of subsidiaries	**299**	202	**2,249**
Other	**159**	128	**1,195**
Less valuation allowance	**(339)**	(232)	**(2,544)**
Total	**4,114**	4,178	**30,931**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**1**	1	**8**
Deferred gains on sales of property	**13**	13	**96**
Total	**14**	14	**104**
Net deferred tax assets	**¥ 4,100**	¥ 4,164	**$ 30,827**

The valuation allowance mainly consisted of tax loss carryforwards of certain subsidiaries.

10. LEASES

The Group leases certain machinery and equipment, as well as other assets.

(1) Financing Leases

Total rental expenses under the above leases for the years ended March 31, 2002 and 2001, were ¥38 million ($288 thousand) and ¥58 million, respectively, including ¥29 million ($222 thousand) and ¥41 million of lease payments under finance leases.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2002 and 2001, was as follows:

	Millions of Yen					
	2002			2001		
	Machinery and Equipment	Other	Total	Machinery and Equipment	Other	Total
Acquisition cost	¥ 41	¥ 59	¥ 100	¥ 157	¥ 49	¥ 206
Accumulated depreciation	26	28	54	126	32	158
Net leased property	¥ 15	¥ 31	¥ 46	¥ 31	¥ 17	¥ 48

	Thousands of U.S. Dollars		
	2002		
	Machinery and Equipment	Other	Total
Acquisition cost	$ 303	$ 447	$ 750
Accumulated depreciation	190	215	405
Net leased property	$ 113	$ 232	$ 345

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥ 19	¥ 26	$ 142
Due after one year	29	26	219
Total	¥ 48	¥ 52	$ 361

The imputed interest expense portion which is computed using the interest method is excluded from the above obligations under finance leases.

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Depreciation expense	¥ 26	¥ 36	$ 198
Interest expense	2	2	14
Total	¥ 28	¥ 38	$ 212

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of operations, are computed by the straight-line method and the interest method, respectively.

(2) Operating Leases

The minimum rental commitments under noncancelable operating leases at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥ 1	¥ 7	$ 9
Due after one year	—	2	—
Total	¥ 1	¥ 9	$ 9

11. RELATED PARTY TRANSACTIONS

a. Transactions of the Company with OSAKI SAIKAIHATSU BUILDING Co., Ltd. (an associated company), whose representative director is also a representative director of the Company, for the years ended March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Sales	**¥ 279**	¥ 294	**$ 2,098**
Purchases	**506**	329	**3,804**

The balances due from/to OSAKI SAIKAIHATSU BUILDING Co., Ltd. at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Accounts receivable	**¥ 3**	¥ 4	**$ 24**
Prepaid expenses	**29**	27	**216**
Other payable	**15**	49	**109**
Other current liabilities	**14**	31	**105**
Deposits from tenants	**784**	791	**5,898**

b. Transactions of the Company with HRT NEW OTANI Co., Ltd., whose representative director is also a representative director of the Company, for the year ended March 31, 2001, were as follows:

	Millions of Yen
Sales	¥ 626
Purchases	5

The balances due from/to HRT NEW OTANI Co., Ltd. at March 31, 2001, were as follows:

	Millions of Yen
Accounts receivable	¥ 68
Deposits from tenants	684

12. DERIVATIVES

The Group enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization.

13. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2002, were approved at the Company's shareholders meeting held on June 26, 2002:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥5.50 ($0.04) per share	¥ 366	$ 2,752
Bonuses to directors and corporate auditors	22	168

14. SEGMENT INFORMATION

The Company operates in the following industries:

Real estate—consisting of rental rooms, exhibition halls and parking lots.

Linen supply and laundry—consisting of linen supply and laundry service.

Other—consisting of selling goods, restaurant businesses, production and distribution of medicine, management of a gym and a bathhouse, building maintenance services, carpentry work services, environmental protection and energy-saving businesses.

Information about industry segments for the years ended March 31, 2002 and 2001, was as follows:

Industry Segments

a. Sales and Operating Income

	Millions of Yen					
	2002					
	Real Estate	Linen Supply and Laundry	Other	Total	Eliminations/ Corporate	Consolidation
Sales to customers	¥ 12,153	¥ 2,109	¥ 4,751	¥ 19,013	—	¥ 19,013
Intersegment sales	800	46	107	953	¥ (953)	—
Total sales	12,953	2,155	4,858	19,966	(953)	19,013
Operating expenses	7,832	2,118	4,672	14,622	(960)	13,662
Operating income	¥ 5,121	¥ 37	¥ 186	¥ 5,344	¥ 7	¥ 5,351

	Millions of Yen					
	2001					
	Real Estate	Linen Supply and Laundry	Other	Total	Eliminations/ Corporate	Consolidation
Sales to customers	¥ 12,334	¥ 2,127	¥ 3,818	¥ 18,279	—	¥ 18,279
Intersegment sales	395	13	100	508	¥ (508)	—
Total sales	12,729	2,140	3,918	18,787	(508)	18,279
Operating expenses	7,697	2,118	3,664	13,479	(520)	12,959
Operating income	¥ 5,032	¥ 22	¥ 254	¥ 5,308	¥ 12	¥ 5,320

	Thousands U.S. Dollars					
	2002					
	Real Estate	Linen Supply and Laundry	Other	Total	Eliminations/ Corporate	Consolidation
Sales to customers	$ 91,377	$ 15,858	$ 35,723	$ 142,958	—	$ 142,958
Intersegment sales	6,016	343	805	7,164	$ (7,164)	—
Total sales	97,393	16,201	36,528	150,122	(7,164)	142,958
Operating expenses	58,887	15,920	35,130	109,937	(7,216)	102,721
Operating income	$ 38,506	$ 281	$ 1,398	$ 40,185	$ 52	$ 40,237

b.Assets, Depreciation and Capital Expenditures

	Millions of Yen					
	2002					
	Real Estate	Linen Supply and Laundry	Other	Total	Eliminations/ Corporate	Consolidation
Assets	¥ 53,704	¥ 1,038	¥ 3,740	¥ 58,482	¥ 18,370	¥ 76,852
Depreciation	1,447	63	104	1,614	(9)	1,605
Capital expenditures	781	40	146	967	(2)	965

	Millions of Yen					
	2001					
	Real Estate	Linen Supply and Laundry	Other	Total	Eliminations/ Corporate	Consolidation
Assets	¥ 54,108	¥ 1,021	¥ 3,751	¥ 58,880	¥ 21,216	¥ 80,096
Depreciation	1,460	78	96	1,634	(11)	1,623
Capital expenditures	6,536	37	34	6,607	—	6,607

	Thousands U.S. Dollars					
	2002					
	Real Estate	Linen Supply and Laundry	Other	Total	Eliminations/ Corporate	Consolidation
Assets	$ 403,787	$ 7,805	$ 28,122	$ 439,714	$ 138,121	$ 577,835
Depreciation	10,879	472	788	12,139	(70)	12,069
Capital expenditures	5,875	300	1,096	7,271	(19)	7,252

As the majority of operations and sales are domestic, information for geographical segments and sales to foreign customers is not applicable to the Group.

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Tohmatsu

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
TOC CO., LTD.:

We have examined the consolidated balance sheets of TOC Co., Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of TOC Co., Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 26, 2002

Corporate Data
(as of March 31, 2002)

Corporate Name: TOC Co., Ltd.

Head Office: 7-22-17 Nishi-Gotanda, Shinagawa-ku, Tokyo
Tel: +81-3-3494-2111 Fax: +81-3-3494-2024
URL: www.toc.co.jp/toc/

Established: 1926

Paid-in Capital: 11,768,191,630 yen

Authorized Number of Shares: 66,770,416 shares

Number of Employees: 74

Subsidiaries: TO Linen Supply Co., Ltd.
ROX Health Plaza Co., Ltd.
TOC Supply Co., Ltd.
Hoshi Pharmaceutical Co., Ltd.
Tokyo Oroshiuri Center Distribution Group Co., Ltd.
A. A. J. Co., Ltd.
TOL Co., Ltd.

Board of Directors and Corporate Auditors (as of June 26, 2002)

Chairman: Kazuhiko Otani

President: Takuo Otani

Senior Managing Directors:
Takashi Ikeda
Motokazu Habiro
Yoshinori Matsuzaki
Masao Ohashi
Osamu Kawamura
Kazuo Iwai

Standing Auditor: Hiroshi Koda

Corporate Auditors: Yutaka Matsushima
Akira Aoyama

Major Real Estate Property Holdings

TOC Building
Address: 7-22-17 Nishi-Gotanda, Shinagawa-ku, Tokyo
Constructed: 1970
Site Area: 21,522.23 square meters
Total Floor Space: 174,013.32 square meters

TOC Building 2
Address: 7-21-11 Nishi-Gotanda, Shinagawa-ku, Tokyo
Constructed: 1976
Site Area: 1,643.99 square meters
Total Floor Space: 12,741.02 square meters

TOC Building 3
Address: 7-23-1 Nishi-Gotanda, Shinagawa-ku, Tokyo
Constructed: 1971
Site Area: 1,044.88 square meters
Total Floor Space: 7,979.56 square meters

TOC Front Building
Address: 7-22-17 Nishi-Gotanda, Shinagawa-ku, Tokyo
Constructed: 1983
Site Area: Included in the site area of the TOC Building
Total Floor Space: 4,428.79 square meters

TOC Building 5
Address: 7-21-1 Nishi-Gotanda, Shinagawa-ku, Tokyo
Constructed: 1987
Site Area: 636.92 square meters
Total Floor Space: 4,456.90 square meters

Osaki New City 1
Address: 1-6-1 Osaki, Shinagawa-ku, Tokyo
Constructed: 1987
Site Area: 7,288.76 square meters (including both Osaki New City 1 and 2)
Total Floor Space: 27,592.87 square meters (including 4,053.37 square meters of shared space)

Osaki New City 2
Address: 1-6-2 Osaki, Shinagawa-ku, Tokyo
Constructed: 1987
Total Floor Space: 21,262.56 square meters (including 3,113.97 square meters of shared space)

Asakusa ROX
Address: 1-25-15 Asakusa, Taito-ku, Tokyo
Constructed: 1986
Site Area: 4,239.14 square meters
Total Floor Space: 36,498.84 square meters

ROX-2
Address: 1-24-1 Asakusa, Taito-ku, Tokyo
Constructed: 1990
Site Area: 529.28 square meters
Total Floor Space: 794.78 square meters

ROX-3
Address: 1-26-5 Asakusa, Taito-ku, Tokyo
Constructed: 1995
Site Area: 2,175.76 square meters
Total Floor Space: 3,449.50 square meters

ROX Dome
Address: 1-27-5 Asakusa, Taito-ku, Tokyo
Constructed: 1998
Site Area: 956.92 square meters
Total Floor Space: 1,293.76 square meters

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