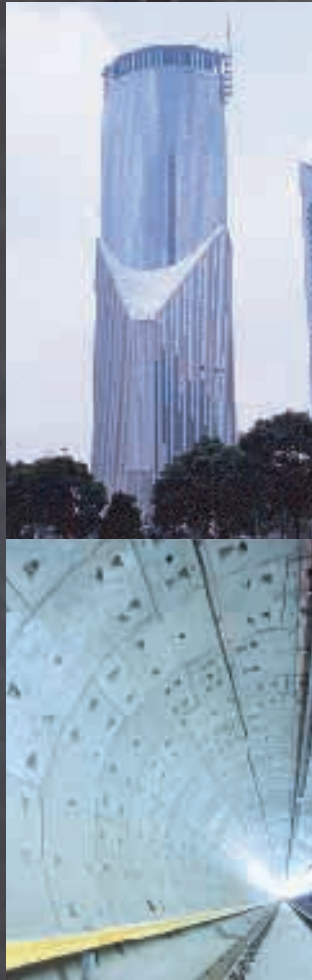


KUMAGAI GUMI

Annual Report
2002



THE COMPANY

A CENTURY OF PROGRESS

Kumagai Gumi traces its roots back to 1898 when Santaro Kumagai founded the company and embarked on constructing the stonework for the Shukununo Hydroelectric Plant in Fukui Prefecture. January 1998 marked the 100th anniversary of Kumagai Gumi's inception. Throughout those 100 years, the company has participated in a diverse array of projects, often with unprecedented challenges that required technological innovation. Kumagai Gumi, through its deeds, has established a place as one of Japan's leading general contractors.

RESEARCH AND DEVELOPMENT UNDERPINS TECHNOLOGICAL PROWESS

Kumagai Gumi's Institute of Construction Technology, which is located in Tsukuba north of Tokyo, engages in wide-ranging research activities. Equipped with state-of-the-art facilities including seismic simulation equipment, wave tanks and environmental laboratories, the institute strives to develop more effective ways of meeting changing customer needs. A core tenet of R&D is enhancing quality and safety while realizing lower costs and shorter construction periods.

STRENGTHS AT HOME

Kumagai Gumi is one of Japan's largest construction and engineering firms. In this capacity, the company has played a key role in the creation, expansion and improvement of the nation's infrastructure. The company's contributions range from the fields of transportation and power generation to living, working and leisure environments. Building on this long record of service to society, Kumagai Gumi is providing customers with reliable, high-quality construction services at a reasonable cost.

A SOLID OVERSEAS PRESENCE

Kumagai Gumi has remained committed to overseas operations. The company has chalked up a list of achievements at myriad projects worldwide. Undersea tunnels, roads, dams, hotels, renovation of historic structures, and landmark office towers in locations including Hong Kong, Taipei and Bangkok attest to Kumagai Gumi's devotion to quality and social contributions. Most major cities in Asia, the focal area of the company's overseas operation, have benefited from the company's construction expertise.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Kumagai Gumi Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2002 and 2001.

	(¥ million)		(US \$ thousand)
	2002	2001	2002
FOR THE YEAR:			
Net sales	¥ 737,328	¥ 793,406	\$ 5,543,819
Net income(loss)	2,550	(2,654)	19,171
AT YEAR-END:			
Total assets	¥ 933,839	¥1,219,213	\$ 7,021,347
Shareholders' equity	16,772	13,381	126,101
PER SHARE OF COMMON STOCK (¥ AND US \$):			
Net income(loss)	¥ 3.82	¥ (4.05)	\$ 0.03

Note: Conversion into U.S. dollars has been made at the exchange rate of ¥133 = US \$1 solely for convenience. Refer to Notes to the Financial Statements.

CONTENTS

CONSOLIDATED FINANCIAL HIGHLIGHTS	01
PRESIDENT'S MESSAGE	02
PROJECTS	04
FINANCIAL SECTION	07
GLOBAL DIRECTORY	32
MAJOR CONTRACTS	34
CORPORATE DATA	35

Photographs on front cover:

Changi International Airport Line (Subway) -Singapore-

Upper center inset: Shanghai Pudong International Finance Building Project -China-

Lower center inset: Initial System Project: Underground Structure -South & Section C Tunnel -Thailand-

PRESIDENT'S MESSAGE

Overview of Fiscal Year 2002 (ded March 31, 2002)

Japan's economy slid deeper into recession in the fiscal year 2002. The global economic slowdown and deflation in many parts of the world dragged down exports, industrial production and corporate earnings in Japan, which reduced capital expenditure. Making matters worse, rising unemployment and declining income levels once again held down consumer spending.

Construction companies continued to face difficulties winning new orders. In the public-sector, the Japanese government's belt-tightening fiscal policy resulted in fewer public works projects. In the private-sector, companies curbed construction-related investment in retail outlets and production facilities, and there was a general decline in housing investment as well. Compounded by significant levels of deflation, these factors reduced the profitability of construction projects.

Against this backdrop, Kumagai Gumi's consolidated net sales for fiscal year 2002 fell 7.1% to ¥737.3 billion. Operating income was held close to the previous year's level at ¥17.0 billion, down 3.7% year on year. This was attributable to efforts to pare general and administrative expenses, despite lower total earnings from completed construction projects due to fewer contracts completed during the year. Ordinary income sharply improved 861.7% to ¥6.4 billion mainly due to lower interest expenses. The company posted net income of ¥2.5 billion, returning to profitability for the first time in nine years. The main contributing factor was the effect of the one-time disposal of non-performing assets under our New Corporate Innovation Plan.

Management Policies

As regards the Japanese economy, a sharp rise in exports and an upturn in industrial production are fanning hopes of a short-term recovery. However, the outlook for economic conditions at home and abroad are shrouded in uncertainty, owing to falling share prices worldwide and the weak U.S. dollar. Making matters worse, there is increasing concern that these factors could drag down demand. It is therefore highly likely that capital expenditures will continue on a downward trend, while a recovery in consumer spending remains a distant prospect. Accordingly, Japan's recession is likely to continue for the foreseeable future.

In the construction industry, companies will continue to face an extremely difficult operating environment. Public-sector projects are likely to be temporarily supported by the government's supplementary budget, but are expected to continue to decline on account of fiscal year 2002 budget cuts for public works projects, at both national and local levels. In private-sector construction, a slump in both the residential and non-residential sectors is expected in light of declining household budgets and corporate capital expenditure budgets.

Based on this outlook, Kumagai Gumi has formulated business policies premised on contraction in all sectors of the construction market. A major policy aim is to build a management framework that can flexibly respond to changes in the economic environment. To meet this challenge, we moved to aggressively cut fixed costs and streamline our organization ahead of the schedule prescribed by the New Corporate Innovation Plan.

In the civil engineering business, we will enhance our collective strengths in technological development, construction project management and comprehensive construction capabilities, ensuring that each area of expertise is the equal of any specialized construction company. We will also concentrate more on civil engineering-related renovation projects, reacting promptly to the exigencies of a shrinking market.

In the building business, we will make a number of changes to preserve earnings in an intensely competitive environment. In addition to the current tenant-focused real estate solutions we offer, we will set up a specialized business unit to handle such high value-added areas as healthcare and welfare facilities, and projects using Private Finance Initiatives to Urban Renaissance. At the same time, we will improve such services as building maintenance and operation and remodeling by bolstering the collective strengths of such group companies as K&E Co., Ltd. and Renewal Centers set up in Tokyo and Kansai region.

Overseas, the company looks to win more orders to construct production facilities, high-rise developments and large-scale civil engineering projects mainly in the Asian region, where we have a strong track record.

In the environmental field, a promising area for winning new orders, we are actively involved in such projects as recycling of contaminated soil, and renovation of a major waste disposal facility. We will also make even better use of proprietary intellectual assets, stepping up external sales of devices and technologies originally developed for internal use and seizing on a wider range of business opportunities through alliances. In doing so, we intend to stand out from peer companies by developing attractive products based on our own technology.

Our management philosophy is grounded on the dual principle of "customers and quality first." Despite recent setbacks, we, as professional builders, remain committed to consistently delivering an excellent standard of service to customers. I am confident that this commitment will pave the way forward.

As in fiscal year 2002, we will make every effort to accomplish the goals of the New Corporate Innovation Plan. At the same time, we will seek new business opportunities amid significant upheaval in the construction market. This two-pronged approach will guide the company toward new growth in the 21st century.



June 2002

Kazutoshi Torikai
President



PROJECTS

Shanghai Pudong International Finance Building Project -China-

Highly integrated supertall structure building in Pudong, Shanghai
Owner : Shanghai Pudong International Finance Building Co., Ltd.
Designer : Nikken Sekkei Ltd.
SRC structure+RC structure Tower : 55/3, Podium : 5/3
Total floor space : 121,578m²
Height : 226.1m



Inax Suzhou Factory Project -China-

New sanitary fixture factory of Inax in Suzhou
Owner : Suzhou Inax Sanitary Fitting Co.
Designer : Kumagai Gumi Co., Ltd.
RC structure Office : 2/0, Factory : 1/0
Total floor space : 16,500m²



MTR604 Yau Tong Station -Hong Kong-

One of the largest MTR stations in Hong Kong
Owner : Hong Kong Mass Transit Railway Corporation
Station building : 32m(height)+13m(underground) × 30m(width) × 360m(length)
Ventilation house : 15m(height) × 50m(width) × 35m(length)
Connection structure : 28m(height) × 20m(width) × 7m(length)



Sham Tseng, Development Project -Hong Kong- (Ongoing)

Highclass supertall structure condominium in Kowloon
Owner : Salisburgh Company Limited
Designer : Wong and Ouyang (HK) Limited
RC structure 65/0, 65/0, 64/0, 63/0, 5/1
Residence : 1,704 apartments
Total floor space : 219,765m²
Height : 206m



New Wuchien Diversion Tunnel, Section -B-Taiwan- (Ongoing)

First TBM tunneling method in Taiwan
Owner : Taiwan Power Company
Tunnel length : 10,854m
Tunnel diameter : 5.62m
Length of TBM method section : 7,265m



Taipei Financial Center -Taiwan- (Ongoing)

The world's tallest skyscraper
Owner : Taipei Financial Center Corporation
Ground section : SR structure
Underground section : SR, SRC and RC structures 101/5
Total floor space : 412,500m²
Height : 508m



The New Medical City Project -Philippines- (Ongoing)

Largest highclass private hospital in Manila
Owner : The Medical City
Designer : Francisco Manosa & Partners
RC structure 18/3, 14/3
Total floor space : 97,332m²
Height : 78m

Lot C1 - : Civil Works for HAM THUAN Scheme HAM THUAN-DA MI Hydropower Project -Vietnam-

Largest dam in Vietnam
Owner : Electricity of Vietnam, Managing board of HAM THUAN-DA MI Hydropower Project
Dam length : 610m
Dam height : 94m
Dam volume : 4,600,000m³
Power unit 150MW x 2

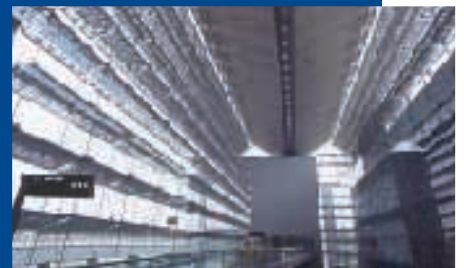


Initial System Project : Underground Structure-South & Section C /Tunnel -Thailand- (Ongoing)

First subway construction in Bangkok
Owner : Metropolitan Rapid Transit Authority
Length of subway line : 14,500m (including 9 stations)

Changi International Airport Line(Subway) -Singapore-

Subway station at Changi International Airport
Owner : Land Transport Authority of Singapore(LTA)
Station building : 205.3m(length) x 36.4m(width) x 18.5m(height)
Crossover tunnel : 220.0m x 2
Overrun tunnel : 136.4m(length) x 2
Baggage tunnel : 463.0m





BCCS Building at Pasir Panjang (Currency House) -Singapore-

Construction Excellence Award 2002 granted by Building Construction Authority
 Owner : Board of Commissioners of Currency, Singapore
 Designer : Nikken Sekkei Partnership Ltd.
 RC structure 6/1
 Total floor space : 17,220m²
 Height : 41.0m

Delhi Subway Contract MC1A -India- (Ongoing)

First major construction order in India
 Owner : Delhi Metro Rail Corporation Limited (DMRC)
 Length of subway line : 4,131.0m (including 4 stations)+434.0m (depot line)



The Project for Improvement of the General Hospital Ratnapura -Sri Lanka- (Ongoing)

Highly medicated hospital in Sri Lanka
 Owner : Ministry of Health and Indigenous Medicine
 Designer : Nihon Sekkei Ltd.
 RC structure 3/1
 Total floor space : 7,960m²
 Height : 22.4m

Tokuyama Dam -Japan- (Ongoing)

Japan's largest reservoir capacity dam, in Gifu Prefecture
 Owner : Water Resources Development Public Corporation
 Dam height : 161.0m
 Dam volume : 13,900,000m³
 Total reservoir capacity : Approximately 660 million m³



Tohoku University Fluctuation Free Facility for New Information Industry -Japan-

A world-class, cutting-edge semiconductor research facility in Miyagi Prefecture
 Owner : Foundation for Advancement of International Science
 Designer : Kumagai Gumi Co., Ltd.
 S•SRC structure 6/1
 Total floor space : 6,416 m² (Process floor area 739m²/630m²<P2/P1>
 Height : 27.9m

FINANCIAL SECTION

	CONTENTS
CONSOLIDATED BALANCE SHEETS	08
CONSOLIDATED STATEMENTS OF INCOME	10
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY	11
CONSOLIDATED STATEMENTS OF CASHFLOWS	12
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	13
REPORT OF THE INDEPENDENT PUBLIC ACCOUNTANTS (CONSOLIDATED)	21
NON-CONSOLIDATED BALANCE SHEETS	22
NON-CONSOLIDATED STATEMENTS OF INCOME	24
NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY	25
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS	26
REPORT OF THE INDEPENDENT PUBLIC ACCOUNTANTS (NON-CONSOLIDATED)	31

CONSOLIDATED BALANCE SHEETS

Kumagai Gumi Co., Ltd. and Consolidated Subsidiaries March 31, 2002 and 2001

ASSETS	<div style="text-align: center;">(¥ million)</div>		<div style="text-align: center;">(US \$ thousand)</div>
	2002	2001	2002
CURRENT ASSETS:			
Cash and cash equivalents (Note 2).....	¥ 62,120	¥ 73,593	\$ 467,069
Time deposits (Note 2).....	1,746	1,588	13,125
Marketable securities (Notes 2 and 5).....	66	1,393	498
Notes and accounts receivable, trade.....	185,162	195,776	1,392,196
Allowance for doubtful accounts.....	(1,916)	(2,282)	(14,406)
Inventories (Notes 2 and 6).....	136,550	317,210	1,026,693
Other current assets.....	68,020	79,736	511,430
	<u>451,748</u>	<u>667,014</u>	<u>3,396,605</u>
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 2 and 5).....	21,954	37,976	165,072
Investments in unconsolidated subsidiaries and affiliates (Notes 1 and 5)...	3,351	4,926	25,195
Long-term loans receivable.....	44,140	46,098	331,879
Long-term loans to unconsolidated subsidiaries and affiliates.....	96	199	721
Long-term receivables.....	93,518	102,695	703,142
Claims to companies in bankruptcy, reorganization, etc.....	111,920	141,885	841,503
Other.....	78,347	82,100	589,075
Allowance for doubtful accounts.....	(139,973)	(158,097)	(1,052,428)
	<u>213,353</u>	<u>257,782</u>	<u>1,604,159</u>
PROPERTY AND EQUIPMENT(Notes 2):			
Land.....	151,397	172,989	1,138,321
Buildings.....	161,593	159,529	1,214,987
Machinery and equipment.....	27,893	29,935	209,719
Construction in progress.....	4,765	5,127	35,831
	<u>345,648</u>	<u>367,580</u>	<u>2,598,858</u>
Accumulated depreciation.....	(76,910)	(73,163)	(578,275)
	<u>268,738</u>	<u>294,417</u>	<u>2,020,583</u>
	<u>¥ 933,839</u>	<u>¥ 1,219,213</u>	<u>\$ 7,021,347</u>

LIABILITIES AND SHAREHOLDERS' EQUITY	<div style="text-align: center;">(¥ million)</div>		<div style="text-align: center;">(US \$ thousand)</div>
	2002	2001	2002
CURRENT LIABILITIES:			
Short-term borrowings (Note 7).....	¥ 2,568	¥ 28,290	\$ 19,311
Current portion of long-term debt (Note 7).....	3,143	3,144	23,628
Notes and accounts payable, trade.....	154,410	221,032	1,160,976
Advances received on uncompleted contracts (Note 10).....	39,818	165,908	299,387
Accrued expenses.....	5,650	6,092	42,480
Accrued income taxes (Notes 2 and 13).....	565	946	4,244
Employees' savings deposits.....	3,689	4,049	27,739
Other current liabilities.....	43,289	50,603	325,484
	<u>253,132</u>	<u>480,064</u>	<u>1,903,249</u>
 LONG-TERM LIABILITIES:			
Long-term debt (Note 7).....	579,037	614,068	4,353,661
Accrued severance indemnities (Notes 2 and 11).....	4,104	3,027	30,857
Other long-term liabilities.....	75,653	104,449	568,824
	<u>658,794</u>	<u>721,544</u>	<u>4,953,342</u>
 MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES.....	5,141	4,224	38,655
 CONTINGENT LIABILITIES (Note 17)			
 SHAREHOLDERS' EQUITY:			
Common stock:			
Authorized — 1,300,000,000 shares			
Issued:			
— 668,232,523 shares (2002).....	33,412	—	251,215
— 668,232,523 shares (2001).....	—	33,412	—
Additional paid-in capital.....	212	120,444	1,598
Deficit (Note 2).....	(1,844)	(124,630)	(13,865)
Unrealized gain on available-for-sale securities (Note 2).....	2,074	4,718	15,590
Foreign currency statements translation adjustments (Note 2).....	(17,077)	(20,563)	(128,399)
	<u>16,777</u>	<u>13,381</u>	<u>126,139</u>
Treasury stock, at cost.....	(5)	(0)	(38)
	<u>16,772</u>	<u>13,381</u>	<u>126,101</u>
	<u>¥ 933,839</u>	<u>¥1,219,213</u>	<u>\$7,021,347</u>

CONSOLIDATED STATEMENTS OF INCOME

Kumagai Gumi Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2002 and 2001

	(¥ million)		(US \$ thousand)
	2002	2001	2002
NET SALES (Notes 2 and 15):			
Contracts completed.....	¥ 679,308	¥ 741,938	\$ 5,107,576
Sales of real estate and other.....	58,020	51,468	436,243
	737,328	793,406	5,543,819
COST OF SALES (Notes 2 and 15):			
Cost of construction.....	632,752	686,751	4,757,530
Cost of real estate and other.....	49,569	42,947	372,702
	682,321	729,698	5,130,232
Gross profit.....	55,007	63,708	413,586
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
	37,952	46,000	285,351
Operating income.....	17,055	17,708	128,235
OTHER INCOME (EXPENSE):			
Interest and dividend income.....	2,332	3,566	17,531
Interest expense.....	(13,801)	(21,484)	(103,769)
Equity in earnings (losses) of affiliates.....	69	(127)	521
Other, net (Note 11).....	(8,008)	13,786	(60,212)
Income(loss) before income taxes and minority interest	(2,353)	13,449	(17,694)
Income taxes (Notes 2 and 12):			
Current.....	883	1,214	6,636
Deferred.....	(5,286)	16,472	(39,743)
Minority interest in consolidated subsidiaries	500	1,583	3,758
Net income (loss)	¥ 2,550	¥ (2,654)	\$ 19,171
PER SHARE OF COMMON STOCK (Note 14):			
	(¥)		(US \$)
Net income (loss).....	¥ 3.82	¥ (4.05)	\$ 0.03

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Kumagai Gumi Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2002 and 2001

	Common stock	Additional paid-in capital	Retained earnings (Deficit)	Unrealized gain on available-for-sale securities	Foreign currency statements translation adjustments	Treasury stock
	(¥ million)					
Balance at March 31, 2000.....	¥ 82,086	¥ 51,770	¥ (121,979)	¥ -	¥ -	¥ (0)
Surplus at beginning of year of subsidiaries eliminated from consolidation.....			5			
Net loss for the year.....			(2,654)			
Bonuses to directors and corporate auditors..			(2)			
Decrease of capital.....	(65,067)	65,067				
Increase of capital.....	16,393	3,607				
Net change during the year.....				4,718	(20,563)	
Treasury stock sold.....						15
Treasury stock purchased.....						(15)
Balance at March 31, 2001.....	¥ 33,412	¥ 120,444	¥ (124,630)	¥ 4,718	¥ (20,563)	¥ (0)
Reversal of additional paid-in capital.....		(120,232)	120,232			
Surplus at beginning of year of subsidiaries newly consolidated.....			6			
Net income for the year.....			2,550			
Bonuses to directors and corporate auditors..			(2)			
Change in the current period.....				(2,644)	3,486	
Treasury stock sold.....						14
Treasury stock purchased.....						(19)
Balance at March 31, 2002.....	¥ 33,412	¥ 212	¥ (1,844)	¥ 2,074	¥ (17,077)	¥ (5)

	(US \$ thousand)					
Balance at March 31, 2001.....	\$ 251,215	\$ 909,596	\$ (937,069)	\$ 35,471	\$ (154,607)	\$ (2)
Reversal of additional paid-in capital.....		(903,998)	903,998			
Surplus at beginning of year of subsidiaries newly consolidated.....			50			
Net income for the year.....			19,171			
Bonuses to directors and corporate auditors..			(15)			
Change in the current period.....				(19,881)	26,208	
Treasury stock sold.....						103
Treasury stock purchased.....						(139)
Balance at March 31, 2002.....	\$ 251,215	\$ 1,598	\$ (13,865)	\$ 15,590	\$ (128,399)	\$ (38)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Kumagai Gumi Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2002 and 2001

	(¥ million)		(US \$ thousand)
	2002	2001	2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interest.....	¥ (2,353)	¥ 13,449	\$ (17,694)
Depreciation and amortization	7,163	9,535	53,858
Gain from discharge of debt.....	–	(430,000)	–
Increase (decrease) in provision for allowance for doubtful accounts.....	(15,829)	85,571	(119,019)
Loss from bad debt.....	195	1,636	1,468
Increase (decrease) in provision for the settlement of development projects..	(8,082)	62,034	(60,764)
Increase (decrease) in provision for retirement allowance.....	1,077	(9,488)	8,100
Interest and dividends revenue.....	(2,332)	(3,566)	(17,530)
Interest expenses.....	13,801	21,484	103,769
Exchange losses.....	790	775	5,938
Equity in (earnings) losses of affiliates.....	(69)	127	(521)
Loss on valuation of marketable and investment securities.....	726	4,988	5,455
Loss on disposal of investment in subsidiaries and affiliates.....	0	96,574	0
Gains on sale of marketable and investment securities, net.....	(2,780)	(3,775)	(20,902)
Loss on disposal of fixed assets.....	322	389	2,423
Loss on valuation of fixed assets.....	56	14,334	424
(Gains) losses on sale of property and equipment, net.....	(264)	34,493	(1,987)
Decrease in notes and accounts receivable.....	10,614	28,570	79,805
Decrease in uncompleted construction costs.....	158,659	50,191	1,192,921
Decrease in inventories.....	17,946	38,223	134,932
Decrease in notes and accounts payable.....	(66,623)	(3,248)	(500,922)
Decrease in advances received on uncompleted contracts.....	(125,379)	(42,320)	(942,699)
Decrease in other assets.....	38,160	–	286,915
Other, net.....	176	(11,114)	1,320
Sub-total.....	25,974	(41,138)	195,290
Interest and dividends received.....	1,988	4,540	14,948
Interest paid.....	(13,926)	(23,526)	(104,707)
Income tax paid.....	(1,264)	(827)	(9,503)
Net cash provided by (used in) operating activities.....	12,772	(60,951)	96,029
CASH FLOWS FROM INVESTING ACTIVITIES:			
Disbursements for acquisitions of marketable and investment securities....	(1,373)	(1,491)	(10,327)
Proceeds from sale of marketable and investment securities.....	17,457	4,315	131,258
Disbursements for acquisitions of property and equipment	(1,915)	(14,849)	(14,402)
Proceeds from sale of property and equipment	10,845	31,839	81,543
Disbursements for loans.....	(2,806)	(46,866)	(21,100)
Proceeds from collection of loans	17,495	3,406	131,544
Other, net.....	1,518	10,928	11,414
Net cash provided by (used in) investing activities.....	41,221	(12,718)	309,930
CASH FLOWS FROM FINANCING ACTIVITIES:			
Income (loss) in short-term borrowings	(23,509)	121,245	(176,759)
Proceeds from long-term debt.....	3,362	80,824	25,281
Disbursements for repayment of long-term debt.....	(45,861)	(165,304)	(344,820)
Proceeds from issuing stock.....	–	20,000	–
Other, net.....	(57)	(0)	(428)
Net cash (used in) provided by financing activities.....	(66,065)	56,765	(496,725)
Translation differences on cash and cash equivalents.....	408	1,801	3,071
Decrease in cash and cash equivalents.....	(11,664)	(15,103)	(87,697)
Cash and cash equivalents at beginning of year.....	73,593	88,696	553,332
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	191	–	1,434
Cash and cash equivalents at end of year.....	¥ 62,120	¥ 73,593	\$ 467,069

The accompanying notes are an integral part of this statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Kumagai Gumi Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2002 and 2001

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements of KUMAGAI GUMI CO., LTD. (the "Company") and its consolidated subsidiaries have been prepared in accordance with generally accepted accounting principles and practices in Japan. In preparing the consolidated financial statements for purpose of inclusion in this Annual Report, certain reclassifications and rearrangements have been made to the financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to the readers of these statements outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under generally accepted accounting principles and practices in Japan but is presented herein as additional information for the Annual Report.

-Consolidation

The Company applies the control or influence standard for determining the criteria of subsidiaries and affiliates included within the scope of consolidation.

The consolidated financial statements include the accounts of the Company, forty-five of its consolidated subsidiaries and ten of its affiliates accounted for applying the equity method as at and for the year ended March 31, 2002.

In fiscal 2002, changes in the scope of consolidation were as follows:

	No. of companies
* Newly consolidated companies	2: K&E Co., Ltd. and 1 other company
* Companies excluded from consolidation	-9: Saitama Chiiki Kaihatsu Kohsha Co., Ltd. and 8 other companies
* Companies excluded from the equity method	-1: Beijing Nine Dragon Amusement Park Co., Ltd.
Total	-8

The major subsidiaries which are consolidated with the Company are listed below:

Company Name	Fiscal Year-End
GAEART Kumagai Co., Ltd.	31 Mar. 2002
Technos Co., Ltd.	31 Mar. 2002
KG Fudosan Service Co., Ltd.	31 Mar. 2002
KG Fudosan Lease Co., Ltd.	31 Mar. 2002
KG Real Property Co., Ltd.	31 Mar. 2002
KG Real Estate Co., Ltd.	31 Mar. 2002
Kuroiso Kanko Kaihatsu Co., Ltd.	31 Mar. 2002
Kumagai International USA Corporation and its 4 subsidiaries	31 Dec. 2001
KG Crowne Corporation	31 Dec. 2001
Bishops KT Ltd.	31 Dec. 2001
Kumagai Australia Finance Ltd.	31 Dec. 2001
Kumagai Australia Pty. Ltd.	31 Dec. 2001
Couer de Lion Holdings Pty. Ltd.	31 Dec. 2001
Kumagai International Limited	31 Dec. 2001
Taiwan Kumagai Co., Ltd.	31 Dec. 2001
Kumagai Gumi (Malaysia) SDN. BHD.	31 Dec. 2001
Thai Kumagai Co., Ltd.	31 Dec. 2001
P.T. KADI International	31 Dec. 2001
Beijing Amusement Park Co., Ltd.	31 Dec. 2001

All significant intercompany accounts and transactions are eliminated in consolidation.

Investments in other unconsolidated subsidiaries and affiliates accounted for applying the equity method are stated at cost.

The Company consolidates such subsidiaries' financial statements as of each subsidiary's most recent year-end. Unusual significant transactions occurring between subsidiaries' year-ends and the Company's are adjusted on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Recognition of net sales and related costs

Prior to April 1, 2001, net sales from and the related costs of construction contracts were recorded mainly by the completed-contract method. The percentage of completion method is applied for certain projects whose construction period is more than one year and whose total contract value is more than ¥3 billion. During the construction period, cost of uncompleted contracts other than those where the percentage of completion method is applicable is included in inventories and advances received on such contracts are stated in current liabilities.

Effective April 1, 2001, the percentage of completion method is applied for all construction contracts in principle in order to fairly and timely reflect construction record for each accounting period on operating results considering international accounting standards.

The effect of this change was to increase revenues and to decrease loss before income taxes and minority interests by ¥ 77,848 million (\$585,320 thousand) and ¥ 3,179 million (\$23,890 thousand) for the year ended March 31, 2002, respectively.

(b) Foreign currency translations

Short-term and long-term receivables and payables in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. Investments in overseas subsidiaries and affiliates in foreign currencies are translated into Japanese yen at the historical rates of exchange. Overseas accumulated construction cost in progress in foreign currencies (included in inventories) is translated into Japanese yen at the monthly rates of exchange.

(c) Foreign currency financial statements

The balance sheet accounts and revenue and expense accounts of the consolidated overseas subsidiaries and overseas affiliates accounted for on the equity method are translated into Japanese yen at the current rates of exchange at each balance sheet date. The exception is shareholders' equity, which is translated at the historical rates of exchange at dates of acquisition.

Retained earnings of the consolidated overseas subsidiaries and overseas affiliates accounted for by the equity method at the end of every year are translated at the historical rates of exchange. Differences arising from such translation are included in " Foreign currency translation adjustments " in the accompanying consolidated financial statements.

(d) Cash and cash equivalents

Cash and cash equivalents include an overnight bank deposit and time deposits, all of which have original maturities of three months or less.

(e) Time deposits

Time deposits have original maturities of more than three months through one year.

(f) Marketable and investment securities

The Company and its consolidated subsidiaries listed all the securities as available-for-sale which are stated at fair value, with unrealized gains and losses net of taxes under shareholders' equity. Cost of sales is determined by the moving-average method.

Other securities are stated at cost.

(g) Inventories

Inventories other than materials and supplies are stated at accumulated construction cost for each project. Selling, general and administrative expenses are excluded from such cost. Materials and supplies are stated at cost determined by the moving-average method.

(h) Property, equipment and depreciation

Property and equipment, including significant renewals and additions, are carried at cost. The cost of property and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is reflected in income. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed by the declining-balance method at rates based on estimated useful lives of the assets, according to general class, type of construction and use.

(i) Accrued severance indemnities

To provide for employees' severance indemnities, net period pension cost, which represents the amount recognized as the cost of a pension plan for the year, is accounted for based on the projected benefit obligation and the plan assets. The unrecognized obligation at transition is being amortized by the straight-line method over a period of 15 years .

The adjustment for actuarial assumptions is being amortized by the straight-line method over a period which is less than the average remaining years(5 to 12 years)of service of the active participants in the plans. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded .

Prior service cost is being amortized by the straight-line method over a period of 15 years .

(j) Income taxes

Income taxes are accounted for by the asset and liability method.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

(k) Appropriations of retained earnings and disposition of deficit

Appropriations of retained earnings and disposition of deficit are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

3. ADDITIONAL NOTES

Since 2000, in order to improve financial structure radically and to ensure competitiveness over the long term, the Company is carrying out the New Corporate Innovation Plan (for the term ending March 2001 through the term ending March 2012).

In the event of a continuing economic slump, the challenging operating environment facing the construction industry may affect the plan.

4. UNITED STATES DOLLAR AMOUNTS

The United States dollar amounts included in the accompanying consolidated financial statements are presented solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥133 = US\$1, which was the approximate exchange rate at March 31, 2002. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into United States dollars at that rate.

5. MARKETABLE AND INVESTMENT SECURITIES

The breakdown of available-for-sale securities as of March 31, 2002 is as follows:

	Cost	Fair value (Carrying amount) (¥ million)	Difference
Marketable equity securities.....	¥ 12,812	¥ 16,367	¥ 3,555
Debentures.....	32	32	0
Fund trust and other.....	180	161	(19)
Total.....	¥ 13,024	¥ 16,560	¥ 3,536
		(US \$ thousand)	
Marketable equity securities.....	\$ 96,329	\$ 123,060	\$ 26,731
Debentures.....	241	241	0
Fund trust and other.....	1,353	1,213	(140)
Total.....	\$ 97,923	\$ 124,514	\$ 26,591

The breakdown of available-for-sale securities as of March 31, 2001 is as follows:

	Cost	Fair value (Carrying amount) (¥ million)	Difference
Marketable equity securities	¥ 24,311	¥ 32,379	¥ 8,068
Debentures	1,502	1,553	51
Fund trust and other	137	133	(4)
Total	¥ 25,950	¥ 34,065	¥ 8,115

6. INVENTORIES Inventories comprised the following:

March 31, 2002 and 2001	2002 (¥ million)	2001	2002 (US \$ thousand)
Cost of uncompleted contracts	¥ 36,502	¥ 195,160	\$ 274,448
Real estate for sale	17,303	28,962	130,099
Development projects in progress	81,768	91,862	614,799
Materials and supplies	977	1,226	7,347
	¥ 136,550	¥ 317,210	\$ 1,026,693

**7. SHORT-TERM
BORROWINGS
AND LONG-
TERM DEBT**

(a) The Company and its consolidated subsidiaries' short-term borrowings comprised the following:

March 31, 2002 and 2001	2002 (¥ million)	2001	2002 (US \$ thousand)
Short-term loans, principally from banks and insurance companies	¥ 2,568	¥ 28,290	\$ 19,311

Short-term bank loans are represented generally by 30-180 day notes issued by the Company and its consolidated subsidiaries to banks and bore interest at annual rates ranging from 1.38 per cent to 1.46 per cent at March 31, 2002 and at annual rates ranging from 1.24 per cent to 7.91 per cent at March 31, 2001.

(b) Long-term debt comprised the following:

March 31, 2002 and 2001	2002 (¥ million)	2001	2002 (US \$ thousand)
Loans, principally from banks and insurance companies, due 2002 to 2012, with interest ranging from 0.34 per cent to 9.85 per cent	¥ 582,180	¥ 617,212	\$ 4,377,289
Less: Portion due within one year	3,143	3,144	23,628
	¥ 579,037	¥ 614,068	\$ 4,353,661

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

Years ending March 31	(¥ million)	(US \$ thousand)
2003.....	¥ 3,143	\$ 23,628
2004.....	2,921	21,962
2005.....	2,893	21,750
2006.....	2,971	22,342
2007 and thereafter.....	570,252	4,287,607
	¥ 582,180	\$ 4,377,289

8. LEASES The lease payments under noncancelable financing leases are principally accounted for as rental expenses, and no asset or liability (other than a short-term liability for accrued rent payable) relating to the lease is recorded.

9. PLEDGED ASSETS Assets pledged as collateral for short-term borrowings and long-term debt were as follows:
March 31, 2002

	(¥ million)	(US \$ thousand)
Assets pledged as collateral:		
Notes receivable.....	¥ 11,592	\$ 87,160
Inventories.....	65,106	489,516
Investment securities.....	14,803	111,304
Land.....	100,068	752,389
Buildings.....	55,527	417,496
Other investments.....	1,916	14,407
	¥ 249,012	\$ 1,872,272
Liabilities secured thereby:		
Short-term borrowings and long-term debt	¥ 251,154	\$ 1,888,373

10. ADVANCES RECEIVED ON UNCOMPLETED CONTRACTS As is the customary practice in Japan, the Company receives progress payments from customers in accordance with the terms of the respective construction contracts.

11. ACCRUED SEVERANCE INDEMNITIES AND PENSION EXPENSES FOR EMPLOYEES Employees (excluding directors and corporate auditors) whose service with the Company and its consolidated domestic subsidiaries is terminated are, under most circumstances, entitled to lump-sum severance indemnities determined by reference to rank and length of time served in each rank until the termination occurs.

In addition to the lump-sum indemnities, the Company has a contributory funded pension plan and a consolidated domestic subsidiary has both contributory and non-contributory funded pension plans covering substantially all employees who retire with one year or more of service. For employees retiring with one year or more and less than 15 years of service, the benefits are payable only in a lump-sum amount.

Contributions to the funds charged to current income include charges for current service and amortization of prior service costs.

The Company and its consolidated domestic subsidiaries accounted for the liability for retirement benefit based on projected benefits obligations and plan assets at each balance sheet date.

The liability(asset)for employees' retirement benefits and the components of net periodic benefit costs were as follows:

(1) The liability (asset) for employees' retirement benefits

As of March 31, 2002 and 2001	2002	2001	2002
	(¥ million)		(US \$ thousand)
Projected benefit obligation	¥ (113,739)	¥ (107,921)	\$(855,183)
Fair value of plan assets.....	53,784	56,386	404,390
Unrecognized transition obligation.....	43,085	46,399	323,948
Unrecognized prior service cost and actuarial loss....	12,766	2,109	95,988
Net liability.....	¥ (4,104)	¥ (3,027)	\$ (30,857)

(2) The components of net periodic benefit costs

For the year ended March 31, 2002 and 2001	2002	2001	2002
	(¥ million)		(US \$ thousand)
Service cost.....	¥ 2,666	¥ 3,550	\$ 20,048
Interest cost.....	4,798	5,285	36,073
Expected return on plan assets.....	(2,231)	(3,215)	(16,776)
Amortization of transitional obligation.....	3,314	3,314	24,919
Amortization of prior service cost and actuarial loss..	454	(1,576)	3,414
Net periodic benefit cost.....	¥ 9,001	¥ 7,358	\$ 67,678

(3) Assumptions used for the years ended March 31, 2002 and 2001

March 31, 2002 and 2001	2002	2001
Discount rate.....	3.5% to 4.5%	3.5% to 4.5%
Expected rate of return on plan assets	4.0%	4.0%
Amortization period of prior service cost.....	15 years	15 years
Recognition period of actuarial gain/loss.....	5 to 12 years	5 to 12 years
Amortization period of transitional obligation.....	15 years	15 years

12. OTHER, NET IN OTHER INCOME (EXPENSES) Other, net in other income (expenses) comprised the following:

March 31, 2002 and 2001	2002	2001	2002
	(¥ million)		(US \$ thousand)
Gain from discharge of debt.....	¥ -	¥ 430,000	\$ -
Loss on disposal of property and equipment, net...	(29)	(34,883)	(216)
Loss on valuation of inventories.....	(2,290)	(43,842)	(17,217)
Loss on valuation of fixed assets.....	(56)	(14,334)	(424)
Loss from bad debt.....	(4,525)	(17,106)	(34,026)
Provision for allowance for the settlement of development projects.....	(1,148)	(102,581)	(8,630)
Provision for allowance for doubtful accounts.....	(1,425)	(93,913)	(10,713)
Loss on valuation of marketable and investment securities.....	(114)	(4,988)	(856)
Write-off of investments.....	(0)	(96,574)	(0)
Gain on sale of marketable and investment securities, net.....	2,812	3,777	21,141
Foreign exchange gain, net.....	958	1,793	7,201
Other, net.....	(2,191)	(13,563)	(16,472)
	¥ (8,008)	¥ 13,786	\$ (60,212)

13. INCOME TAXES The Company and its consolidated domestic subsidiaries are subject to Japanese corporate, inhabitant's and enterprise taxes, based on income, at a combined statutory tax rate of approximately 42 per cent for the years ended March 31, 2002 and 2001.

**14. BUSINESS
SEGMENT
INFORMATION**

(a) Industry segment information

The Company and its consolidated subsidiaries are primarily engaged in the following two major segments:
 Construction.....Civil engineering construction, architectural construction, etc.
 Real estate and other.....Resale and rental of land, houses and buildings; financing, etc.

March 31, 2002 and 2001	Construction		Real estate and other		Elimination		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	(¥ million)							
Net sales:								
Customers.....	¥ 679,308	¥ 741,938	¥ 58,020	¥ 51,468	¥ -	¥ -	¥ 737,328	¥ 793,406
Intersegment or transfer.....	-	1,859	1,442	1,546	(1,442)	(3,405)	-	-
	679,308	743,797	59,462	53,014	(1,442)	(3,405)	737,328	793,406
Operating expenses.....	666,968	728,069	54,909	49,510	(1,604)	(1,881)	720,273	775,698
Operating income.....	¥ 12,340	¥ 15,728	¥ 4,553	¥ 3,505	¥ 162	¥ (1,524)	¥ 17,055	¥ 17,708
Identifiable assets.....	¥ 597,561	¥ 866,820	¥ 363,801	¥ 402,412	¥ (121,708)	¥ (161,820)	¥ 839,654	¥ 1,107,412
Depreciation and amortization...	3,187	3,703	3,976	5,831	-	-	7,164	9,535
Capital expenditure....	1,129	2,658	844	2,611	-	-	1,974	5,269

	(US \$ thousand)			
Net sales:				
Customers.....	\$ 5,107,576	\$ 436,243	\$ -	\$ 5,543,819
Intersegment or transfer.....	-	10,844	(10,844)	-
	5,107,576	447,087	(10,844)	5,543,819
Operating expenses.....	5,014,800	412,847	(12,063)	5,415,584
Operating income.....	\$ 92,776	\$ 34,240	\$ 1,219	\$ 128,235
Identifiable assets.....	\$ 4,492,940	\$ 2,735,347	\$ (915,097)	\$ 6,313,190
Depreciation and amortization...	23,964	29,898	-	53,862
Capital expenditure....	8,489	6,349	-	14,839

(b) Geographic information

March 31, 2002 and 2001	Domestic		Overseas		Elimination		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	(¥ million)							
Net sales:								
Customers.....	¥682,381	¥721,947	¥ 54,947	¥ 71,458	¥ -	¥ -	¥ 737,328	¥ 793,406
Intersegment or transfer.....	-	-	151	208	(151)	(208)	-	-
	682,381	721,947	55,098	71,667	(151)	(208)	737,328	793,406
Operating expenses.....	668,417	707,061	52,154	68,844	(299)	(208)	720,273	775,698
Operating income.....	¥ 13,964	¥ 14,887	¥ 2,944	¥ 2,822	¥ 148	¥ (1)	¥ 17,055	¥ 17,708
Identifiable assets.....	¥688,649	¥969,202	¥ 155,089	¥161,432	¥(4,084)	¥(23,222)	¥ 839,654	¥1,107,412

	(US \$ thousand)			
Net sales:				
Customers.....	\$5,130,686		\$ 413,133	\$ -
Intersegment or transfer.....	-		1,137	(1,137)
	5,130,686		414,270	(1,137)
Operating expenses.....	5,025,691		392,137	(2,245)
Operating income.....	\$ 104,995		\$ 22,133	\$ 1,108
Identifiable assets.....	\$5,177,812		\$1,166,083	\$(30,705)
				\$6,313,189

The following reconciles identifiable assets to total assets:

	2002	2001	2002
	(¥ million)		(US \$ thousand)
Identifiable assets.....	¥ 839,654	¥1,107,412	\$6,313,189
Corporate assets.....	94,185	111,800	708,158
Total assets.....	¥ 933,839	¥1,219,212	\$7,021,347

15. PER SHARE DATA

The numbers of shares used in computing net income per share for the years ended March 31, 2002 and 2001 were as follows:

	Number of shares (thousand)
2001.....	654,121
2002.....	668,160

16. TRANSACTIONS WITH UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Purchases from and sales to unconsolidated subsidiaries and affiliates for the respective periods were as follows:

March 31, 2002 and 2001	2002	2001	2002
	(¥ million)		(US \$ thousand)
Purchases.....	¥11,000	¥16,256	\$82,708
Sales.....	214	1,489	1,606

17. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries were contingently liable for guarantees of debt of customers, unconsolidated subsidiaries and affiliates, in the amount of ¥12,458 million (US\$93,670 thousand) at March 31, 2002. The guarantees are in respect of loans relating to purchases and development of land for civil engineering and architectural construction projects.

REPORT OF THE INDEPENDENT PUBLIC ACCOUNTANTS (CONSOLIDATED)

To the Board of Directors of
Kumagai Gumi Co., Ltd.

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

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Kumagai Gumi Co., Ltd. and its consolidated subsidiaries at March 31, 2002 and 2001, and the results of their operations and their cash flows for each of the two years in the period ended March 31, 2002, in conformity with generally accepted accounting principles and practices in Japan applied on a consistent basis, except for the change, with which we concur, as described in Note 2 (a) to the consolidated financial statements.

As described in Note 3, Kumagai Gumi Co., Ltd. is carrying out the New Corporate Innovation Plan (for the term ending March 2001 through the term ending March 2012) in order to improve financial structure radically and to ensure competitiveness over the long term. Furthermore, in the event of a continuing economic slump, the challenging operating environment facing the construction industry may affect the plan.

The United States dollar amounts shown in the financial statements referred to above have been translated solely for convenience. We have reviewed this translation and, in our opinion, the financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note 4.

M. Serizawa & Co

Tokyo, Japan
June 27, 2002

M. Serizawa & Co.
Certified Public Accountants

Shin-Yurakucho Bldg., 12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan

NON-CONSOLIDATED BALANCE SHEETS

Kumagai Gumi Co., Ltd. (Company Only) March 31, 2002 and 2001

ASSETS	(¥ million)		(US \$ thousand)
	2002	2001	2002
CURRENT ASSETS:			
Cash and cash equivalents (Note 2)	¥ 48,295	¥ 51,186	\$363,117
Time deposits (Note 2)	1,365	520	10,267
Marketable securities (Note 2).....	13	1,339	98
Notes and accounts receivable, trade.....	163,454	166,038	1,228,975
Allowance for doubtful accounts.....	(1,029)	(1,280)	(7,737)
Inventories (Notes 2 and 5).....	100,646	277,412	756,738
Other current assets.....	52,129	66,965	391,944
	364,873	562,180	2,743,402
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 2).....	17,326	37,724	130,270
Investments in subsidiaries and affiliates (Note 2).....	122,546	112,743	921,399
Long-term loans receivable.....	10,370	12,037	77,972
Long-term loans to subsidiaries and affiliates.....	43,803	60,191	329,345
Long-term receivable	147,308	186,968	1,107,578
Claims to companies in bankruptcy, reorganization, etc.....	149,540	186,473	1,124,360
Other	56,080	47,381	421,656
Allowance for doubtful accounts	(194,412)	(256,457)	(1,461,743)
	352,561	387,060	2,650,837
PROPERTY AND EQUIPMENT (Note 2):			
Land	42,600	41,988	320,301
Buildings.....	39,341	39,395	295,798
Machinery and equipment.....	13,146	14,703	98,844
Construction in progress	39	348	293
	95,126	96,434	715,236
Accumulated depreciation	(25,515)	(25,714)	(191,843)
	69,611	70,720	523,393
	¥787,045	¥1,019,960	\$5,917,632

The accompanying notes are an integral part of this statement.

LIABILITIES AND SHAREHOLDERS' EQUITY	<div style="text-align: center;">(¥ million)</div>		<div style="text-align: center;">(US \$ thousand)</div>
	2002	2001	2002
CURRENT LIABILITIES:			
Short-term borrowings	¥ 7,652	¥ 10,910	\$ 57,532
Current portion of long-term debt.....	2,589	2,948	19,471
Notes and accounts payable, trade	138,332	196,766	1,040,092
Advances received on uncompleted contracts (Note 7)	36,021	159,667	270,836
Accrued expenses	2,428	2,744	18,258
Accrued income taxes (Notes 2 and 9).....	284	308	2,133
Employees' savings deposits.....	3,658	4,048	27,503
Other current liabilities	31,989	36,217	240,517
	<u>222,953</u>	<u>413,608</u>	<u>1,676,342</u>
 LONG-TERM LIABILITIES:			
Long-term debt	509,810	551,248	3,833,161
Accrued severance indemnities (Note 2).....	2,285	1,109	17,181
Other long-term liabilities.....	14,790	15,641	111,199
	<u>526,885</u>	<u>567,998</u>	<u>3,961,541</u>
 CONTINGENT LIABILITIES (Note 12)			
 SHAREHOLDERS' EQUITY:			
Common stock:			
Authorized — 1,300,000,000 shares			
Issued:			
— 668,232,523 shares (2002)	33,412	—	251,215
— 668,232,523 shares (2001)	—	33,412	—
Additional paid-in capital.....	212	120,444	1,597
Retained earnings (deficit) (Note 2).....	2,009	(120,232)	15,105
Unrealized gain on available-for-sale securities (Note 2).....	1,579	4,730	11,870
Treasury stock, at cost.....	(5)	—	(38)
	<u>37,207</u>	<u>38,354</u>	<u>279,749</u>
	<u>¥787,045</u>	<u>¥1,019,960</u>	<u>\$5,917,632</u>

NON-CONSOLIDATED STATEMENTS OF INCOME

Kumagai Gumi Co., Ltd. (Company Only) Years ended March 31, 2002 and 2001

	(¥ million)		(US \$ thousand)
	2002	2001	2002
NET SALES (Note 2):			
Contracts completed.....	¥624,633	¥ 663,660	\$4,696,491
Sales of real estate.....	25,719	18,245	193,375
	650,352	681,905	4,889,866
COST OF SALES (Note 2):			
Cost of construction.....	582,531	613,930	4,379,936
Cost of real estate.....	24,482	15,774	184,076
	607,013	629,704	4,564,012
Gross profit.....	43,339	52,201	325,854
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
	29,329	35,466	220,519
Operating income	14,010	16,735	105,335
OTHER INCOME (EXPENSES):			
Interest and dividend income.....	3,486	3,534	26,215
Interest expense	(9,411)	(16,181)	(70,757)
Other, net (Note 9).....	(11,094)	(135,258)	(83,419)
Loss before income taxes.....	(3,009)	(131,170)	(22,626)
Income taxes (Notes 2 and 10)			
Current.....	471	471	3,539
Deferred.....	(5,489)	21,110	(41,270)
Net income (loss).....	¥ 2,009	¥(152,751)	\$ 15,105
PER SHARE OF COMMON STOCK (Note 11)			
	(¥)		(US\$)
Net income (loss).....	¥ 3.01	¥ (233.52)	\$ 0.02
Cash dividends applicable to the period.....	—	—	—

The accompanying notes are an integral part of this statement.

NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Kumagai Gumi Co., Ltd. (Company Only) Years ended March 31, 2002 and 2001

	Number of shares of common stock (thousand)	Common stock	Additional paid-in capital	Retained earnings (¥ million)	Unrealized gain on available- for-sale securities	Treasury stock
Balance at March 31, 2000	680,727	¥ 82,086	¥ 51,770	¥ 32,519	¥ -	¥ -
Decrease of capital	(340,363)	(65,067)	65,067			
Increase of capital	327,869	16,393	3,607			
Net change during the year					4,730	
Net loss for the year				(152,751)		
Balance at March 31, 2001	668,233	¥ 33,412	¥ 120,444	¥(120,232)	¥ 4,730	¥ -
Reversal of additional paid-in capital			(120,232)	120,232		
Net income for the year				2,009		
Change in the current period					(3,151)	
Net change during the year						(0)
Treasury stock sold						14
Treasury stock purchased						(19)
Balance at March 31, 2002	668,233	¥ 33,412	¥ 212	¥ 2,009	¥ 1,579	¥ (5)

	(thousand)	(US \$ thousand)				
Balance at March 31, 2001	668,233	\$ 251,215	\$ 905,595	\$(903,998)	\$ 35,561	\$ -
Reversal of additional paid-in capital			(903,998)	903,998		
Net income for the year				15,105		
Change in the current period					(23,691)	
Net change during the year						(2)
Treasury stock sold						103
Treasury stock purchased						(139)
Balance at March 31, 2002	668,233	\$ 251,215	\$ 1,597	\$ 15,105	\$ 11,870	\$ (38)

The accompanying notes are an integral part of this statement.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

Kumagai Gumi Co., Ltd. (Company Only) Years ended March 31, 2002 and 2001

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements of KUMAGAI GUMI CO., LTD. (the "Company") have been prepared in accordance with generally accepted accounting principles and practices in Japan. Non-consolidated statements of shareholders' equity have been prepared for the purpose of this Annual Report to supply additional information. In preparing the non-consolidated financial statements for the purpose of inclusion in this Annual Report, certain reclassifications and rearrangements have been made to the financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to the readers of these statements outside Japan. In addition, the notes to the non-consolidated financial statements include information which is not required under generally accepted accounting principles and practices in Japan but is presented herein as additional information for this Annual Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Recognition of net sales and related costs

Prior to April 1, 2001, net sales from and the related costs of construction contracts were recorded mainly by the completed-contract method. The percentage of completion method is applied for certain projects whose construction period is more than one year and whose total contract value is more than ¥ 3 billion. During the construction period, cost of uncompleted contracts other than those where the percentage of completion method is applicable is included in inventories and advances received on such contracts are stated in current liabilities.

Effective April 1, 2001, the percentage of completion method is applied for all construction contracts in principle in order to fairly and timely reflect construction record for each accounting period on operating results considering international accounting standards.

The effect of this change was to increase revenues and to decrease loss before income taxes and minority interests by ¥ 77,848 million (\$585,320 thousand) and ¥ 3,035 million (\$22,822 thousand) for the year ended March 31, 2002, respectively.

(b) Foreign currency translations

Short-term and long-term receivables and payables in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. Investments in overseas subsidiaries and affiliates in foreign currencies are translated into Japanese yen at the historical rates of exchange. Overseas accumulated construction cost in progress in foreign currencies (included in inventories) is translated into Japanese yen at the monthly rates of exchange.

(c) Cash and cash equivalents

Cash and cash equivalents include time deposits which have original maturities of three months or less.

(d) Time deposits

Time deposits have original maturities of more than three months through one year.

(e) Marketable and investment securities

Other securities are stated at cost.

The Company listed all the securities as available-for-sale which are stated at fair value, with unrealized gains and losses net of taxes under shareholders' equity section. Cost of sales is determined by the moving-average method.

(f) Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are stated at cost.

(g) Inventories

Inventories other than materials and supplies are stated at accumulated construction cost for each project. Selling, general and administrative expenses are excluded from such cost. Materials and supplies are stated at cost determined by the moving-average method.

(h) Property, equipment and depreciation

Property and equipment, including significant renewals and additions, are carried at cost. The cost of property and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is reflected in income. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed by the declining-balance method at rates based on estimated useful lives of the assets, according to general class, type of construction and use.

(i) Accrued severance indemnities

To provide for employees' severance indemnities, net period pension cost, which represents the amount recognized as the cost of a pension plan for the year, is accounted for based on the projected benefit obligation and the plan assets. The unrecognized obligation at transition is being amortized by the straight-line method over a period of 15 years.

The adjustment for actuarial assumptions is being amortized by the straight-line method over a period which is less than the average remaining years (12 years) of service of the active participants in the plans. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.

Prior service cost is being amortized by the straight-line method over a period of 15 years.

(j) Income taxes

Income taxes are accounted for by the asset and liability method.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

(k) Appropriations of retained earnings and disposition of deficit

Appropriations of retained earnings and disposition of deficit are accounted for and reflected in the accompanying non-consolidated financial statements when approved by the shareholders.

3. ADDITIONAL NOTES

Since 2000, in order to improve financial structure radically and to ensure competitiveness over the long term, the Company is carrying out the New Corporate Innovation Plan (for the term ending March 2001 through the term ending March 2012).

In the event of a continuing economic slump, the challenging operating environment facing the construction industry may affect the plan.

4. UNITED STATES DOLLAR AMOUNTS

The United States dollar amounts included in the accompanying non-consolidated financial statements are presented solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥133=US\$1, which was the approximate exchange rate at March 31, 2002. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into United States dollars at that rate.

5. INVENTORIES

Inventories comprised the following:

<i>March 31, 2002 and 2001</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>
	<i>(¥ million)</i>		<i>(US \$ thousand)</i>
Cost of uncompleted contracts.....	<u>¥ 32,129</u>	¥186,656	<u>\$241,573</u>
Real estate for sale	15,958	27,608	119,983
Development projects in progress	52,007	62,327	391,032
Materials and supplies	<u>552</u>	<u>821</u>	<u>4,150</u>
	<u>¥100,646</u>	<u>¥277,412</u>	<u>\$756,738</u>

6. LEASES

The lease payments under noncancelable financing leases are accounted for as rental expenses, and no asset or liability (other than a short-term liability for accrued rent payable) relating to the lease is recorded.

7. PLEDGED ASSETS

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

March 31, 2002

	(¥ million)	(US \$ thousand)
Assets pledged as collateral:		
Notes receivable	¥ 11,592	\$ 87,160
Inventories	35,376	265,986
Investment securities	7,896	59,364
Investments in subsidiaries and affiliates	4,573	34,383
Land	35,534	267,174
Buildings	6,179	46,457
Other investments.....	1,916	14,407
	¥103,066	\$ 774,931
Liabilities secured thereby:		
Short-term borrowings and long-term debt	¥160,673	\$1,208,070

8. ADVANCES RECEIVED ON UNCOMPLETED CONTRACTS

As is the customary practice in Japan, the Company receives progress payments from customers in accordance with the terms of the respective construction contracts.

9. OTHER, NET IN OTHER INCOME (EXPENSES)

Other, net in other income (expenses) comprised the following:

March 31, 2002 and 2001

	2002	2001	2002
	(¥ million)		(US \$ thousand)
Gain from discharge of debt.....	¥ -	¥ 430,000	\$ -
Loss on disposal of property and equipment, net	(1,045)	(17,448)	(7,855)
Loss on valuation of marketable and investment securities....	(92)	(4,687)	(692)
Gain on sale of marketable and investment securities, net.....	4,557	3,719	34,263
Loss on valuation of inventories.....	(2,224)	(43,842)	(16,723)
Loss on valuation of fixed assets	(56)	(14,334)	(424)
Provision for allowance for doubtful accounts.....	(3,616)	(185,964)	(27,188)
Loss on valuation of investments in subsidiaries and affiliates..	(603)	(150,019)	(4,533)
Write-off of investments in subsidiaries and affiliates.....	(292)	(28,116)	(2,195)
Write-off of investment securities.....	-	(93,357)	-
Foreign exchange gain, net.....	367	708	2,757
Other, net	(8,090)	(31,918)	(60,829)
	¥(11,094)	¥(135,258)	\$(83,419)

10. INCOME TAXES The Company is subject to Japanese corporate, inhabitants' and enterprise taxes, based on income, at a combined statutory tax rate of approximately 42 per cent for the years ended March 31, 2002 and 2001.

11. PER SHARE DATA The number of shares used in computing net income per share for the years ended March 31, 2002 and 2001 were as follows:

	Number of shares (thousand)
2001	654,126
2002	668,160

12. CONTINGENT LIABILITIES The Company was contingently liable for guarantees of debt of customers, subsidiaries and affiliates, in the amount of ¥15,506 million (US\$116,589 thousand) at March 31, 2002. The guarantees are in respect of loans relating to purchases and development of land for civil engineering and architectural construction projects.

Report of the Independent Public Accountants (Non-Consolidated)

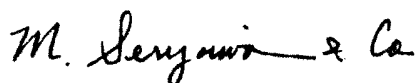
To the Board of Directors of
Kumagai Gumi Co., Ltd.

We have examined the non-consolidated balance sheets of Kumagai Gumi Co., Ltd. at March 31, 2002 and 2001, and the related non-consolidated statements of income and shareholders' equity for each of the two years in the period ended March 31, 2002, expressed in Japanese yen. Our examinations were made in accordance with generally accepted auditing standards 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 non-consolidated financial statements referred to above present fairly the financial position of Kumagai Gumi Co., Ltd. at March 31, 2002 and 2001, and the results of its operations for each of the two years in the period ended March 31, 2002, in conformity with generally accepted accounting principles and practices in Japan applied on a consistent basis, except for the change, with which we concur, as described in Note 2 (a) to the non-consolidated financial statements.

As described in Note 3, Kumagai Gumi Co., Ltd. is carrying out the New Corporate Innovation Plan (for the term ending March 2001 through the term ending March 2012) in order to improve financial structure radically and to ensure competitiveness over the long term. Furthermore, in the event of a continuing economic slump, the challenging operating environment facing the construction industry may affect the plan.

The United States dollar amounts shown in the financial statements referred to above have been translated solely for convenience. We have reviewed this translation and, in our opinion, the financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note 4.



Tokyo, Japan
June 27, 2002

M. Serizawa & Co.
Certified Public Accountants

Shin-Yurakucho Bldg., 12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan

GLOBAL DIRECTORY

HEAD OFFICE:

2-1, Tsukudo-cho, Shinjuku-ku, Tokyo 162-8557, Japan
Telephone: 81-3-3235-8641
Facsimile: 81-3-5229-7090
(Overseas Division)

OVERSEAS OFFICES AND BRANCHES:

International Engineering Centre
210 Middle Road Unit #07-04 to 07-08
IOI PLAZA, Singapore 188944
Telephone: 65-6883-0650
Facsimile: 65-6883-0653

HONG KONG BRANCH

22nd Floor
No. 625 King's Road
North Point, Hong Kong
Telephone: 852-2203-0888
Facsimile: 852-2203-0555

MALAYSIA BRANCH

Level 8, Menara Chan 138
Jalan Ampang
50450 Kuala Lumpur
Malaysia
Telephone: 60-3-2166-3211
Facsimile: 60-3-2167-2373

THAILAND BRANCH

5th Floor, Chaiyo Building
91/1 Rama IX Rd
Huay Kwang, Huay Kwang
Bangkok 10320,
Thailand
Telephone: 66-2-643-9434
Facsimile: 66-2-643-9438

TAIWAN BRANCH

Room No. 1408, 12th Floor
International Trade Building
205 Section 1, Tun Hua
South Road Taipei, Taiwan,
Republic of China
Telephone: 886-2-2721-0427
Facsimile: 886-2-2741-2476

INDONESIA BRANCH

3A Fl., Setiabudi 2 Bldg.
Suite 3A05 Jl. H.R. Rasuna
Said Kav.62, Kuningan,
Jakarta 12920
Indonesia
Telephone: 62-21-525-0900
Facsimile: 62-21-525-0708

SINGAPORE BRANCH

210 Middle Road
#07-01/03 IOI Plaza
Singapore 188994
Telephone: 65-6338-5352
Facsimile: 65-6337-5082

PHILIPPINES BRANCH

7th Floor, Sage House
Condo.
110 Herrera Street
Legaspi Village, Makati City
Philippines
Telephone: 63-2-815-4660
Facsimile: 63-2-818-1756

SHANGHAI BRANCH

0710 New Caohejing Tower
509 Cao Bao Road
Shanghai 200233
People's Republic of China
Telephone: 86-21-6485-2498
Facsimile: 86-21-6485-1487

SRI LANKA BRANCH

Level 2A, Valiant Towers
46/7 Navam Mawatha
Colombo 2, Sri Lanka
Telephone: 94-1-387424~7
Facsimile: 94-1-387423

VIETNAM BRANCH

Unit 205-207, 2nd Floor,
V-Tower, 649 Kim Ma Street
Ba Dinh District
Hanoi, Vietnam
Telephone: 84-4-7661501
Facsimile: 84-4-7661506

LONDON BRANCH

Crosby Court, 38
Bishopsgate,
London EC2N 4AJ, U.K.
Telephone: 44-20-7815-0600
Facsimile:
44-20-7815-0804 (G3)
44-20-7626-2750 (G4)

AUSTRALIA BRANCH

Suite 903, Level 9
135 King Street
Sydney NSW 2000
Australia
Telephone: 61-2-9221-2333
Facsimile: 61-2-9221-2197

PAPUA NEW GUINEA BRANCH

Level 1, Suite 5, Garden City
Angau Drive, Boroko, NCD
Papua New Guinea
Telephone: 675-3253688
Facsimile: 675-3250629

NEW YORK BRANCH

1177 Avenue of the
Americas, 15th Floor
New York, NY 10036, U.S.A.
Telephone: 1-212-391-8500
Facsimile: 1-212-391-8550

TURKEY BRANCH

Halti Ziya Turkkan Sokak,
Famas Plaza A Block Kat:
10/36,
80270 Okmaydani, Istanbul
Turkey
Telephone: 90-212-320-
4835~6
Facsimile: 90-212-320-4837

PRINCIPAL SUBSIDIARIES AND AFFILIATES:

GAEART Kumagai Co., Ltd.
Head Office: Tokyo, Japan
President: Yasuo Yamaguchi
Capital: ¥1,000,000,000
(US\$7,504,690)

Major Activities:
Construction and pavement
of roads and airports, other
civil engineering work and
architecture

K&E Co., Ltd.

Head Office: Tokyo, Japan
President: Akira Yamashita
Capital: ¥100,000,000
(US\$750,469)

Major Activities:
Consulting and reform
building business
Installation of building equip-
ment

HOUTECH 21 CO., LTD.

Head Office: Tokyo, Japan
 President: Hitoshi Nakagawa
 Capital: ¥100,000,000
 (US\$750,469)

Major Activities:

Total planning, design development and construction for housing renewal projects.
 Importing, co-ordination and installation of furniture and construction material

FATEC CO., LTD.

Head Office: Tokyo, Japan
 President: Takayuki Aono
 Capital: ¥200,000,000
 (US\$1,500,938)

Major Activities:

Sales of construction materials and equipment developed by Kumagai's various technologies

Technos Co., Ltd.

Head Office: Toyokawa
 Aichi, Japan
 President: Yoshiaki
 Nagashima
 Capital: ¥470,000,000
 (US\$3,527,204)

Major Activities:

Production and sale of construction machinery and materials
 Construction of underground diaphragm walls and noiseless vibration-free piles

Tetsudo Sharyo Kogyo Co., Ltd.

Head Office: Tokyo, Japan
 President: Tsunenobu
 Takaba
 Capital: ¥48,000,000
 (US\$360,225)

Major Activities:

Production and sale of pollution control machinery

Kuroiso Kanko Kaihatsu Co., Ltd.

Head Office: Kuroiso
 Tochigi, Japan
 President: Hitoshi Nakagawa
 Capital: ¥142,000,000
 (US\$1,065,666)

Major Activities:

Real estate and housing business

Kumagai International Limited

Head Office: Hong Kong
 Director: Katsuhito Arai
 Capital: HK\$370,000,000
 (US\$47,426,655)

Major Activities:

Real estate business and financing to Kumagai Gumigroup

P.T. KADI International

Head Office: Jakarta,
 Indonesia
 Vice President: Toru Fujita
 Capital: Rp207,500,000
 (US\$21,333)

Major Activities:

Construction business in Indonesia

Taiwan Kumagai Co., Ltd.

Head Office: Taipei, Taiwan
 Chairman: He Lien Lin
 President: Shizuo Tashiro
 Capital: NT\$31,200,000
 (US\$888,889)

Major Activities:

Construction business in Taiwan

Summa Kumagai, Inc.

Head Office: Manila,
 Philippines
 Chairman: Claudio B. Altura
 President: A.D.Altura
 Capital: P18,000,000
 (US\$357,973)

Major Activities:

Construction business in the Philippines

Thai Kumagai Co., Ltd.

Head Office: Bangkok,
 Thailand
 President: Satoshi Suzuki
 Capital: B30,000,000
 (US\$688,930)

Major Activities:

Construction business in Thailand

Kumagai Australia Pty. Ltd.

Head Office: Sydney
 NSW, Australia
 Director: Ohata Yuichi
 Capital: A\$268,649,333
 (US\$143,085,048)

Major Activities:

Real estate and construction business in Australia

Kumagai International USA Corporation

Head Office: Dallas, TX,
 U.S.A.
 President: Akihiko Soga
 Capital: US\$573,558,700

Major Activities:

Real estate business in the U.S.

KG Crowne Corporation

Head Office: New York, NY,
 U.S.A.
 President: Kazuo Kimata
 Capital: US\$95,170,526

Major Activities:

Investment, management and operation of hotel

(As of September 1, 2002)

Conversion into U.S. dollars
 at the rate of
 ¥133.25=US\$1.00
 US\$1.00=Rp9726.27737
 =HK\$7.80152=NT\$35.09997
 =P50.28302=A\$1.87755
 =£0.70187=B43.54575

(As of March 29, 2002)

MAJOR CONTRACTS

Contracts awarded in fiscal 2002

CIVIL ENGINEERING

Delhi Mass Rapid Transport System Metro Corridor Contract MC1A
Owner: Delhi Metro Railways Corporation

Construction Works of the New Tomei Expressway Fujikawa Tunnel West Section(Phase)
Owner: Japan Highway Public Corporation, Shizuoka Construction Bureau

Kandagawa Underground Regulating Reservoir under the Loop Road No.7 Shield Project, Phase 2
Owner: Bureau of Finance, Tokyo Metropolitan Government

Airport Island Reclamation, Second Phase-Direct Landfill and Landfill by Reclaimer Barge Part 2
Owner: Kansai International Airport Land Development Co., Ltd.

KCRC Kowloon Tong Station Southern Concourse and Subway
Owner: Kowloon-Canton Railway Corporation

ARCHITECTURE

The New Medical City Project
Owner: The Medical City

Ritsumeikan Uji High School Relocation Construction
Owner: The Ritsumeikan Trust

Tokyo University of Technology Research Building Construction Project (provisional name)
Owner: Educational Foundation Kaitayanagi Institute

AL.PLAZA Tsubata Project (provisional name)
Owner: HEIWADO CO., LTD.

Hakodate Kyoaikai Hospital Project
Owner: Hakodate Kyoaikai Hospital

Contracts completed in fiscal 2002

CIVIL ENGINEERING

Lot CIH: Civil Works for Ham Thuan Scheme Ham Thuan-Da Mi Hydro-power Project
Owner: Electricity of Vietnam, Managing Board of Ham Thuan-Da Mi Hydro-power Project

Matsumoto-Kofu Pipeline, Civil Engineering Sector D
Owner: TEIKOKU OIL CO., LTD.

Changi Airport Station-Contract 504
Owner: Land Transport Authority of Singapore (LTA)

Construction Works of the New Tomei Expressway Fujikawa Tunnel West Section(Phase)
Owner: Japan Highway Public Corporation, Shizuoka Construction Bureau

Civil Engineering Work to Renovate Roppngi Station
Owner: Teito Rapid Transit Authority

ARCHITECTURE

Ishikawacho Station Eastern Front Development Project
Owner: Sumitomo Realty & Development Co., Ltd.

New City Higashitotsuka Central District C Building Construction Project
Owner: Mitsui Fudosan Co., Ltd., ORIX Real Estate Corporation and others

JR Sumiyoshi Station South Area Redevelopment
Owner: JR Sumiyoshi Station South Area Redevelopment Association

Kita-Koshigaya Station Eastern Front Redevelopment
Owner: Kita-Koshigaya Station Eastern Front Redevelopment Association

Atago 2-chome Construction Project Kobunsha Building Construction Project and others (provisional name)
Owner: Mori Building Co., Ltd.

Contracts carried over to fiscal 2002

CIVIL ENGINEERING

MRTA Initial System Project: Underground Structures-South
Owner: Metropolitan Rapid Transit Authority

Kannagawa Pumped Storage Power Plant, Phase 1 (Headrace Tunnel Section)
Owner: The Tokyo Electric Power Co., Inc.

Okitagawa General Development Lot 06-15-001-Z-001 Koyama Dam Project
Owner: Ibaraki Prefectural Government

Reclamation Work for Airport Island (Phase 1)
Owner: Central Japan International Airport Co., Ltd.

Tokuyama Dam Construction, Phase 1
Owner: Water Resources Development Public Corporation

ARCHITECTURE

Taipei Financial Center Project
Owner: Taipei Financial Center Corporation

Proposed Residential/Retail Development at Lot 266 in DD390, Castle Peak Road, Sham Tseng, NT Hong Kong
Owner: Salisburgh Company Limited

Nishi-Kanda 3-chome North West District Urban Redevelopment
Owner: Nishi-Kanda 3-chome Urban Redevelopment Union

New City Higashitotsuka Central District B Building Construction Project
Owner: Mitsui Fudosan Co., Ltd., ORIX Real Estate Corporation and others

Purification Building
Owner: Japan Nuclear Fuel Limited

CORPORATE DATA

Date Incorporated:

January 6, 1938

(Inaugurated in 1898)

Shareholders' Equity:

¥37,207 million

(US\$279,749 thousand)

(As of March 31, 2002)

Major Activities:

1. Engineering, architecture, and general construction
2. Design, manufacture, and sale of construction machinery and equipment
3. Real estate and housing
4. Construction-related consulting services
5. Operation of hotels, health and medical facilities, sports facilities and recreation facilities

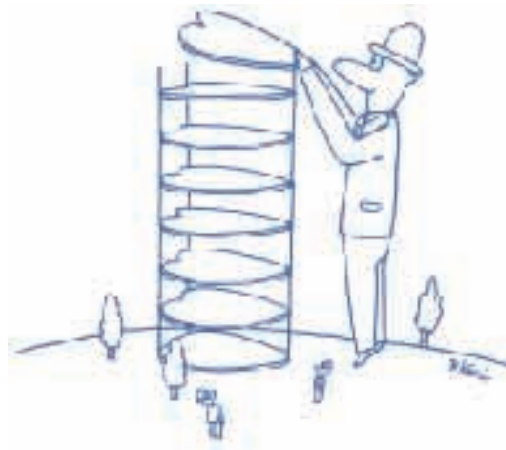
Number of Employees:

Civil Engineers.....	1,387
Architectural Engineers.....	1,982
Electrical Engineers.....	110
Mechanical Engineers.....	75
Administrative Staff.....	1,249
Others.....	22
Total.....	4,825

(As of March 31, 2002)

For further information, please contact the nearest local branch or the Overseas Division at the Head Office.

We build with heart.



KUMAGAI GUMI CO.,LTD.

Head Office

2-1, Tsukudo-cho, Shinjuku-ku Tokyo 162-8557, Japan

Telephone

81-3-3235-8641

Facsimile

81-3-5229-7090

<http://www.kumagaigumi.co.jp>