

OBAYASHI CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS 2002



Certified Public Accountants
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo 100-0011
C.P.O. Box 1196, Tokyo 100-8641

Phone: 03 3503-1100
Fax: 03 3503-1197

The Board of Directors
OBAYASHI CORPORATION

We have audited the consolidated balance sheets of OBAYASHI CORPORATION 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. Our audits 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 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 OBAYASHI CORPORATION and consolidated subsidiaries at 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 consistently applied during the period except for the change, with which we concur, in the method of accounting for recognition of revenues and related costs as described in Note 2(a) to the consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Shin Nihon & Co.

Tokyo, Japan
June 27, 2002

See Note 1 to the consolidated financial statements which explains the basis of presentation of the consolidated financial statements of OBAYASHI CORPORATION and consolidated subsidiaries under Japanese accounting principles and practices.

Consolidated Balance Sheets

OBUYASHI CORPORATION March 31, 2002 and 2001

ASSETS

	Japanese Yen (million)		U.S. Dollars (thousand)	
	FY 2002	FY 2001	FY 2002	FY 2001
CURRENT ASSETS:				
Cash and deposits (Notes 2, 7 and 10)	¥ 87,730	¥ 91,162	\$ 658,389	\$ 684,142
Notes and accounts receivable, trade.....	355,025	303,740	2,664,350	2,279,471
Allowance for doubtful receivables(Note 2).....	(1,557)	(1,601)	(11,685)	(12,012)
Marketable securities(Notes 2 and 4).....	28,599	14,033	214,625	105,311
Inventories(Notes 2 and 5).....	616,663	679,251	4,627,864	5,097,568
Other current assets(Notes 2 and 9).....	152,051	146,986	1,141,098	1,103,087
Total current assets.....	1,238,511	1,233,571	9,294,641	9,257,567
PROPERTY AND EQUIPMENT (Notes 2 and 7):				
Land.....	262,908	295,011	1,973,045	2,213,967
Buildings.....	223,377	246,143	1,676,376	1,847,224
Machinery and equipment.....	77,084	66,848	578,488	501,672
Construction in progress.....	3,635	9,785	27,280	73,435
Accumulated depreciation.....	(167,173)	(141,929)	(1,254,582)	(1,065,131)
Net property and equipment.....	399,831	475,858	3,000,607	3,571,167
INVESTMENT AND OTHER ASSETS:				
Investment securities(Notes 2 and 4).....	308,443	392,608	2,314,768	2,946,400
Investments in affiliates(Notes 1 and 4).....	7,039	14,275	52,827	107,132
Long-term loans receivable(Note 7).....	36,760	38,278	275,873	287,267
Other(Notes 2 and 9).....	83,491	67,924	626,578	509,747
Allowance for doubtful receivables(Note 2).....	(29,421)	(25,433)	(220,798)	(190,867)
Total investments and other assets.....	406,312	487,652	3,049,248	3,659,679
TOTAL ASSETS	¥ 2,044,654	¥ 2,197,081	\$ 15,344,496	\$ 16,488,413

LIABILITIES AND SHAREHOLDERS' EQUITY

	Japanese Yen (million)		U.S. Dollars (thousand)	
	FY 2002	FY 2001	FY 2002	FY 2001
CURRENT LIABILITIES:				
Short-term borrowings (Note 6).....	¥ 214,672	¥ 228,443	\$ 1,611,050	\$ 1,714,395
Current portion of long-term debt (Notes 6 and 7).....	76,081	48,300	570,967	362,474
Notes and accounts payable, trade.....	496,954	484,472	3,729,483	3,635,814
Accrued income taxes.....	3,306	9,275	24,812	69,607
Advances received on construction projects in progress.....	463,761	493,103	3,480,379	3,700,584
Advances received on real estate for sale.....	4,088	2,861	30,676	21,475
Accrued expenses.....	17,965	18,658	134,824	140,022
Other current liabilities.....	170,534	122,874	1,279,801	922,133
Total current liabilities.....	1,447,361	1,407,986	10,861,992	10,566,504
LONG-TERM LIABILITIES:				
Long-term debt (Notes 6 and 7).....	174,199	228,570	1,307,309	1,715,350
Reserve for retirement benefits (Notes 2 and 8).....	70,502	68,676	529,099	515,394
Other long-term liabilities (Notes 2 and 9).....	48,460	86,441	363,677	648,710
Total long-term liabilities.....	293,161	383,687	2,200,085	2,879,454
MINORITY INTERESTS.....	13,772	86	103,357	643
COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)				
SHAREHOLDERS' EQUITY:				
Common stock (Note 11):				
Authorized; 1,248,000,000 Shares				
Issued; 727,813,544 Shares (2001).....	-	57,752	-	433,412
721,509,646 Shares (2002).....	57,753	-	433,416	-
Additional paid-in capital (Note 11).....	41,695	41,694	312,903	312,900
Reserve for land revaluation(Note 2).....	12,015	4,326	90,171	32,467
Retained earnings(Notes 2 and 11).....	114,681	205,521	860,648	1,542,368
Unrealized holding gains on securities(Note 2).....	65,385	97,600	490,698	732,458
Foreign Exchange Translation Adjustment(Note 2).....	(877)	(1,569)	(6,583)	(11,776)
Treasury stock held by the Company.....	(31)	(2)	(233)	(17)
Treasury stock held by subsidiaries.....	(261)	-	(1,958)	-
Total shareholders' equity.....	290,360	405,322	2,179,062	3,041,812
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	¥ 2,044,654	¥ 2,197,081	\$ 15,344,496	\$ 16,488,413

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Operations

OBAYASHI CORPORATION For the years ended March 31, 2002 and 2001

	Japanese Yen (million)		U.S. Dollars (thousand)	
	FY 2002	FY 2001	FY 2002	FY 2001
REVENUES (Notes 2 and 12):				
Construction.....	¥ 1,334,006	¥ 1,251,699	\$10,011,299	\$ 9,393,613
Real estate and other.....	69,665	61,649	522,820	462,656
	1,403,671	1,313,348	10,534,119	9,856,269
COST OF SALES (Note 2):				
Construction.....	1,236,992	1,136,382	9,283,240	8,528,197
Real estate and other.....	66,810	52,853	501,387	396,644
	1,303,802	1,189,235	9,784,627	8,924,841
Gross profit.....	99,869	124,113	749,492	931,428
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 2)	82,247	88,799	617,241	666,411
Operating income.....	17,622	35,314	132,251	265,017
OTHER INCOME (EXPENSES):				
Interest and dividend income.....	5,087	5,445	38,177	40,866
Interest expenses.....	(5,411)	(6,619)	(40,609)	(49,673)
Equity in earnings of affiliates.....	682	(294)	5,114	(2,206)
Amortization of transition difference arising from initial adoption of the new accounting standard for retirement benefits(Notes 2 and 8)	-	(37,650)	-	(282,550)
Other, net.....	(131,893)	(6,635)	(989,815)	(49,797)
Total.....	(131,535)	(45,753)	(987,133)	(343,360)
LOSS BEFORE INCOME TAXES	(113,913)	(10,439)	(854,882)	(78,343)
INCOME TAXES (Notes 2 and 9):				
Current.....	8,244	14,409	61,869	108,132
Deferred.....	(47,726)	(18,379)	(358,170)	137,928
	(39,482)	(3,970)	(296,301)	(29,796)
MINORITY INTERESTS	352	3	2,641	20
NET LOSS	¥ (74,079)	¥ (6,466)	\$ (555,940)	\$ (48,527)
PER SHARE DATA (Note 11):				
Net loss:				
Assuming no dilution.....	¥ (102.43)	¥ (8.78)	\$ (0.77)	\$ (0.07)
Assuming full dilution.....	(102.43)	(8.78)	(0.77)	(0.07)
Cash dividends.....	8.02	8.03	0.06	0.06

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

OBAYASHI CORPORATION For the years ended March 31, 2002 and 2001

	Japanese Yen (million)		U.S. Dollars (thousand)	
	FY 2002	FY 2001	FY 2002	FY 2001
COMMON STOCK (Note 11):				
Balance at beginning of year.....	¥ 57,752	¥ 57,752	\$ 433,412	\$ 433,412
Conversion of convertible bonds.....	1	-	4	-
Balance at end of year.....	¥ 57,753	¥ 57,752	\$ 433,416	\$ 433,412
ADDITIONAL PAID-IN CAPITAL (Note 11):				
Balance at beginning of year.....	¥ 41,694	¥ 41,694	\$ 312,900	\$ 312,900
Conversion of convertible bonds.....	1	-	4	-
Balance at end of year.....	¥ 41,695	¥ 41,694	\$ 312,904	\$ 312,900
RESERVE FOR LAND REVALUATION (Note 2):				
Balance at beginning of year.....	¥ 4,326	¥ 4,270	\$ 32,467	\$ 32,042
Reversal of reserve for land revaluation.....	7,497	62	56,261	463
Other.....	192	(6)	1,443	(38)
Balance at end of year.....	¥ 12,015	¥ 4,326	\$ 90,171	\$ 32,467
RETAINED EARNINGS (Notes 2 and 11):				
Balance at beginning of year.....	¥205,521	¥ 225,717	\$ 1,542,368	\$ 1,693,936
Cumulative effect of initial adoption of tax-effect accounting.....	33	-	250	-
Adjustment of newly consolidated subsidiaries and application of equity method.....	(302)	-	(2,263)	-
Cash dividends paid.....	(5,797)	(5,910)	(43,506)	(44,358)
Bonuses to directors and corporate auditors.....	(208)	(229)	(1,562)	(1,718)
Reversal of reserve for land revaluation.....	(7,497)	(62)	(56,261)	(463)
Retirement of treasury stock.....	(2,990)	(7,529)	(22,438)	(56,502)
Net loss for the year.....	(74,079)	(6,466)	(555,940)	(48,527)
Balance at end of year.....	¥114,681	¥ 205,521	\$ 860,648	\$ 1,542,368
UNREALIZED HOLDING GAINS ON SECURITIES (Note 2):				
Balance at beginning of year.....	¥ 97,600	¥ -	\$ 732,458	\$ -
(Decrease) Increase.....	(32,215)	97,600	(241,760)	732,458
Balance at end of year.....	¥ 65,385	¥ 97,600	\$ 490,698	\$ 732,458
FOREIGN EXCHANGE TRANSLATION ADJUSTMENTS (Note 2):				
Balance at beginning of year.....	¥ (1,569)	¥ -	\$ (11,776)	\$ -
Increase (decrease).....	692	(1,569)	5,193	(11,776)
Balance at end of year.....	¥ (877)	¥ (1,569)	\$ (6,583)	\$ (11,776)
TREASURY STOCK :				
Balance at beginning of year.....	¥ (2)	¥ (2)	\$ (17)	\$ (16)
Purchase of treasury stock.....	(3,060)	(7,625)	(22,961)	(57,221)
Retirement.....	2,990	7,529	22,438	56,502
Sales of treasury stock.....	41	96	307	718
Balance at end of year.....	¥ (31)	¥ (2)	\$ (233)	\$ (17)
TREASURY STOCK HELD BY SUBSIDIARIES:				
Balance at beginning of year.....	¥ -	¥ -	\$ -	\$ -
Purchase of treasury stock.....	(261)	-	(1,958)	-
Balance at end of year.....	¥ (261)	¥ -	\$ (1,958)	\$ -
NUMBER OF SHARES:				
	(thousand of shares)			
Balance at beginning of year.....	727,809	745,168		
Conversion of convertible bonds.....	1	-		
Retirement of treasury stock.....	(6,305)	(17,360)		
Gain and loss of treasury stock.....	(68)	1		
Treasury stock held by subsidiaries.....	(1,737)	-		
Balance at end of year.....	719,700	727,809		

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

OBAYASHI CORPORATION For the years ended March 31, 2002 and 2001

	Japanese Yen (million)		U.S.Dollars (thousand)	
	FY 2002	FY 2001	FY 2002	FY 2001
OPERATING ACTIVITIES:				
Net loss.....	¥ (74,079)	¥ (6,466)	\$ (555,940)	\$ (48,527)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization.....	14,772	14,561	110,861	109,273
Amortization of the consolidated goodwill.....	(845)	-	(6,344)	-
Allowance for doubtful receivables.....	1,850	3,561	13,881	26,722
Reserve for retirement benefits.....	(4,330)	31,395	(32,496)	235,612
(Gain) Loss on sales and disposal of property, equipment and marketable and investment securities.....	(3,384)	2,030	(25,399)	15,234
Write down of marketable, investment and subsidiaries and affiliates securities.....	2,343	1,917	17,586	14,388
Loss on revaluation of golf club membership.....	-	2,500	-	18,765
Loss on revaluation of non-current assets.....	134,226	-	1,007,324	-
Deferred income taxes.....	(47,726)	(18,379)	(358,169)	(137,928)
Undistributed earnings of affiliate.....	(682)	294	(5,115)	2,206
Changes in assets and liabilities				
Trade receivables.....	(19,422)	(61,016)	(145,756)	(457,908)
Inventories.....	35,253	46,931	264,563	352,202
Other current assets.....	11,415	(20,108)	85,667	(150,903)
Trade payables.....	(14,547)	114,870	(109,174)	862,060
Accrued income taxes.....	(6,076)	(4,046)	(45,597)	(30,362)
Advances received on construction projects in progress...	(37,240)	(57,849)	(279,471)	(434,142)
Advances received on real estate for sale.....	1,226	(1,039)	9,201	(7,796)
Accrued expenses.....	(693)	747	(5,197)	5,609
Other current liabilities.....	45,293	15,426	339,910	115,770
Other, net.....	(2,969)	4,875	(22,288)	36,589
Total adjustments.....	108,464	76,670	813,987	575,391
Net cash provided by operating activities.....	34,385	70,204	258,047	526,864
INVESTING ACTIVITIES:				
Purchases of marketable, investment and subsidiaries and affiliates securities.....	(9,361)	(6,775)	(70,249)	(50,846)
Proceeds from sales of marketable, investment and subsidiaries and affiliates securities.....	28,765	29,953	215,875	224,791
Proceeds from sales of property and equipment.....	681	5,155	5,108	38,686
Purchases of property and equipment.....	(8,347)	(13,697)	(62,645)	(102,793)
Proceeds from repayment of loans.....	4,849	7,328	36,387	54,993
Payment for loans receivables.....	(1,684)	(599)	(12,638)	(4,495)
Net proceeds from acquisition of subsidiaries (Note 10).....	4,323	-	32,443	-
Other.....	(14)	-	(99)	-
Net cash provided by investing activities.....	19,212	21,365	144,182	160,336
FINANCING ACTIVITIES:				
Proceeds from short-term and long-term debt.....	36,350	12,279	272,795	92,151
Repayment of short-term and long-term debt.....	(65,539)	(78,462)	(491,851)	(588,836)
Proceeds from issue of bonds.....	-	5,000	-	37,524
Redemption of bonds.....	(20,442)	(22,837)	(153,411)	(171,387)
Cash dividends.....	(5,797)	(5,910)	(43,507)	(44,359)
Purchase of treasury stock for retirement.....	(2,990)	(7,529)	(22,438)	(56,502)
Other.....	409	0	3,074	(1)
Net cash used in financing activities.....	(58,009)	(97,459)	(435,338)	(731,410)
Net decrease in cash and cash equivalents.....	(4,412)	(5,890)	(33,109)	(44,210)
Cash and cash equivalents at beginning of the year.....	90,854	96,744	681,828	726,038
Increase due to inclusion of new subsidiaries in consolidation.....	443	-	3,323	-
Cash and cash equivalents at end of the year (Notes 2 and 10).....	86,885	90,854	652,042	681,828
SUPPLEMENTAL INFORMATION OF CASH FLOWS:				
Cash paid during the year for:				
Interest.....	5,464	6,388	41,003	47,943
Income taxes.....	14,320	18,454	107,465	138,494

Notes to Consolidated Financial Statements

OBAYASHI CORPORATION For the years ended March 31, 2002 and 2001

1. Basis of presenting consolidated financial statements

- (a) OBAYASHI CORPORATION (the "Parent company" or the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted in Japan. Foreign subsidiaries maintain their accounting records in conformity with financial accounting standards of the country of their domicile. The accompanying consolidated financial statements have been compiled from the financial statements filed with the Financial Services Agency as required by the Securities and Exchange Law of Japan and include certain additional financial information for the convenience of readers outside Japan. Accordingly, the accompanying financial statements may differ in some material respects in presenting 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. For the purposes of this document, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan. The Parent company has prepared the consolidated statements of shareholders' equity for the purpose of inclusion in this report, although such statements are not customarily prepared in Japan.
- (b) The Parent Company had 53 subsidiaries as of March 31, 2002 (46 as of March 31, 2001). The Consolidated financial statements as of and for the years ended March 31, 2002 included the accounts of the Parent Company and all subsidiaries (together "the Companies"). Investments in affiliated companies are accounted for by the equity method.

2. Summary of significant accounting policies

- (a) Recognition of revenues and related costs
Revenues from construction contracts of the Company and the related costs are recorded on a completed-contract basis, except for those related to large-scale contracts with long-term construction periods of more than 2 years and contracted amounts in excess of ¥5 billion which are recognized by the percentage-of-completion method.
The Company formerly applied the percentage-of-completion method in accounting for construction contracts with a construction period of more than 2 years and a contract amount in excess of ¥15 billion. Effective the year ended March 31, 2002, the Company has applied the percentage-of-completion method in accounting for new construction contracts with a construction period of more than 2 years and a contract amount in excess of ¥5 billion. This change in method of accounting was made because the size of the construction contracts has recently tended to be smaller and the Company believed that this revision would reflect periodic performance more accurately.
This change had no impact on the consolidated financial statements for the year ended March 31, 2002.
- (b) Foreign currency translation
The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of shareholders' equity which are translated at their historical exchange rates. Revenue and expense accounts are translated at the rate of exchange in effect at the balance sheet date.
- (c) Cash and cash equivalents
All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.
- (d) Marketable securities and investment securities
Securities are classified into two categories: held-to-maturity or other securities.
Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity.
Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.
- (e) Inventories
Inventories other than materials and supplies are stated at cost as determined on a specific project basis. Materials and supplies are stated at cost as determined on the first-in first-out method.
- (f) Property and equipment
Property and equipment is stated principally at cost. Depreciation is computed principally by the declining-balance method over the estimated useful lives of the respective assets as follows:
Buildings: 3 - 50 years
Machinery and equipment: 3 - 15 years
- (g) Reserve for retirement benefits
Reserve for retirement benefits for employees is provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for unrecognized actuarial gain or loss.
The retirement benefit obligation at transition was expensed upon transition. Actuarial gain or loss is attributed to each period by the straight-line method over 10 years.
- (h) Income taxes
The Company and its consolidated subsidiaries apply deferred tax accounting for income taxes which requires recognition of income taxes by the asset/liability method.
Under the asset/liability method, deferred tax assets and liabilities are determined based on the difference between financial reporting basis and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.
- (i) Appropriations of retained earnings
Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.
- (j) Allowance for doubtful receivables
The allowance for doubtful receivables has been provided based on the Company's and its subsidiaries' historical experience with respect to write-offs and based on an estimate of the amount of specific uncollectible accounts for the year ended March 31, 2002 and 2001.

(k) Lease

Finance leases other than those which are deemed to transfer the ownership of leased property to lessees are accounted for in the same manner as operating leases.

(l) Land revaluation

Pursuant to the "Law Concerning the Revaluation of Land", land used for the business operations was revalued on March 31, 2000. The excess of the revalued carrying amount over the book value before revaluation has been included in shareholders' equity as reserve for land revaluation.

The revaluation of the land was determined based on the official standard notice prices in accordance with Article 2, paragraph 1 of the "Enforcement Ordinance Concerning Land Revaluation" and the appraisal value made by the certified real estate appraisers in accordance with Article 2, paragraph 5 of the same Ordinance with certain necessary adjustments.

The excess of the revalued carrying amount over the market value at March 31, 2002, was ¥8,907 million (\$66,847 thousand).

(m) Derivative financial instruments

The Company and certain consolidated subsidiaries have entered into various derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates. Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability.

Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

As for interest rate swaps used for converting receipts or payments of interest on an asset or a liability, if principal terms of the interest rate swaps such as notional amount, index of interest rates, date and interval of interest payments, contract period are essentially the same as those of the hedged asset or liability, such interest rate swaps may not be measured at fair value, but the related interests may be adjusted to the interests on the hedged asset or liability on an accrual basis.

(n) Reserve for losses on real estate business

Reserve for losses on real estate business is provided for the estimated losses to be incurred in liquidating the real estate for sale and restructuring the real estate-related business.

(o) Loss on revaluation of real estate business and other

The components of loss on revaluation of real estate business and other for the year ended March 31, 2002 are as follows:

Loss on revaluation of non-current assets ¥88,541 million (\$664,471 thousand)

Loss on revaluation of real estate for sale ¥45,685 million (\$342,852 thousand)

These losses include provision for losses on real estate business and other of ¥1,714 million (\$12,870 thousand).

3. United States dollar amounts

The United States dollar amounts included herein are presented solely for convenience. The translations should not be construed as representations that Japanese yen have been, could have been or could in the future be converted into United States dollars. Such dollar amounts have been translated from yen at the exchange rate of ¥133.25=\$1, the approximate exchange rate prevailing on March 31, 2002.

4. Securities

(a) Information regarding marketable securities classified as held-to-maturity debt securities and other securities as of March 31, 2002 and 2001 is as follows;

Marketable held-to-maturity debt securities

Year ended March 31, 2002	Japanese Yen (million)			U.S. Dollars (thousand)		
	Carrying value	Estimated fair value	Unrealized gain(loss)	Carrying value	Estimated fair value	Unrealized gain(loss)
Securities whose fair value exceeds their carrying value:						
Government bonds, Municipal bonds.....	¥ 40	¥ 40	¥ 0	\$ 300	\$ 302	\$ 2
Others.....	489	515	26	3,667	3,860	193
Total.....	¥ 529	¥ 555	¥ 26	\$ 3,967	\$ 4,162	\$ 195

Year ended March 31, 2001	Japanese Yen (million)			U.S. Dollars (thousand)		
	Carrying value	Estimated fair value	Unrealized gain(loss)	Carrying value	Estimated fair value	Unrealized gain(loss)
Securities whose fair value exceeds their carrying value:						
Government bonds, Municipal bonds.....	¥ 20	¥ 20	¥ 0	\$ 150	\$ 152	\$ 2
Others.....	488	535	47	3,664	4,011	347
Total.....	¥ 508	¥ 555	¥ 47	\$ 3,814	\$ 4,163	\$ 349

Marketable other securities

Year ended March 31, 2002	Japanese Yen (million)			U.S. Dollars (thousand)		
	Acquisition cost	Carrying value	Unrealized gain(loss)	Acquisition cost	Carrying value	Unrealized gain(loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock.....	¥ 132,815	¥ 250,586	¥ 117,770	\$ 996,737	\$ 1,880,567	\$ 883,830
Other.....	11	39	29	80	295	215
Subtotal.....	¥132,826	¥ 250,625	¥ 117,799	\$ 996,817	\$ 1,880,862	\$ 884,045
Securities whose acquisition cost exceeds their fair value :						
Stock.....	¥ 25,157	¥ 19,976	¥ (5,181)	\$ 188,792	\$ 149,910	\$ (38,882)
Subtotal.....	¥ 25,157	¥ 19,976	¥ (5,181)	\$ 188,792	\$ 149,910	\$ (38,882)
Total.....	¥ 157,983	¥ 270,601	¥ 112,618	\$ 1,185,609	\$ 2,030,772	\$ 845,163

Year ended March 31, 2001	Japanese Yen (million)			U.S. Dollars (thousand)		
	Acquisition cost	Carrying value	Unrealized gain(loss)	Acquisition cost	Carrying value	Unrealized gain(loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock.....	¥ 143,961	¥ 315,487	¥ 171,526	\$ 1,080,381	\$ 2,367,630	\$ 1,287,248
Bonds.....	10	10	0	74	74	0
Subtotal.....	¥ 143,971	¥ 315,497	¥ 171,526	\$ 1,080,455	\$ 2,367,704	\$ 1,287,248
Securities whose acquisition cost exceeds their fair value :						
Stock.....	¥ 19,772	¥ 16,215	¥ (3,557)	\$ 148,380	\$ 121,688	\$ (26,692)
Other.....	31	31	-	232	232	-
Subtotal.....	¥ 19,803	¥ 16,246	¥ (3,557)	\$ 148,612	\$ 121,920	\$ (26,692)
Total.....	¥ 163,774	¥ 331,743	¥ 167,969	\$ 1,229,067	\$ 2,489,624	\$ 1,260,556

(b) Sales of securities classified as other securities

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Sales.....	¥ 13,360	¥ 5,747	\$ 100,264	\$ 43,127
Aggregate gain.....	¥ 5,892	¥ 340	\$ 44,216	\$ 2,552
Aggregate loss.....	¥ 967	¥ 504	\$ 7,257	\$ 3,785

(c) In addition to the securities above, the Company held investment securities with no market value available at March 31, 2002 and 2001 as follows:

Year ended March 31, 2002	Japanese Yen (million)	U.S. Dollars (thousand)
	Carrying value	Carrying value
Securities held to maturity		
Non-listed foreign bonds.....	¥ 48,598	\$ 364,713
Other securities		
Non-listed stocks.....	11,814	88,661
Preferred equity securities.....	5,500	41,276
Year ended March 31, 2001		
	Japanese Yen (million)	U.S. Dollars (thousand)
	Carrying value	Carrying value
Securities held to maturity		
Non-listed foreign bonds.....	¥ 61,970	\$ 465,064
Other securities		
Non-listed stocks.....	11,851	88,934
Preferred equity securities.....	500	3,753
Medium-term government bond funds.....	70	522

(d) The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities as of March 31, 2002 and 2001 is summarized as follows:

Year ended March 31, 2002	Japanese Yen (million)		U.S. Dollars (thousand)	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
Government bonds.....	¥ 2	¥ 40	\$ 11	\$ 300
Other debt securities.....	28,751	20,369	215,769	152,863
	¥ 28,753	¥ 20,409	\$ 215,780	\$ 153,163

Year ended March 31, 2001	Japanese Yen (million)		U.S. Dollars (thousand)	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
Government bonds.....	¥ 1	¥ 30	\$ 11	\$ 226
Corporate bonds.....	4,000	0	30,019	0
Other debt securities.....	10,000	48,872	75,047	366,772
	¥ 14,001	¥ 48,902	\$ 105,077	\$ 366,998

5. Inventories

Inventories comprised the following:

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Construction projects in progress.....	¥ 515,525	¥ 531,349	\$ 3,868,862	\$ 3,987,612
Real estate for sale.....	62,745	90,900	470,880	682,177
Development projects in progress.....	35,264	54,357	264,643	407,929
Materials and supplies.....	3,129	2,645	23,479	19,850
	¥ 616,663	¥ 679,251	\$ 4,627,864	\$ 5,097,568

6. Short-term borrowings and long-term debt

Short-term bank loans are represented generally by 180-day or 365-day notes issued by the Companies to banks and overdrafts with banks and bore interest at the average annual rate of 0.73 per cent. at March 31, 2002 (0.96 per cent. at March 31, 2001).

Long-term loans bore interest at the average annual rate of 1.93 per cent. at March 31, 2002. (2.02 per cent. at March 31, 2001).

(a) Short-term borrowings comprised the following:

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Short-term loans from banks.....	¥ 214,572	¥ 233,543	\$ 1,610,300	\$ 1,752,669
Short-term loans from insurance companies.....	100	—	750	—
	¥ 214,672	¥ 233,543	\$ 1,611,050	\$ 1,752,669

(b) Long-term debt comprised the following:

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
2.55 per cent. bonds due September, 2001.....	¥ —	¥ 10,000	\$ —	\$ 75,047
2.9 per cent. bonds due September, 2002.....	10,000	10,000	75,047	75,047
1.6 per cent. bonds due August, 2004.....	20,000	20,000	150,094	150,094
2.03 per cent. bonds due August, 2006.....	10,000	10,000	75,047	75,047
2.1 per cent. convertible bonds due March, 2002...	—	1,443	—	10,829
1.6 per cent. convertible bonds due March, 2004...	9,969	9,969	74,814	74,814
Bonds, due 2002-2005.....	37,200	46,043	279,174	345,538
Loans from Japanese banks.....	92,190	103,654	691,863	777,890
Loans from Japanese insurance companies.....	65,342	61,036	490,370	458,055
Loans from other financial institutions.....	5,579	4,725	41,867	35,460
	¥ 250,280	¥ 276,870	\$ 1,878,276	\$ 2,077,821
Less: Current portion of long-term debt.....	76,081	48,300	570,967	362,474
	¥ 174,199	¥ 228,570	\$ 1,307,309	\$ 1,715,347

The 1.6 per cent. convertible bonds in the amount of ¥10,000 million due March 31, 2004, which were issued in Japan on March 31, 1989, are convertible into common stock at the option of the holders during the period from May 1, 1989 to March 30, 2004 at ¥1,865.7 (\$14,002) per share, subject to adjustment in certain circumstances.

The overseas-consolidated subsidiary issued bonds, due 2002-2005, partly at a fixed interest rate, partly at an interest rate linked to the actual London inter-bank offered rate.

The aggregate annual maturities of long-term debt (including current portion) subsequent to March 31, 2002 were as follows:

Year ended March 31,	Japanese Yen (million)	U.S. Dollars (thousand)
2003.....	¥ 76,081	\$ 570,967
2004.....	79,948	599,985
2005.....	47,535	356,739
2006.....	12,283	92,178
2007 and thereafter.....	34,433	258,407
	¥ 250,280	\$ 1,878,276

As is customary in Japan, long-term and short-term bank loans are made under general agreements, which provide that additional security and guarantees for present and future indebtedness will be given under certain circumstances at the request of banks and that any collateral so furnished will be applicable to all indebtedness due to banks. In addition, the agreements provide that banks has the right to offset cash deposited against any long-term and short-term debt that becomes due and, in case of default and certain other specified events, against all other debts payable to banks. Such rights have never been exercised by banks against the Parent company or its consolidated subsidiaries.

7. Pledged assets

Assets pledged as collateral for short-term borrowings and long-term debt were as follows:

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
ASSETS PLEDGED AS COLLATERAL:				
Cash & Deposits.....	¥ 50	¥ -	\$ 375	\$ -
Land*.....	11,646	18,377	87,397	137,919
Buildings.....	16,061	40,689	120,532	305,355
Machinery and equipment.....	433	1,347	3,251	10,110
Long-term loans receivable (Real estate convertible loan).....	25,426	25,719	190,814	193,012
	¥ 53,616	¥ 86,132	\$ 402,369	\$ 646,396
LIABILITIES SECURED THEREBY:				
Current portion of long-term debt.....	¥ 1,325	¥ 1,169	\$ 9,940	\$ 8,776
Long-term debt.....	17,077	17,119	128,155	128,474
Long-term debt of Sanyu Building Corporation*.....	188	235	1,413	1,762

* Obayashi Real Estate, Ltd. pledged its land in the amount of ¥499 million (\$3,744 thousand) to secure the long-term debt of Sanyu Building Corporation.

8. Retirement Benefit Plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2002 and 2001 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Retirement benefit obligation.....	¥ (148,916)	¥ (137,022)	\$ (1,117,570)	\$ (1,028,307)
Plan assets at fair value.....	67,053	61,386	503,214	460,681
Unfunded retirement benefit obligation.....	(81,863)	(75,636)	(614,356)	(567,626)
Unrecognized actuarial gain or loss.....	11,423	6,960	85,726	52,232
Net retirement benefit obligation.....	(70,440)	(68,676)	(528,630)	(515,394)
Prepaid pension cost.....	(62)	-	(469)	-
Reserve for retirement benefits.....	¥ (70,502)	¥ (68,676)	\$ (529,099)	\$ (515,394)

The components of retirement benefit expenses for the year ended March 31, 2002 and 2001 are outlined as follows:

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Service cost.....	¥ 5,462	¥ 5,059	\$ 40,991	\$ 37,971
Interest cost.....	5,040	4,649	37,823	34,886
Expected return on plan assets.....	(1,622)	(1,528)	(12,169)	(11,469)
Amortization of actuarial gain or loss.....	782	—	5,866	—
Amortization of net retirement benefit obligation at transition.....	—	37,650	—	282,550
Total	¥ 9,662	¥ 45,830	\$ 72,511	\$ 343,938

The assumptions used in accounting for the above plans were as follows:

Year ended March 31,	FY 2002	FY 2001
Discount rates.....	3.0 or 3.5%	3.5%
Expected return on assets.....	2.5 or 3.0%	2.5%

9. Income taxes

Income taxes applicable to the Company and its domestic subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of approximately 41.9%. Income taxes of the foreign subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The major components of deferred tax assets and liabilities as of March 31, 2002 and 2001 are summarized as follows:

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Deferred tax assets:				
Loss on revaluation of non-current asset.....	¥ 42,749	¥ —	\$ 320,817	\$ —
Loss on revaluation of real estate for sale.....	22,210	3,933	166,676	29,514
Reserve for retirement benefits.....	19,079	17,281	143,186	129,692
Allowance for doubtful receivables.....	6,318	5,852	47,413	43,916
Reserve for employees' bonuses.....	4,229	3,303	31,735	24,791
Intercompany unrealized profits on inventories...	1,492	1,476	11,195	11,077
Intercompany unrealized profits on sale of property and equipment.....	—	1,847	—	13,861
Reserve for land revaluation.....	—	1,316	—	9,876
Loss on revaluation of golfclub membership.....	—	819	—	6,146
Accrued enterprise tax.....	—	758	—	5,688
Other.....	13,789	14,070	103,486	105,590
	¥ 109,866	¥ 50,655	\$ 824,508	\$ 380,151
Valuation allowance.....	(5,543)	(512)	(41,598)	(3,844)
Total deferred tax assets.....	¥ 104,323	¥ 50,143	\$ 782,910	\$ 376,307
Deferred tax liabilities:				
Unrealized holding gains on securities.....	¥ (47,182)	¥(70,449)	\$(354,084)	\$ (528,699)
Reserve for land revaluation.....	(9,108)	(4,184)	(68,352)	(31,401)
Deferred gain with respect to property for tax purposes.....	(258)	(233)	(1,938)	(1,748)
Other.....	(590)	(616)	(4,427)	(4,621)
Total deferred tax liabilities.....	¥ (57,138)	¥(75,482)	\$(428,801)	\$ (566,469)
Net deferred tax assets (liabilities).....	¥ 47,185	¥(25,339)	\$ 354,109	\$ (190,162)

Reconciliation between the statutory tax rate and the effective tax rate for the year ended March 31, 2002 and 2001 is not presented, as permitted, since the Company incurred a loss before income taxes for the years then ended.

10. Supplementary Cash Flow Information

(a) The following table represents a reconciliation of cash and cash equivalents as of March 31:

	Japanese Yen (million)		U.S. Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Cash and deposits.....	¥ 87,730	¥ 91,162	\$ 658,389	\$ 684,142
Time deposits with a maturity of more than three months.....	(845)	(308)	(6,347)	(2,314)
Cash and cash equivalents.....	¥ 86,885	¥ 90,854	\$ 652,042	\$ 681,828

(b) Summary of assets and liabilities of companies initially included in the consolidation due to the additional acquisition of their stock

The following is a summary of the transferred assets and liabilities, the relevant purchasing prices and the net cash outflows by the purchases of stock of Obayashi Road Co.Ltd., and 4 other companies in the year ended March 31, 2002.

Current assets.....	¥ 49,725	\$ 373,171
Non-current assets.....	26,937	202,154
Current liabilities.....	(42,901)	(321,959)
Long-term liabilities.....	(9,279)	(69,636)
Goodwill.....	(7,899)	(59,280)
Minority interests.....	(14,680)	(110,169)
Book value of their stock acquired before the year ended March 31, 2002.....	(886)	(6,649)
Additional acquisition of their stock during the year ended March 31, 2002.....	1,017	7,632
Cash and cash equivalent acquired.....	(5,340)	(40,075)
Net proceeds.....	(4,323)	(32,443)

11. Shareholders' equity and per share data

On October 1, 2001, an amendment (the "Amendment") to the Japanese Commercial Code (the "JCC") became effective. The Amendment eliminates the stated par value of the Company's outstanding shares which results in all outstanding shares having no par value as of October 1, 2001. Before the Amendment, the Company's shares had a par value of ¥50 per share.

The Amendment requires that an amount equal to at least 10% of cash dividends and other distributions, including directors' bonuses, from retained earnings paid by the Company be appropriated as a legal reserve to the extent that the total amount of additional paid-in capital and the legal reserve equals 25% of the common stock while the JCC before the Amendment required to do so to the extent that the legal reserve equals 25% of the common stock. The Amendment also provides that to the extent that the sum of the additional paid-in capital and the legal reserve exceed 25% of the common stock, the amount of the excess, if any, is available for appropriations by the resolution of the shareholders prescribed by the JCC.

The computation of net loss per share assuming no dilution is based on the weighted average number of shares of common stock outstanding during each year.

Net loss per share assuming full dilution is computed assuming that all convertible bonds were converted at the beginning of the year with appropriate adjustment of the interest expenses, net of income taxes for such convertible bonds.

In accordance with the Commercial Code, proposed appropriations of retained earnings have not been reflected in the financial statements at the end of the fiscal year to which they apply. However, dividends per share shown in the statements of income are the amount of dividends actually declared by the Company with respect to such fiscal year rather than the fiscal year in which the dividends are paid.

At the shareholders' meeting held on June 29, 2000, a clause was added to the Company's Article that the Board of Directors may decide to purchase treasury stocks up to 70,000,000 shares for retirement on and after June 30, 2000. Until June 27, 2002, 23,665,000 shares have been purchased for that purpose.

The number of shares used in computing net loss per share assuming no dilution and full dilution for the years ended March 31, 2002 and 2001 were as follows:

Year ended March 31,.....	FY 2002	FY 2001	(thousand)
Assuming no dilution.....	723,207	736,308	
Assuming full dilution.....	723,207	736,308	

12. Segment Information

(a) Business Segments

The Company and its consolidated subsidiaries are primarily engaged in the following three major industry segments:

Construction	Building construction, civil engineering, etc.
Real estate	Resale and rental of land, houses and buildings
Other	Golf club related business, financing and leasing, etc.

Year ended March 31, 2002	Japanese Yen (million)					
	Construction	Real estate	Others	Total	Adjustments and Eliminations	Consolidated
Revenues:						
From outside customers.....	¥ 1,353,654	¥ 43,105	¥ 6,912	¥ 1,403,671	¥ -	¥ 1,403,671
Intersegment.....	3,711	957	4,453	9,121	(9,121)	-
Total.....	1,357,364	44,063	11,365	1,412,792	(9,121)	1,403,671
Operating expenses.....	1,342,477	42,329	10,583	1,395,389	(9,340)	1,386,049
Operating income.....	¥ 14,888	¥ 1,733	¥ 782	¥ 17,403	¥ 219	¥ 17,622
Total Assets.....	¥ 1,569,533	¥ 404,739	¥ 108,562	¥ 2,082,834	¥ (38,180)	¥ 2,044,654
Depreciation.....	8,027	6,605	244	14,876	(157)	14,719
Capital expenditures.....	5,205	4,059	149	9,413	-	9,413

Year ended March 31, 2001	Japanese Yen (million)					
	Construction	Real estate	Others	Total	Adjustments and Eliminations	Consolidated
Revenues:						
From outside customers.....	¥ 1,261,468	¥ 44,225	¥ 7,655	¥ 1,313,348	¥ -	¥ 1,313,348
Intersegment.....	2,595	702	3,735	7,031	(7,031)	-
Total.....	1,264,063	44,926	11,390	1,320,379	(7,031)	1,313,348
Operating expenses.....	1,233,294	41,160	10,593	1,285,047	(7,012)	1,278,034
Operating income.....	¥ 30,769	¥ 3,767	¥ 797	¥ 35,333	¥ (19)	¥ 35,313
Total Assets.....	¥ 1,635,300	¥ 476,998	¥ 120,595	¥ 2,232,893	¥ (35,812)	¥ 2,197,081
Depreciation.....	8,184	6,250	253	14,688	(157)	14,531
Capital expenditures.....	6,705	5,058	154	11,918	-	11,918

Year ended March 31, 2002	U.S.Dollars (thousand)					
	Construction	Real estate	Others	Total	Adjustments and Eliminations	Consolidated
Revenues:						
From outside customers.....	\$ 10,158,752	\$ 323,493	\$ 51,875	\$ 10,534,120	\$ -	\$ 10,534,120
Intersegment.....	27,847	7,184	33,418	68,449	(68,449)	-
Total.....	10,186,599	330,677	85,294	10,602,569	(68,449)	10,534,120
Operating expenses.....	10,074,871	317,668	79,424	10,471,963	(70,095)	10,401,868
Operating income.....	\$ 111,728	\$ 13,008	\$ 5,869	\$ 130,605	\$ 1,646	\$ 132,251
Total Assets.....	\$ 11,778,861	\$ 3,037,439	\$ 814,722	\$ 15,631,021	\$ (286,526)	\$ 15,344,496
Depreciation.....	60,242	49,565	1,832	111,638	(1,175)	110,463
Capital expenditures.....	39,059	30,464	1,115	70,638	-	70,638

Year ended March 31, 2001	U.S.Dollars (thousand)					
	Construction	Real estate	Others	Total	Adjustments and Eliminations	Consolidated
Revenues:						
From outside customers.....	\$ 9,466,924	\$ 331,894	\$ 57,450	\$ 9,856,269	\$ -	\$ 9,856,269
Intersegment.....	19,477	5,265	28,027	52,769	(52,769)	-
Total.....	9,486,401	337,159	85,477	9,909,038	(52,769)	9,856,269
Operating expenses.....	9,255,492	308,890	79,494	9,643,876	(52,624)	9,591,252
Operating income.....	\$ 230,909	\$ 28,269	\$ 5,983	\$ 265,161	\$ (145)	\$ 265,017
Total Assets.....	\$ 12,272,418	\$ 3,579,719	\$ 905,031	\$ 16,757,168	\$ (268,756)	\$ 16,488,413
Depreciation.....	61,418	46,907	1,902	110,226	(1,177)	109,049
Capital expenditures.....	50,320	37,961	1,158	89,438	-	89,438

As mentioned in Note 2-(a), the Company and its consolidated subsidiaries formerly applied the percentage-of-completion method in accounting for construction contracts with a construction period of more than 2 years and a contract amount in excess of ¥15 billion. Effective the year ended March 31, 2002, the Company and its consolidated subsidiaries has applied the percentage-of-completion method in accounting for new construction contracts with a construction period of more than 2 years and a contract amount in excess of ¥5 billion. This change had no impact on the segment information for the year ended March 31, 2002.

(b) Geographic Segments

Information by geographic segments is not presented as domestic sales and assets exceeded 90 per cent. of all segments for the years ended March 31, 2002 and 2001.

(c) Sales by region

Information on sales by region is not presented as domestic sales exceeded 90 per cent. of revenues for the years ended March 31, 2002 and 2001.

13. Derivative financial instruments

Because all derivative instruments held by the Company and its domestic subsidiaries at 31 st March, 2002 and 2001 were for hedging purposes, the related information on their respective market is not presented as permitted.

14. Commitments and contingent liabilities

(a) Contingent liabilities

The Company and consolidated subsidiaries are contingently liable for the following:

	Japanese Yen (million)		U.S.Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Trade notes receivable endorsed.....	¥ -	¥ 318	\$ -	\$ 2,385
Guarantees of long-term debt of customers and affiliates.....	1,666	2,115	12,505	15,875
Commitments of guarantees for short-term and long-term debt of customers and affiliates.....	1,060	1,030	7,955	7,730

(b) Commitments

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2002 and 2001 for finance lease transactions accounted for as operating leases, except for lease agreements which stipulate the transfer of ownership of the leased property to the Company and its subsidiaries and non cancellable operating lease, are summarized as follows:

	Japanese Yen (million)		U.S.Dollars (thousand)	
	March 31		March 31	
	FY 2002	FY 2001	FY 2002	FY 2001
Finance lease with no ownership transaction:				
Due within one year.....	¥ 1,928	¥ 1,878	\$ 14,465	\$ 14,097
Due after one year.....	2,122	2,458	15,927	18,444
Total future payments.....	¥ 4,050	¥ 4,336	\$ 30,392	\$ 32,541
Operating lease:				
Due within one year.....	¥ 178	¥ 23	\$ 1,337	\$ 173
Due after one year.....	1,039	24	7,799	181
Total future payments.....	¥ 1,217	¥ 47	\$ 9,136	\$ 354

15. Subsequent event

On June 27, 2002, the following appropriations of retained earnings were approved at the shareholders' meeting of the Parent company.

	Japanese Yen (million)	U.S.Dollars (thousand)
Cash dividends	¥ 2,886	\$ 21,657



ODAYASHI CORPORATION

HEAD OFFICE/TOKYO

Shinagawa Intercity Tower B
15-2, 2-chome, Konan, Minato-ku, Tokyo 108-8502
Tel: 81-3-5769-1111, Fax: 81-3-5769-1923

MAIN OFFICE/OSAKA

33, 4-chome, Kitahamahigashi, Chuo-ku, Osaka 540
Tel:81-6-946-4400, Fax: 81-6-946-4755