



TOSHIBA

ANNUAL REPORT 2002

For the Year Ended 31st March, 2002



TOSHIBA PLANT KENSETSU CO., LTD.

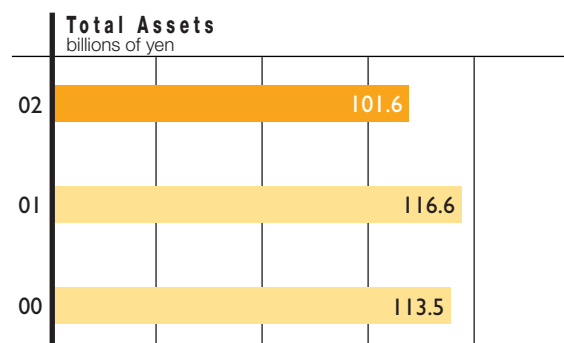
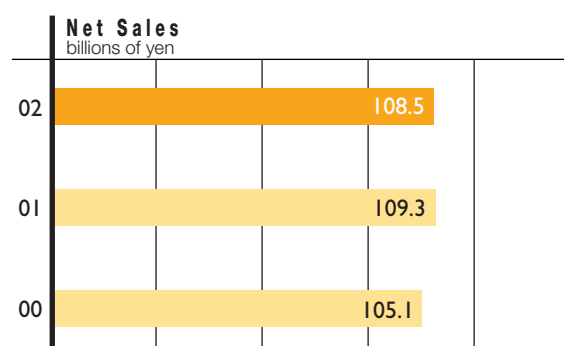
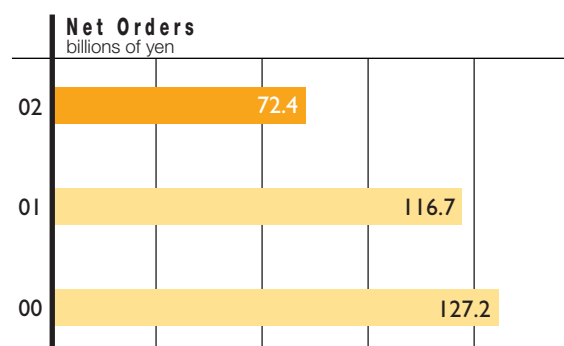
Consolidated Financial Highlights

Toshiba Plant Kensetsu Co., Ltd.

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Net Sales	¥ 109,274	¥ 108,482	\$ 814,131
Income (Loss) before Income Taxes	(7,413)	(3,677)	(27,591)
Net Income (Loss)	(4,266)	(2,296)	(17,229)
Per Share of Common Stock (in yen and dollars):			
Net Income (Loss)	¥ (62.78)	¥ (33.78)	\$ (0.25)
Cash Dividends	8.00	8.00	0.06
Total Assets	¥ 116,561	¥ 101,603	\$ 762,500
Total Shareholders' Equity	51,657	48,127	361,179

Notes: 1. U.S.dollar amounts here and elsewhere in this annual report are translated from Japanese yen, at the rate of ¥133.25 = U.S.\$1.00, solely for the convenience of the reader.

2. Net income per share is computed based on the weighted average number of shares outstanding during each year after giving retroactive effect to any free distributions of shares.



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Toshiba Plant Kensetsu Co., Ltd.,

a subsidiary of the Toshiba Corporation, was founded in 1923. It engages in the construction, installation and maintenance of hydroelectric, thermal and nuclear power generation plants, substation facilities as well as assorted electrical installation work. Toshiba Plant Kensetsu has also diversified into other engineering work for various projects, including electrical, air-conditioning and communications equipment for facilities such as hospitals, airports, factories, as well as intelligent office buildings. The Company has a solid reputation as an EPC (engineering, procurement and construction) company in all of these fields. Today, Toshiba Plant Kensetsu is advancing into new areas such as IT, energy-saving systems, or ESCO (energy services companies) projects, remaining as dedicated as ever to its customers and shareholders as it strives to develop and expand its markets around the globe.

At a Glance

<p>Power Plants</p>		<p>29%</p> <p>Design, construction, installation, maintenance/upgrading of thermal and hydroelectric power plants as well as substations, ESCO (energy services companies) /energy-conserving technology projects (including installation/maintenance of co-generation systems)</p>
<p>Nuclear Power Plants</p> <p>31%</p>	<p>Design, construction, installation, maintenance and upgrading of nuclear power plants, uranium enrichment facilities, facilities for the disposal of spent fuel and nuclear power research centers</p>	
<p>Industrial and Other Facilities</p>		<p>40%</p> <p>Design, construction and installation of plants for a wide range of industries as well as of systems and facilities (including IT, aircraft safety, and electronic communications systems)</p>
 <p>Net Sales ¥ 108,482 million (US\$ 814,131)</p>		<p>Others The division provides procurement, leasing and management services for construction machinery, equipment and supplies by the subsidiaries. Also, the employee welfare programs of the Company are managed by this division. As of March 31, 2002, orders and sales equaled ¥88 million. The information about this division is not reported in the following Review of Operations as its contribution to the overall business performance was not significant.</p>



Since I was appointed as CEO of our new management team in June 2001, I have been aggressively proceeding with corporate reform following a strategy of quick, decisive action for proactive business innovation. Individual employees at Toshiba Plant Kensetsu Co., Ltd. and our other group companies, are making every effort to implement the dynamic reform through strong initiatives to ensure profitable and sustainable growth in the years to come.

*President and Chief
Executive Officer*
Tadahisa Ogita

*P*ROGRESS REPORT ON CORPORATE REFORM IN THE FISCAL YEAR ENDED MARCH 31, 2002

For the fiscal year ended March 31, 2002, the overall economic climate in Japan has remained depressed as demand in the IT-related and export sectors is sluggish. Combined with the dwindling earnings growth, this decline of gross capital spending in the private sector, as well as stagnating consumer spending has further depressed overall economic recovery.

In these worsening economic conditions, Japan's construction industry was forced to endure declines both in the number of government-led public works and in private investment. Especially, affected by the declining

number of large scale projects coupled with mounting price pressures caused by the cost cutting efforts and reduced gross capital spending by electric power companies, electric power plant projects, our company's core business field since its establishment, showed no sign of recovery during the fiscal year.

Against this backdrop, the Toshiba Plant Kensetsu Group has been taking decisive action for corporate reform aimed at establishing a streamlined organization to ensure profit growth despite a deteriorating market. And to this end, we are taking wide-reaching countermeasures as follows: "promotion of a limited term program to assist people who voluntarily retire" (in the second half of this fiscal year), full-scale restructuring aimed at effective operation, reinforcement of risk con-

trol management focusing especially on the EPC (Engineering, Procurement, and Construction) and overseas projects, as well as ongoing implementation of other progressive reform plans. Speed is vital, and a keyword, for realizing our dynamic reform. The Company emphasizes again that individual employee has a strong initiative to take swift action ahead and carry out the dynamic reform in preparing for a decisive future.

When it comes to content, first, we have reinforced the total risk control management system for the anticipated expansion of overseas business opportunities and of comprehensive EPC projects. Second, in order to efficiently utilize our management resources, we reorganized and realigned our environmental business sector. Third, in January 2002, we have stepped up an organizational integration aiming for a flatter, more focused organization in order to operate more effectively and speed up decision making.

To establish a structure, geared to high profitability, the Company has proactively pursued an appropriately sized workforce as part of the structural corporate reform. The total number of employees of the group was 2,191 at the end of March 2002, down from the previous year by 271 (including 187 that applied for the “limited term program to assist people who voluntarily retire” conducted in January to March 2002). In addition, a new system that cuts the procurement has been introduced.



OPERATIONAL REVIEW

During the fiscal year ended March 31, 2002, along with aforementioned company wide initiative, the Company has been aggressively making every efforts to increase contracts volume and net sales. Nevertheless, total orders received dropped 37.9% to ¥72,408 million over

the previous fiscal year. This was due primarily to a domestic decline in the number of new projects for the Nuclear Power Plant Division as well as the cancellation of overseas plant projects, which were previously scheduled to break ground.

Consolidated net sales declined slightly 0.7% from the previous fiscal year to ¥108,482 million, due to a decrease in large scale projects for upgrading or remodeling existing nuclear power plant facilities as well as declining sales of the Industrial and Other Facilities Division, despite an increase in overseas sales for the Power Plant Division.

To improve profit performance, we made strong efforts to expedite the process of cutting cost of sales and implementing the corporate reform strategy, thereby ensuring a stable earnings stream. However, negative impact from shrinking sales and intensified price competition has pushed down overall profitability. Furthermore, extraordinary expenses associated with the



*T*HE FIFTH MIDTERM PLAN

“limited term voluntary retirement program” of ¥2,740 million and increased reserves for losses on construction contracts were booked, despite the gains on the sales of investment securities at ¥1,259 million. As a result, the Company reported a net loss of ¥2,295 million for the year ended March 31, 2002.

In March 2002, we embarked on a review of corporate strategy, in particular the management system and corporate structure, based on the new Fifth Midterm Plan. The previous Fourth Midterm Plan, which was formula-

Outline of the Fifth Midterm Plan

① Profit Oriented Management

1) Establishing an effective operating system with an appropriately sized workforce in line with the individual business structures

We are conducting a sweeping reform strategy to streamline our corporate structures through a focused and flat organization, as well as achieving an appropriately sized workforce, and a reduction of overall operational cost.

2) Edging up its techno- and cost-competitiveness

We continue to proactively take decisive steps to improve our competitive edge in state-of-the-art construction technologies such as engineering, procurement, and civil engineering, which enables to meet the diverse customer demand. Concurrently, we continue to carry out the strategies aimed at improving the competitive edge through cost control.

3) Reinforced management for profitability

We regard the establishment of a system capable of accurately monitoring and controlling risks as vital in generating a return commensurate with the risks involved from the moment of project evaluation to the project's completion. The upgrading of risk management capabilities is one of our primary policy objectives. Based on this new framework, we are set for progress in expanding project contracts by merging the sales and engineering units.

② A Drastic Structural Reform

1) Thrust of business targets and corporate restructuring

As the specialized energy and civil infrastructure division in the Toshiba Group, Toshiba Plant Kensetsu, closely aligned with its parent (Toshiba Corp.), will develop a stronger and more competitive platform through coordinated planning of cooperative projects and corporate restructuring. Furthermore, we will encourage the diversification of our business and expand our core business markets by focusing on selected independent and overseas projects, as well as new business sectors.

2) Strategic alliances in the Toshiba Plant Kensetsu Group

By defining a set of corporate missions and aligning the Toshiba Plant Kensetsu group, we will unite our efforts based on the goals best for all and build a platform for strong consolidated management.



ted in fiscal year 2000, set down several goals. However, in order to respond to the drastic climate change in this business sector, we devised a new reform strategy (for the period up to fiscal year 2004) in lieu of the previous Fourth Midterm Plan.

As market conditions worsen, the Company places emphasis on the corporate initiatives for 1) Profit Oriented Management and 2) A Drastic Structural Reform, to secure a stable earnings stream.

Ultimately, the target for the Fifth Midterm Plan (finishing in fiscal year ending March 31, 2005) on a non-consolidated basis is ¥110,000 million in total orders to be received, sales of ¥105,000 million, and a revived net income of ¥600 million.

OUTLOOK

Although some signs of improvement in the stagnant Japanese economy have been reported recently, the construction industry is expected to remain beset by a harsh business climate of continuing price pressures

combined with a shrinking overall market in the foreseeable future. This reflects the government's decision to strictly limit the number of public works, as well as still sluggish private sector capital investment, including electric power plant projects.

Keenly aware of these stagnant market conditions in which steady expansion can hardly be expected, the Company regards quick, decisive action for a highly effective operation as the critical task to secure contract expansion and steady earnings growth. The Company is reinventing itself to achieve the objectives of the Fifth Midterm Plan.

For the fiscal year ending March 31, 2003, total orders received are expected to be at ¥87,000 million, net sales to be at ¥103,000 million. Contracts for overseas projects are forecasted to be ¥12,300 million (14.1% of total contract value), sales from overseas projects to be ¥10,800 million (10.5% of total sales), and net income to reach ¥500 million.

Toshiba Plant Kensetsu Group seeks to reap the benefits of our growth strategy for quick, decisive action for proactive business innovation. Our goal is to keep the Company in the forefront as the "comprehensive engineering constructor" in a global market by forming a streamlined organization for developing technologies and qualities to meet our customers' demand.

The continuous support and understanding of our shareholders is kindly requested as we move forward to achieve the targets of the Fifth Midterm Plan.

August 2002



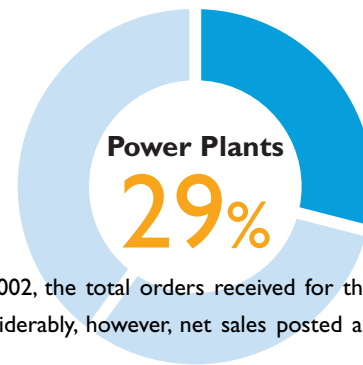
President and Chief Executive Officer
Tadahisa Ogita

Power Plants



San Roque, 3 × 137MW Water-Turbine/Generator

Consolidated Sales by Category



Operational Review

For the fiscal year ended March 31, 2002, the total orders received for the Power Plants Division decreased considerably, however, net sales posted an increase from the previous year.

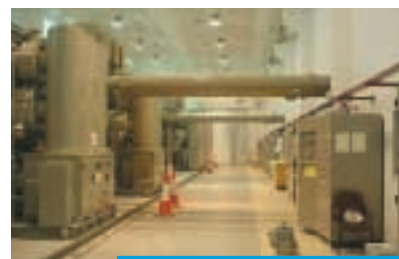
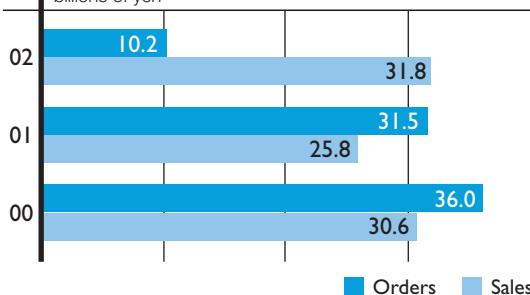
Total orders received declined 68%, compared with the previous year, to ¥10,189 million, due primarily to a decline in the number of power plant projects in Japan as well as a cancellation of one unrealized overseas plant project against the entire carrying value of the company's orders received. However, net sales rose 24%, compared with the previous year, to ¥31,819 million, because of an increase in thermal and hydro-electric power plant projects overseas, especially in Asia, despite sluggish sales in the domestic market.

Major projects in the fiscal year under review included contracts for the construction of SANIX Tomakomai Power Station (generating capacity of 74 megawatt) in Hokkaido, the Company's first comprehensive domestic EPC (engineering, procurement, and construction) project. The execution is on a stable track for scheduled completion during fiscal 2002. Another project in progress is the construction of the Prai Gas Turbine Combined Cycle (generating capacity of 350 megawatt) in Malaysia, which was started in 2001. The construction is expected to peak this fiscal year, and the Company is now focusing on completing the final stage.

Total orders received is expected to nearly double to ¥19,500 million in the year ending March 31, 2003, with the positive impact from improved overseas business while domestic demand is likely to remain sluggish due to dwindling new contracts. Net sales are expected to decline 21%, compared to those in the year ended March 31, 2002, to ¥25,000 million, due primarily to a 35% decline in the number of thermal power plant projects in the domestic market.

P

Consolidated Orders / Sales
billions of yen



220KV GIS for Massafah Substation

Message from the Divisional Management



Kano Aizawa
Senior Vice President,
Power System Division

Promoting Independent Projects along with Reinforcing and Leveraging the Intra-Toshiba Group Alliance

With capital spending for electric power plant projects in the domestic industry continuing to stagnate, the Company places emphasis on two objectives for fiscal 2002: completing construction projects underway and attaining projected income targets for this sector. In order to achieve these objectives, we will strive to proceed with and monitor the domestic and overseas projects in progress according to the schedule. As for profit performance, we will not only concentrate on ensuring the projected income from large scale projects scheduled for this fiscal year, but proactively launch a new operation specialized in revamping and maintaining existing domestic thermal power plants. In addition, we will take decisive action to improve operating efficiency for overseas thermal plant projects by closely monitoring the breakeven point.

Although the revamping and maintenance work for existing thermal power plants is short-term, with orders received and completion generally scheduled within a year period, we regard this as the inevitable strategic field to ensure sales and generate earnings as we estimate the potential market in this business to be around ¥3.0 to ¥4.0 billion annually.

Furthermore, the Company, with the leverage of its strategic alliance with Toshiba Corp., will continue to work on expanding business opportunities for EPC projects by targeting small to medium scale plant projects both in Japan and overseas. At the same time, we are emphasizing total order volume expansion by stepping up our promotion activities to obtain more independent project contracts.

Power Plants

Major Projects

	Client	Projects	Year of Completion	
JAPAN	Chubu Electric Power Co., Inc.	2 × 1000MW Hekinan Thermal Power Station (Units 4 & 5)	Under Construction	
	Tokyo Electric Power Company, Inc.	3 × 350MW Shinagawa Thermal Power Station (Unit 1)	Under Construction	
	SANIX Incorporated	1 × 74MW SANIX Tomakomai Power Station (Waste Plastic Fuel)	Under Construction	
	Hokkaido Electric Power Co., Inc.	GIS & Transformer for Minami-Hayakita Substation	2001	
	Client	Projects	Location	Year of Completion
ABROAD	Prai Power Sdn. Bhd.	1 × 350MW Combined Cycle Gas Turbine Power Plant	Prai, Malaysia	Under Construction
	Ceylon Electricity Board (CEB)	1 × 165MW Kelanitissa Combined Cycle Power Plant Project	Colombo, Sri Lanka	Under Construction
	Nepal Electricity Authority	3 × 48MW Water Turbine Generators	Kali Gandaki, Nepal	Under Construction
	San Roque Multipurpose Project	3 × 137MW Water-Turbine/Generator	San Roque, The Philippines	Under Construction
	Abu Dhabi Water & Electricity Authority	220KV GIS for Mussafah Substation	Mussafah, U.A.E	Under Construction
	Tuas Power Pte, Ltd.	400KV GIS for Tuas-A Power Station (Stage II)	Tuas, Singapore	2001



Rokkasho Reprocessing Plant

Nuclear Power Plants

Operational Review

For the fiscal year ended March 31, 2002, both total orders received and net sales in the Nuclear Power Plants Division from periodical maintenance or upgrading projects at existing nuclear power plants declined due to the sluggish demand for electric power in the overall stagnating economy.

Orders received fell 50%, compared with the previous year, to ¥20,120 million, because of an ebbing number of new large scale projects, although contracts with Tohoku Electric Power Co., Inc. for construction on Unit 1 of the 1,100 megawatt Higashidori Nuclear Power Station were reported in the previous fiscal year.

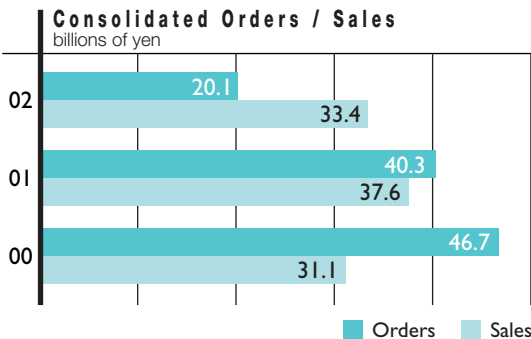
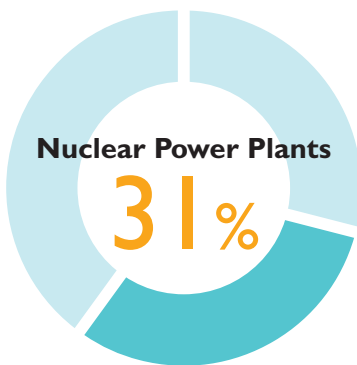
Net sales declined 11%, compared with the previous year, to ¥33,382 million, due to fewer large scale upgrading or remodeling projects, despite steadily progressing implementation of construction on existing large scale projects.

Major activities in the fiscal year under review included the construction of a nuclear waste reprocessing plant for Japan Nuclear Fuel Ltd. Its electrical installation work on this project is currently at its peak, and the safety and quality control inspection is well underway. Furthermore, a definitive preventative maintenance project of Nuclear Power Plants, the world's first core shroud replacement project for a boiling water reactor (BWR), has been successfully completed at Fukushima Daiichi Nuclear Power Station Unit No.3 (1F-3), owned and operated by Tokyo Electric Power Company (TEPCO).

The core shroud is the cylindrical stainless steel structure in the reactor pressure vessel (RPV) that encases the fuel, control rods and other core components (reactor core).

For the fiscal year ending March 31, 2003, total orders received is seen to be almost in line with the previous year, up by 2% to ¥20,500 million, due primarily to anticipated carrying forward of suspended new large-scale projects. However, net sales in this business segment are seen up by 8%, compared to those in the fiscal year ended March 31, 2002, to ¥36,000 million, reflecting the stable execution of construction in progress.

Consolidated Sales by Category



1 x 1,380MW Hamaoka Nuclear Power Station (Unit 5)

Major Projects

	Client	Projects	Year of Completion
JAPAN	Tohoku Electric Power Co., Inc.	1 × 1,100MW Higashidori Nuclear Power Station (Unit 1)	Under Construction
	Chubu Electric Power Co., Inc.	1 × 1,380MW Hamaoka Nuclear Power Station (Unit 5)	Under Construction
	Japan Nuclear Fuel Ltd.	Rokkasho Reprocessing Plant	Under Construction
	Tohoku Electric Power Co., Inc.	1 × 825MW Onagawa Nuclear Power Station (Unit 3)	2002
	Tokyo Electric Power Company, Inc.	Kashiwazaki-Kariwa Nuclear Power Station Annual Inspection & Refreshment (Units 1, 2, 3 & 7)	Under Construction
	Tokyo Electric Power Company, Inc.	Fukushima Daiichi Nuclear Power Station Core Shroud Replacement (Unit 1)	2001

Power Plants

Message from the Divisional Management

Differentiation Strategy with Expanding Orders Received in Toshiba Group and Higher-Value-Added Construction Technology

With an expected sales decline to ¥25,000 million in fiscal 2004, expanding orders received in the Toshiba Group is one of the critical challenges we face. The Company is now reassessing its role in enhancing and optimizing the corporate value of the Toshiba group through an effective and efficient strategic alliance.

In addition, we regard development of improved construction methods to be vital. As the number of new plant projects declines in the current harsh business climate, the periodical maintenance, revamping or upgrading projects for existing nuclear power stations represent a strategic field with potential for the foreseeable future. Completing projects ahead of the normal execution cycle, as well as maintaining a sound quality control, should enable us to meet if not exceed our customers' expectations for enhanced CS (customer satisfaction). The Company aims to deliver more added value by effective investment of capital in the development of core technologies.

Furthermore, as a Toshiba group company, we have been actively investing our resources in R&D aimed at "back end business"*, a business opportunity for our next phase. Toshiba Plant Kensetsu is proceeding with preparations to proactively advance as a top-tier "engineering constructor" in the nuclear power plant sector.

*The "back end business" in the Nuclear Power Plant industry indicates operations related to the decommissioning of existing plants, as well as processing, treatment, and disposal of radioactive waste.



Yoshishige Hayashi
Senior Vice President,
Nuclear Facilities
Division

Jacksons International Airport
Airfield Lighting System



Industrial and Other Facilities

Operational Review

For the fiscal year ended March 31, 2002, total orders received and net sales in Industrial and Other Facilities Division recorded negative growth. The stagnant domestic economy triggered by deteriorating earnings growth, declining capital investment and languishing consumer spending were the primary reasons.

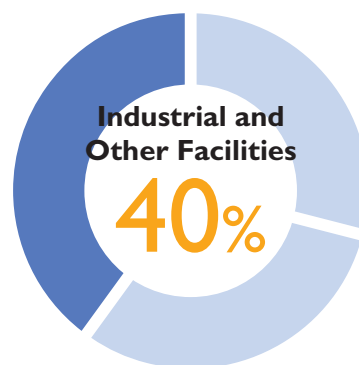
Total orders received fell 6%, compared with the previous year, to ¥42,009 million, due mainly to continuing sluggish capital investment in both the public and the private sectors.

Net sales also dropped 6%, compared with the previous year, to ¥43,193 million, reflecting the decline in orders received and the negative impact from the realignment strategy for the environmental technology business of the Company.

Major projects for the term under review included electrical installation work for Shizuoka Cancer Center, the largest and most innovative facility for cancer treatment in Shizuoka prefecture. In addition, the Company has established a worldwide reputation in runway lighting system installation for airports. One of the major achievements was a project for Jackson International Airport, Port Moresby in Papua New Guinea.

Capital investment prospects both in the public and the private sector for the fiscal year ending March 31, 2003, still remain weak. Nevertheless, Toshiba Plant Kensetsu expects total orders received to increase 12%, from the level of March 31, 2002, to ¥47,000 million, due to an anticipated growth in orders from overseas, combined with efforts of enhancing the integrated nationwide sales network. On the other hand, net sales are expected to decrease 3% from those in the fiscal year ended March 31, 2002, to ¥42,000 million, since the execution of some ongoing projects overseas is delayed.

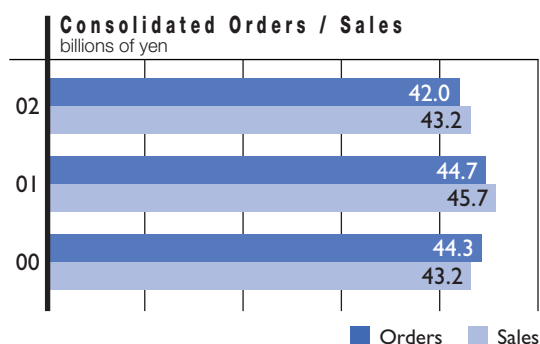
Consolidated Sales by Category



Industrial and



Shizuoka Cancer Center
Electric works for Hospital Bldg.



Message from the Divisional Management



Osamu Yoshida
Senior Vice President,
Industrial and Facilities
Division

Creating the Strongest Marketing Tool in an Optimal Blend of Sales Force and Engineering Technology

The Industrial and Other Facilities Division involves the execution of diverse projects including design, construction and installation of systems and facilities for water supply, drainage, industrial plants, office buildings, airports, roads and railways, communication network (fiber cable networks), and others. The Company's competitive edge is characterized by execution capabilities of various types of projects, strong ties with critical sales points including those overseas, and an exclusive nationwide sales network. The Company will continuously carry out the human resources enhancement (skill building) program for flexible deployment of technological experts as well as a topnotch program targeted at certified technicians.

In terms of sales activities, the Company endeavors to optimally leverage its expertise in developing communication networks and ODA (overseas development aid) projects. We recognize the optimal mixture of sales force and engineering technology to be the strongest marketing tool to survive in this climate of intensifying competition.

In the communication network sector, we have established a strong position in project execution for optical cable network building, network infrastructure projects, and ETC (electronic toll collection system) projects, in which IT technology is fully utilized. For overseas marketing, by establishing more effective procurement processes capable of ensuring more competitively priced quality materials in response to various customer needs, as well as highly regarded execution technology and sophisticated know-how for equipment management, the Company will be suitably equipped to handle the critical challenge of increasing its business opportunities.

Major Projects

	Client	Projects	Year of Completion
JAPAN	Sewage Works Bureau City of Yokohama	Kanagawa Sewage Treatment Plant (Unit 4)	Under Construction
	Japan Highway Public Co. Kansai Branch	Electronic Toll Collection System (Kei-hanshin Aria)	2001
	Keiyo Utility Co., Ltd	Piping Works for Industrial Water	2001
	Bureau of Transportation, Tokyo Metropolitan Government	Electric works for Toei Oedo Line (Underground Railway)	2001
	Shizuoka Prefecture	Shizuoka Cancer Center; Electric works for Hospital Bldg.	2001

	Client	Projects	Location	Year of Completion
ABROAD	Panyu Shuimen Stock Farm	Methane Fermentation Fuel Cell Power Generation System	Guangzhou, China	Under Construction
	Western Mindanano Power Corporation	100MW Diesel Generators for Zamboanga Power Station	Zamboanga, The Philippines	1998
	Siam Strip Mill Public Co., Ltd.	Hot Strip Mill Factory	Layong, Thailand	1999
	Office of Civil Aviation	Jacksons International Airport Airfield Lighting System	Port Moresby, Papua New Guinea	2000
	Kenya Airports Authority	MOI International Airport Improvement of Airfield Lighting	Monbasa, Kenya	1995

FIRST DOMESTIC COMPREHENSIVE EPC PROJECT FOR RETAIL SUPPLIER OF ELECTRIC POWER

An Activity as Top Player of EPC Contractor

In March 2001, Toshiba Plant Kensetsu received an order for the construction of SANIX Tomakomai Power Station in Hokkaido, Japan's northernmost main island, that will be owned and operated by SANIX Incorporated. This is the first domestic comprehensive EPC (engineering, procurement, and construction) project for the company.

SANIX Tomakomai Power Station will be the world's first power station to run entirely on fuel consisting of recycled plastic. The raw material is supplied by Sanix's Environmental Resources Development Division, whose plants across Japan convert waste plastic into fuel. The company has been taking advantage of the deregulation of the Japanese electric power sector that since March last year allows non-power utilities to supply electricity to high-volume power consumers.

Toshiba Plant Kensetsu is currently redeveloping the business structure in order to meet an anticipated increase of EPC projects in the domestic market. Key factors being enhanced are the accumulation of state-of-the-art technological expertise overseas, as well as effective networking of the technological framework ("engineering structure") in the global market.



At the same time, the Company is actively providing training programs for specialists responsible for EPC projects by promoting conventional EPC seminars for middle-echelon employees, as well as the "project manager program" for managerial staff.

Major features of SANIX Tomakomai Power Station are as follows:

- 1) *First domestic comprehensive EPC project for Toshiba Plant Kensetsu.*
- 2) *Construction and feasibility study operation has been implemented in the period, including under harsh weather conditions in winter, meeting a 15-month delivery deadline, which is shorter than the normal execution cycle.*
- 3) *Japan's first power station (74 megawatt generating capacity) to run entirely by fuel from recycled plastics.*
- 4) *Japan's first comprehensive contract for a retail power supplier.*
- 5) *Installed the domestic largest air-cooled steam condenser with environmental protection considerations.*

Despite the shorter execution cycle and harsh winter weather, the construction progress is on track without major incidents, and due to be completed in 2002. The project showcases Toshiba Plant Kensetsu's superior technological skills and experience, as well as its reputation for reliability. We aim for perfect delivery, demonstrating our capabilities of the execution technology. Toshiba Plant Kensetsu has firmly established itself as a leader in the engineering construction sector with this highly-regarded technology and a considerable track record.

Years ended 31st March,	Millions of yen					Thousands of U.S. dollars (Note 2)
	1998	1999	2000	2001	2002	2002
Net Sales	¥121,204	¥115,901	¥105,119	¥109,274	¥108,482	\$ 814,131
Cost of Sales	108,200	102,955	94,506	99,981	101,505	761,763
Operating Income	1,890	1,877	360	154	(2,077)	(15,589)
Interest and Dividend Income	439	485	513	660	429	3,218
Interest Expense	(209)	(227)	(314)	(168)	(127)	(953)
Income (Loss) before Income Taxes	2,419	2,151	640	(7,413)	(3,677)	(27,591)
Net Income (Loss)	712	449	26	(4,266)	(2,296)	(17,229)
Per Share of Common Stock (in yen and dollars)(Note 8):						
Net Income (Loss)	¥ 9.76	¥ 6.41	¥ 0.38	¥ (62.78)	¥ (33.78)	\$ (0.25)
Cash Dividends	12.00	12.00	6.00	8.00	8.00	0.06
Total Assets	¥115,376	¥114,041	¥113,488	¥116,561	¥101,603	\$ 762,500
Total Shareholders' Equity	58,366	56,037	55,798	51,657	48,127	361,179
Number of Employees	2,691	2,638	2,536	2,505	2,191	

See the accompanying Notes to Consolidated Financial Statements.

Operating Performance

Net Sales

Consolidated net sales for the fiscal year ended March 31, 2002, declined slightly by ¥791 million, or 0.7% to ¥108,483 million (US\$814.1 million) from the previous fiscal year.

By division, sales of the Power Plants Division posted an increase by ¥6,056 million or 23.5% to ¥31,819 million (US\$238.8 million) compared with the previous year, due mainly to the sales increase in power plant projects overseas.

However, sales of the Nuclear Power Plants Division declined by ¥4,170 million or 11.1% to ¥33,382 million (US\$250.5 million) compared with the previous year, reflecting sales declines in large scale projects for upgrading or remodeling existing nuclear power plant facilities.

Sales of the Industrial and Other Facilities Division also dropped by ¥2,549 million or 5.6% to ¥43,193 million (US\$324.2 million) compared with the previous year, due mainly to the negative impact from the realignment strategy focusing on the selected environmental technology business.

Sales of the Others Division fell by ¥128 million or 59.1% to ¥89 million (US\$0.6 million).

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales for the fiscal year ended March 31, 2002, increased by ¥1,524 million or 1.5% to ¥101,505 million (US\$761.7 million) compared with the previous fiscal year, and increased from 91.5% to 93.6% as a percentage of sales. The increase in cost of sales was primarily due to the decline in sales of the Company by ¥2,925 million, and increased allowance for expected losses on construction contracts by ¥950 million based on accounting changes.

As a result, gross profit declined by ¥2,315 million or 25.0% to ¥6,978 million (US\$52.4 million) from the previous fiscal year, therefore, gross profit margin dropped by almost 1.6% to 6.9%.

With the aforementioned efforts to reduce overall cost, the selling, general and administrative expenses declined marginally by ¥84 million or 0.9% to ¥9,055 million (US\$68.0 million) compared with the previous fiscal year, remaining at the same level of

8.3% as a percentage of sales.

As a result of the factors discussed above, operating loss at ¥2,077 million (US\$15.6 million) was registered for the fiscal year ended March 31, 2002, down from an operating income of ¥154 million in the previous fiscal year.

Other Income and Expenses

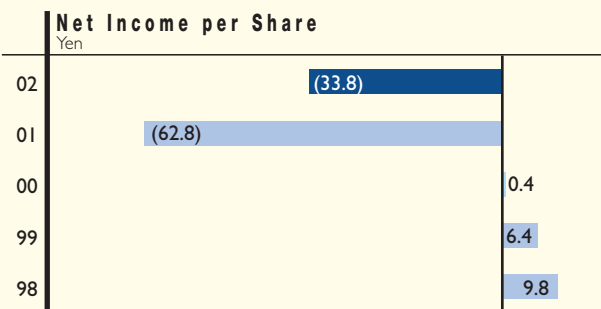
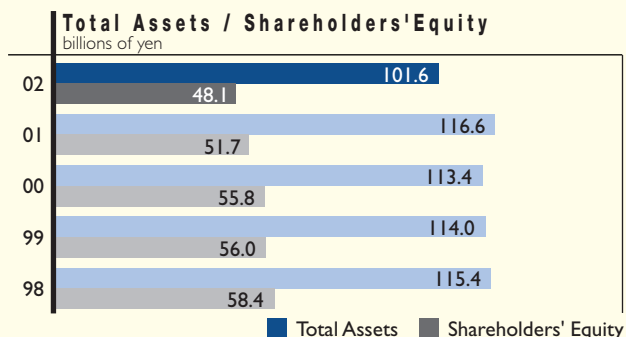
In other income and expenses, interest and dividend income declined by ¥231 million to ¥429 million, and interest expense also dropped by ¥41 million to ¥127 million. As a result, the balance of interest and dividend income, less interest expenses, declined by ¥190 million to ¥302 million from the previous fiscal year. The decline in interest and dividend income was attributable to the low interest rate and the redemption of some marketable securities.

In addition, other expenses associated with the limited term voluntary retirement program accrued at ¥2,741 million (US\$20.6 million) including ¥204 million for consolidated subsidiaries. However, this was partly offset by the gains on sales of investment securities at ¥1,259 million. In the previous fiscal year, the Company reported ¥7,515 million for expenses relating to the provision of unrecognized prior pension and severance costs.

Loss before Income Taxes and Net Loss

Loss before income taxes for the fiscal year ended March 31, 2002, improved to ¥3,677 million (US\$27.6 million) compared with the loss before income taxes at ¥7,413 million in the previous fiscal year.

Net loss for the fiscal year ended March 31, 2002, decreased by ¥1,970 million to ¥2,296 million (US\$17.2 million) compared with the previous fiscal year. Net loss per share was ¥33.78 (US\$0.25) compared with net loss per share of ¥62.78 in the previous term.



Financial Position

Assets, Liabilities and Stockholders' Equity

Total assets at March 31, 2002, decreased by ¥14,958 million, or 12.8%, to ¥101,603 million (US\$762.5 million) compared with the previous fiscal year.

Current assets declined by ¥9,051 million, or 9.5%, to ¥85,782 million (US\$643.8 million) from the previous fiscal year, due to a decline in cash and cash equivalents by ¥19,330 million to ¥2,459 million, and decline of notes and accounts receivable by ¥7,128 million to ¥43,265 million. However, payments for advances increased by ¥15,923 million to ¥20,927 million or almost four times the previous fiscal year's level. The decline of cash and cash equivalents as well as the increase in payments for advances corresponds to the loan transactions with Toshiba Capital, the finance company of Toshiba group. Decline of notes and accounts receivable was because of decline of overall sales during the fiscal year.

Total investments and other assets dropped by ¥5,331 million or 41.0% to ¥7,697 million (US\$57.8 million), compared with the previous fiscal year. This reflects the decline in securities investment by ¥5,967 million to ¥1,748 million.

Total current and long-term liabilities at March 31, 2002, decreased by ¥11,436 million, or 17.8% to ¥53,439 million (US\$401.0 million) compared with the previous fiscal year. The decrease was attributable to a decline in current liabilities by ¥6,763 million, or 12.4% to ¥47,983 million (US\$360.1 million) and decline of long-term liabilities by ¥4,673 million, or 46.1% to ¥5,456 million (US\$40.9 million).

The decline of current liabilities reflected the decrease in notes and accounts payable by ¥2,772 million, or 8.7% to ¥29,086 million due to the declining overall sales. Other factors responsible for the decline in current liabilities includes a decrease in straight bonds (redemption) by ¥3,000 million, or 60% to ¥2,000 million and decline of advances received on uncompleted contracts by ¥2,410 million, or 20.0% to ¥9,639 million. The Company set aside an allowance for expected losses on construction contracts at ¥1,371 million (US\$10.3 million) based on accounting changes.

Decline of long-term liabilities was due to the reclassification of long-term debt (straight bonds) by ¥2,000 million and the decline of provision for severance indemnities by ¥2,673 million, or 32.9% to ¥5,456 million.

Shareholders' equity at March 31, 2002, declined by ¥3,530 million or 6.8% to ¥48,127 million (US\$361.2 million) compared with the previous fiscal year. The ratio of stockholders' equity to total assets increased from 44.3% to 47.4%.

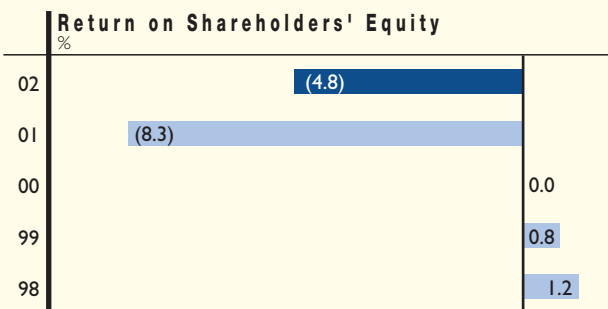
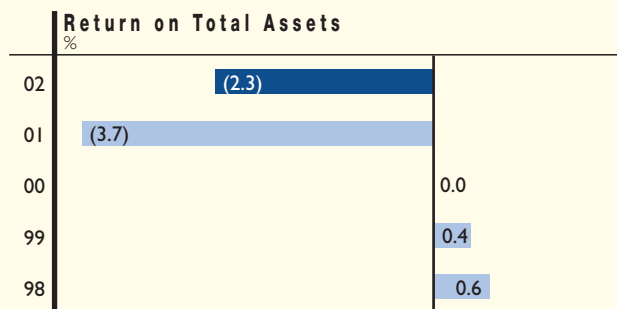
Cash Flows

Cash and cash equivalents at the end of the fiscal year decreased by ¥19,330 million, or 88.7% to ¥2,459 million (US\$18.4 million) compared with the previous fiscal year. This included proceeds for the loan to Toshiba Capital of ¥15,900 million (US\$119.3 million).

During the fiscal year ended March 31, 2002, the Company used ¥3,896 million (US\$29.2 million) on its operating activities, compared with the generation of ¥4,836 million in the previous fiscal year. The shift was all attributable to losses before income taxes at ¥3,677 million, due to the decline of severance indemnities by 2,673 million, and decline of notes and accounts payable by ¥2,841 million as well as decreases in advances received on uncompleted contracts by ¥2,365 million. The decrease in notes and accounts receivable by ¥7,073 million contributed to the increase in net cash, however, this was fully offset by the factors above.

Net cash used in investing activities was ¥9,610 million (US\$72.1 million), compared with net cash provided by investing activities of ¥13,186 million in the previous fiscal year. This was primarily due to proceeds for advance payments to Toshiba Capital at ¥15,900 million. On the other hand, proceeds from sales of investment securities generated ¥6,527 million in cash.

Net cash used in financing activities was ¥5,853 million (US\$43.9 million) compared with ¥6,045 million of net cash used by financing activities in the previous fiscal year. This mainly reflects the redemption of a ¥5,000 million straight bonds. In addition, during the year, the Company paid cash dividends of ¥544 million (US\$4.1 million).



31st March, 2002 and 2001	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 21,789	¥ 2,459	\$ 18,453
Time deposits	114	52	390
Marketable securities (Note 7)	1,345	1,092	8,198
Trade notes and accounts receivable (Note 4)	50,393	43,265	324,689
Less: allowance for doubtful accounts	(262)	(230)	(1,730)
Inventories (Note 3)	13,043	14,316	107,436
Deferred tax assets (Note 6)	1,377	2,491	18,696
Short-term loan receivable	5,004	20,927	157,048
Other current assets	2,030	1,410	10,581
Total current assets	94,833	85,782	643,761
Property, plant and equipment, at cost:			
Land	3,699	3,684	27,646
Buildings and structures	10,523	9,495	71,265
Machinery and equipment	4,443	3,997	29,993
Tools, furniture and fixtures	2,852	2,802	21,024
	21,517	19,978	149,928
Less: accumulated depreciation	(12,817)	(11,854)	(88,956)
Property, plant and equipment, net	8,700	8,124	60,972
Investments and other assets:			
Investment securities (Note 7)	7,715	1,748	13,116
Investments in affiliates (Note 4)	27	38	284
Deferred tax assets (Note 6)	1,900	2,877	21,589
Other investments and other assets	3,386	3,034	22,778
Total investments and other assets	13,028	7,697	57,767
Total assets	¥116,561	¥ 101,603	\$ 762,500

See the accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 31,858	¥ 29,086	\$ 218,282
Short-term loans (Note 5)	479	173	1,295
Current portion of long-term debt (Note 5)	5,000	2,000	15,009
Advances received on uncompleted contracts	12,049	9,639	72,334
Accrued expenses	2,623	2,346	17,603
Allowance for expected losses on construction contracts	—	1,371	10,286
Accrued income taxes (Note 6)	15	60	454
Other current liabilities	2,722	3,308	24,831
Total current liabilities	54,746	47,983	360,094
Long-term liabilities:			
Long-term debt, less current portion (Note 5)	2,000	—	—
Severance indemnities (Note 8)	8,129	5,456	40,947
Total long-term liabilities	10,129	5,456	40,947
Contingent liabilities (Note 9)			
Minority interests in consolidated subsidiaries			
	29	37	280
Shareholders' equity:			
Common stock :			
Authorized — 265,000,000 shares			
Issued 2001 — 67,956,888 shares	11,876	—	—
2002 — 67,956,888 shares	—	11,876	89,126
Capital surplus	18,407	18,407	138,141
Retained earnings	20,636	17,796	133,556
Unrealized gains on securities	849	20	147
Currency translation adjustment	(111)	30	225
Less : treasury stock at cost	(0)	(2)	(16)
Total shareholders' equity	51,657	48,127	361,179
Total liabilities and shareholders' equity	¥ 116,561	¥ 101,603	\$ 762,500

Consolidated Statements of Operations and Retained Earnings

Toshiba Plant Kensetsu Co., Ltd.

Years ended 31st March, 2002 and 2001	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Net sales (Note 4)	¥109,274	¥ 108,482	\$ 814,131
Cost of sales	99,981	101,505	761,763
Gross profit	9,293	6,978	52,368
Selling, general and administrative expenses	9,139	9,055	67,957
Operating income (loss)	154	(2,077)	(15,589)
Other income and expenses:			
Interest and dividend income	660	429	3,218
Interest expense	(168)	(127)	(953)
Foreign exchange gains and other	424	342	2,571
Other expenses	(133)	(297)	(2,229)
Income (loss) before extraordinary items	937	(1,730)	(12,982)
Extraordinary items:			
Gains on sales of investment securities	–	1,259	9,451
Gains on reversal of bad debt allowance	83	–	–
Expenses for the limited term voluntary retirement program	–	(2,741)	(20,569)
Provision for expected losses on construction contracts	–	(421)	(3,158)
Unrecognized prior pension and severance costs	(7,515)	–	–
Other expenses	(918)	(44)	(333)
Income (loss) before income taxes	(7,413)	(3,677)	(27,591)
Income taxes: (Note 6)			
Current	129	117	876
Deferred	(3,268)	(1,490)	(11,179)
Income (loss) before minority interests	(4,274)	(2,304)	(17,288)
Minority interests in (income) loss of consolidated subsidiaries	(3)	(5)	(38)
Equity in income of affiliates	11	13	97
Net income (loss)	(4,266)	(2,296)	(17,229)
Retained earnings:			
Balance at beginning of year	25,482	20,636	154,869
Appropriations:			
Cash dividends	(544)	(544)	(4,084)
Bonuses to directors and corporate auditors	(36)	–	–
Balance at end of year	¥ 20,636	¥ 17,796	\$ 133,556

See the accompanying Notes to Consolidated Financial Statements.

Years ended 31st March, 2002 and 2001	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Cash flows from operating activities:			
Net income (loss)	¥ (4,266)	¥ (2,296)	\$ (17,229)
Adjustments to reconcile net income (loss) to net cash provided by operating activities –			
Depreciation and amortization	859	686	5,146
Increase (decrease) in severance indemnities	6,254	(2,673)	(20,062)
Increase (decrease) in allowance for doubtful accounts	167	180	1,354
Deferred income taxes	(3,268)	(1,490)	(11,179)
Equity in income of affiliated companies	(11)	(13)	(97)
Loss on disposal of property, plant and equipment	393	181	1,362
Minority interest in loss of consolidated subsidiaries	3	5	37
(Increase) decrease in notes and accounts receivable	(2,252)	7,073	53,084
(Increase) decrease in inventories	1,051	(1,271)	(9,536)
(Increase) decrease in other current assets	(355)	340	2,549
Increase (decrease) in notes and accounts payable	1,224	(2,841)	(21,319)
Increase (decrease) in advance received on uncompleted contracts	6,657	(2,365)	(17,751)
Decrease in accrued expenses	(52)	(278)	(2,088)
Increase in allowance for expected losses on construction contracts	–	1,371	10,286
Increase (decrease) in accrued income taxes	(102)	45	340
Increase (decrease) in other current liabilities	(928)	618	4,641
Bonuses to directors and corporate auditors	(36)	–	–
Other	(502)	(1,168)	(8,778)
Net cash provided by (used in) operating activities	4,836	(3,896)	(29,240)
Cash flows from investing activities:			
Decrease in time deposits	11,970	62	465
Proceeds from sales of marketable securities	3,900	2,335	17,522
Payments for purchase of marketable securities	(1,300)	(1,000)	(7,504)
Proceeds from sales of property and securities	67	73	546
Payments for acquisition of property and equipment	(668)	(319)	(2,396)
Proceeds from sales of investment securities	4,109	6,527	48,981
Payments for purchase of investment securities	(8)	(1,602)	(12,023)
Increase in short-term loan receivable	(4,986)	(15,925)	(119,509)
Other	102	239	1,800
Net cash provided by (used in) investing activities	13,186	(9,610)	(72,118)
Cash flows from financing activities:			
Repayment of long-term loans	(5,003)	(5,000)	(37,523)
Decrease in short-term loans	(498)	(306)	(2,297)
Dividends paid	(544)	(544)	(4,084)
Other	0	(3)	(21)
Net cash used in financing activities	(6,045)	(5,853)	(43,925)
Effect of exchange rate changes on cash and cash equivalents	13	29	214
Net increase (decrease) in cash and cash equivalents	11,990	(19,330)	(145,069)
Cash and cash equivalents at beginning of year	9,799	21,789	163,522
Cash and cash equivalents at end of year	¥ 21,789	¥ 2,459	\$ 18,453
Supplemental disclosure of cash flow information:			
Cash paid during the year for –			
Interest	¥ 241	¥ 143	\$ 1,076
Income taxes	¥ 488	¥ (209)	\$ (1,570)

See the accompanying Notes to Consolidated Financial Statements.

I Summary of significant accounting policies

(a) Basis of presenting financial statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by Toshiba Plant Kensetsu Co., Ltd. (the "Company") in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan, but is presented herein as additional information.

Effective 1st April, 2000, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments and retirement benefits.

(b) Basis of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. The subsidiaries are determined based on the effective control. All intercompany accounts and transactions are eliminated in consolidation.

Investments in affiliates are accounted for by the equity method. The Company adopted the influence-based definition to determine affiliated companies.

(c) Foreign currency transactions

The account of the consolidated foreign subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except for intercompany accounts and transactions. The effects of these translation adjustments are shown as "Currency translation adjustment" on the balance sheets and as "Other income and expenses" on the statements of operations and retained earnings.

(d) Accounting for net sales and related costs

The Company's net sales and the related costs of contracts are recognized on either the completion method or the percentage-of-completion basis. The percentage-of-completion basis is used for recognizing net sales and related costs on contracts where:

- (i) the contract value is ¥1,000 million (U.S.\$7,505 thousand) or more, and
- (ii) the duration of the contracts is expected to be 12 months or more.

The Company's foreign subsidiaries use the percentage-of-completion basis for recognizing net sales and related costs on contracts.

The Company's domestic subsidiaries use the completion method for recognizing net sales and related costs on contracts.

(e) Marketable securities and investment securities

Debt securities and equity securities, whose fair value are determinable, are stated at fair value with unrealized gains or losses included as a component of shareholders' equity, net of applicable taxes.

Debt securities and equity securities, whose fair value are not determinable, are stated at cost determined by the moving average method.

Debt securities, whose difference of cost and fair value is realized with accrued interest, are stated at amortized cost.

(f) Inventories

Work in progress is stated at accumulated cost determined on a specific project basis. Materials and supplies are stated at cost determined either by the first-in, first-out method or the specific identification method. Finished products are stated at cost determined by the first-in, first-out method.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost.

Depreciation of the Company, its domestic subsidiaries and TPK (India) Private Limited, is principally computed by the declining-balance method and depreciation of foreign subsidiaries except for TPK (India) Private Limited, computed by the straight line method, based on the following useful lives:

Building and structures	3-60 years
Machinery and equipment	3-17 years
Tools, furnitures and fixtures	2-20 years

(h) Severance indemnities

The Company's employees and its domestic subsidiaries' employees are covered by an employee retirement allowance plan and an employee pension plan.

The Company's and its domestic subsidiaries' employees with more than one year of service with the Company are

usually entitled to a lump-sum severance payment determined by reference to current rate of pay, length of service and the conditions under which the termination occurs.

In addition to the above-mentioned plans, the Company and Shibaura Technical Service Co., Ltd. have a non-contributory funded pension plan, covering substantially all employees who retire at age 60 with over 15 years of service. Contributions to the fund at an amount determined actuarially are charged to current income and include charges for current service and the amortization of past service costs at the inception of the employee pension plan.

The Company's directors and corporate auditors retirement benefits are also provided by estimated amounts payable to them at balance sheets dates if they retired at those dates.

(i) Allowance for expected losses on construction contracts

The Company makes provisions for losses on construction contracts at the end of the fiscal year. After the commencement of construction, when substantial losses can be expected and reasonably estimated by comparing estimated completion costs with the contract value for the following year or later, the Company reserves for losses on construction contracts.

(Accounting changes)

Effective 1st April, 2001, the Company changed its method of accounting for losses on construction contracts. Based on the new method, after the commencement of construction, when substantial losses can be expected and reasonably estimated by comparing expected completion costs with the contract value over the following years, the Company reserves for losses on construction contracts.

As a result of this change, loss before income taxes increased by ¥ 950 million and net loss increased by ¥ 1,371 million for the fiscal year ended 31st March, 2002.

(j) Income taxes

The provision for income taxes is computed based on the income before income taxes included in the consolidated statements of operations and retained earnings. The assets and liabilities approach is adopted to recognize temporary differences between the carrying amounts and tax bases of assets and liabilities.

2 U.S. dollar amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetical computation only, at the rate of ¥133.25=U.S.\$1.00, the rate prevailing on 31st March, 2002. The translations should not be construed as representations that yen have been, could have been or could in the future be converted into U.S. dollars at the above or any other rate.

3 Inventories

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Work in progress	¥ 12,952	¥ 14,221	\$ 106,722
Materials and supplies	91	94	709
Finished products	0	1	5
	¥ 13,043	¥ 14,316	\$ 107,436

4 Investments in affiliates

Investments in affiliated companies at 31st March, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Investments in capital stock, at cost	¥ 10	¥ 10	\$ 75
Equity in accumulated earnings since acquisition, net	17	28	209
	¥ 27	¥ 38	\$ 284

Transactions and balances with affiliated companies at 31st March, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Sales	¥ 66	¥ 116	\$ 874
Trade accounts receivable	18	15	114

5 Short-term loans and long-term debt

Short-term bank loans represented overdrafts at average interest rates of 0.86% per annum and 1.45% per annum at 31st March, 2001 and 2002, respectively.

Long-term debt at 31st March, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
2.37% ¥5,000,000,000 bonds due 2002	¥ 5,000	¥ -	\$ -
0.95% ¥2,000,000,000 bonds due 2002	2,000	2,000	15,009
	7,000	2,000	15,009
Less: current portion	5,000	2,000	15,009
Total long-term debt	¥ 2,000	¥ -	\$ -

6 Income taxes

The Company is subject to a number of different taxes based on income which, in the aggregate, indicate a normal statutory tax rate in Japan of 42.1% for the year ended 31st March, 2001 and 2002.

Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

	2001	2002
Statutory tax rate	42.1 %	42.1 %
Non-deductible expenses for tax expense	(2.5)	(4.6)
Net loss of foreign consolidated subsidiaries	3.9	(0.7)
Prefectural and municipal inhabitant per capita tax	(0.9)	(1.6)
Income not included in taxable income	0.5	1.0
Other	(0.7)	1.3
Effective income tax rate	42.4 %	37.5 %

The significant components of deferred tax assets and liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Deferred tax assets			
Tax loss carryforwards	¥ 497	¥ 1,971	\$ 14,794
Severance indemnities	3,013	1,879	14,102
Allowance for expected losses on construction contracts	-	577	4,327
Accrued bonuses	449	471	3,537
Accounts payable	266	366	2,746
Allowance for doubtful accounts	-	169	1,269
Depreciation	157	114	855
Other	400	747	5,606
	4,782	6,294	47,236
Valuation allowance for deferred tax assets	(212)	(235)	(1,762)
Deferred tax assets	4,570	6,059	45,474
Deferred tax liabilities			
Retained earnings appropriated for tax allowable reserves	(677)	(677)	(5,081)
Unrealized gains on securities	(616)	(14)	(108)
Deferred tax liabilities	(1,293)	(691)	(5,189)
Net deferred tax assets	¥ 3,277	¥ 5,368	\$ 40,285

7 Marketable securities and investment securities

The aggregate cost, gross unrealized gains and losses, and fair value pertaining to available-for-sale securities are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 2)			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity securities	¥ 154	¥ 45	¥ 3	¥ 196	\$ 1,155	\$ 339	\$ 20	\$ 1,474
Debt securities	2,608	5	13	2,600	19,574	35	98	19,511
	¥ 2,762	¥ 50	¥ 16	¥ 2,796	\$ 20,729	\$ 374	\$ 118	\$ 20,985

8 Accrued pension and severance costs

The components of net pension and severance costs for the year ended 31st March, 2002 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2002		2002
Service cost	¥ 959		\$ 7,200
Interest cost	775		5,814
Expected return on plan assets	(380)		(2,849)
Amortization of unrecognized actuarial loss	187		1,406
Net periodic pension and severance costs	¥ 1,541		\$ 11,571

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2002		2002
Benefit obligation at end of year	¥ (23,824)		\$ (178,792)
Fair value of plan assets at end of year	13,784		103,443
Funded status	(10,040)		(75,349)
Unrecognized actuarial loss	2,391		17,949
Unrecognized prior service cost	2,363		17,732
Severance indemnities	¥ (5,286)		\$ (39,668)

Assumptions used as of 31st March, 2002 were as follows:

	2002
Discount rate	3.0%
Expected return on plan assets	3.0%

9 Contingent liabilities

The Company and its consolidated subsidiaries had the following contingent liabilities at 31st March, 2001 and 2002:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
As guarantor of employees' housing loans from banks	¥ 1,244	¥ 1,080	\$ 8,108
As discount of trade notes receivable with banks	15	—	—
Total of contingent liabilities	¥ 1,259	¥ 1,080	\$ 8,108

10 Per share information

Net income and total shareholders' equity per share for each of the two years ended 31st March, 2001 and 2002 were as follows:

	Yen		U.S. dollars (Note 2)
	2001	2002	2002
Net income (loss)	¥ (62.78)	¥ (33.78)	\$ (0.25)
Total shareholders' equity	760.15	708.29	5.32

The computations of net income per share are based on the weighted average number of shares outstanding during each year, after giving retroactive effect to any free distributions of shares.

The Board of Directors
Toshiba Plant Kensetsu Co., Ltd.

We have audited the consolidated balance sheets of Toshiba Plant Kensetsu Co., Ltd. and consolidated subsidiaries as of 31st March, 2001 and 2002 and the related consolidated statements of operations and retained earnings and cash flows for each of the two years in the period ended 31st March 2002, all expressed in yen. 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 such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Toshiba Plant Kensetsu Co., Ltd. and consolidated subsidiaries at 31st March, 2001 and 2002 and consolidated results of their operations and their cash flows for each of the two years in the period ended 31st March 2002, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis except for the change, with which we concur, in the method of accounting for allowance for expected losses on construction contracts as described in Note 1(i) to the consolidated financial statements.

As described in Note 1 to the consolidated financial statements, Toshiba Plant Kensetsu Co., Ltd. and consolidated subsidiaries have adopted new accounting standards for financial instruments, retirement benefits and foreign currency translation in the preparation of their consolidated financial statements for the year ended 31st March, 2001.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 31st March, 2002 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.



Tokyo, Japan
27th June, 2002

See Note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of Toshiba Plant Kensetsu Co., Ltd. under Japanese accounting principles and practices.

Years ended 31st March, 2002 and 2001	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Net sales	¥107,845	¥ 104,920	\$ 787,390
Cost of sales	99,471	98,873	742,010
Gross profit	8,374	6,047	45,380
Selling, general and administrative expenses	8,531	8,386	62,936
Operating income (loss)	(157)	(2,339)	(17,556)
Other income and expenses:			
Interest and dividend income	674	447	3,358
Interest expense	(158)	(121)	(909)
Foreign exchange gains and other	359	302	2,269
Other expenses	(111)	(297)	(2,228)
Income (loss) before extraordinary items	607	(2,008)	(15,066)
Extraordinary items:			
Gains on sales of marketable securities	–	1,259	9,451
Gains on reversal of bad debt allowance	87	–	–
Unrecognized prior pension and severance costs	(7,331)	–	–
Expenses for the limited term voluntary retirement program	–	(2,537)	(19,043)
Provision for expected losses on construction contracts	–	(421)	(3,158)
Other expenses	(1,414)	(44)	(333)
Income (loss) before income taxes	(8,051)	(3,751)	(28,149)
Income taxes:			
Current	58	55	418
Deferred	(3,188)	(1,485)	(11,144)
Net income (loss)	(4,921)	(2,321)	(17,423)
Retained earnings:			
Balance at beginning of year	24,038	18,479	138,683
Appropriations:			
Cash dividends	(544)	(544)	(4,080)
Bonuses to directors and corporate auditors	(36)	–	–
Transfer to legal reserve	(58)	(55)	(414)
Balance at end of year	¥ 18,479	¥ 15,559	\$ 116,766

See the accompanying Notes to Consolidated Financial Statements.

31st March, 2002 and 2001	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 21,207	¥ 1,799	\$ 13,500
Marketable securities	1,345	1,092	8,198
Trade notes and accounts receivable	49,270	41,159	308,886
Less: allowance for doubtful accounts	(271)	(322)	(2,417)
Inventories	12,889	14,296	107,285
Deferred tax assets	1,316	2,427	18,214
Short-term loan receivable	5,001	20,927	157,048
Other current assets	2,022	1,520	11,407
Total current assets	92,779	82,898	622,121
Property, plant and equipment, at cost:			
Land	3,605	3,590	26,942
Buildings and structures	9,482	8,454	63,447
Machinery and equipment	3,973	3,537	26,548
Tools, furniture and fixtures	1,885	1,682	12,619
	18,945	17,263	129,556
Less: accumulated depreciation	(11,311)	(10,184)	(76,425)
Property, plant and equipment, net	7,634	7,079	53,131
Investments and other assets:			
Investment securities	7,714	1,743	13,077
Investments in subsidiaries and affiliates	265	270	2,024
Long-term lease deposits	1,787	1,638	12,292
Deferred tax assets	1,744	2,720	20,413
Other assets	1,916	1,547	11,614
Total investments and other assets	13,426	7,918	59,420
Total assets	¥ 113,839	¥ 97,895	\$ 734,672

See the accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 30,923	¥ 27,525	\$ 206,566
Current portion of long-term debt	5,000	2,000	15,009
Advances received on uncompleted contracts	11,973	9,515	71,407
Accrued expenses	2,380	2,094	15,715
Accrued income taxes	—	26	195
Allowance for expected losses on construction contracts	—	1,371	10,286
Other current liabilities	2,563	2,753	20,664
Total current liabilities	52,839	45,284	339,842
Long-term liabilities:			
Long-term debt	2,000	—	—
Severance indemnities	7,908	5,215	39,139
Total long-term liabilities	9,908	5,215	39,139
Shareholders' equity:			
Common stock :			
Authorized — 265,000,000 shares			
Issued 2001 — 67,956,888 shares	11,876	—	—
2002 — 67,956,888 shares	—	11,876	89,126
Capital surplus	18,407	18,407	138,141
Legal reserve	1,482	1,537	11,533
Retained earnings	18,479	15,559	116,766
Unrealized gains on securities	848	19	141
Less : treasury stock at cost	—	(2)	(16)
Total shareholders' equity	51,092	47,396	355,691
Total liabilities and shareholders' equity	¥ 113,839	¥ 97,895	\$ 734,672

Common Stock

Authorized:

265,000,000 shares

Issued and Outstanding:

67,956,888 shares (As of March 31, 2002)

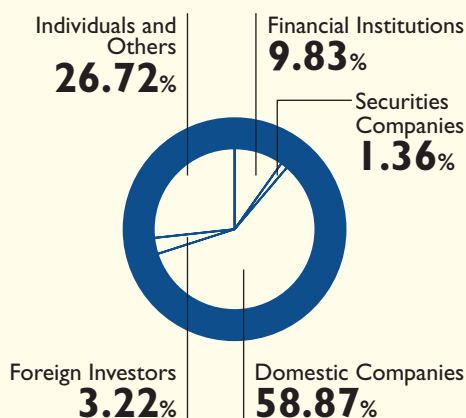
Number of Shareholders

6,206 (As of March 31, 2002)

Paid-in Capital

¥11,876,021,006 (As of March 31, 2002)

Distribution of Shareholders



Major Shareholders

Names of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
Toshiba Corporation	36,166	53.22%
Toshiba Insurance Service Corporation	1,600	2.36
Toshiba Plant Kensetsu Employees' Shareholding Association	1,543	2.27
UFJ Trust Bank Limited (Trust Account A)	1,383	2.04
Toshiba Plant Kensetsu Subcontractors' Association	1,355	1.99
The Mitsubishi Trust and Banking Corporation (Trust Account)	847	1.25
Morgan Stanley Japan Limited	730	1.07
The Dai-ichi Mutual Life Insurance Company	610	0.90
Mitsui Sumitomo Insurance Company, Limited	578	0.85
Japan Trustee Services Bank, Ltd. (Trust Account)	539	0.79
Total of 10 Shareholders	45,354	66.74

Corporate Structure

<p>President</p> <ul style="list-style-type: none"> Management Innovation Office Corporate Planning Office Auditing Office Administration Division Finance & Accounting Division Technology Division Export Control Office Procurement Division 	<ul style="list-style-type: none"> Marketing Planning Division Kanagawa Branch Office Chubu Branch Office Kansai Branch Office Kyushu Branch Office Hokkaido Branch Office Tohoku Branch Office Kita-Kanto Branch Office Higashi-Kanto Branch Office Shin'etsu Branch Office Hokuriku Branch Office Chugoku Branch Office 	<ul style="list-style-type: none"> Power System Division Nuclear Facilities Division Industrial & Facilities Division 	<ul style="list-style-type: none"> Atsugi Center
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Board of Directors**President and Chief Executive Officer,
Representative Director**

Tadahisa Ogita

Executive Vice Presidents

Mochihiro Nakazawa

Takeshi Mawatari

Senior Vice Presidents

Osamu Yoshida

Kanou Aizawa

Yoshishige Hayashi

Vice Presidents

Katsuyoshi Etoh

Akio Kuzuna

Atsushi Mori

Takashi Miyakoshi

Toru Tsubone

Koichi Osaki

Masakuni Sasaki

Corporate Auditors

Tsuneo Matsumoto

Hidefumi Kouzai

Hiroshi Hanada

Tetsuo Ishii

(As of June 27, 2002)

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Tel: 81-45-759-5020

Atsugi Technology Research and Development Center

31-3, Tomuro 5-chome, Atsugi 243-0031

Tel: 81-46-222-6650

Subsidiaries and Affiliates**Domestic****Shibaura Technical Service Co., Ltd.****Shibakyo Plant Co., Ltd.****Shibako Sangyo Co., Ltd.****Overseas****Tosplant Engineering (S) Pte. Ltd.**

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Fax: 91-40-3110600

TPK Engineering & Construction (Malaysia) Sdn. Bhd.

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Fax: 603-9368-7004

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