

Message from the President

Japan's economy for the fiscal year ending March 31, 2010 continued to suffer from a deflationary recession and serious conditions in employment and income, in spite of the slight recovery in export industries owing to favorable growth in new developing countries and the decrease in yen-appreciation. In the domestic construction industry, a supplementary budget to support consolidation of infrastructures was established, resulting in an increase in public investment, although some public projects had to be suspended. In the private sector, the decline in investments in construction showed signs of bottoming out, but the business environment for the construction industry remained extremely harsh due to intense price competition. Under these challenging market conditions, TOA Corporation and its consolidated subsidiaries faithfully pursued their business strategies incorporated in the "Mid-term Business Plan," and established the management foundation to cope with the severe market environment by strengthening the system for the comprehensive evaluation bidding process and the PFI method, as well as improving its financial constitution by maximizing the reduction level in expenses and debt with interest. As a result, consolidated net sales amounted to ¥190,301 million, a decrease of 7.6% from the previous fiscal year. Operating income increased by 9.3% over the previous fiscal year, amounting to ¥4,000 million, due to improvements in project profitability. Net income increased by 14.6% compared with the previous fiscal year, amounting to ¥1,233 million. New orders received for the construction segment on a consolidated

basis amounted to ¥148,800 million, a decrease of 8.5% from the previous fiscal year. This was due to the decline in orders for civil engineering and building works in the domestic market that offset an increase in overseas works.

On the other hand, new orders received for the construction segment on a non-consolidated basis decreased by 8.1% from the previous fiscal year, amounting to ¥134,300 million, while orders from the domestic sector decreased by 17.5%, amounting to ¥101,400 million, and orders from the overseas markets increased by 42.3%, amounting to ¥32,800 million.

Outlook for Fiscal year 2010

Japan's economy for the future is expected to recover gradually under the gentle growth of the world economy. However, recovery in corporate income requires a certain amount of time because of continued restraints in investments in plant and equipment, and employment adjustment. In the domestic market, a sharp decline in public investment is forecast, even if large-scale projects are taken into consideration. Housing investment is forecast to shrink in terms of units. Thus, the environment surrounding our management is expected to become uncertain. TOA is celebrating the beginning of the second century of its establishment and is striving to achieve sustainable growth. In order to make strides in overcoming the upcoming difficulties,

TOA is putting every possible effort into securing new orders and increasing profits through the comprehensive bidding process, as well as other important operational strategies.

Commitment to Shareholders

TOA devotes itself to satisfying the shareholders and prospective investors by providing stable annual dividends and returning profits based on the results of its operations, as well as internally reserving a proper amount of profits for sustainable growth in the future. Taking into account the income statement for the 2009 fiscal year, it was determined that we would resume the year-end dividends of ¥2 per share.

Management Strategies

(1) Basic Principles in the Management

We are committed to our basic corporate principle “With its high level of technology, the Company strives to accomplish its social responsibility by expanding its business operations and building sound management to expand our activities.” This will be achieved by successfully competing in a broad range of areas through steady planned management, establishing reliable relationships based on sincere, honest business practices, and responding to the requirements of customers.

(2) Mid-term Management strategies

The strategies we will strive to implement are:

- a) To boost competitiveness and profitability in downsizing markets
- b) To enhance the satisfaction of customers and to win their trust
- c) To evolve into a global enterprise
- d) To establish a strong management constitution

By carrying out these management strategies, we are confident that we will be able to remain flexible amidst a severe business environment, make social contributions through our fully integrated CSR programs, contribute to environmental protection and other increasingly serious social concerns, and continue to grow to become a global company.

We look forward to the continued full support and cooperation of all our shareholders, customers, and local communities.



Masaomi Matsuo
President and Representative Director

