

YUHOREPORT

Fiscal Year Ended	March 31, 2002
Traded	TSE1
Stock Code	1878



DAITO TRUST CONSTRUCTION CO., LTD.

YUHO REPORT

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This report is based on the Company’s Japanese-language annual filing with the Ministry of Finance and supplemented with materials that facilitate comparison with the Company’s peers. The materials from the annual filing with the Ministry of Finance have been edited and reorganized in a format more familiar to the international investment community. All information contained in this report has been obtained from sources believed to be reliable, but the accuracy of the data and the translation, completeness, or timeliness of the information are not warranted by the Company, Pacific Associates, or Asia Securities Printing. None of the above parties shall be responsible for any errors or omissions or for the results obtained from the use of this information.

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Company Profile

Financial highlights

Millions of yen Years ended March 31	1998	1999	2000	2001	2002	Change 2002/1998
Consolidated						
Net sales	266,834	231,265	255,778	306,284	332,223	125%
Ordinary profit	18,536	21,845	27,586	40,750	42,429	229%
Net income	8,553	11,271	15,703	23,200	23,495	275%
Shareholders' equity	157,121	162,035	180,357	198,068	208,287	133%
Total assets	226,000	228,797	266,428	304,168	325,833	144%
Shareholders' equity per share (Yen)	1,129.53	1,186.97	1,346.26	1,467.24	1,545.55	137%
Net income per share (Yen)	61.49	82.06	117.18	172.58	174.32	283%
Net income per share, fully diluted (Yen)	-	-	-	-	174.14	
Net cash provided by operating activities	-	-	19,036	45,516	31,389	
Net cash used in investing activities	-	-	(5,567)	11,992	(33,505)	
Net cash provided by financing activities	-	-	(2,722)	(6,773)	(7,849)	
Cash and cash equivalents at end of period	-	66,537	77,101	128,356	118,929	
Employees	-	-	4,824	5,280	6,070	

Peer comparisons

	1998	1999	2000	2001	2002
Net income / sales (%)	3.2	4.9	6.1	7.6	7.1
Peers	(1.3)	(2.1)	(0.2)	1.0	(9.7)
Ordinary profit / sales (%)	6.9	9.4	10.8	13.3	12.8
Peers	1.1	1.1	2.9	2.1	(0.1)
Net income / equity (%)	5.4	7.0	8.7	11.7	11.3
Peers	(4.3)	(10.9)	(10.0)	3.7	(42.0)
Net income / assets (%)	3.8	4.9	5.9	7.6	7.2
Peers	(0.3)	(1.1)	0.0	0.9	(7.1)
Ordinary profit / assets (%)	8.2	9.5	10.4	13.4	13.0
Peers	1.6	1.4	2.8	2.1	0.0
Equity / assets (%)	69.5	70.8	67.7	65.1	63.9
Peers	37.1	37.5	35.1	35.6	29.9

Peers include the following 12 companies.

Mitsui Home Co. (1868), Shinnihon Corp. (1879), Suruga Construction (1880), Tohoku Misawa Homes (1907), Sumitomo Forestry Co. (1911), Nisseki House Industry (1917), SxL Corp.(1919), Taisei Prefab Construction (1922), Misawa Homes (1923), National House (1924), Daiwa House (1925) and Sekisui House (1928).

Common size statements

Years ended March 31; Percent	Consolidated			Parent		
	2000	2001	2002	2000	2001	2002
Balance sheet						
Assets	100.00	100.00	100.00	100.00	100.00	100.00
Current assets	57.79	69.20	65.71	55.19	66.61	63.59
Tangible fixed assets	25.31	23.47	23.04	22.32	19.88	19.05
Intangible fixed assets	0.56	0.42	0.32	0.16	0.14	0.12
Investments and others	15.22	6.91	10.93	22.33	13.37	17.24
Total fixed assets	41.09	30.80	34.29	44.81	33.39	36.41
Foreign currency translation adjustments	1.12	-	-	-	-	-
Liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Current liabilities	29.38	31.57	32.40	27.75	30.87	32.73
Long-term liabilities	2.93	3.31	3.68	2.94	3.31	3.59
Total liabilities	32.31	34.88	36.08	30.69	34.18	36.32
Common stock	10.91	9.55	8.92	11.17	9.74	9.16
Additional paid-in capital	12.96	11.35	10.60	13.27	11.58	10.89
Legal income reserve	-	-	-	2.79	2.44	2.29
Revaluation account for land	-	-	(2.25)	-	-	(2.31)
Retained earnings	44.74	45.22	47.19	42.08	42.01	44.36
Unrealized gains or losses on other securities	-	0.05	0.05	-	0.05	0.05
Foreign currency translation adjustments	-	(0.52)	0.15	-	-	-
Treasury stock	(0.92)	(0.53)	(0.74)	-	-	(0.76)
Total shareholders' equity	67.69	65.12	63.92	69.31	65.82	63.68
Statement of income						
Net sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	66.55	67.08	67.83	70.28	70.07	70.28
Gross profit on sales	33.45	32.92	32.17	29.72	29.93	29.72
Selling, general and administrative expenses	22.93	20.05	19.59	19.86	17.49	16.72
Operating income	10.52	12.87	12.58	9.86	12.44	13.00
Nonoperating income	0.67	0.69	0.50	0.73	0.78	0.54
Nonoperating expenses	0.40	0.26	0.31	0.44	0.28	0.34
Ordinary profit	10.79	13.30	12.77	10.15	12.94	13.20
Extraordinary income	0.17	0.07	-	0.19	-	-
Extraordinary losses	0.02	0.18	0.17	0.01	0.19	0.16
Income before taxes and other adjustments	10.94	13.19	12.60	10.33	12.75	13.04
Deferred taxes	4.80	5.62	5.53	4.48	5.51	5.67
Net income for the period	6.14	7.57	7.07	5.85	7.24	7.37

Business Overview

Description of business

The corporate group consists of the Company, 19 subsidiaries, and one affiliated company. It provides a wide range of services to landowners who are seeking effective ways to utilize their land through the development of rental properties. These services include the planning and construction of rental buildings, real estate brokerage, and real estate management. The group is also actively engaged in other operations related to its principal rental-property development business.

Each company's role and relationship to the overall group is as follows.

The categories shown below are identical to those used to report segment information.

Construction operations

The Company and Daito Construction Co., Ltd. market construction services and contract to carry out design and construction work.

Trans-Pac Housing, Inc. and Daito Steel Co., Ltd. procure and supply certain materials required for the Company's construction projects.

Daito Construction Co., Ltd. performs certain jobs required for the Company's construction projects.

Real estate operations

Real estate brokerage

The Company, Housecom Co., Ltd. and Kansai-Housecom Co., Ltd. introduce prospective tenants to owners of company-built rental properties. Housecom Co. and Kansai-Housecom Co. also provide general tenant-brokerage services to owners of non-company-built rental properties.

Real estate management

Based on rental-property management agreements, the Company collects rents, manages buildings, and handles other tasks on behalf of property owners. The Company assigns certain tasks that it undertakes through these agreements to Daito Building Management Co., Ltd.

Overseas project development

Shanghai Daito Trust Construction Co., Ltd. handles real estate projects outside of Japan.

Other operations

- 1) The Company provides rent guarantees that cover 90 percent of the rents on company-specified, standard residential rental properties (apartments, condominiums, etc.), in the event of vacancies after the passage of 90 days from the delivery of completed buildings. It also provides interest-payment guarantees that partially cover interest expenses on loans borrowed to construct standard commercial rental properties (warehouses, factories, retail outlets, offices, etc.), in the event of vacancies at the time of delivery of the completed buildings.
- 2) To reduce operational risks to building owners who have built rental properties through the Company, Daito Kyosaikai Co., Ltd. provides rent guarantees that protect owners from vacancies occurring after the commencement of rental operations (mid-term vacancies). In the event of such vacancies, Daito Kyosaikai pays benefits that cover 90 percent of the foregone rents.
- 3) Daito Finance Co., Ltd. provides financing for the construction of rental properties (until long-term financing becomes available from financial institutions). Daito Asia Investment Pte. Ltd. provides construction financing for real estate and other overseas development projects.
- 4) Ju-See Publishing Co., Ltd. produces and sells real estate magazines that list rental properties for which the Company, Housecom Co., Ltd. and Kansai-Housecom Co. are acting as brokers.
- 5) Top & Homex Co., Ltd. operates a home center retailing business.
- 6) Daito Trading Co., Ltd. sells home-related furnishings and equipment, security systems, etc.
- 7) Daito Asia Development (Malaysia) Sdn. Bhd. is developing a hotel in Kuala Lumpur, Malaysia.
- 8) Daito Asia Development Pte. Ltd. invests in companies engaged in overseas real estate development.
- 9) Care Partner Co., Ltd. operates day service centers which provide nursing assistance.
- 10) Gaspal Kanto Co., Ltd. and Gaspal Chubu Co., Ltd. sell fuel (LP gas).

Group companies

Millions of yen	Common stock	Percent ownership	
		Direct	Indirect
(Consolidated subsidiaries)			
Daito Kyosaikai Co., Ltd.	480	100	-
Daito Finance Co., Ltd.	100	100	-
Daito Steel Co., Ltd.	100	100	-
Daito Construction Co., Ltd.	100	100	-
Housecom Co., Ltd.	300	100	-
Kansai-Housecom Co., Ltd.	100	100	-
Ju-See Publishing Co., Ltd.	45	100	-
Daito Trading Co., Ltd.	45	100	-
Top & Homex Co., Ltd.	300	100	-
Care Partner Co., Ltd.	40	100	-
Daito Building Management Co., Ltd.	100	100	-
Gaspal Kanto Co., Ltd.	300	100	-
Gaspal Chubu Co., Ltd.	300	100	-
Trans-Pac Housing, Inc.	C\$1,750,000	100	-
Shanghai Daito Trust Construction Co., Ltd.	US\$58,700,000	-	100
Daito Asia Development Pte. Ltd.	US\$2,202	100	-
Daito Asia Investment Pte. Ltd.	US\$2,502	100	-
Daito Asia Development (Malaysia) Sdn. Bhd.	RM64,640,000	-	100

History

The Company was established in Nagoya on June 20, 1974 as Daito Sangyo Co., Ltd. It changed its name to Daito Construction Co., Ltd. in September 1978, and again to Daito Trust Construction Co., Ltd. on April 1, 1988. On October 1, 1995, it established a number of wholly owned sales subsidiaries, to which it entrusted the planning and marketing of rental building projects and certain sales activities related to closing construction contracts. However, on October 1, 1998, it absorbed these subsidiaries into its parent operations.

Year	Month	Event
1974	June	Daito Sangyo Co., Ltd. is established at Inotaka-cho, Chigusa-ku, Nagoya, with capital of 1 million yen
1978	September	Changed trade name to Daito Construction Co., Ltd.
1980	March	Established Daito Kyosaikai Co., Ltd. and began rent-guarantee operations

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Year	Month	Event
1988	April	Changed trade name to Daito Trust Construction Co., Ltd.
	December	Built new headquarters building (currently occupied by the Nagoya Branch) at Fukuzumi-cho, Nakagawa-ku, Nagoya, and moved corporate headquarters to new site
1989	January	Increased investment in Daito Kyosaikai Co., Ltd., making it a wholly owned subsidiary (currently, consolidated subsidiary)
	March	Listed shares on the Second Section of the Nagoya Stock Exchange
1990	April	Moved headquarters staff and offices to 7-35, Kita-Shinagawa 4-chome, Shinagawa-ku, Tokyo
1991	September	Listed shares on the First Section of the Nagoya Stock Exchange
	December	Changed number of shares per unit trading from 1,000 to 100
1992	February	Listed shares on the First Section of the Tokyo Stock Exchange
1993	October	Established wholly owned Daito Finance Co., Ltd. (June 1993), and began financing operations (currently, consolidated subsidiary)
1994	July	Established wholly owned Housecom Co., Ltd. (January 1994), and began tenant-brokerage operations (currently, consolidated subsidiary)
1995	April	Established subsidiaries in US and Canada to export building materials (present-day DK BUILDING SUPPLY, INC. and TRANS-PAC HOUSING, INC., currently, a consolidated subsidiary, respectively)
	August	Established wholly owned Shanghai Daito Trust Construction Co., Ltd. (July 1995), and began developing rental housing for residents of the foreign community (currently, consolidated subsidiary)
	October	Established wholly owned sales companies (April 1995), and began planning and sales operations through those companies
1996	January	Acquired all the shares of Top & Homex Co., Ltd., and began operating home centers (currently, consolidated subsidiary)
	September	Established wholly owned Daito Asia Investment Pte. Ltd. and Daito Asia Development Pte. Ltd. to develop hotel projects in Malaysia (currently, consolidated subsidiaries) Moved headquarters staff and offices to 4-1, Shibakoen 2-chome, Minato-ku, Tokyo
1997	February	Acquired land for headquarters building in the east redevelopment district of Shinagawa Station
	April	Acquired all the shares of Kobayashi Construction Co., Ltd., and changed the company's name to Daito Steel Co., Ltd. (currently, consolidated subsidiary)
	May	Established wholly owned Daito Construction Co., Ltd. (currently, consolidated subsidiary)
1998	September	Established wholly owned Kansai-Housecom Co., Ltd., and began tenant-brokerage operations (currently, consolidated subsidiary)
	October	Absorbed the operations of its 10 sales subsidiaries
1999	February	Changed name of Daito Logitem Co., Ltd. to Care Partner Co., Ltd., and began providing at-home nursing-care services (currently, consolidated subsidiary)
	September	Changed name of Shinagawa Building Service Co., Ltd. to Daito Building Management Co., Ltd., and began rental management operations (currently, consolidated subsidiary)
2000	March	Terminated operations at DK Building Supply, Inc. on March 31, 2000, and transferred all building-materials export operations to Trans-Pac Housing, Inc.
	October	Began construction of single-family homes under the brand TAKCEL Home
2001	November	Established Gaspal Kanto Co., Ltd. and Gaspal Chubu Co., Ltd. (June 2001) as wholly owned subsidiaries (currently, consolidated subsidiaries) and began the business of supplying propane gas
2002	March	Reached agreement to acquire the Construction Division of Nihon Denken Co., Ltd.

Research and development

Construction operations

To fully support individual landowners in their property-rental operations, the Company researches and analyzes various conditions to provide optimally designed and built rental properties. In addition, its Product Development Department is actively involved in expanding and improving the product lineup, including the adoption of new construction methods, to respond to the growing diversity of tenant needs.

In the consolidated fiscal year to March 2002, the Company spent 546 million yen on research and development, the bulk accounted for by the Product Development Group for planning and development carried out on three new products: "Venet," a low-rise, maisonette-type apartment for families; "Defi", a low-rise, multi-unit residence for single-person households; "Estreno," a medium-rise, family-style apartment; and "Ferenzia", a low-rise, family-style apartment for restricted sale in cold, snowy regions.

The Technology Development Group carried out research and experimentation on building methods designed to improve the functional performance of buildings in general. One of these new methods, an original wooden-axis method called the "Daitek-Wood Construction Method," was incorporated into a number of new low-rise products. For medium-rise products, the group adopted the "Boyd Rahmen method" in a number of new reinforced-concrete structures. On April 1, 2002, the Japan Housing and Wood Technology Center recognized the Company's new original wooden-axis method as a "system that streamlines the construction of wooden houses." The Technology Development Group also worked on the development of a dry-construction, brick-outer-wall building method that offers significant advantages both in terms of design and durability.

The Single-Family House Group worked on the development of "Vita Regaro," a new product that targets first-time home buyers, and "Nova Towale," a new product that seeks to provide high cost-performance features through incorporation of the new wooden-axis construction method.

The Company's subsidiaries do not engage in a significant amount of research and development.

Real estate and other operations

The Company engages in no significant research and development in relation to these operations.

Operations acceptance contract

On March 29, 2002, the Company entered into an agreement to acquire the Construction Division of Nihon Denken Co., Ltd.

1. Summary of agreement

(1) Scope of acquisition

The agreement covers Nihon Denken's Construction Division, which is involved in constructing single-family houses and various buildings for urban users. The Company will take over contracting agreements, including those currently under negotiation, subject to the consent of customers. The agreement also permits continued use of Nihon Denken's sales offices, of which there are 13 nationwide.

(2) Employees and suppliers

Following the transfer of ownership, the Company has basically agreed to continue employing current Nihon Denken employees and to use Nihon Denken's current suppliers.

(3) Date of acquisition

August 1, 2002 (the transfer of ownership will take place after the Daito Group companies involved in the transfer obtain related licenses, permits and authorizations, and complete their required reporting to the Fair Trade Commission).

(4) Method and price

The method and price of acquisition shall be determined through negotiations between the two companies, which shall use either market price or book value on the day of acquisition as the basis for discussions. Both parties shall also determine methods of settlement, etc. through negotiations.

2. Profile of Nihon Denken Co., Ltd.

(1) Principal lines of business: Contracting, designing and supervising construction of buildings; buying and selling buildings

(2) Date of establishment: May 26, 1930

(3) Location of headquarters: 10-12, Yaesu 2-chome, Chuo-ku, Tokyo

(4) Representative director & president: Osano Takamasa

(5) Sales (Construction Division): 18.61 billion yen (year to March 2001)

- (6) Capital: 6.04 billion yen (as of the end of March 2001)
- (7) Number of employees: 379 (as of the end of March 2001)
- (8) Shareholder: Kokusai Kogyo Co., Ltd.—100%
- (9) Relationship with Daito: None

Directors

Name	Title	Entered company	Previous employers	Date of birth	Thousand shares
Katsumi Tada	President and Representative Director	Jun-74		12-Jul-45	13,627
Haruhiko Tada	Executive Vice President	Jan-82		3-Jun-51	82
Toshiyuki Nakashima	Senior Managing Director	Feb-88		1-Mar-46	44
Isao Minabe	Senior Managing Director	Apr-84		19-May-52	21
Moritaka Asada	Senior Managing Director	Oct-86		30-May-49	6
Naoki Fujiuchi	Managing Director	Dec-86		31-May-43	-
Takashi Igawa	Director	Sep-89		14-Sep-51	-
Koichi Fujita	Director	Jun-87		21-Oct-53	466
Haruo Sasajima	Standing Statutory Auditor	Jan-82	UNY	22-Sep-22	12
Shiro Suzuki	Statutory Auditor	Jun-95	Mitsui	31-Mar-26	-
Hideo Hachiya	Statutory Auditor	Jun-91	Honda Motor	31-May-42	-
Sakumichi Yamada	Statutory Auditor	Jun-00	Tomatsu	29-Feb-64	-
Total					14,260

Current assignments and previous positions in the Company have been omitted.

Employees

Consolidated	
Business segment	Number
Construction operations	3,298
Real estate operations	1,685
Other operations	113
Corporate staff	974
	6,070
Parent	
	Total or average
Number	5,266
Average age	41.00
Average years of service	5.06
Average yearly salary (Yen)	8,360,602

The average yearly salary includes bonuses.

On a consolidated basis, the group had 790 more employees at the end of the fiscal year to March 2002 than it had at the end of the year-earlier period. This reflected the hiring of substantial numbers of engineers and other technical staff to strengthen the Construction Division's ability to carry out construction work, as well as the addition of personnel to support expanded sales activity by Daito Building Management Co., Ltd. On a parent company basis, there was an increase of 585 employees, primarily engineers and other technical staff who were needed to strengthen the Company's construction-related capabilities.

Stock option plan

The Company has adopted a stock option plan. The plan is based on the purchase of treasury stock, as stipulated by the provisions of Article 210-2-2 of the old Commercial Code, and on the issuance of subscription rights for new stock, as stipulated by the provisions of Article 280-21 of the Commercial Code.

The Company's stock option plan can be summarized as follows.

(Resolution adopted at the Regular General Meeting of Shareholders on June 26, 1998)

Qualified persons	Type of stock	Number of shares	Transfer price (yen)	Exercise period	Conditions
12 directors	Common stock	360,000	1,120	From June 27, 2000 to June 26, 2003	As provided for in stock option agreements entered into between the company and the directors and employees in question, based on resolutions adopted by the general shareholders meeting and the board of directors
175 management-level employees ranked assistant general manager or higher, and employees with affiliations of more than 15 years	Common stock	1,670,000	1,120	From June 27, 2000 to June 26, 2003	

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(Resolution adopted at the Regular General Meeting of Shareholders on June 29, 1999)

Qualified persons	Type of stock	Number of shares	Transfer price (yen)	Exercise period	Conditions
35 management-level employees ranked assistant general manager or higher, and employees with affiliations of more than 15 years	Common stock	285,000	1,316	From June 30, 2001 to June 29, 2004	As provided for in stock option agreements entered into between the company and employees in question, based on resolutions adopted by the general shareholders meeting and the board of directors

(Resolution adopted at the Regular General Meeting of Shareholders on June 29, 2000)

Qualified persons	Type of stock	Number of shares	Transfer price (yen)	Exercise period	Conditions
53 management-level employees ranked assistant general manager or higher, and employees with affiliations of more than 15 years	Common stock	395,000	1,931	From June 30, 2002 to June 29, 2005	As provided for in stock option agreements entered into between the company and employees in question, based on resolutions adopted by the general shareholders meeting and the board of directors

(Resolution adopted at the Regular General Meeting of Shareholders on June 28, 2001)

Qualified persons	Type of stock	Number of shares	Transfer price (yen)	Exercise period	Conditions
7 executive directors	Common stock	70,000	2,048	From June 29, 2003 to June 28, 2006	As provided for in stock option agreements entered into between the company and employees in question, based on resolutions adopted by the general shareholders meeting and the board of directors
73 management-level employees ranked assistant general manager or higher, and employees with affiliations of more than 15 years	Common stock	545,000	2,048	From June 29, 2003 to June 28, 2006	

(Resolution adopted at the Regular General Meeting of Shareholders on June 27, 2002)

Date of resolution	June 27, 2002
Categories and numbers of persons to be granted rights	The Board of Directors shall determine the category of persons that will be eligible for stock options and the number of eligible persons
Type of stock subject to rights	Common stock
Number of shares	A maximum of 5 million shares
Amount paid in at time of execution of rights	'Average closing TSE price in the previous month x 1.05' or 'closing TSE price at the date of issue,' whichever is higher.
Period of execution of rights	June 28, 2004 - June 27, 2007
Conditions for execution of rights	The execution of rights shall be governed by agreements that have been entered into between the Company and the holders of subscription rights. These agreements shall be based on resolutions adopted by Regular General Meetings of Shareholders and on resolutions adopted by the Board of Directors at meetings held to determine matters relating to these rights.
Item concerning the assignment of rights	Approval of Board of Directors required

Amounts acquired for assignment to directors or employees

June 27, 2002 Item	Number of shares	Total value (yen)
Matters authorized at Regular General Meeting of Shareholders (resolution of June 28, 2001)	615,000	1,900,000,000
Treasury stock acquired during previous authorization period	615,000	1,258,619,700
Total number of remaining authorized shares, and remaining authorized value	-	641,380,300
Percentage unexercised	-	33.76

(Note) The ratio of authorized shares to shares outstanding was 0.5%.

Regarding disposal of acquired treasury stock

June 27, 2001; Yen Item	Number of shares assigned or canceled	Total value of shares disposed	Number of treasury stock held
Treasury stock acquired for assignment to directors and employees	-	-	615,000
Treasury stock acquired for cancellation by means of profit	-	-	-
Treasury stock acquired for cancellation by means of capital reserves	-	-	-
Treasury stock acquired for cancellation by means of difference credited to property revaluation account	-	-	-
	-	-	615,000

Cash Flow

Consolidated statement of cash flow

Years ended March 31; Millions of yen	2000	2001	2002
Net cash provided by operating activities			
Income before taxes and other adjustments	27,984	40,396	41,860
Depreciation	670	742	875
Increase (decrease) in allowance for doubtful accounts	(662)	150	(94)
Reserve for bonuses	1,282	2,102	(691)
Increase (decrease) in allowance for guarantee payments on vacancies	-	(697)	515
Increase (decrease) in retirement benefits/allowances	-	623	301
Interest and dividend income	(809)	(961)	(262)
Interest expense	7	12	5
Loss on valuation of marketable and investment securities	396	213	1,009
Other non-cash transactions	687	-	-
Decrease (increase) in trade receivables	(8,742)	453	3,436
Decrease (increase) in expenses on unfinished projects	(1,983)	3,158	(4,258)
Decrease (increase) in other inventories	1,702	439	(1,142)
Increase (decrease) in loans receivable - trade	(7,451)	464	948
Increase (decrease) in trade payables	4,319	2,465	(2,231)
Increase (decrease) in accounts payable - other	1,269	4,072	(1,012)
Increase (decrease) in advances on unfinished projects	7,926	5,420	6,723
Increase (decrease) in consumption tax payable	1,272	827	(192)
Change in other assets and liabilities	2,851	-	-
Others	-	(463)	3,148
Directors' bonuses	(112)	(111)	(172)
	<u>30,610</u>	<u>59,310</u>	<u>48,766</u>
Interest and dividend income	819	1,012	439
Interest expense	(7)	(12)	(5)
Income tax and others	(12,386)	(14,793)	(17,810)
	<u>19,036</u>	<u>45,516</u>	<u>31,389</u>

DAITO TRUST CONSTRUCTION

Years ended March 31; Millions of yen	2000	2001	2002
Net cash used in investing activities			
Increase in time deposits	-	-	(16,451)
Proceeds from decrease in time deposits	-	-	9,759
Payments for purchase of marketable securities	(7,808)	(16,668)	(23,241)
Proceeds from sales of marketable securities	8,933	10,059	17,732
Payments for acquisition of tangible fixed assets	(4,110)	(3,330)	(11,898)
Payments for investment in securities	(1,451)	(4,047)	(8,010)
Proceeds from sales of investment securities	1,349	5,153	2
Payments of insurance policies	(3,662)	(542)	(490)
Proceeds from cancellation of insurance policies	2,013	22,422	348
Payments of guarantee deposits	(1,327)	(1,560)	(1,464)
Proceeds from other investing activities	497	507	209
	(5,567)	11,992	(33,505)
Net cash provided by financing activities			
Increase (decrease) in short-term borrowings	1,000	(3,000)	-
Purchase of treasury stock to be retired	(589)	-	-
Purchase of treasury stock for stock options	-	(764)	(1,262)
Proceeds from sales of treasury stock for stock options	-	1,417	431
Dividends	(2,683)	(4,696)	(7,079)
Proceed from (payments of) other financing activities	(449)	269	60
	(2,722)	(6,773)	(7,849)
Effect of exchange rate changes on cash and cash equivalents	(231)	598	538
Cash and cash equivalents	10,514	51,334	(9,426)
Increase in cash and cash equivalents accompanying new consolidation	49	-	-
Decrease in cash and cash equivalents accompanying elimination of consolidation	-	(78)	-
Cash and cash equivalents at beginning of period	66,537	77,101	128,356
Cash and cash equivalents at end of period	77,101	128,356	118,929

Relationship between balance of cash and cash equivalents as of term end and balance sheet items

Millions of yen	2000	2001	2002
Cash and deposit accounts	73,036	128,724	127,031
Marketable securities account	15,408	15,613	20,885
Time deposits etc. of 3 months or longer	(935)	(1,409)	(8,101)
Shares and bonds with redemption periods of more than three months	(10,408)	(14,572)	(20,885)
Cash and cash equivalents	77,101	128,356	118,929

Capital expenditures

Construction operations

In the consolidated fiscal year to March 2002, the division made no significant capital investments.

Real estate operations

The division's principle expenditure was 0.84 billion yen in construction costs for rental apartments in Shanghai, which are being built by Shanghai Daito Trust Construction Co., Ltd. for residents of the local foreign community. Overall, the division spent 0.9 billion yen for capital projects.

The division recorded no material eliminations or sales of capital equipment.

Other operations

The division's principle expenditure was 1.19 billion yen in construction costs for building and other costs related to a hotel being developed in Kuala Lumpur by Daito Asia Development (Malaysia) Sdn. Bhd. Overall, the division spent 1.29 billion yen for capital projects.

The division recorded no material eliminations or sales of capital equipment.

All operations

The principle capital investment by the parent company was 13.82 billion yen in consulting expenses related to the construction of the firm's new headquarters building. The Company spent 13.83 billion yen in construction and other costs related to the Company's new headquarters building, which is now under construction.

It recorded no material eliminations or sales of capital equipment.

Dividend policy

The Company believes strongly in the importance of sharing profits with shareholders. Its fundamental position will be to strengthen its operating foundations in order to pay a stable dividend. For the time being, its aim will be to maintain the dividend payout ratio at approximately 30 percent, based on payment of a standard dividend of 20 yen, augmented by a payout representing profits shared with shareholders.

In the year ended March 2002, the Company reported higher sales and profits for the third consecutive term. In accordance with the foregoing policy, it has decided to increase dividends on its common stock from the current rate of 45 yen per share (of which 22.5 yen has been paid as an interim dividend) to 50 yen per share, an increase of 5 yen. Consequently, the dividend payout ratio has increased to 29.7 percent (+0.3 points compared to the previous year).

The Company will utilize retained earnings effectively with the aim of strengthening its operating foundations. Among its uses will be investments in the development of new businesses and the financing of construction costs of its new office tower on the east side of Shinagawa Station.

The Board of Directors' resolution on interim dividends for the year ended March 2002 was adopted on November 21, 2001.

Operations

Consolidated statement of income

Years ended March 31; Millions of yen	2000	2001	2002
Net sales			
Construction	191,470	236,251	252,295
Real estate operations	44,693	50,980	59,500
Others	19,614	19,051	20,426
	<u>255,778</u>	<u>306,284</u>	<u>332,223</u>
Cost of sales			
Cost of construction	128,038	157,375	168,986
Cost of sales of real estate operations	35,871	40,592	46,848
Other operating expenses	6,323	7,482	9,518
	<u>170,233</u>	<u>205,450</u>	<u>225,353</u>
Gross profit on sales			
Gross profit on sales - construction	63,431	78,876	83,309
Gross profit on sales - real estate operations	8,822	10,388	12,651
Others	13,291	11,569	10,907
	<u>85,545</u>	<u>100,833</u>	<u>106,869</u>
Selling, general and administrative expenses			
Directors' salaries	498	387	410
Employees' salaries	20,962	23,013	23,769
Reserve provision for bonuses	1,741	3,791	3,705
Reserve provision for retirement allowances	288	-	-
Pension benefit expenses	-	581	563
Reserve provision for directors' retirement allowances	89	80	85
Employee benefit expenses as part of nationally mandated programs	2,191	2,480	2,855
Advertising expenses	3,136	1,723	1,514
Provision for allowance for doubtful accounts	-	153	102
Guarantee expenses for vacancies	10,791	10,425	12,138
Addition to allowance for guarantee payments on vacancies	2,409	831	1,234
Rent	3,753	3,838	3,997
Software development expenses	385	145	416
Others	12,374	13,953	14,285
	<u>58,624</u>	<u>61,406</u>	<u>65,080</u>
Operating income	<u>26,920</u>	<u>39,427</u>	<u>41,788</u>

DAITO TRUST CONSTRUCTION

Years ended March 31; Millions of yen	2000	2001	2002
Nonoperating income			
Interest income	410	484	258
Dividend income	6	5	4
Dividends from non-tax-qualified pensions	393	471	-
Finder's fees	-	409	662
Others	898	740	740
	1,708	2,111	1,665
Nonoperating expenses			
Loss on sale of securities	-	-	18
Loss on valuation of marketable securities	396	135	569
Loss from investment partnership	-	99	-
Valuation losses on buildings developed for sale	-	262	-
Expenses to settle the cancellation of procurement contract	-	91	-
Others	646	199	436
	1,042	788	1,024
Ordinary profit	27,586	40,750	42,429
Extraordinary income			
Reversal of excess real estate acquisition taxes recognized in previous term	129	-	-
Reversal of real estate taxes in prior years	-	211	-
Reversal of allowance for doubtful accounts	105	-	-
Gain on sales of investment securities	204	-	-
Others	0	-	-
	440	211	-
Extraordinary losses			
Loss on sales of fixed assets	6	-	-
Loss on disposal of fixed assets	28	30	75
Loss on valuation of investment securities	-	78	439
Loss resulting from change in retirement benefit accounting standards	-	455	-
Valuation loss on golf memberships	-	-	20
Valuation loss on equity in investment partnership	-	-	33
Others	7	-	-
Valuation loss on equity in investment partnership	41	565	568
Income before taxes and other adjustments	27,984	40,396	41,860
Corporate, inhabitant and enterprise taxes	12,267	19,634	18,130
Deferred taxes	14	(2,438)	233
	12,281	17,196	18,364
Net income for the period	15,703	23,200	23,495

Consolidated appropriation of retained earnings

Years ended March 31; Millions of yen	2000	2001	2002
Retained earnings, beginning of period			
Retained earnings, beginning of period	100,740	119,216	137,540
Adjustment for tax effect in prior years	6,159	-	-
	<u>106,899</u>	<u>119,216</u>	<u>137,540</u>
Deductions from retained earnings			
Decrease due to increase in number of consolidated subsidiaries	1	-	-
Decrease due to decrease in number of consolidated subsidiaries	-	68	-
Retirement of shares	589	-	-
Dividends - total	2,683	4,696	7,079
Directors' bonuses	112	111	172
	<u>3,386</u>	<u>4,876</u>	<u>7,251</u>
Net income for the period	15,703	23,200	23,495
Retained earnings, end of period	<u>119,216</u>	<u>137,540</u>	<u>153,784</u>

Results of operations

Consolidated fiscal year ended March 31, 2002

Economic factors affecting operations

- 1) Persistent economic weakness in Japan, reflected in declining indicators, such as 12 consecutive months of year-on-year increases in unemployment
- 2) Mixed picture in the housing market
 - Second consecutive year of decline in new housing starts
 - Increase in new rental-housing construction, the first upturn in five years

Other factors affecting operations

- 1) Increases in technical staff to reduce order backlog (of approximately 380 billion yen) and to contribute to the timely recognition of sales
- 2) Adoption of innovative marketing methods to increase orders (brokering non-recourse loans to individuals)
- 3) Reduction of "membership fees" on residential buildings from 5% to 4% in May

Segment analysis (percentage changes, year-on-year)

1) Construction operations

The Company expanded its network of business offices to 152, opening branches in Asahikawa, Hakodate and Maizuru, and sales offices in Kamakura and 10 other locations. It launched and promoted sales of three new products: "Estreno," a reinforced-concrete rental condominium; "Venet," a maisonette-type apartment; and Defi, a multi-unit residence for single-person households. To increase overall construction orders, it also brokered non-recourse loans to individuals through a tie-up with Lehman Brothers, becoming the first company in the industry to offer such loans. These and other efforts contributed to new orders of 253.54 billion yen, a decline of 12.9% from the record-high amount achieved last year but still a satisfactory performance.

Reflecting this strong inflow of orders, the Company accumulated an order backlog of approximately 380 billion yen. Consequently, during the term, it took steps to increase boost the number of technical staff, chronically in short supply, and endeavored to promote the timely recognition of revenue. These stronger technical capabilities enabled the Company to recognize 252.3 billion yen (+6.8%) in completed construction. Although the gross margin on these revenues declined by 0.4 percentage points, gross profit increased by 5.6% to 83.31 billion yen, allowing the division to report operating income of 46.8 billion yen (+4.0%).

In the year to March 2003, the Company will continue hiring technical staff to strengthen its ability to carry out projects. To compete effectively against housing manufacturers that have begun to invest substantial resources into the rental-housing business, it will endeavor to renew the excellence of its original "trust construction system."

2) Real estate operations

The Company recruited 80,834 new tenants during the year, a 9.8% increase. Consequently, vacancy rates were kept at all-time low levels. Property under management also rose impressively, to over 280,000 rental units. This larger number of rental units under management resulted in an increase in sales and operating income, to 59.5 billion yen (+16.7%) and 1.73 billion yen (+81.7%), respectively.

In the year to March 2003, Housecom Co., Ltd. and Kansai-Housecom Co., Ltd., two wholly owned subsidiaries involved in tenant-recruitment services, will be adding 15 offices to their network, bringing their combined total to 52 offices.

While endeavoring to keep vacancy rates low by diversifying brokerage channels through use of the Internet, the Company will also aim to maintain the industry's highest level of rental-management service. In the area of real-estate development, it will be completing the final phase of its Shanghai Garden Plaza project in China, and construction of its office tower on the east side of Shinagawa Station (to be used partly as the Company's headquarters), in March 2003. It has begun to market both projects vigorously to potential tenants.

3) Other operations

Net sales from other operations were 20.43 billion yen (+7.2%). Despite this increase in sales, however, a reduction in "membership fees" from 5 to 4 percent on residential property by Daito Kyosaikai Co., Ltd. trimmed gross profit in this division to 10.91 billion yen, reducing operating income to 1.71 billion yen (-27.5%).

Hereafter, the Company will focus on achieving stable operations at Daito Kyosaikai Co., Ltd. Concurrently, to meet its goal of providing high cost-performance products through the procurement of materials from overseas, it will encourage the sourcing of materials not only from North America but also from Europe, working primarily through Daito Trading Co., Ltd.

Consolidated fiscal year ended March 31, 2001

Economic factors affecting operations

- 1) Corporate restructuring and asset deflation (including a fall in domestic share prices in the wake of the US economic slowdown), dampening consumer spending
- 2) 1.8% year-on-year decline in starts of new rental units in fiscal 2000, to 418,200 units

Financial and other factors affecting results (percentage changes, year-on-year)

- 1) Highest consolidated sales in company history
 - 23.4% increase in completed construction
 - 17.0% increase in construction orders
- 2) Decline in vacancy rates on managed property to lowest levels in company history
- 3) Reduction of "membership fees" (from 7 to 6 percent) on commercial property, and 1 billion yen refund of membership fees, by Daito Kyosaikai Co., Ltd.

Segment analysis (percentage changes, year-on-year)

1) Construction operations

Due to aggressive sales efforts (two new branches and nine sales offices opened in April and seven new sales offices opened in October, bringing the nationwide total to 138 business offices) and the development and marketing of new products, the division increased its orders by 17% to 291.13 billion yen. The division endeavored to cut costs and maintain gross margins on completed construction projects. It began delivering its first Steel Houses during the year, ending the period with 133 units delivered, making it the top producer in Japan. Consequently it achieved sales (completed construction) of 236.25 billion yen (+23.4%) and operating profit of 44.98 billion yen (+30.5%).

The Company made a strategic move into the single-family home construction business, with its introduction of the TAKCEL Home brand. It established four new sales offices during the term to market the new line.

2) Real estate operations

Property under management increased to 255,000 rental units during the term. The Company acted as broker for 73,614 new tenants, an 8.6% increase over the previous year. This reduced its inventory of vacancies to the lowest level in the Company's history. Consequently, sales from real estate operations came to 50.98 billion yen (+14.1%) with operating profit of 953 million yen. Subleasing operations accounted for 26.21 billion yen of total segment sales (+32.6%).

To enhance the level of service provided to tenants, the Company added a number of convenient features to its KENTAKU Card, including a rent-payment function and a point-earning system. It also began offering a sales-and-delivery service for daily merchandise, in conjunction with Top & Homex Co., Ltd.

Overseas, the Company completed construction of the second phase of the Shanghai Garden Plaza, and began accepting tenants in March.

3) Other operations

Sales at Daito Kyosaikai Co., Ltd. declined to 11.7 billion yen (-12.1%), following a reduction of membership fees on commercial property from 7 to 6 percent, and the Company's refund of 1 billion yen in previously collected fees. Consequently, sales from other operations came to 19.05 billion yen (-2.9%) with operating profit of 2.35 billion yen (-36.8%).

In August 2000, Daito Asia Development (Malaysia) Sdn. Bhd. began construction of its hotel in Kuala Lumpur, Malaysia, with completion scheduled for 2003.

Business segment information

Millions of yen	Construction operations	Real estate operations	Other operations	Total	Eliminations	Consolidated
2001						
Sales						
External customer sales	236,251	50,980	19,051	306,284	-	306,284
Intersegment transactions and eliminations	0	276	1,949	2,225	(2,225)	-
	236,251	51,257	21,000	308,509	(2,225)	306,284
Operating expenses	191,274	50,303	18,648	260,226	6,629	266,856
Operating income	44,977	953	2,352	48,283	(8,855)	39,427
Identifiable assets	41,783	34,512	31,304	107,600	196,567	304,168
Depreciation	171	340	21	532	29	562
Capital expenditures	123	1,447	759	2,330	1,336	3,666
2002						
Sales						
External customer sales	252,295	59,500	20,426	332,223	-	332,223
Intersegment transactions and eliminations	-	493	3,127	3,620	(3,620)	-
	252,295	59,994	23,553	335,843	(3,620)	332,223
Operating expenses	205,499	58,261	21,848	285,609	4,825	290,434
Operating income	46,796	1,732	1,705	50,234	(8,446)	41,788
Identifiable assets	41,937	35,455	30,264	107,657	218,176	325,833
Depreciation	142	453	23	619	29	648
Capital expenditures	99	900	1,209	2,208	13,834	16,042

(Notes) Major activities under each business category

Construction operations: Civil engineering, building general construction and other construction activities

Real estate operations: Real estate brokerage, management, and rentals; housing development

Other operations: Rent-guarantees for vacancies left by departing tenants; home center retailing, etc.

Issues requiring action

Ten consecutive years of lower official land prices have caused people to reassess the benefits of renting as opposed to purchasing homes, especially in view of the large, long-term mortgages required to buy. At the same time, there is a widely acknowledged shortage of high-quality rental properties on the market, which has prompted the government to identify the construction of new rental properties as a major point of its housing policy. Since its founding 28 years ago, the Company has enjoyed strong support from its customers for the comprehensive services that it provides in relation to its mainstay construction operations. As the industry leader, it will endeavor to respond to the trust placed in it by its customers by continuing to develop low-cost, high-quality products.

The principal issues facing the Company hereafter include those that have been outlined previously in the "Segment analysis" section under "Results of operations," namely:

- 1) To continue the hiring of technical staff to strengthen its capabilities in construction-project execution
- 2) To renew the excellence of the Company's original and innovative "trust construction system" in order to respond successfully to challenges from competing housing manufacturers
- 3) To maintain low vacancy levels by using the Internet to diversify its tenant-recruitment channels
- 4) To maintain its position as provider of the highest level of management services in the industry

Another key issue will be the need to accelerate growth of the Company's real estate development business for single-family homes, which it has been promoting under the brand name "Takcel." To achieve the goal of becoming a leading company in the general housing segment of the market as quickly as possible, the Company agreed to purchase the Construction Division of Nihon Denken Co., Ltd. in March 2002. It is making preparations for the actual purchase in August 2002, after which it will endeavor to develop an attractive product line of single-family homes and to expand and strengthen its sales organization and network.

Orders and sales

Orders

Millions of yen	2001	2002	YOY%
Construction operations	291,136	253,537	87.1

Sales by business

Millions of yen	2001	2001	YOY%
Construction operations	236,251	252,295	106.8
Real estate operations	50,980	59,500	116.7
Other operations	19,051	20,426	107.2
	306,284	332,223	108.5

The following summary of parent company operations is provided for comparison purposes.

Orders, construction completed, construction carried forward to subsequent period, and construction completed on ongoing projects

Millions of yen	Type of construction	Construction carried over from previous period	Orders received during fiscal year	Total	Construction carried forward to subsequent period			Value of construction completed during fiscal year	
					Construction completed during fiscal year	Value of ongoing construction	Of which, construction completed		
2001									
From April 1, 2000 to March 31, 2001	Building construction	326,194	289,736	615,930	235,126	380,803	4.7%	17,742	230,905
2002									
From April 1, 2001 to March 31, 2002	Building construction	380,803	250,435	631,238	250,087	381,151	6.2%	23,671	256,016

1. When the value of orders received in earlier periods (before the "previous period") is changed due to alteration of contract terms, the adjustments are added to or subtracted from "orders received during the fiscal year."
2. The company estimates the amount of construction completed on ongoing projects, shown under "construction carried forward to subsequent period," on the basis of expenditures made on each project.
3. "Value of construction completed during fiscal year" is the sum of: Construction completed during fiscal year + construction completed on ongoing projects – construction completed on ongoing projects as of the end of the previous period.

Value of construction completed and value of ongoing construction

Construction completed and value of ongoing construction by type of building are as follows.

Type of building	Value of construction completed				Value of ongoing construction	
	2001		2002		2002	
Millions of yen	Amount	%	Amount	%	Amount	%
Commercial	1,828	0.8	1,548	0.6	2,044	0.5
Residential	218,035	92.7	233,503	93.4	375,858	98.6
Others	15,263	6.5	15,035	6.0	3,248	0.9
	235,126	100.0	250,087	100.0	381,151	100.0

1. The Company builds solely for the private sector; it does not supply government ministries and agencies. It also does not bid on projects. Customers specify the company on all construction that is undertaken.
2. In the fiscal years ended March 31, 2001 and March 31, 2002, no single client accounted for more than 10 percent of total construction completed.

Leases

Under generally accepted accounting principles in Japan, finance leases that do not transfer ownership are accounted for in the same manner as operating leases if “as if capitalized” information is disclosed.

The Company’s main finance lease contracts are as follows:

Company	Item	Number	Term Months	Current	Future
				payments Millions of yen	payments
Daito Trust Construction Co., Ltd.					
Construction operations and real estate operations	Vehicles	4,088	36 - 60	1,288	3,206
	Copiers, fax machines, etc.	2,591	36 - 60	415	713
Care Partner Co., Ltd.					
Other operations	Vehicles	11	60	2	13
Daito Construction Co., Ltd.					
Construction operations	Vehicles	40	36 - 60	6	14
	Copiers, fax machines, etc.	39	36 - 60	5	7
Housecom Co., Ltd.					
Real estate operations	Vehicles	128	36 - 48	11	78
	Fax machines	36	12 - 48	3	10
Kansai-House com Co., Ltd.					
Real estate operations	Vehicles	16	36	2	4
Daito Steel Co., Ltd.					
Construction operations	Vehicles	6	60	2	5
	Copiers, fax machines, etc.	10	60 - 84	25	49
Trans-Pac Housing, Inc.					
Construction operations	Vehicles	4	36 - 60	5	4
	Copiers, fax machines, etc.	7	36 - 72	3	3
Daito Building Management Co., Ltd.					
Real estate operations	Vehicles	55	60	5	54
Gaspal Kanto Co., Ltd.					
Other operations	Vehicles	3	60 - 72	1	14
Gaspal Chubu Co., Ltd.					
Other operations	Vehicles	3	60 - 72	1	14

Pro forma information on leased property is as follows:

Millions of yen	2001	2002
Tools, furniture and fixtures		
Acquisition cost	1,766	1,665
Accumulated depreciation	922	893
Net leased property	844	772
Others (machinery, vehicles and delivery equipment)		
Acquisition cost	5,805	6,155
Accumulated depreciation	3,497	2,935
Net leased property	2,307	3,220
Total		
Acquisition cost	7,571	7,821
Accumulated depreciation	4,419	3,828
Net leased property	3,151	3,992
Future minimum lease payments including interest portion		
Due within one year	1,436	1,450
Due after one year	1,903	2,711
	3,340	4,162
Lease payments	1,656	1,786
Pro forma depreciation expenses (assuming straight-line method)	1,560	1,688
Pro forma interest expenses	98	87

Capital Structure

Consolidated balance sheet: assets

March 31; Millions of yen	2000	2001	2002
Current assets			
Cash	73,036	128,724	127,031
Notes and accounts receivable - finished projects	18,014	17,574	14,146
Marketable securities	15,408	15,613	20,885
Expenses on unfinished projects	15,991	12,842	17,100
Other inventories	2,952	2,547	3,629
Deferred tax assets	4,370	6,560	5,602
Loans receivable - trade	16,977	16,512	15,563
Other current assets	7,892	10,917	10,924
Allowance for doubtful accounts	(671)	(821)	(789)
	<u>153,971</u>	<u>210,470</u>	<u>214,094</u>
Fixed assets			
Tangible fixed assets			
Buildings and structures	8,051	8,470	11,311
Tools, furniture and fixtures	1,377	1,224	1,597
Land	54,288	54,505	42,597
Construction in progress	6,311	10,042	22,992
Other tangible fixed assets	393	278	287
Accumulated depreciation	(2,989)	(3,119)	(3,719)
	<u>67,432</u>	<u>71,402</u>	<u>75,066</u>
Intangible fixed assets			
Consolidation translation adjustments	496	248	-
Other intangible assets	995	1,022	1,060
	<u>1,491</u>	<u>1,270</u>	<u>1,060</u>
Investments and others			
Investments in securities	1,696	3,044	9,041
Deferred tax assets	1,755	1,896	2,611
Deferred tax assets due to revaluation	-	-	5,240
Cash value in insurance policies	24,145	2,265	2,429
Other investments	13,017	13,880	16,290
Allowance for doubtful accounts	(63)	(63)	(1)
	<u>40,551</u>	<u>21,025</u>	<u>35,611</u>
Total fixed assets	<u>109,474</u>	<u>93,697</u>	<u>111,738</u>
Foreign currency translation adjustments	2,981	-	-
Total assets	<u>266,428</u>	<u>304,168</u>	<u>325,833</u>

Consolidated balance sheet: liabilities and shareholders' equity

March 31; Millions of yen	2000	2001	2002
Current liabilities			
Accounts payable on construction	15,535	18,011	15,793
Short-term borrowings	3,000	-	-
Income taxes payable	9,127	13,974	14,318
Advances on ongoing construction projects	24,369	29,790	36,513
Reserve for bonuses	4,222	6,324	5,633
Reserve for guarantee for finished contracts	159	199	179
Allowance for guarantee payments on vacancies	3,567	2,870	3,385
Other current liabilities	18,296	24,845	29,732
	<u>78,278</u>	<u>96,015</u>	<u>105,555</u>
Long-term liabilities			
Reserve for retirement allowances	1,739	-	-
Retirement benefits	-	2,282	2,496
Reserve for directors' retirement allowances	1,583	1,664	1,751
Other long-term liabilities	4,468	6,137	7,741
	<u>7,791</u>	<u>10,084</u>	<u>11,989</u>
Total liabilities	<u>86,070</u>	<u>106,099</u>	<u>117,545</u>
Shareholders' equity			
Common stock	29,060	29,060	29,060
Additional paid-in capital	34,540	34,540	34,540
Revaluation account for land	-	-	(7,326)
Retained earnings	119,216	137,540	153,784
Unrealized gains or losses on other securities	-	140	154
Foreign currency translation adjustments	-	(1,590)	491
Treasury stock	(2,460)	(1,623)	(2,418)
Total shareholders' equity	<u>180,357</u>	<u>198,068</u>	<u>208,287</u>
Total liabilities and shareholders' equity	<u>266,428</u>	<u>304,168</u>	<u>325,833</u>

Market value of securities

Quoted bonds which are being held to maturity

Millions of yen	2001			2002		
	Book value	Market value	Unrealized gains (losses)	Book value	Market value	Unrealized gains (losses)
Bonds whose market values exceed amounts recognized on the balance sheet						
JGB, local government bonds, etc.	13,160	13,206	45	1,375	1,395	19
Corporate bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
	13,160	13,206	45	1,375	1,395	19
Securities whose market values do not exceed amounts shown on the balance sheet						
JGB, local government bonds, etc.	849	848	(1)	-	-	-
Corporate bonds	-	-	-	-	-	-
Others	-	-	-	19,752	19,747	(4)
	849	848	(1)	19,752	19,747	(4)
	14,010	14,054	44	21,127	21,142	15

Other securities

Millions of yen	2001			2002		
	Book value	Market value	Unrealized gains (losses)	Book value	Market value	Unrealized gains (losses)
Securities valued on the balance sheet at amounts greater than purchase cost						
Shares	273	503	229	337	484	146
Bonds						
JGB, local government bonds, etc.	-	-	-	-	-	-
Corporate bonds	100	112	11	38	46	8
Others	-	-	-	-	-	-
Others	-	-	-	-	-	-
	374	615	241	375	531	155
Securities whose valuations on the balance sheet do not exceed purchase cost						
Shares	368	341	(27)	3,214	2,528	(686)
Bonds						
JGB, local government bonds, etc.	-	-	-	-	-	-
Corporate bonds	2,674	2,569	(104)	5,546	5,527	(18)
Others	-	-	-	-	-	-
Others	-	-	-	-	-	-
	3,043	2,910	(132)	8,760	8,056	(704)
	3,417	3,526	108	9,136	8,587	(549)

Other securities that were sold during the year ended March 31, 2001 and 2002

Millions of yen					
2001			2002		
Amount sold	Total gains on sales	Total losses on sales	Amount sold	Total gains on sales	Total losses on sales
2,677	52	0	2,504	-	45

Major investment securities without market prices

Millions of yen	2001	2002
Other securities		
MMF	1,041	-

Scheduled redemptions of bonds with maturity dates (including holdings in the "other securities" account) and bonds being held to maturity

Millions of yen	2001				2002			
	Up to 1 year	Greater than 5 and up to 1 years	Greater than 5 and up to 10 years	Greater than 10 years	Up to 1 year	Greater than 5 and up to 1 years	Greater than 5 and up to 10 years	Greater than 10 years
Bonds								
JGB, local government bonds, etc.	13,457	553	-	-	-	1,375	-	-
Corporate bonds	994	1,634	53	-	1,133	4,441	-	-
Others	-	-	-	-	19,752	-	-	-
Others	-	-	-	-	-	-	-	-
	14,451	2,187	53	-	20,885	5,816	-	-

Retirement benefits

Outline of retirement benefit system

The Company and its domestic subsidiaries offer employees defined benefit pension plans in the form of tax-qualified pensions or lump-sum payments at retirement. For executive directors, the companies pay lump-sum retirement benefits.

Matters relating to retirement benefit liabilities

Millions of yen	2001	2002
{1} Retirement benefit obligations	(7,149)	(7,869)
{2} Pension plan assets	4,444	5,055
{3} Unaccrued retirement benefit obligations ({1} + {2})	(2,705)	(2,814)
{4} Unrecognized actuarial gains or losses	423	317
{5} Net amount shown on the balance sheet ({3} + {4})	(2,282)	(2,496)
{6} Prepaid pension expenses	-	-
{7} Liability for retirement benefits ({5} - {6})	(2,282)	(2,496)

Matters relating to retirement benefit expenses

Millions of yen	2001	2002
{1} Current service costs	853	955
{2} Interest expense	119	141
{3} Expected earnings on pension fund assets	(87)	(66)
{4} Accrual of differences arising due to change in accounting standards	455	-
{5} Expensing of differences based on actuarial calculations	141	105
{6} Retirement benefit expenses ({1} + {2} + {3} + {4} + {5})	1,481	1,135

Assumptions underlying the calculation of retirement benefit liabilities

	2001	2002
{1} Method of allocating prospective retirement benefits to each period	Periodical straight-line basis	Periodical straight-line basis
{2} Discount rate	2.0%	1.9%
{3} Expected rate of return	1.5%	1.5%
{4} Amortization period for actuarial gains or losses	8 years, which is the average number of years of employment assumed to be remaining for employees at time of accrual, with amortization based on a fixed rate	The Company applies a fixed rate based on employees' average remaining term of employment (8 years) at the time that actuarial differences arise Amounts apportioned on the basis of this fixed rate are expensed beginning in the consolidated fiscal year in which the differences arise
{5} Amortization period for differences arising due to change in accounting standards	Charged to expense immediately in the consolidated fiscal year in which differences are recognized	-

Deferred taxes

Millions of yen	2001	2002
Deferred tax assets	8,600	8,339
Deferred tax liabilities	(143)	(125)
Deferred tax assets - net	8,456	8,213

Percentage		
Legal effective tax rate	-	41.7
<adjustment>		
Expenses not deductible for tax purposes	-	1.3
Per capita rate of inhabitant tax	-	0.5
Amortization of consolidation differences	-	0.2
Others	-	0.2
Income tax and others accompanying adoption of tax effect accounting	-	43.9

(Year ended March 31, 2001)

Reconciliation of the difference between the normal effective statutory tax rate and the actual effective tax rate after adoption of accounting standards for interperiod allocation of income taxes has been omitted because the difference was less than 5 percent of the effective statutory tax rate.

Nonconsolidated Financial Statements

Nonconsolidated statement of income

Years ended March 31; Millions of yen	2000	2001	2002
Net sales			
Construction	190,553	235,126	250,087
Real estate and other operations	44,010	49,344	57,620
	<u>234,563</u>	<u>284,470</u>	<u>307,708</u>
Cost of sales			
Cost of construction	128,262	158,377	169,183
Cost of sales of real estate and other operations	36,585	40,949	47,078
	<u>164,848</u>	<u>199,327</u>	<u>216,262</u>
Gross profit on sales			
Gross profit on sales - construction	62,290	76,749	80,904
Gross profit on sales - real estate and other operations	7,425	8,394	10,541
	<u>69,715</u>	<u>85,143</u>	<u>91,445</u>
Selling, general and administrative expenses			
Directors' salaries	470	353	376
Employees' salaries	19,672	21,861	22,224
Reserve provision for bonuses	1,678	3,728	3,582
Reserve provision for retirement allowances	12	-	-
Reserve provision for retirement allowances	516	-	-
Pension benefit expenses	-	570	553
Reserve provision for directors' retirement allowances	88	78	81
Employee benefit expenses as part of nationally mandated programs	2,100	2,379	2,739
Employee benefit expenses	1,437	1,626	902
Repair expenses	363	343	413
Office expenses	768	846	1,001
Communication and transportation expenses	1,840	2,072	2,419
Heating expenses for steam power	260	284	292
Advertising expenses	3,433	1,907	1,666
Provision for allowance for doubtful accounts	-	765	279
Business entertainment expenses	30	43	69
Rent	3,332	3,393	3,454
Sales promotion expenses	510	770	818

DAITO TRUST CONSTRUCTION

Years ended March 31; Millions of yen	2000	2001	2002
Guarantee expenses for vacancies	948	658	1,592
Addition to allowance for guarantee payments on vacancies	2,409	831	1,234
Depreciation expenses	241	250	205
Software development expenses	385	143	413
Leasing fees	1,512	1,422	1,499
Operations tax	22	24	29
Taxes and public dues	587	865	953
Commission fees	313	364	452
Insurance expenses	74	104	89
Recruitment and training expenses	628	739	858
Research and testing expenses	532	541	546
Others	2,402	2,782	2,700
	46,578	49,753	51,450
Operating income	23,136	35,390	39,995
Nonoperating income			
Interest income	253	386	158
Interest income from securities	205	180	115
Dividend income	6	5	4
Gains on gensaki investments	4	-	-
Gain on sales of marketable securities	157	136	-
Dividends from non-tax-qualified pensions	393	471	-
Finder's fees	-	404	648
Others	684	632	753
	1,705	2,217	1,680
Nonoperating expenses			
Interest expenses	7	12	5
Loss on sale of investment securities	-	-	18
Loss on sales of marketable securities	396	135	569
Loss from investment partnership	-	99	-
Valuation losses on buildings developed for sale	-	262	-
Expenses to settle the cancellation of procurement contract	-	91	-
Others	635	191	452
	1,040	792	1,046
Ordinary profit	23,801	36,814	40,629

DAITO TRUST CONSTRUCTION

Years ended March 31; Millions of yen	2000	2001	2002
Extraordinary income			
Reversal of allowance for doubtful accounts	121	-	-
Reversal of excess real estate acquisition taxes recognized in previous term	129	-	-
Gain on sales of investment securities	204	-	-
	455	-	-
Extraordinary losses			
Loss on disposal of fixed assets	15	28	9
Loss on valuation of investment securities	-	78	439
Loss resulting from change in retirement benefit accounting standards	-	429	-
Valuation loss on golf memberships	-	-	20
Valuation loss on equity in investment partnership	-	-	33
	15	536	503
Income before taxes and other adjustments	24,241	36,277	40,126
Corporate, inhabitant and enterprise taxes	10,828	17,682	17,668
Deferred taxes	(310)	(2,006)	(216)
	10,517	15,675	17,452
Net income for the period	13,724	20,601	22,674
Retained earnings brought forward from previous period	15,215	4,676	8,019
Adjustment for tax effect in prior years	6,151	-	-
Disposition of interim dividend reserves	1,338	2,016	3,029
Interim dividends	1,338	2,016	3,029
Retirement of treasury stock	589	-	-
Unappropriated retained earnings, end of fiscal period	34,501	25,278	30,693

Nonconsolidated appropriation of retained earnings

Millions of yen	June 29, 2000	June 28, 2001	June 27, 2002
Unappropriated retained earnings, end of fiscal period	34,501	25,278	30,693
Disposition of voluntary reserves			
Disposition of interim dividend reserves	6	23	30
	34,508	25,301	30,724
Appropriation of retained earnings			
Dividends - total	2,679	4,049	3,706
[Per share]	[Dividend on common stock 20.00 yen]	[Dividend on common stock 30.00 yen]	[Dividend on common stock 27.50 yen]
Directors' bonuses	111	172	265
[Statutory auditors' bonuses]	[6]	[9]	[9]
Voluntary reserves			
Reserve for interim dividends	2,040	3,060	3,390
Reserve for construction of headquarters building	5,000	-	-
Special reserves	20,000	10,000	15,000
	29,831	17,281	22,361
Retained earnings carried forward to next period	4,676	8,019	8,362

For the fiscal year ended March 2000, the company paid interim dividends totaling 1,338 million yen (10 yen per share) on December 15, 1999; for the fiscal year ended March 2001, it paid interim dividends totaling 2,016 million yen (15 yen per share) on December 15, 2000; for the fiscal year ended March 2002, it paid interim dividends totaling 3,029 million yen (22.50 yen per share) on December 14, 2001.

Cost of sales

Years ended March 31; Millions of yen	2000	%	2001	%	2002	%
Cost of construction						
Cost of raw materials	7,372	5.7	9,164	5.8	10,863	6.4
Subcontracted processing expenses	110,941	86.5	138,188	87.2	146,118	86.4
Expenses	9,949	7.8	11,024	7.0	12,201	7.2
(Personnel expenses)	[7,899]	[6.2]	[8,756]	[5.5]	[9,696]	[5.7]
	128,262	100	158,377	100	169,183	100
Cost of sales of real estate operations						
Maintenance and management expenses	5,093	13.9	5,727	14.0	6,767	14.4
Commission fees	1,254	3.4	1,311	3.2	1,377	2.9
Cost of sales of rental management operations	17,517	47.9	23,219	56.7	29,642	63.0
Cost of sales of real estate development	2,272	6.2	593	1.5	392	0.8
Expenses	9,679	26.5	9,886	24.1	8,657	18.4
(Personnel expenses)	[9,679]	[26.5]	[9,886]	[24.1]	[8,657]	[18.4]
Cost of other operations	766	2.1	211	0.5	241	0.5
	36,585	100	40,949	100	47,078	100

Nonconsolidated balance sheet: assets

March 31; Millions of yen	2000	2001	2002
Current assets			
Cash	65,120	118,913	116,463
Notes receivable - trade	5	5	5
Accounts receivable on finished projects	17,131	16,461	12,966
Marketable securities	15,408	15,503	20,885
Treasury stock	59	52	-
Real estate for sale	850	444	1,230
Expenses on unfinished projects	14,779	11,950	15,973
Expenditures on ongoing real estate projects	42	51	42
Raw materials	1,509	1,514	1,713
Guarantee payments advanced	331	166	56
Short-term loans to affiliated companies	17,788	18,340	17,329
Prepaid expenses	1,753	2,295	2,791
Deferred tax assets	4,881	6,609	6,105
Advances to suppliers	231	465	661
Accounts receivable - other	2,242	3,880	3,809
Advance	3,266	3,251	3,363
Others	440	1,236	860
Allowance for doubtful accounts	(2,206)	(2,471)	(2,565)
	<u>143,639</u>	<u>198,673</u>	<u>201,694</u>
Fixed assets			
Tangible fixed assets			
Buildings	3,265	3,297	3,323
Accumulated depreciation	1,286	1,463	1,600
	<u>1,979</u>	<u>1,834</u>	<u>1,723</u>
Structures	96	97	107
Accumulated depreciation	48	52	56
	<u>48</u>	<u>44</u>	<u>50</u>
Vehicles and delivery equipment	8	22	22
Accumulated depreciation	8	10	14
	<u>0</u>	<u>12</u>	<u>8</u>
Tools, furniture and fixtures	1,040	872	891
Accumulated depreciation	801	641	668
	<u>238</u>	<u>231</u>	<u>222</u>

DAITO TRUST CONSTRUCTION

March 31; Millions of yen	2000	2001	2002
Land	52,835	52,835	40,293
Construction in progress	2,985	4,322	18,140
	58,086	59,279	60,439
Intangible fixed assets			
Leaseholds	18	18	10
Water rights	264	247	229
Telephone subscription rights	120	135	141
Usage rights for facilities	19	12	11
Others	0	0	1
	424	414	394
Investments and others			
Investments in securities	1,450	2,862	8,592
Treasury stock	2,400	1,570	-
Capital stock of affiliated companies	19,602	21,877	25,036
Investments other than in securities	848	764	721
Deferred tax assets	1,579	1,758	2,468
Deferred tax assets due to revaluation	-	-	5,240
Guarantee deposits	6,699	8,026	9,150
Cash value in insurance policies	24,145	2,265	2,429
Others	1,434	813	1,035
Allowance for doubtful accounts	(63)	(63)	(1)
	58,100	39,876	54,673
Total fixed assets	116,611	99,569	115,507
Total assets	260,251	298,242	317,201

Nonconsolidated balance sheet: liabilities and shareholders' equity

March 31; Millions of yen	2000	2001	2002
Current liabilities			
Accounts payable on construction	15,217	17,040	14,931
Accounts payable - other	6,397	9,543	13,740
Income taxes payable	7,758	12,580	14,019
Consumption taxes payable	2,897	3,602	3,512
Advances for ongoing construction projects	24,309	29,604	36,438
Advances for ongoing real estate projects	3	18	1
Advances from customers	3,479	4,150	4,724
Deposits received	4,287	6,047	7,050
Reserve for bonuses	4,078	6,133	5,375
Allowance for indemnification of construction	158	191	174
Allowance for guarantee payments on vacancies	3,567	2,870	3,385
Others	73	271	466
	72,228	92,055	103,819
Long-term liabilities			
Reserve for retirement allowances	1,726	-	-
Retirement benefits	-	2,228	2,428
Reserve for directors' retirement allowances	1,580	1,658	1,734
Long-term security deposits held	4,341	5,990	7,216
	7,648	9,877	11,379
Total liabilities	79,876	101,933	115,199
Shareholders' equity			
Common stock	29,060	29,060	29,060
Additional paid-in capital	34,540	34,540	34,540
Legal income reserves	7,265	7,265	7,265
Revaluation account for land	-	-	(7,326)
Retained earnings			
Voluntary reserves - total			
Reserve for interim dividends	6	23	30
Reserve for construction of headquarters building	35,000	40,000	40,000
Special reserves	40,000	60,000	70,000
	75,006	100,023	110,030
Unappropriated retained earnings, end of fiscal period	34,501	25,278	30,693
	109,508	125,301	140,724
Unrealized gains or losses on other securities	-	140	154
Treasury stock	-	-	(2,418)
Total shareholders' equity	180,374	196,309	202,001
Total liabilities and shareholders' equity	260,251	298,242	317,201

Trade credit

Accounts receivable — trade

Millions of yen	2002
Fusa Yamazaki	438
Housing Improvement and Development Public Corporation	361
Takeo Arai	242
Yasuhiko Ishizaka	239
Kuniyoshi Sawayanagi	205
Ichi Nagatsuma	204
Hatsue Kageyama	201
Tadao Tarui	187
Genichi Akimoto	177
Minoru Shimizu	168
Others	10,540
	<u>12,966</u>

Turnover of accounts receivable

Millions of yen	2002
Amount recognized in March 2002	12,664
Amount recognized prior to March 2001	301
	<u>12,966</u>

Securities

Marketable and investment securities

Millions of yen		
Stocks		
	Number of shares	Book value
Investment securities		
Other securities		
Sumitomo Realty & Development (8830)	3,550,000	2,374
Ariake Japan (2815)	54,450	196
Shingen	1,069,021	137
Kissei Pharmaceutical (4547)	60,028	111
Sumitomo Mitsui Bank (8318)	109,800	58
UFJ Holdings (8307)	92	28
Teraoka Seisakusho (4987)	54,000	26
Japan Asia Investment Company (8518)	100,000	20
All Nippon Airways (9202)	50,000	17
Nihon Kohden Kogyo	45,000	15
5 other companies	3,002,691	26
	8,095,082	3,012
Bonds		
	Total face value	Book value
Marketable securities		
Bonds which are being held to maturity	19,760	19,752
Other securities	2,000	1,133
Investment securities		
Bonds which are being held to maturity	1,160	1,138
Other securities	5,040	4,441
	27,960	26,465

Tangible fixed assets

Millions of yen	End of the previous period	Increase	Decrease	End of period	Depreciation		End of period, net
					Accumulated	Current	
Tangible fixed assets							
Buildings	3,297	39	12	3,323	1,600	144	1,723
Structures	97	11	1	107	56	4	50
Vehicles and delivery equipment	22	-	-	22	14	3	8
Tools, furniture and fixtures	872	72	54	891	668	77	222
Land	52,835	25	12,566	40,293	-	-	40,293
Construction in progress	4,322	13,818	-	18,140	-	-	18,140
	61,447	13,967	12,635	62,779	2,339	230	60,439
Intangible fixed assets							
Leaseholds	-	-	-	10	-	-	10
Water rights	-	-	-	353	123	17	229
Telephone subscription rights	-	-	-	141	-	-	141
Usage rights for facilities	-	-	-	14	3	0	11
Others	-	-	-	2	0	0	1
	-	-	-	521	127	18	394
Long-term prepaid expenses	157	10	6	161	135	14	26
Deferred assets	-	-	-	-	-	-	-

Reserves

Millions of yen	Beginning of period	Increase	Decrease	End of period
Allowance for doubtful accounts	2,534	590	558	2,566
Reserve for bonuses	6,133	5,375	6,133	5,375
Allowance for indemnification of construction	191	174	191	174
Allowance for guarantee payments on vacancies	2,870	1,234	719	3,385
Reserve for directors' retirement allowances	1,658	81	5	1,734

Accounting Policies

Summary of accounting policies: consolidated

Basis of presentation	Japanese GAAP; consolidated
Marketable and investment securities	Bonds held to maturity: cost amortization method (straight-line) Other securities: Quoted securities: market value method, based on market values on the date of the closing of accounts Unquoted securities: valued at cost using the moving average method
Inventories	Expenses on unfinished projects: valued at cost, using the specific identification method Other inventories: valued at cost, using the moving average method
Depreciation	Tangible fixed assets: Parent and domestic consolidated companies: declining-balance method However, buildings acquired after April 1, 1998 (excluding appurtenances) are depreciated on a straight-line basis Overseas consolidated companies: straight-line method Intangible fixed assets: straight-line method
Allowance for doubtful accounts	An amount calculated on the basis of a statutory deduction ratio for general accounts receivable plus an amount for specific accounts for which collection appears doubtful
Reserve for bonuses	Recognition based on standard of estimated bonus expense
Reserve for compensation on completed construction	An amount based on estimated future indemnities on construction that was completed during the consolidated fiscal year to March 2002
Allowance for guarantee payments on vacancies	An estimated future amount payable based on the number of completed units existing as of the end of the fiscal year to March 2002
Retirement benefits	An amount based on retirement benefit liabilities and estimated pension assets as of the end of the fiscal year to March 2002
Reserve for directors' retirement allowances	Recognition of full amount of liability at term end based on internal regulations

Significant hedge accounting methods	<p>Hedging instruments and risks being hedged:</p> <p>Hedging instruments: derivative transactions (currency options, currency swaps, and forward foreign exchange contracts)</p> <p>Risks being hedged: assets or liabilities exposed to foreign exchange risk, for which market fluctuations are not reflected in valuations, and cash flows exposed to foreign exchange risk that must be determined in advance</p> <p>Hedging policy: as per internal regulations regarding derivative transactions</p> <p>Effectiveness of hedging: evaluated every six months by comparing market fluctuations or cumulative changes in cash flows of the assets or liabilities being hedged with those of the corresponding hedging instruments</p>
Opinion of independent auditors	<p>Auditors: Tomatsu & Co.</p> <p>Opinion: unqualified</p>

Summary of accounting policies: nonconsolidated

Basis of presentation	Japanese GAAP; nonconsolidated
Marketable and investment securities	Bonds held to maturity: cost amortization method (straight-line) Shares in subsidiaries and affiliated companies: valued at cost using the moving average method Other securities: Quoted securities: market value method, based on market values on the date of the closing of accounts Unquoted securities: valued at cost using the moving average method
Inventories	Real estate for sale, expenses on unfinished projects and expenditures on ongoing real estate projects: valued at cost, using the specific identification method Raw materials: valued at cost, using the moving average method
Depreciation	Tangible fixed assets: declining-balance method However, buildings acquired after April 1, 1998 (excluding appurtenances) are depreciated on a straight-line basis Intangible fixed assets: for assets amortized on a straight-line basis, the company recognizes an allowance for specific accounts for which collection appears to be doubtful
Allowance for doubtful accounts	Maximum amount permitted to be expensed under the Corporation Tax Law, plus amount for specifically identified bad debt
Reserve for bonuses	Recognition based on standard of estimated bonus expense
Reserve for compensation on completed construction	An amount based on estimated future indemnities on construction that was completed during the consolidated fiscal year to March 2002
Allowance for guarantee payments on vacancies	An estimated future amount payable based on the number of completed units existing as of the end of the fiscal year to March 2002
Reserve for retirement benefits	An amount based on retirement benefit liabilities and estimated pension assets as of the end of the fiscal year to March 2002
Reserve for directors' retirement allowances	Recognition of full amount of liability at term end based on internal regulations

Significant hedge accounting methods	<p>Hedging instruments and risks being hedged:</p> <p>Hedging instruments: derivative transactions (currency options, currency swaps, and forward foreign exchange contracts)</p> <p>Risks being hedged: assets or liabilities exposed to foreign exchange risk, for which market fluctuations are not reflected in valuations, and cash flows exposed to foreign exchange risk that must be determined in advance</p> <p>Hedging policy: as per internal regulations regarding derivative transactions</p> <p>Effectiveness of hedging: Evaluated every six months by comparing market fluctuations or cumulative changes in cash flows of the assets or liabilities being hedged with those of the corresponding hedging instruments</p>
Opinion of independent auditors	<p>Auditors: Tomatsu & Co.</p> <p>Opinion: unqualified</p>

Share-Related Information

Shares in issue

Class of shares	Common
Registered or bearer	Registered
Number of shares authorized	339,000,000
Issued	
As of March 31, 2002	136,102,832
As of June 27, 2002	136,102,832
Stock exchange listings or registration	Tokyo Stock Exchange, First Section Nagoya Stock Exchange, First Section
Comment	The standard stock of the Company, with no limitations on rights

Changes in common stock and number of shares outstanding

Millions of yen Shares Date	Shares outstanding		Common stock		Additional paid-in capital		Remark
	Increase or decrease	Balance	Increase or decrease	Balance	Increase or decrease	Balance	
October 1, 1998	-	-	-	29,060	5,608	34,540	The merger ratio for all of the 10 sales subsidiaries that were absorbed was 1:0.
November 25, 1998	(515,200)	138,587,632	-	29,060	-	34,540	Cancellation of treasury stock, within limits of retained earnings
December 28, 1998	(636,700)	137,950,932	-	29,060	-	34,540	Cancellation of treasury stock, within limits of retained earnings
January 28, 1999	(325,900)	137,625,032	-	29,060	-	34,540	Cancellation of treasury stock, within limits of retained earnings
March 1, 1999	(522,200)	137,102,832	-	29,060	-	34,540	Cancellation of treasury stock, within limits of retained earnings
March 26, 1999	(529,500)	136,573,332	-	29,060	-	34,540	Cancellation of treasury stock, within limits of retained earnings
March 31, 1999	(61,100)	136,512,232	-	29,060	-	34,540	Cancellation of treasury stock, within limits of retained earnings
May 6, 1999	(23,000)	136,489,323	-	29,060	-	34,540	Cancellation of treasury stock, within limits of retained earnings
May 31, 1999	(386,400)	136,102,832	-	29,060	-	34,540	Cancellation of treasury stock, within limits of retained earnings

Shareholders by type of investor

Type of investor	Number of shareholders	Units owned	% owned
National and local government agencies	-	-	-
Financial institutions	90	346,730	25.60
Securities companies	31	15,145	1.12
Business and other corporations	604	316,598	23.37
Nonresidents	310	322,214	23.79
Nonresidents (individuals)	8	79	0.00
Individuals and others	24,993	353,747	26.12
	26,028	1,354,434	100
Shares less than one unit	-	659,432	-

Largest shareholders

Name	Thousands of shares owned	% of shares outstanding
Daisho Corp.	28,634	21.03
Katsumi Tada	13,627	10.01
Japan Trustee Services Bank, Ltd.	6,461	4.74
Mitsubishi Trust & Banking	5,841	4.29
State Street Bank and Trust Company	3,365	2.47
Nomura Trust and Banking	2,920	2.14
Co-op. Companies' Stockholding	2,819	2.07
Euroclear Bank SA NV	2,344	1.72
Sumitomo Mitsui Bank	1,974	1.45
UFJ Trust and Banking	1,892	1.39
	69,882	51.34

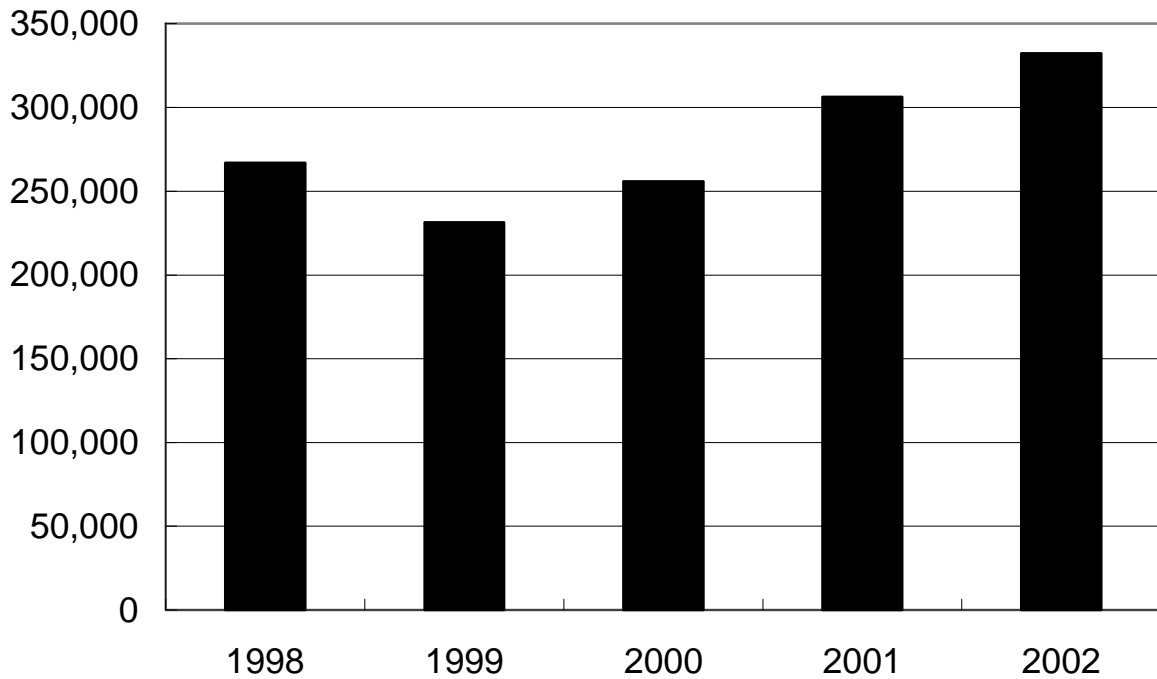
Share information

Fiscal year-end	March 31
Ex-rights date	March 31
Ex-rights date for interim dividend	September 30
Closing of shareholder register	From April 1, to April 30
Annual general meeting of shareholders	June
Trading unit	100 shares
Type of share certificates	100, 1,000 and 10,000 shares
Transfer agent	UFJ Trust and Banking, 1-4-3, Marunouchi, Chiyoda-ku, Tokyo
Publication of record	Nihon Keizai Shimbun

Performance in Graphs

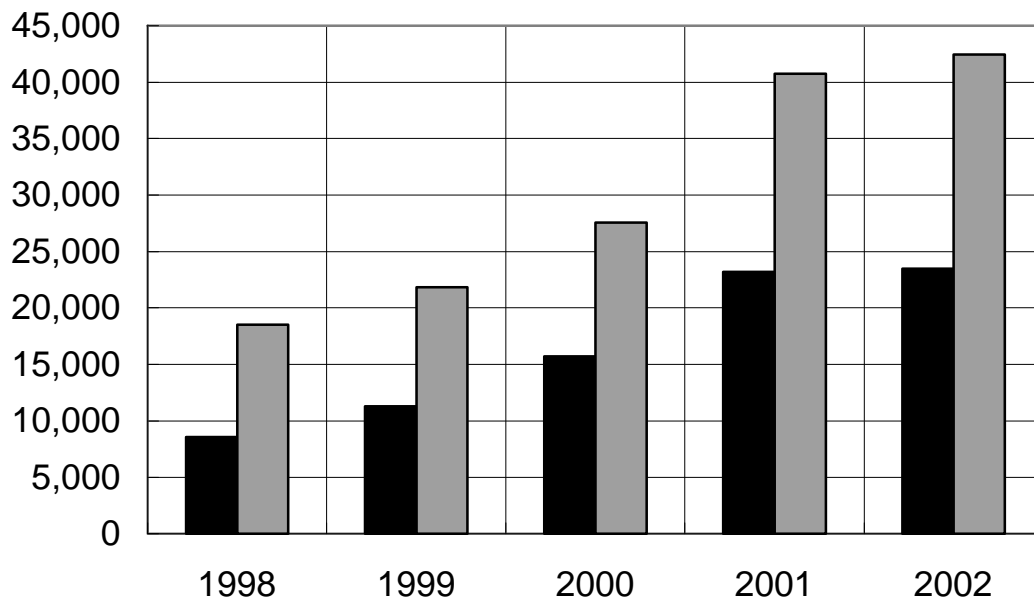
Net Sales

Yen million



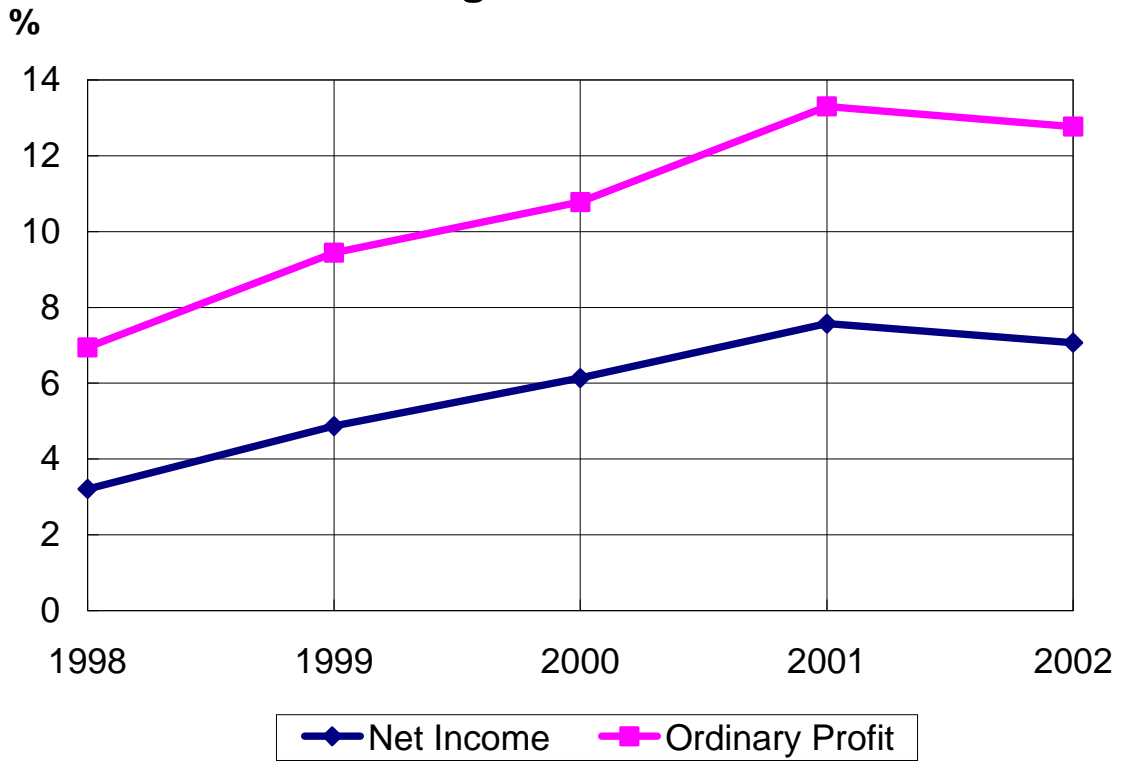
Net Income and Ordinary Profit

Yen million

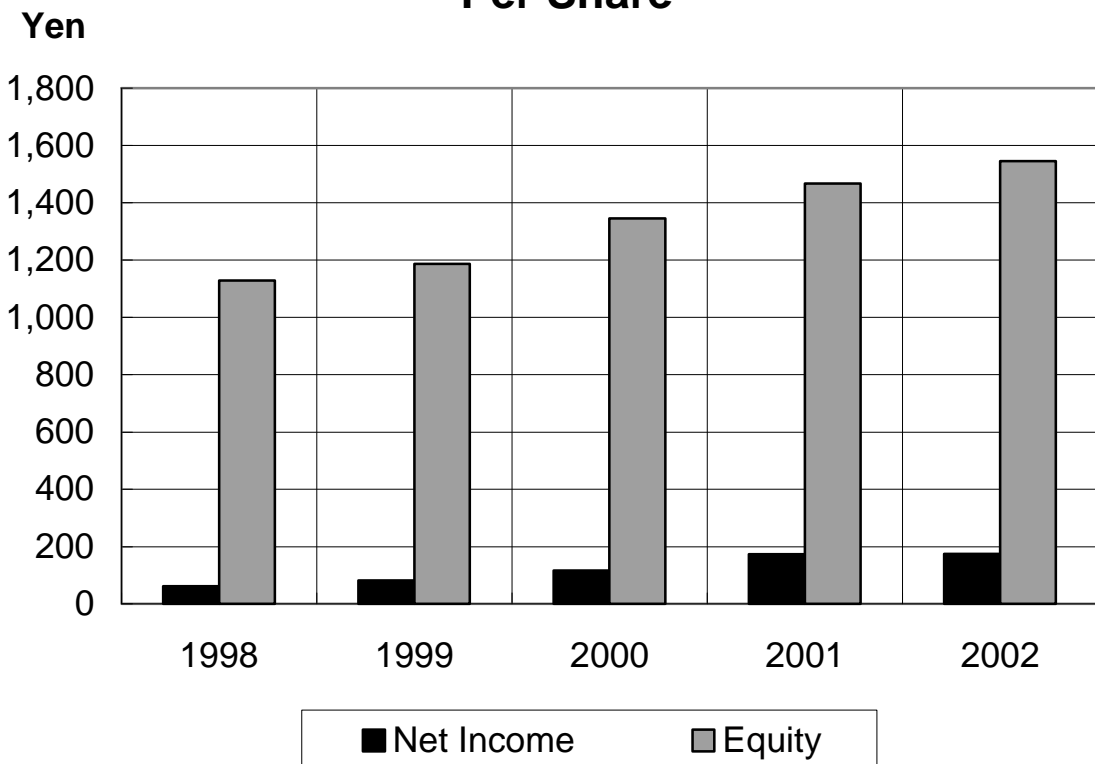


■ Net Income □ Ordinary Profit

Margins on Sales

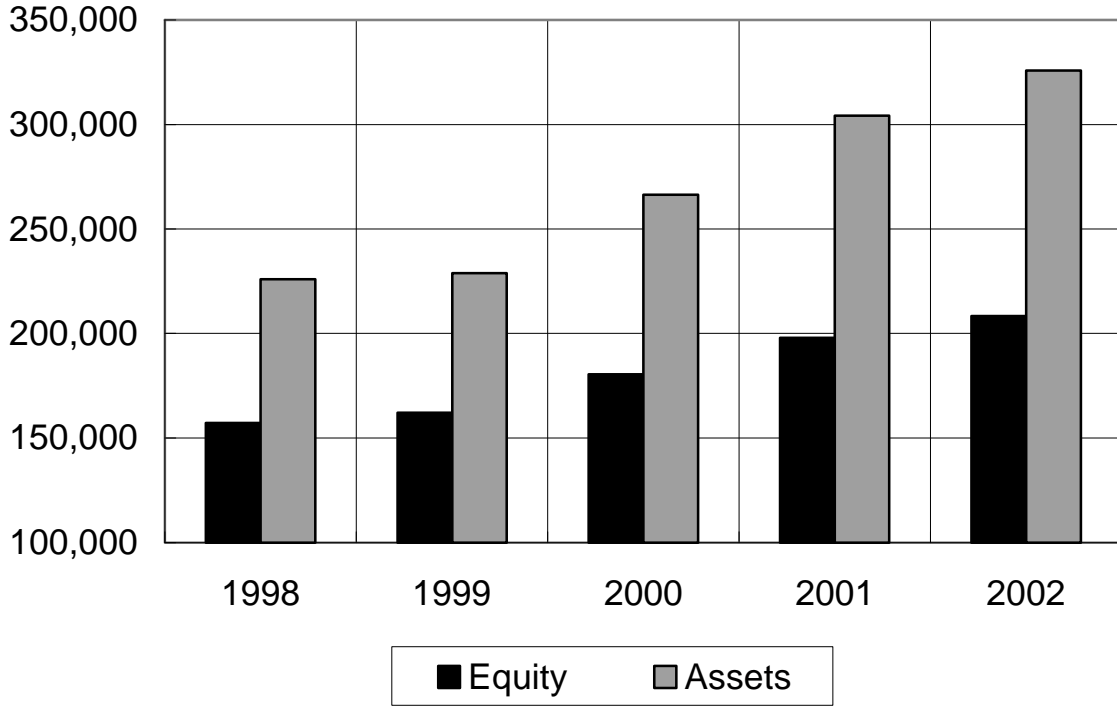


Per Share

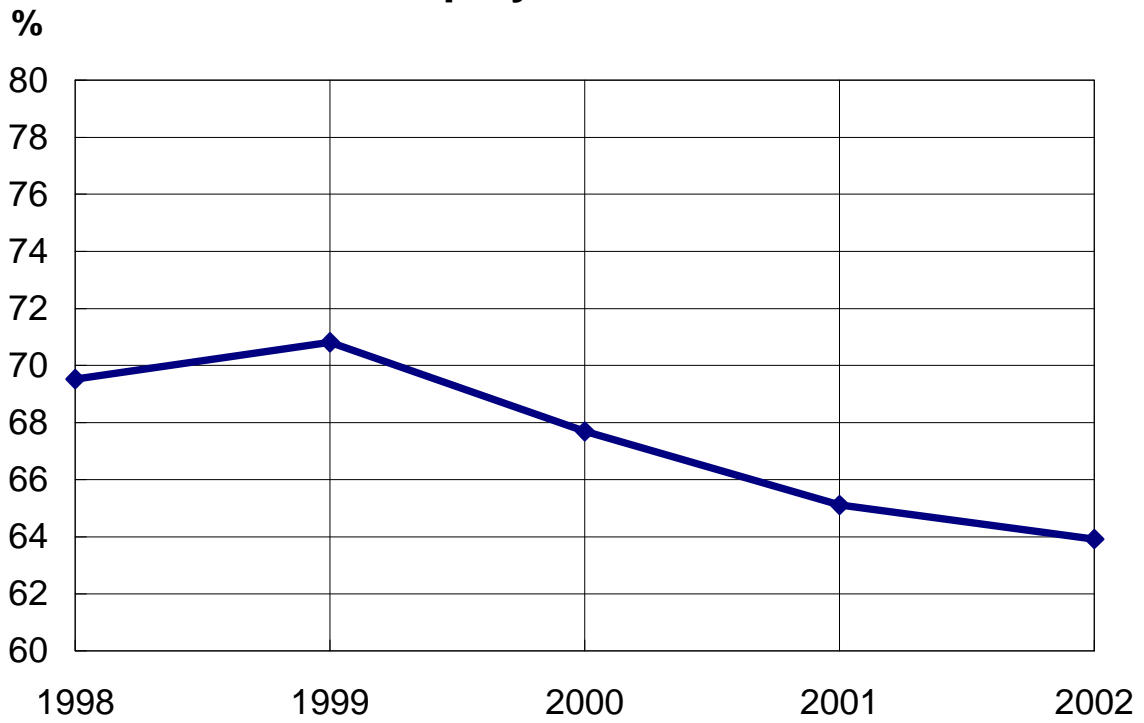


Equity and Assets

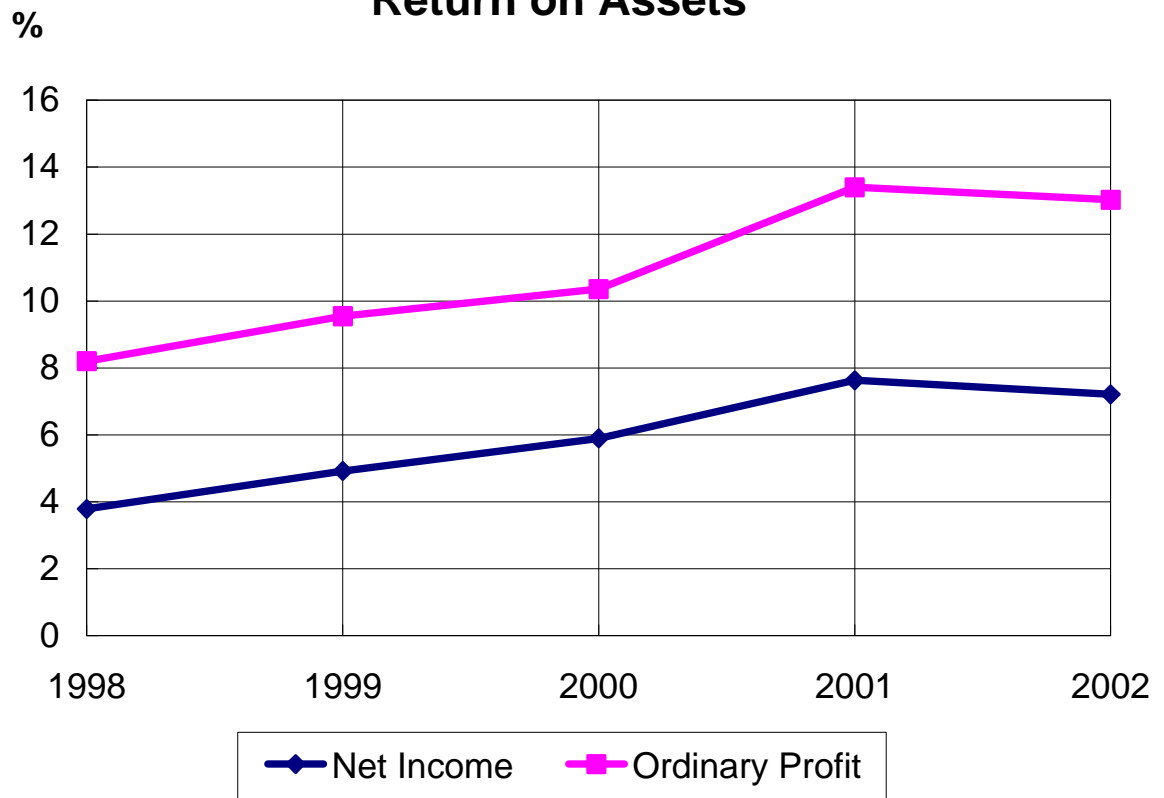
Yen million



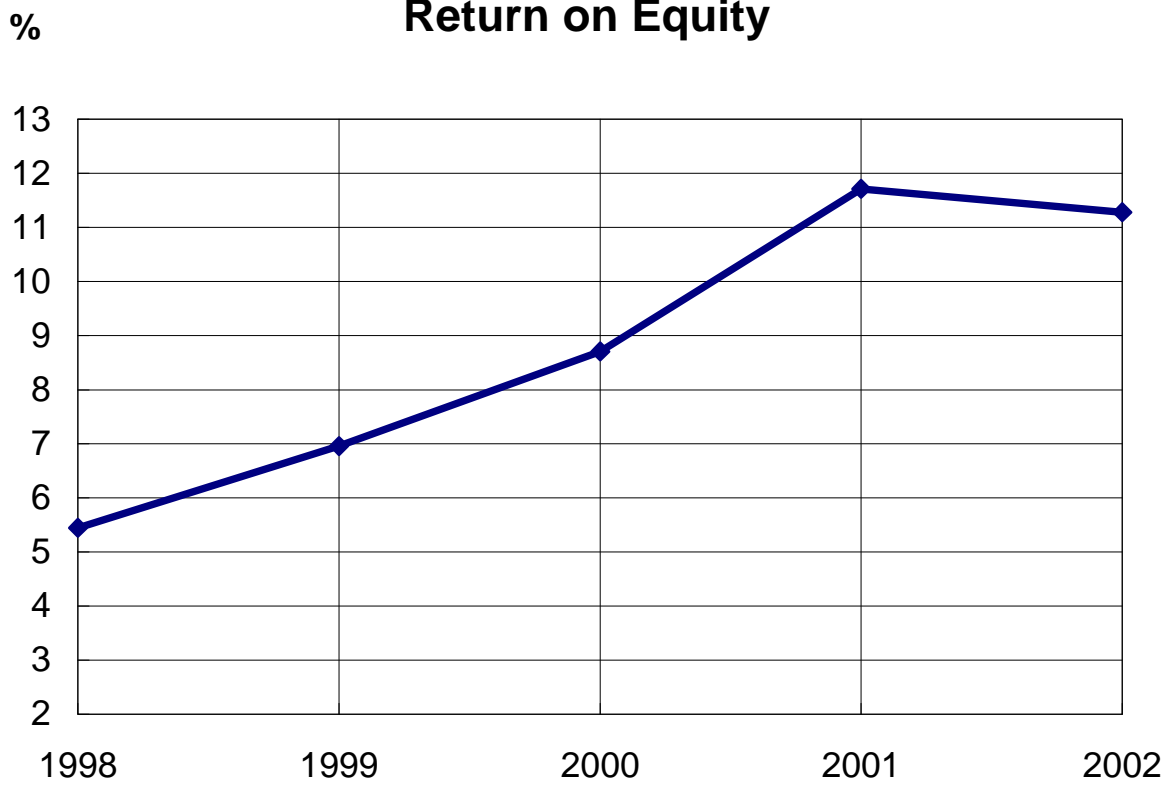
Equity / Assets



Return on Assets



Return on Equity



Contact

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