Annual Report 2011

For the fiscal year ended March 31.2011

TOA CORPORATION

Corporate profile

TOA Corporation is one of the largest multinational construction and engineering companies in Japan. Founded in 1908 to enter into the business of developing port facilities and adjacent industrial lands by dredging and reclaiming the shallow waters in Tokyo Bay, TOA has been in the forefront of coastal and maritime construction and engineering for more than 100 years.

As the postwar Japanese economy rapidly grew, TOA expanded its business fields into on-land infrastructure works, architectural works, and international operations. To meet the growing demands of modern society, TOA also develops technologies and expertise for environmental sustainability, life cycle management of social assets, disaster prevention, and PFI projects.

On April 1, 2011, TOA established its headquarters in Tokyo, under which twelve domestic branches, seven offshore offices, eight consolidated subsidiaries, nine non-consolidated subsidiaries, and twelve affiliate companies have been actively involved in construction and other related businesses.

Corporate Philosophy and Management Principles

Under its corporate philosophy, TOA Corporation strives for prosperity with advanced technologies and expertise, and fulfills its social responsibilities through steady and sound management.

Furthermore, TOA bases its management policies on the following three principles:

1) To maintain competitiveness through thorough corporate planning.
2) To gain the long-term confidence of clients and society through careful and conscientious work practices.
3) To enhance the personal competence of our staff and maximize the power of our organization.

Contents

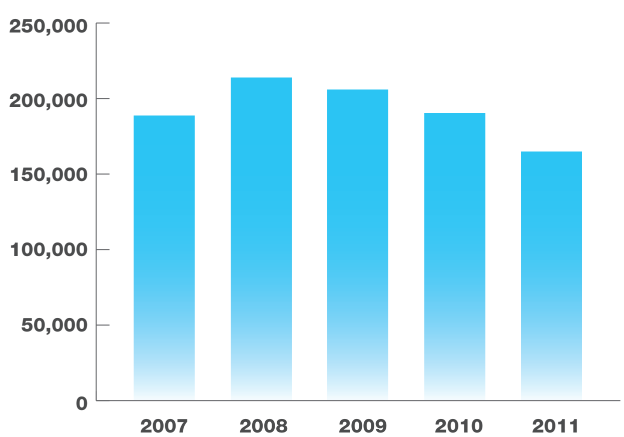
Financial Highlights

TOA CORPORATION and its consolidated subsidiaries

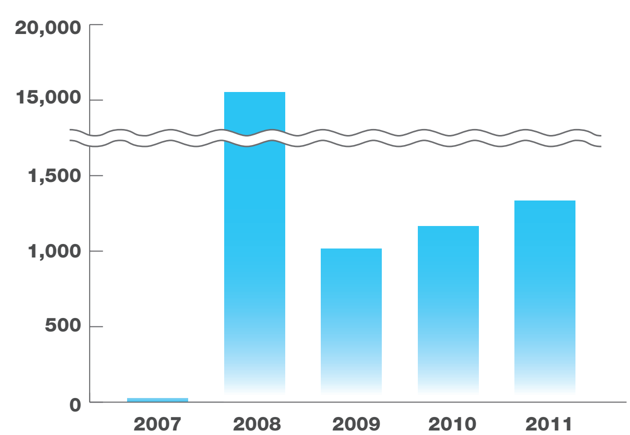
Years ended March 31,	2007	2008	2009	2010	2011	2011
	Millions of Japanese Yen					Thousands of U.S. Dollars (Note)
	Consolidated					
For the year:						
Net sales	¥ 188,573	¥ 213,825	¥ 205,979	¥ 190,301	¥ 164,772	$ 1,985,210
Income before income taxes and minority interests	1,131	27,933	1,660	2,393	2,294	27,644
Net income	28	15,247	1,075	1,233	1,412	17,007
At year-end:						
Total assets	221,855	200,943	192,351	194,913	169,103	2,037,388
Net assets	48,766	61,571	59,452	60,872	62,290	750,484
Property, plant and equipment-net	43,651	34,683	34,056	32,844	30,510	367,589
Per share of common stock:	Yen					U.S. Dollars
Net income	¥ 0.13	¥ 68.64	¥ 5.01	¥ 5.90	¥ 6,75	$ 0,081
Cash dividends	0.00	0.00	2.00	2.00	2,00	0,024
Net assets	212.99	271.39	279.79	285.90	292,73	3,527

Note: The amount in U.S. dollars was converted at the rate of ¥83=US$1, the effective rate at March 31, 2011.

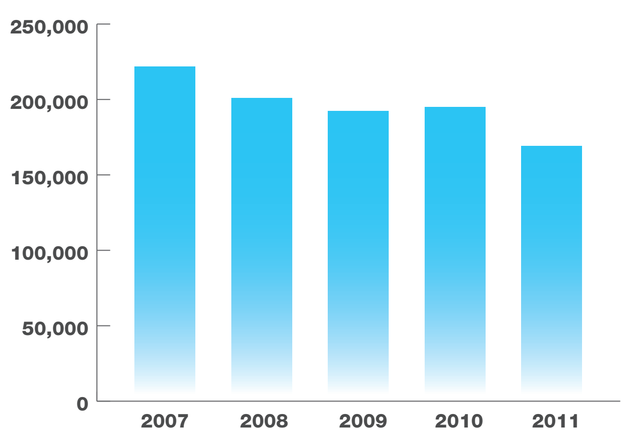
Net sales (Unit: Millions of Yen)



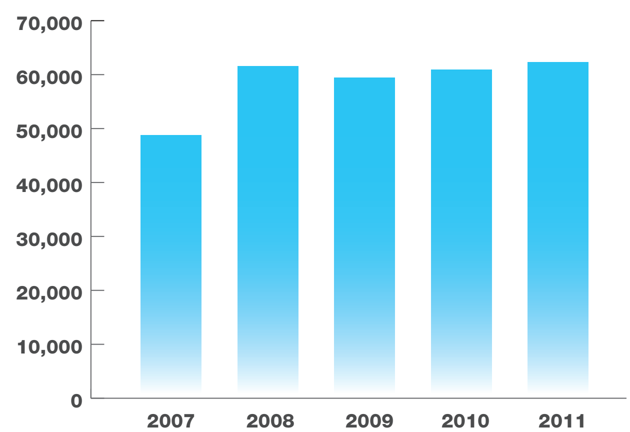
Net income (Unit: Millions of Yen)



Total assets (Unit: Millions of Yen)



Net assets (Unit: Millions of Yen)



Message from the President

Japan's economy for the fiscal year ending March 31, 2011, showed some signs of recovery as a result of such factors as favorable growth in exports to newly emerging nations, primarily in Asia, and economic stimulus packages by the government. However, the Great East Japan Earthquake, which struck in March 2011, made the economic prospects for the future murky and chaotic.

Although public investment was increased through the establishment of a supplementary budget, various factors, such as the continued stagnation in government investment in construction and the reassessment of private-sector capital investment in domestic capital investment due to the appreciation of the yen, the domestic construction industry remained at a low level, continuing the trend from the previous fiscal year, resulting in an even harsher environment in which to secure orders.

Based on its Mid-term Business Plan, which was launched in the 2010 fiscal year, the TOA Corporation Group has implemented a wide range of measures, such as strengthening its capabilities in the comprehensive evaluation bidding process, systematically making capital investments, and nurturing overseas personnel, with the aim of bolstering its revenue base. However, for the fiscal year just ended, due to the impact of such factors as a suspension on participating in certain tenders, domestic orders for both engineering and construction works fell dramatically.

For the fiscal year just ended, the consolidated net sales for the TOA Corporation Group amounted to ¥164,772 million, a decrease of 13.4% from the previous fiscal year. However, due to the reductions in work cost and other efforts, operating income increased 44.4% over the previous fiscal year to ¥5,774 million. Although there were losses from revaluation of investment securities and the Great East Japan Earthquake, net income for the fiscal year just ended increased 14.5% over the previous fiscal year to ¥1,412 million.

The amount of orders received for the fiscal year just ended on a non-consolidated basis was ¥117,791 million, a decrease of 16.0% from the previous fiscal year.

Outlook for the Next Fiscal Year

Japan's economy was showing signs of gradual recovery due to improvements in corporate profits, but the impact of the devastating damage caused by the Great East Japan Earthquake in March 2011 quickly gave rise to concerns that the economy would deteriorate. It is believed that it will take a great deal of time before the economy gets back on a steady path to recovery.

With regard to the domestic construction industry, while funds provided through the establishment of a supplementary budget will be added to investment amounts, it is projected that public investment will remain at a low level. Furthermore, private-sector capital investments are also expected to continue to be sluggish.

Amidst this harsh economic climate, the TOA Corporation Group aims to secure new orders in the fiscal year ending March 31, 2012, which is the second year of the Mid-term Business Plan, by making every possible effort to steadily and surely carry out key measures, such as further strengthening its capabilities in the comprehensive bidding process.

Fundamental Management Policy Regarding Distribution of Profits and Dividends for the Fiscal Year Just Ended and Next Fiscal Year

With regard to dividends, it is the fundamental policy to return profits based on the results of the Company's performance, on condition that stable dividends can be continuously provided, and to maintain internal reserves for use in improving the Company's financial standing in order to strengthen the management base and enable the Company to meet the challenges of the harsh business environment in the future.

The cash dividend for shareholders for the fiscal year just ended based on the scale of the net income for the fiscal year just ended is ¥2 per share. Furthermore, it is anticipated that a dividend of ¥2 per share will be distributed for the next fiscal year.

Our Basic Principles of Management and Issues and Policies That Should be Addressed

The Company's mission statement is "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." For the Company, the basic principles of management are embodied in successfully competing through steady management plans, and building long-lasting trust through sincere, honest business practices, meeting the expectations and justifying the trust of customers, and developing and growing together with the customers.

Based on these basic principles of management, the Company will bring together the strengths of its technologies, its organization, and its individuals, and undertake concrete issues and measures in order to bolster its revenue base, with the aim of achieving sustainable growth.

With regard to the domestic civil engineering business:

- Undertake efforts to strengthen the ability to propose technical solutions by forming collaborations between Sales, Technology, the Head Office, and branch offices, with the aim of increasing the number of orders obtained by means of the comprehensive bidding process.
- Revolving around the newly-established Projects Department, planned investments will be made in preparation to secure projects in shipping and facilities and equipment, and a medium- and long-term approach will be taken to secure projects.

With regard to the domestic construction business:

- Engage in efforts to strengthen operational and technological capabilities, as well as improve work quality, by establishing strategic organizations.
- Secure a steady volume of work by continuously obtaining orders from highly-valued customers in housing-related industries, and maintaining the volume of orders for warehouses in coastal areas, which are a speciality of the Company, as well as for medical and welfare-related facilities.

With regard to business overseas:

- With Southeast Asia as the base, efforts will be made to achieve gradual growth of businesses, while taking a mid- to long-term view for raising the technological capabilities and nurturing human resources.
- Secure high-value business by conducting meticulous and thorough risk management and careful selection of orders for acceptance.

With regard to the areas of management and administration:

- Promote thorough awareness of "safety must have priority over all else."
- The Company must fulfill its corporate social responsibility (CSR).
- Strive to further strengthen the Company's financial standing.

It is our sincere hope that the Company will be able to meet the challenges of the harsh economic environment, as well as accomplish a broad range of corporate social responsibilities, including earthquake recovery efforts and preservation of the environment, by faithfully fulfilling its mission statement, mentioned earlier, and its mid- and long-term management strategies, and based on a thorough awareness that "safety must have priority over all else," continue to develop and grow as a fair and highly-trusted corporation.

We look forward to the continued patronage, full support, and cooperation of all our shareholders, and our new as well as our longstanding customers, and everyone in the local communities.

June 29, 2011

President and
Chief executive officer

M. Matsuo

MARINE CIVIL ENGINEERING

Operations

Since its foundation in 1908, TOA has engaged in reclamation and marine construction works through various projects all over the world. Among them are reclamation works for industrial areas and offshore airports; port and harbor facilities, such as wharves and breakwaters; transportation facilities, such as coastal roads and bridges; and recreational facilities, such as marinas.

In order to complete those projects safely and successfully, TOA has developed various construction methods, working vessels, and equipment to overcome severe natural conditions on and under the sea. In addition, as lifecycle management of infrastructures, environmental sustainability, and protection from natural disasters are becoming of greater concern to society, TOA has developed new technologies for renewal and reinforcement of structures, environmental assessment and pollution control, sub-surface and sub-ground survey, disaster prevention, and so on.

With these work achievements, advanced technologies and accumulated expertise, TOA has earned a reputation for more than a century as a reliable contractor of maritime construction and engineering. TOA will make all possible efforts to improve technologies and cultivate human resources in order to respond to growing engineering requirements and emerging concerns, and strive for the prosperity of society and sustainability of the natural environment.

Chubu Centrair International Airport

Chubu Centrair International Airport, inaugurated on February 7, 2005, is a first class airport with a 3,500m runway. It is designed to be the main international gateway to the Chubu (central) region of Japan. In order to be 24-hour operational, the airport is located in Ise Bay, 1.1km offshore of Tokoname City, Aichi Prefecture, to prevent disturbing local communities with airplane noise.

Throughout the construction of the 470ha artificial island, which commenced in November 2001, “Plug Magic” and “COS-NET,” two of TOA’s advanced technologies (see page 12 for details), played critical roles in building the 12km-long enclosing seawalls and reclaiming 56,000,000m^3 of soil and earth in an economical, timely, safe, and environmentally-friendly manner. “Plug Magic” recycled the soft clayey material coming from dredging operations of navigational channels in Ise Bay into construction material suitable for reclamation, and saved 8,630,000m^3 of soil from having to be transported from on-land sources in the vicinity. “COS-NET” was adopted by contractors involved in the projects as a common system to monitor and control working vessels, and ensure their smooth and safe navigation around the working area.

TOA’s “Plug Magic” dredging method (see page 12 for details) was adopted in order to maximize the recycling of dredged soft materials

Kansai International Airport 2nd Stage

Kansai International Airport 2nd Stage was to reclaim a new artificial 545ha island in the sea 200m off the existing island. The island was to have an average thickness of 19.5m and have a 4,000m-long runway parallel to the existing one, access ways between the two islands, and other related facilities. Development of the second island required the construction of a 13km-long seawall, reclamation of 250,000,000m^3 of soil, and improvement of the 20m-26m thick alluvial clay layer under the seabed. Work commenced in August 1999 and was completed in October 2005.

TOA devoted its rich experience and advanced technologies to carry out this super-scale project in a timely, top-quality, environmentally-friendly manner. Among these technologies were the “Beluga Surveying System,” for accurate and speedy survey of the seabed formation (see page 12 for details), and the all-terrain GPS-positioning surveying buggy, for surveying wide and bumpy landforms.

Minami-Honmoku Container Terminal

The Minami-Honmoku Pier is located at the Port of Yokohama, which is one of the ports in Keihin Port, a designated strategic international container port. With the aim of strengthening its international competitiveness, work is currently underway to make improvements to the facilities at the Minami-Honmoku Pier to transform it into an international container terminal capable of enabling large-scale container ships to come alongside the quay. Columns measuring 32 meters high with a diameter of 24.5 meters constructed of steel sheet structure cellular were employed in the work to construct the earthquake-resistant quay’s foundation. The quay will, in the future, have a façade that is sunk to a depth of 20 meters. The project was started in the 2007 fiscal year and is scheduled to be completed in the 2012 fiscal year. At present, work is being carried out on MC-3, with plans calling for work to continue on MC-4.

MARINE CIVIL ENGINEERING

Operations

Sakhalin II LNG Project in the Russian Far East

Provided by Sakhalin Energy

The Russian Government invited foreign investments to develop the natural gas and oil fields offshore of Sakhalin Island in the Russian Far East in the Sea of Okhotsk. For the Sakhalin II project, TOA was awarded contracts in 2003 to construct a LNG loading facility for natural gas processing, a liquefying plant, the foundations for the oil export terminal, and to provide ready-mixed for the entire project.
TOA overcame various difficulties that hampered the smooth execution of the construction work, such as the severe weather conditions that prevented offshore work throughout the winter and oftentimes other seasons as well, the strict environmental regulations to protect fish, other marine creatures, and their habitats around the worksite, and completed the project in 2008 on schedule.

Saigon Premier Container Terminal

The Saigon Premier Container Terminal, located in the south part of Ho Chi Minh City, was constructed in the largest port in the city. This facility has a 500-meter wharf and a 23-ha container yard with a storage capacity of 16,000 TEU (20-foot equivalent container units), giving it the capability of handling containers totalling 930,000 TEU a year.
Making use of its many years of experience in construction work in the Mekong Delta region in southern Vietnam, TOA took part in the construction of this facility by undertaking measures to reinforce the soft ground in the delta region. TOA employed the cement deep mixing (CDM) method, a technology for ground improvement developed by TOA, earning high praise from the client.

The construction of such port and harbor facilities is seen as being a part of the port and harbor development projects promoted by the government of Vietnam. It is anticipated that this facility will make it possible to increase the volume of containers handled in the southern part of Vietnam.

Pasir Panjang Container Terminal in Singapore

The Port of Singapore, which is connected to 600 ports in 123 countries, is one of the largest container hub ports in the world. The Pasir Panjang Container Terminal, located in the southwest part of Singapore Island, will have a total of 26 berths at the completion of Phase I and II of the project. All container berths have been designed to have a depth of 15 meters and be equipped with gantry cranes capable of reaching out across 18 rows of containers, making it possible to accommodate Post-Panamax class container ships.
Since 2005, TOA Corporation has been awarded 6 separate contracts to construct 14 container berths with a total quay length of 4,330 meters and a carry ferry terminal. The last 4 berths, with a total quay length of 1,300 meters, were completed in October 2009.

Newly Completed Project

Tokyo International Airport Runway D Exterior Construction

- Client ······················· Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism
- Construction period ·· March 2005 to August 2010
- Project outline ·········· Expansion of airport with construction of a runway that is 2,500 meters in length and 60 meters in width, as well as connecting taxiways (two taxiways, each 30 meters in width)
- Site of construction ··· Ota-ward, Tokyo

Runway D, which was constructed at Tokyo International Airport (generally known as Haneda Airport) with the aim of expanding the airport's capacity to handle arriving and departing flights, was put into service in October 2010.
The new runway was built using a hybrid construction that employed a combination of an artificial island made of landfill and a pier. In this project to build the runway, TOA was responsible for constructing the embankment and landfill (Section IV), as well as the connecting section embankments and pier.
TOA's technologies in marine civil engineering were utilized in nearly every aspect of the project, including technologies for improving the soft foundation to make it stable and solid, as well as technologies for improving dredged soft sediment so it could be used as landfill material.

Works to Make Improvements (Section3) to Kobe Port Island (2nd Stage) District Quay (PC-14~17)

- Client ······················· Kinki Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism
- Construction period ·· March 2010 to March 2011
- Project outline ·········· Dismantle structures, make improvements to the ground, and carry out restoration work at Kobe Port Island (2nd Stage) District Quay (PC-14 ~ 17)
- Site of construction ··· Kobe City, Hyogo Prefecture

The Port of Kobe is one of Japan's main international trading ports. In 2010, the Port of Kobe joined the Port of Osaka to form Hanshin Port, which was designated as a strategic international container port. At present, work is underway to develop the Port of Kobe into an international marine terminal with the aim of strengthening its international competitiveness.
TOA carried out liquefaction countermeasure construction on the quays currently in use, so that port facilities can continue to function even if a major earthquake were to strike.

ON-LAND CIVIL ENGINEERING

Operations

With a century-long history as a highly-reputed, reliable contractor in marine construction and engineering, TOA also has accumulated experience and expertise in on-land civil engineering through the completion of various projects. Among the projects are roads, bridges, railways, tunnels, water dams, river dikes and water gates, water supply and drainage systems, sewage collection and treatment facilities, land development, and environmental mitigation and rehabilitation programs.

In each and every project, TOA has devoted all of its capabilities to faithfully execute its duties and responsibilities as a contractor, enhancing TOA's reputation as one of the most trustworthy contractors in Japan.

Shibakawa Aqua-duct Shield Tunnel

The Shibakawa River, which flows through the Tokyo bed town of Saitama City, suffered from deteriorating water quality due to increases in domestic sewage from the growing population in its basin. As the channel slope of the Shibakawa River was too gentle for its natural flow to cope with the pollutants in the sewage, a plan was drawn up to build the Shibakawa Aqua-duct to introduce clean water from the Arakawa River, which flows west of the Shibakawa basin.

In 1999, TOA was awarded a contract to construct a shield tunnel having a total length of 2,330m and an inner diameter of 1,650mm to connect the two rivers. One of the key requirements of the contract was to recycle the shield sludge in order to minimize the adverse impact on the environment caused by the construction by-products. TOA's technical team properly responded to the requirement by developing an effective and efficient processing plant to process 5,300m^3 of soft and clayey shield sludge into a construction material with characteristics suitable for river embankment construction.

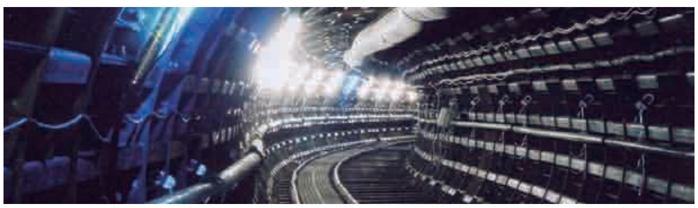
2nd Magsaysay Bridge and Butuan City Bypass Road in Mindanao, Republic of the Philippines

In the Republic of the Philippines, the road network bears 90% of the passenger traffic and 50% of the cargo transportation, but many roads in various areas are unpaved or too narrow to keep up with the growing volume of traffic. Funded by an aid-loan from Japan's ODA program, the Philippine Government planned a bypass road in Butuan City to improve traffic conditions and bolster the economy in the northeastern region of Mindanao Island.

In 2005, the Department of Public Works and Highways of the Philippines awarded a contract to a joint venture of TOA and Nippon Steel Corporation to build the 2nd Magsaysay Bridge, a steel cable-stayed bridge with a total length of 882m, a two-lane bypass road with a total length of 8.1km, and two link roads with a length of 1.33km and 2.9km respectively to connect the bypass road with the existing main road. For this project, TOA took part in constructing the single main pylon made of reinforced concrete, the foundations to support the bridge superstructure, and all civil works for the road section.

Rehabilitation of Sewage Drainage System in Chiyoda Ward, Tokyo

As the sewerage network in downtown Tokyo, which was constructed nearly one century ago, has become obsolete both physically and functionally, the Tokyo Metropolitan Government started a project to rehabilitate the sewage drainage network through reconstruction and refurbishment. In 2000, TOA was awarded a contract to reconstruct the drainage system for surface runoff in Chiyoda ward. Although the construction site was along narrow streets with heavy traffic and a dense concentration of buildings, TOA's highly-qualified engineers dealt with various difficulties in the course of construction, and utilized the shield tunnel method to complete the drainage system, which measured 2,058m in length with an inner diameter of 2,200mm, on schedule without any accidents.



Emergency Restoration Works of Seisho Bypass Toll Road, Kanagawa Prefecture

In September 2007, a typhoon washed away the shoreline retaining walls of the Seisho Bypass, a four-lane toll road running along the coastline of Sagami Bay in the western region of Kanagawa Prefecture. As its closure caused severe congestion on the local roads, the road administrator, Central Nippon Expressway Co., Ltd., gave TOA an emergency order to restore the damaged structures and reopen the road as soon as possible. TOA devoted all of its expertise and capabilities in marine engineering to provisionally reinforce the damaged structures, and tentatively reopened the bypass road after only 20 days. This was appreciated so much by the road administrator and the local communities that TOA was continuously engaged in the restoration work, mostly executing the work from the sea-side using various working vessels, and completing the repairs to make all four lanes traversable in April 2008.

Denpasar Sewerage Development Project in Indonesia

Denpasar, the provincial capital of Bali and a world-famous tourist destination, had a serious problem as its sewerage system had become incapable of treating the growing volume of sewage discharged by local residents and tourists. In order to protect Bali's rich natural environment, the Denpasar Sewerage Development Project was established. In 2005, TOA was awarded a contract to construct a sewage treatment plant and lay a total of 47km of sewage drainage pipes under the busy streets of Denpasar. Introducing for the first time in Indonesia a method called the pipe-jacking method, which thrusts forward reinforced concrete pipes one after another using hydraulic jacks from the tail-end, TOA completed the project in 2007 with minimal inconvenience to road traffic and the local communities.

O Mon Thermal Power Plant Project in Vietnam

The O Mon Thermal Power Plant in Can Tho, the biggest city in the Mekong Delta, was envisioned to generate 330MW of power to solve the growing shortage of electric power in Vietnam. As the full turn-key contractor of the project, TOA took charge of all civil and architectural works, and completed the project in 2009. TOA's expertise in geotechnical engineering was especially valuable as the soft alluvial clay layers under the plant site had to be improved to construct solid foundations.

Construction summary: soil improvement work using the Cement Deep Mixing (CDM) method; pile driving works with 6,000 poles measuring 45m each; concrete works with a total volume of 100,000m^3; building of a power generation facility, an administration building, and a central control building; foundation works for water treatment and other facilities; construction of a 140m-high chimney, 3 piers, water-intake facilities, and roads.

ARCHITECTURAL BUILDING WORKS

Operations

In 1973, TOA established the Building Department and became a full-fledged general contractor. Since then, TOA has accumulated experience and earned a reputation as a reliable and quality builder by completing various projects, including educational facilities, such as schools; cultural and recreational facilities, such as gymnasiums and sports centers; medical and welfare facilities, such as hospitals and nursing care facilities for the elderly; commercial buildings, such as offices, shopping malls, and hotels; industrial buildings, such as factories, power plants, and warehouses; and residential buildings.

In response to the social demands in this modern era, TOA has developed new technologies, such as roof gardening, and energy-saving designs for environmental sustainability, earthquake-proof mechanisms for disaster prevention, and HACCP food processing systems for food safety.

Phu My Power Plant Phase I in Vietnam

Hoping to attract a steady inflow of foreign investments, the Vietnamese Government needed to solve the shortage of electric power, and designated the Phu My district, 80km southeast of Ho Chi Minh City, as the location to develop a new electric power complex. In 1998, with funding from an aid-loan from the Japanese Government, Vietnam Electricity gave a full turn-key contract to Mitsubishi Heavy Industries Co., Ltd. to build the Phu My Power Plant, Phase I, comprising four generation units capable of generating a total of 1,000MW. As a nominated contractor, TOA took charge of all civil and building works for the project. The TOA members selected for the project fully displayed a high level of skill and expertise in completing various architectural works, including a turbine-housing building, control and administration buildings, warehouses, and other utility buildings, in addition to civil engineering works, such as a coal unloading jetty and cooling water intake and discharge facilities, completing all works on schedule and providing great satisfaction to the client.

One's Tower

In Higashi-Murayama City, located in the west part of the Tokyo Metropolitan Area, an urban renewal project was carried out in the district west of Higashi-Murayama Station of the Seibu Line. Among the projects undertaken there, TOA constructed “One’s Tower,” a 100-meter high-rise building that was completed in August 2009. The building, a symbol of the city, is connected directly with the train station and has shopping areas and public spaces from the 1st through 4th floors called “One’s Plaza,” and houses 182 stores on the 5th through 25th floors.

Kaolack Central Fish Market in Senegal

In 2003, TOA was awarded a contract by the Government of the Republic of Senegal to construct a new, modern fish market in Kaolack City, located approximately 200km southeast of Dakar. Funded by Japan's ODA loan program, the project included the construction of a market building with 1,936m^2 of floorspace, an 811m^2 ice plant building, a refrigeration system, an ice production plant, a sewage treatment system, and other auxiliary utilities. TOA carried out the project safely and in harmony with the local communities and the rich natural environment, providing excellent quality in completing all works in 2005 on schedule.

Newly Completed Project

Nichirei Logistics Kanto Higashi Ogishima Distribution Center

- Client : Nichirei Logistics Group Inc. Head Office
- Construction period : November 2009 to March 2011
- Structure : Prestressed concrete, with a part having a steel-frame, base-isolated structure (steel-frame construction); Total floor area: 36,281 m^2
- Site of construction : Kawasaki City, Kanagawa Prefecture

Construction was completed on a refrigerated warehouses having the largest capacity of the refrigerated warehouses of the Nichirei Logistics Group, in Ogishima, which is in the city of Kawasaki, Kanagawa Prefecture. In order to ensure the safety of "food," a building construction was sought that would provide resistance to earthquakes as well as durability, resulting in a proposal for a building that incorporated a combination of a base-isolating device and prestressed concrete construction. This was the first time for such a construction method to be used for a refrigerated warehouse in Japan. Earthquake countermeasures of the highest standards in the world were adopted in constructing this building.

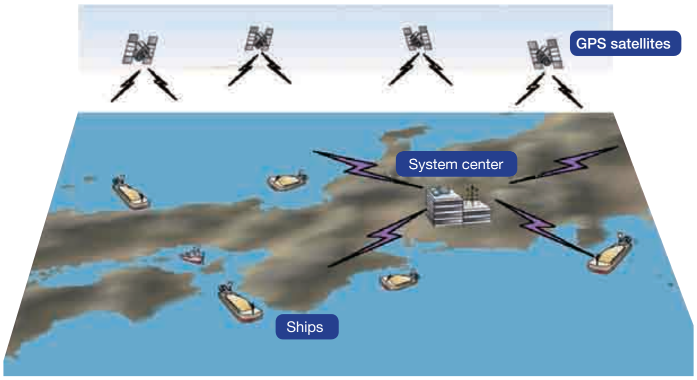
Housing Complex for Government Employees Tsudanuma Building No.2

- Original client : Kanto Local Finance Bureau of the Ministry of Finance
- Client : Tsudanuma Building No. 2 PFI Corporation
- Construction period : December 2008 to March 2011
- Construction outline : PFI project to build apartment building (460 units)
- Structure : Reinforced concrete structure with 13 floors; Total floor area: 25,952 m^2

Housing Complex for Government Employees Tsudanuma Building No.2 was a project aimed at making improvements to the housing for government employees, which had become old and dilapidated. The project made improvements by concentrating the housing at one site and building a multistoried structure.
This project was a PFI project that assessed and utilized funding, management capabilities, and know-how from the private sector, with the design, construction, and maintenance operations being open to the public for bidding as a package. The various efforts made by the construction group that undertook this project, of which TOA served as the lead company, such as the consideration shown for the surrounding environment and finding ways to shorten the time required for construction, garnered high praise.

RESEARCH & DEVELOPMENT

COS-NET (Construction On the Sea Network)



COS-NET (Construction On the Sea Network) is a system for monitoring and controlling work vessels through a combination of GPS and IT technology. Utilizing this system makes it easy to obtain accurate positions and other operation data.

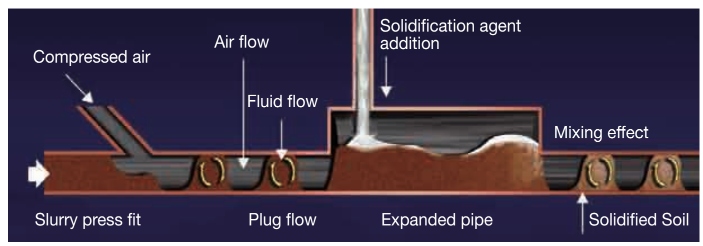
Koukaku

Koukaku is a special vessel designed for use with the CDM (Cement Deep Mixing) method, which is utilized to improve soft ground into a solid foundation suitable for the construction of a seawall, wharf, or quay. Koukaku is essential for providing stable support for large-scale structures. In addition, it is the first ecologically-oriented vessel equipped with a hybrid system that combines the high efficiency of fuel energy and natural energy.

Magical Dredging Ball

In collaboration with Tokyo Electric Power Company, TOA developed and has been putting to use the Magical Dredging Ball. This is a small-sized device for removing sediment, and is useful for eliminating sand and sludge from ponds for adjustment, as well as from reservoirs of dams for hydroelectric power plants.

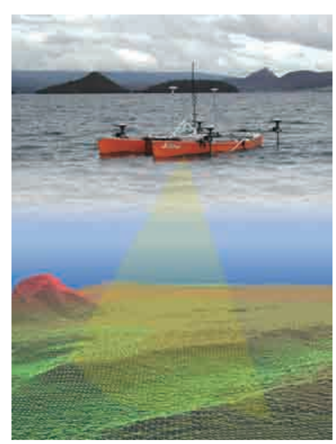
Plug Magic Method



TOA developed an engineering method called the "Plug Magic Method." This method enables soft dredged soil to be solidified efficiently for reuse as a filling material. This method requires no mixer, reducing the operating cost by as much as 10 to 15%. It is also an environmentally-friendly method that enables in-pipe transportation of soft mud from the dredging site to the reclamation site. Plug flow occurs when compressed air is mixed into soft mud in a pneumatic pipeline. This method kneads soft mud and solidification material in the pneumatic pipeline, utilizing the characteristics of plug flow. It has a maximum solidification capacity of 1,000m^2/h.

Beluga System

This is an original system developed by TOA for accurate and speedy measurement of the depth of ground level in water by effectively combining the latest measurement devices, including the narrow multi-beam depth measuring sonar and GPS, in order to acquire data in wide spaces.



INTERNAL CONTROL

The TOA Corporation Group believes that good corporate governance enhances our competitiveness and performance, enabling us to fulfill corporate social responsibilities and increase the corporate value for shareholders. Recognizing that effective internal control plays a key role in achieving that goal, we are striving to improve the quality and effectiveness of our internal controls.

1. Compliance

All members of The TOA Corporation Group are required to be fully aware of the relevant laws, regulations, and social ethics that govern their business activities, and to strictly comply with them in fulfilling their roles and performing their duties.

2. Risk Management

We have developed a framework to appropriately identify, assess, and control risk factors associated with business activities of The TOA Corporation Group. All risk factors, once identified, are to be properly dealt with by a responsible department or a provisional task force designated in accordance with the framework.

In case of a natural disaster on a scale possibly jeopardizing our business continuity, the BCM Committee is promptly convened to take actions to minimize any adverse impact on our business activities and on our valued customers.

3. Information Management and Control

All forms of information regarding business activities and the fulfillment of the duties and responsibilities of the directors are to be categorized by their contents, classified by their security levels, recorded in the proper formats, and preserved in an appropriate manner for a required period of time in accordance with our internal Information Management Regulations and relevant laws and regulations.

4.Independent Auditors and Fair and Reliable Financial Statements

Each and every legal entity within The TOA Corporation Group guarantees that independent professional auditors shall be able to perform a proper and effective audit on the financial statements and internal control performance reports of the entity by holding regular meetings with its representative directors, corporate auditors, and relevant departments to exchange opinions and information, and deepen their mutual understanding. Thus, the fairness and reliability of our financial statements and internal control performance reports can be ensured, and the transparency of our management can be maintained.

5. Effective Audit by Corporate Auditors

The corporate auditors of The TOA Corporation Group are authorized to attend major meetings of each entity, hold regular meetings with the representative directors, regularly review the performance of the directors and respective departments, and access the information necessary to perform their audits. Thus, it can be ensured that the corporate auditors can independently appraise the effectiveness, legal compliancy and soundness of the management, and duly carry out their responsibilities.

6.Proper Management Control of The TOA Corporation Group

TOA Corporation, as the parent company of The TOA Corporation Group, has established the rules and regulations to govern each legal entity within The TOA Corporation Group in order to fulfill corporate social responsibilities and enhance its value as a corporate group.

Based on their relevant provisions, important managerial issues of the respective entity are to be reported to the Board of Directors of the parent company for approval, and other less important issues are to be reviewed and approved by its Corporate Planning Department.

7. Fulfillment of Corporate Social Responsibilities

TOA Corporation has established the CSR Committee, which is chaired by the president, in order to ensure fulfillment of CSR as a corporate citizen. Two subcommittees, the Compliance Subcommittee, which deals with legal issues and internal controls, and the Risk Management Subcommittee, which copes with risk factors related to business activities, such as safety and sanitation, information security, environmental sustainability, and quality control, have been established under the CSR Committee in order to make thorough reviews and enhance the quality and effectiveness of our CSR performance.

TOA Corporation annually edits and opens to the public its Annual CSR Report in order to promote to society, its valued shareholders, and all members of The TOA Corporation Group an awareness and understanding of its engagement in CSR activities.

CONSOLIDATED BALANCE SHEETS

TOA CORPORATION and its consolidated subsidiaries
As of March 31, 2011 and 2010

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
ASSETS	**2011**	2010	**2011**
Current assets:			
Cash and bank deposits (Notes 3 and 4)	**¥ 40,201**	¥ 45,062	**$ 484,354**
Notes and accounts receivable, trade (Note 4)	**56,578**	65,602	**681,660**
Allowance for doubtful accounts	**(327)**	(330)	**(3,942)**
Real estate for sale	**5,319**	5,775	**64,087**
Cost on construction contracts in progress and other	**3,735**	9,817	**45,005**
Deferred tax assets (Note 12)	**2,237**	2,663	**26,952**
Other current assets (Note 7)	**15,344**	16,624	**184,865**
Total current assets	**123,087**	145,213	**1,482,981**
Property, plant and equipment (Notes 14 and 15)**:**			
Land	**19,747**	20,149	**237,914**
Buildings and structures	**15,830**	16,221	**190,718**
Machinery, vehicles and equipment	**24,603**	27,733	**296,433**
Leased assets	**45**	37	**539**
Construction in progress	**419**	136	**5,047**
Total property, plant and equipment	**60,644**	64,276	**730,651**
Less accumulated depreciation	**(30,134)**	(31,432)	**(363,062)**
Property, plant and equipment—net	**30,510**	32,844	**367,589**
Investments and other assets:			
Investments in affiliates	**562**	568	**6,768**
Investments in securities (Notes 4, 6 and 7)	**9,522**	10,322	**114,723**
Long-term loans (Note 7)	**849**	830	**10,229**
Deferred tax assets (Note 12)	**2,441**	2,610	**29,411**
Other (Note 7)	**3,099**	3,650	**37,343**
Allowance for doubtful accounts	**(967)**	(1,124)	**(11,656)**
Total investments and other assets	**15,506**	16,856	**186,818**
Total assets	**¥ 169,103**	¥ 194,913	**$ 2,037,388**

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

LIABILITIES AND NET ASSETS	Millions of Japanese Yen 2011	Millions of Japanese Yen 2010	Thousands of U.S. Dollars (Note 2) 2011
Current liabilities:			
Short-term borrowings (Notes 4 and 7)	**¥ 15,070**	¥ 17,400	**$ 181,566**
Current portion of long-term debt (Note 7)	**6,078**	7,000	**73,229**
Notes and accounts payable, trade (Note 4)	**44,588**	54,935	**537,210**
Accrued income taxes	**117**	2,221	**1,399**
Advances received on construction contracts in progress (Note 8)	**4,476**	12,052	**53,928**
Reserve for indemnity on completed contracts	**373**	314	**4,499**
Reserve for loss on construction works	**1,792**	2,554	**21,594**
Other current liabilities (Notes 4 and 12)	**17,167**	17,786	**206,830**
Total current liabilities	**89,661**	114,262	**1,080,255**
Long-term liabilities:			
Long-term debt (Notes 4 and 7)	**9,168**	11,496	**110,458**
Reserve for retirement benefits (Note 9)	**2,800**	2,619	**33,731**
Deferred tax liabilities on revaluation of land (Note 15)	**3,388**	3,429	**40,813**
Other long-term liabilities (Note 12)	**1,796**	2,235	**21,647**
Total long-term liabilities	**17,152**	19,779	**206,649**
Total liabilities	**106,813**	134,041	**1,286,904**
Net assets (Note 13)**:**			
Shareholders' equity:			
Common stock,			
Authorized—600,000,000 shares			
Issued—224,946,290 shares at March 31, 2011 and 2010, respectively	**18,977**	18,977	**228,635**
Capital surplus	**18,066**	18,066	**217,661**
Retained earnings	**23,654**	23,569	**284,993**
Treasury stock, at cost 15,812 thousand shares and 15,660 thousand shares at March 31, 2011 and 2010, respectively	**(1,974)**	(1,959)	**(23,780)**
Total shareholders' equity	**58,723**	58,653	**707,509**
Accumulated other comprehensive income:			
Net unrealized gains (losses) on securities	**367**	(13)	**4,418**
Net deferred gains (losses) on hedges (Note 4)	**(63)**	(88)	**(753)**
Revaluation reserve for land (Note 15)	**2,192**	1,283	**26,412**
Total accumulated other comprehensive income	**2,496**	1,182	**30,077**
Minority interests	**1,071**	1,037	**12,898**
Total net assets	**62,290**	60,872	**750,484**
Commitments and contingent liabilities (Notes 6, 7 and 16):			
Total liabilities and net assets	**¥ 169,103**	¥ 194,913	**$ 2,037,388**

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

CONSOLIDATED STATEMENTS OF INCOME

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2011	2010	**2011**
Net sales	**¥164,772**	¥190,301	**$ 1,985,210**
Cost of sales	**148,156**	175,071	**1,785,017**
Gross profit	**16,616**	15,230	**200,193**
Selling, general and administrative expenses (Note 10)	**10,842**	11,230	**130,624**
Operating income	**5,774**	4,000	**69,569**
Other income (expenses):			
Interest and dividend income	**406**	429	**4,894**
Interest expenses	**(649)**	(726)	**(7,817)**
Additional severance payment	**(72)**	(158)	**(864)**
Provision for doubtful accounts, non-trade	**—**	(27)	**—**
Reversal of provision for doubtful accounts, non-trade	**98**	—	**1,184**
Loss on impairment of fixed assets (Note 21)	**(191)**	(255)	**(2,297)**
Gain on sale of fixed assets	**146**	51	**1,760**
Gain on sale of marketable securities and investment in securities	**0**	8	**0**
Loss on valuation of investment in securities	**(1,513)**	—	**(18,229)**
Exchange loss	**(875)**	(283)	**(10,541)**
Loss from disaster caused by the Great East Japan Earthquake (Note 20)	**(279)**	—	**(3,359)**
Other, net	**(551)**	(646)	**(6,656)**
	(3,480)	(1,607)	**(41,925)**
Income before income taxes and minority interests	**2,294**	2,393	**27,644**
Income taxes (Note 12)**:**			
Current	**628**	1,840	**7,578**
Deferred	**214**	(721)	**2,576**
	842	1,119	**10,154**
Net income before minority interests	**1,452**	1,274	**17,490**
Minority interests	**40**	41	**483**
Net income	**¥ 1,412**	¥ 1,233	**$ 17,007**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TOA CORPORATION and its consolidated subsidiaries
For the year ended March 31, 2011

	Millions of Japanese Yen	Thousands of U.S. Dollars (Note 2)
	2011	**2011**
Net income before minority interests	**¥1,452**	**$ 17,490**
Other comprehensive income:		
Net unrealized gains (losses) on securities	**377**	**4,546**
Net deferred gains (losses) on hedges	**25**	**303**
Total other comprehensive income (Note 18)	**402**	**4,849**
Comprehensive income	**¥1,854**	**$ 22,339**
Total comprehensive income attributable to: (Note 18)		
Shareholders of TOA CORPORATION	**¥1,816**	**$ 21,879**
Minority interests	**38**	**460**

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2011 and 2010

Millions of Japanese Yen

	Shareholders' equity				Accumulated other comprehensive income			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Net unrealized gains (losses) on securities	Net deferred gains (losses) on hedges (Note 4)	Revaluation reserve for land (Note 15)		
Balance at March 31, 2009	¥ 18,977	¥ 18,075	¥ 22,733	¥ (2,010)	¥ (528)	¥ (88)	¥ 1,304	¥ 989	¥ 59,452
Changes for the year									
Cash dividends			(418)						(418)
Net income			1,233						1,233
Acquisition of treasury stock				(2)					(2)
Disposal of treasury stock		(9)		53					44
Reversal of revaluation reserve for land			21						21
Net changes of items other than shareholders' equity					515	0	(21)	48	542
Balance at March 31, 2010	¥ 18,977	¥ 18,066	¥ 23,569	¥ (1,959)	¥ (13)	¥ (88)	¥ 1,283	¥ 1,037	¥ 60,872
Changes for the year									
Cash dividends			(418)						(418)
Net income			1,412						1,412
Acquisition of treasury stock				(14)					(14)
Increase due to acquisition of shares in ownership interest in consolidated subsidiaries				(0)					(0)
Reversal of revaluation reserve for land			(909)						(909)
Net changes of items other than shareholders' equity					379	25	909	33	1.346
Balance at March 31, 2011	¥ 18,977	¥ 18,066	¥ 23,654	¥ (1,974)	¥ 367	¥ (63)	¥ 2,192	¥ 1,071	¥ 62,290

Thousands of U.S. Dollars (Note 2)

	Shareholders' equity				Accumulated other comprehensive income			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Net unrealized gains (losses) on securities	Net deferred gains (losses) on hedges (Note 4)	Revaluation reserve for land (Note 15)		
Balance at March 31, 2010	$ 228,635	$ 217,661	$ 283,970	$ (23,608)	$ (152)	$ (1,056)	$ 15,463	$ 12,498	$ 733,411
Changes for the year									
Cash dividends			(5,035)						(5,035)
Net income			17,007						17,007
Acquisition of treasury stock....				(168)					(168)
Increase due to acquisition of shares in ownership interest in consolidated subsidiaries				(4)					(4)
Reversal of revaluation reserve for land			(10,949)						(10,949)
Net changes of items other than shareholders' equity					4,570	303	10,949	400	16,222
Balance at March 31, 2011	$ 228,635	$ 217,661	$ 284,993	$ (23,780)	$ 4,418	$ (753)	$ 26,412	$ 12,898	$ 750,484

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2011	2010	**2011**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 2,294**	¥ 2,393	**$ 27,644**
Adjustments to reconcile income before income taxes and minority interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	**2,591**	3,317	**31,221**
Loss on impairment of fixed assets	**191**	255	**2,297**
Exchange (gain) loss	**671**	69	**8,079**
(Gain) Loss on sale or disposal of fixed assets	**(26)**	60	**(312)**
(Gain) Loss on sale of marketable securities and investment in securities	**(0)**	9	**(0)**
Write-down of marketable and investment in securities	**1,513**	—	**18,229**
Write-down of utility rights	**24**	7	**293**
Increase (decrease) in reserve for retirement benefits	**182**	449	**2,183**
Increase (decrease) in allowance for doubtful accounts	**(159)**	(3,599)	**(1,918)**
Changes in:			
Notes and accounts receivable, trade	**9,024**	(252)	**108,731**
Real estate for sale	**456**	2,672	**5,497**
Cost on construction contracts in progress and other	**6,082**	(443)	**73,271**
Notes and accounts payable, trade	**(10,347)**	219	**(124,662)**
Advances received on construction contracts in progress	**(7,576)**	177	**(91,273)**
Other, net	**877**	10,947	**10,570**
Sub-total	**5,797**	16,280	**69,850**
Interest and dividend income received	**433**	408	**5,215**
Interest paid	**(657)**	(732)	**(7,918)**
Income taxes paid and other	**(3,081)**	(685)	**(37,121)**
Net cash (used in) provided by operating activities	**2,492**	15,271	**30,026**
Cash flows from investing activities:			
Payments for acquisition of marketable and investment in securities	**(177)**	(326)	**(2,129)**
Proceeds from sale of marketable and investment in securities	**103**	133	**1,242**
Payments for acquisition of property, plant and equipment	**(2,019)**	(5,897)	**(24,326)**
Proceeds from sale of property, plant and equipment	**1,094**	3,628	**13,185**
Other, net	**352**	3,228	**4,240**
Net cash (used in) provided by investing activities	**(647)**	766	**(7,788)**
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	**(2,330)**	(1,557)	**(28,072)**
Proceeds from long-term debt	**3,750**	8,050	**45,181**
Repayment of long-term debt	**(7,000)**	(9,639)	**(84,337)**
Sale of treasury stock	**—**	42	**—**
Acquisition of treasury stock	**(14)**	(2)	**(168)**
Cash dividends paid	**(414)**	(413)	**(4,992)**
Other, net	**(28)**	(22)	**(341)**
Net cash (used in) provided by financing activities	**(6,036)**	(3,541)	**(72,729)**
Effect of exchange rate changes on cash and cash equivalents	**(669)**	(72)	**(8,068)**
Net increase (decrease) in cash and cash equivalents	**(4,860)**	12,424	**(58,559)**
Cash and cash equivalents at beginning of year	**44,916**	32,492	**541,161**
Cash and cash equivalents at end of year	**¥ 40,056**	¥ 44,916	**$ 482,602**

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

(1) Summary of Significant Accounting Policies

(a) Basis of presenting consolidated financial statements:

The accompanying consolidated financial statements of TOA CORPORATION (the "Company") and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain reclassifications and rearrangements were made for the convenience of readers outside of Japan.

(b) Basis of consolidation:

The Company had 17 majority-owned subsidiaries as of March 31, 2011 and 2010. The consolidated financial statements for the years ended March 31, 2011 and 2010 include the accounts of the Company and 8 majority-owned subsidiaries of the Company.

The consolidated subsidiaries for 2011 were TOA Real Estate Co., Ltd., TOA Tekko Co., Ltd., TOA Kikai Kogyo Co., Ltd., Shinko Corporation, TOA Builtec Co., Ltd., TOA Agency Co., Ltd., TOA Kaiun Sangyo Co., Ltd., and Tsurumi Rinko Co., Ltd.

Consolidated subsidiaries have the same financial period as the Company that ends on March 31. Other subsidiaries are not consolidated as they are not significant in terms of total assets, net sales, retained earnings or net income in the aggregate.

The assets and liabilities of consolidated subsidiaries are incorporated into the consolidated subsidiaries and the equity in their net assets at date of acquisition, and the differences between the cost of investments in the consolidated subsidiaries and the equity in their net assets at date of acquisition are accounted as goodwill. The Companies have a balance of nagative goodwill which arose on or before March 31, 2010 and amortize the nagative goodwill over a period of five years on average.

Investments in non-consolidated subsidiaries and affiliates are excluded from application of the equity method as they are not significant in terms of net income or retained earnings in aggregate.

All significant inter-company accounts and transactions have been eliminated in consolidation.

(c) Foreign currency translation:

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Resulting gains and losses are included in net income or loss for the period.

(d) Cash and cash equivalents:

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits that are able to be withdrawn on demand, and short-term investment with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

(e) Financial instruments:

I. Derivatives

With changes in fair value included in net income or loss for the period in which they arise, derivatives are stated at fair value, except for derivatives that are designated as "hedging instruments" (see III. Hedge Accounting, specified below).

II. Securities

Securities held by the Companies are classified into two categories;

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate component of the net assets at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost, primarily based on the moving average cost method. Other temporary declines in the value of other securities are reflected in net income. In cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net income or loss for the period.

III. Hedge Accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net income or loss in the same period during which the gains and losses on the hedged items or transactions are recognized. The derivatives designated as hedging instruments by the Companies are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts receivable and payable as well as bank loans. The Companies have a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate fluctuation and adverse fluctuation in foreign exchange rates. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Companies evaluate effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges. For interest rate swaps, if certain hedging criteria are met, interest rate swaps are not recognized at their fair values as an alternative method under Japanese accounting standards. The amounts received or paid for such interest swap arrangements are charged or credited to income as incurred.

(f) Inventories:

Cost on construction contracts in progress and real estate for sale are stated at specific cost for each contract. Materials and supplies are stated at moving average cost.

However, in the case that net selling value falls below the acquisition cost at the end of the period, inventories except for cost on construction contracts in progress are carried at the net selling value on the balance sheet, regarded as decreased profitability of assets.

(g) Allowance for doubtful accounts:

Allowance for general receivables are established in amounts considered to be appropriate based upon credit loss experience. For specific receivables such as doubtful accounts, allowance for these are established in amounts considered to be uncollectible based upon an evaluation of possibility of collection in each outstanding receivable.

(h) Reserve for indemnity on completed contracts:

Reserve for indemnity on completed contracts is provided for the future defect expenses based upon the estimated indemnity amount for net sales for the year.

(i) Reserve for loss on construction works:

Reserve for loss on construction works is provided for the amount equivalent to cover future loss by evaluating individual construction from which loss is assumed and estimated.

Cost on construction contracts in progress and reserve account in relation to the construction works, which loss is assumed, are represented in current assets and liabilities, respectively without setoff.

Among cost on contracts in progress, amount in aggregate corresponding to reserve for loss on construction works for the years ended March 31, 2011 and 2010 were ¥175 million (US$ 2,112 thousand) and ¥1,818 million, respectively.

Among cost of sales, amount in aggregate corresponding to reserve for loss on construction works for the years ended March 31, 2011 and 2010 were ¥1,559 million (US$ 18,787 thousand) and ¥1,160 million, respectively.

(j) Reserve for retirement benefits:

The reserve for retirement benefits represents the estimated present value of projected benefit obligations in excess of the fair value of plan assets as adjusted for unrecognized actuarial differences and unrecognized prior service cost. Unrecognized actuarial differences are amortized on a straight-line basis over a period of 13 years commencing the year following the year in which they arise.

Effective the year ended March 31, 2010, the Companies have adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan Statement No. 19 issued on July 31, 2008).

(k) Depreciation for property, plant and equipment and other:

Depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives. Useful lives and residual value are in conformity with the provisions of the Corporation Tax Law of Japan. However, depreciation of buildings that the Companies acquired on or after April 1, 1998, is computed on a straight-line basis over the estimated period.

As for intangible fixed assets, amortization is computed by the straight-line method and the useful lives are in conformity with the provisions of the Corporation Tax Law of Japan. Computer software for internal use is amortized by the straight-line method over the estimated useful lives of five years.

(l) Income taxes:

The Companies have adopted the asset-liability method of tax effect, in order to account for effect of temporary differences in the recognition of tax basis assets and liabilities and their financial report amounts.

(m) Consumption tax:

In Japan, consumption tax at the flat rate of 5% for 2011 and 2010 on all domestic consumption of goods and services (with certain exemptions) is levied. The Companies have adopted the accounting method by which the consumption tax does not primarily affect net income.

(n) Recognition of contract revenue and cost:

The Companies adopt the percentage-of-completion method for revenue recognition for the construction-type contracts where the outcome of the construction activities is deemed accurate by the end of this year. The completion method is adopted otherwise. The percentage of completion is measured by the ratio of the costs incurred to the estimated total costs for each contract. The amounts of contract revenue for the years ended March 31, 2011 and 2010, which are accounted for by the percentage-of-completion method, were ¥138,946 million (US$ 1,674,045 thousand) and ¥161,383 million, respectively.

(o) Leases:

Leased assets;

As for finance leases, other than those that are deemed to transfer ownership of the leased assets to the lessee, depreciation is principally computed by the straight-line basis over the useful lives equivalent to lease term and residual value is equal to zero. However, leases whose commencement date were on or before March 31, 2008, are accounted for as ordinary operating lease transactions.

As for finance leases, other than those that are deemed to transfer ownership of the leased assets to the lessee, accounting treatments were based on ordinary operating lease transactions until the year ended March 31, 2008.

(p) Net income and cash dividends and net assets per share:

Net income per share before dilution is based on the weighted average number of shares of common stock outstanding during the respective years. Diluted net income per share was not disclosed in 2011 and 2010 due to the fact that there were no bonds with warrants and convertible bonds for the years ended March 31, 2011 and 2010. Cash dividends per share for each year represent the dividends declared as applicable to the respective years. Net assets per share are based on the number of shares of common stock outstanding at the year end.

Per share data on net income, cash dividends and net assets for the years ended March 31, 2011 and 2010 were as follows:

	2011	2010	**2011**
Net income			
Basic	**¥ 6.75**	¥ 5.90	**$ 0.081**
Diluted	—	—	—
Cash dividends	**¥ 2.00**	¥ 2.00	**$ 0.024**
Net assets	**¥ 292.73**	¥ 285.90	**$ 3.527**

(q) Asset retirement obligations:

Effective the year ended March 31, 2011, the Companies have adopted the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No.18 issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No.21 issued on March 31, 2008).This change did not significantly affect results of operations for the year ended March 31, 2011.

(2) U.S. Dollar Amounts

The dollar amounts included in the financial statements and notes thereto represent the arithmetical results of translating yen to dollars at rate of ¥83 = US$1, the approximate rate of exchange prevailing on March 31, 2011. The inclusion of such dollar amounts is solely for the convenience of readers outside of Japan and is not intended to imply that yen and assets and liabilities originating in yen have been or could be readily converted, realized or settled in dollars at this or any other rates.

(3) Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2011 and 2010 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Cash and bank deposits	**¥ 40,201**	¥ 45,062	**$ 484,354**
Time deposits due over three months	**(145)**	(146)	**(1,752)**
Cash and cash equivalents	**¥ 40,056**	¥ 44,916	**$ 482,602**

(4) Financial Instruments

Effective the year ended March 31, 2010, the Companies have adopted the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan Statement No. 10 revised on March 10, 2008) and the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Guidance No.19 issued on March 10, 2008).

(I) Summary of financial instruments

a) Policy for financial instruments

The Companies limit low-risk financial instruments in fund management by use of bank deposits in a short period and have a policy to raise low-interest funds through bank borrowings flexibly.The Company utilizes derivatives in order to reduce the risk of fluctuation in interest rates and foreign exchange rates for debts and credits in foreign currencies. The Company, furthermore, utilizes the hedging instruments for the purpose of stabilizing the cost on contracts and does not enter into derivatives for speculative purpose.

b) Contents of financial instruments, related risk and risk management

Notes and accounts receivable, which are categorized into operating receivables, are exposed to the client's credit risk. These risks are reviewed at entering into contract and the concerned counterparts are managed by the administration headquarters in each case. Investments in securities are exposed to fluctuation risks of market price. Those securities are mainly shares of other companies with which the Company has business relationships and the Company monitors the monthly fair value.

Among the debt, short-term borrowings are principally applicable to funds for business activities and long-term debt (maturities are within five years in principle) are funds for capital investments. Long-term debt with variable interest rates are exposed to the risk of interest rate fluctuation.

The Company utilizes derivatives which are the interest swaps in each contracts in order to avoid fluctuation risk of interest expenses and stabilize interest cost. Conducting of derivative transactions is managed by gaining approval by board members, and derivatives provided by the highly-rated financial institutions are available in order to avoid credit risk.

c) Supplemental explanation for fair value of financial instruments

Notional amounts of derivatives are not indicative of the actual market risk involved in derivative transactions.

(II) Fair value of financial instruments

As of March 31, 2011, carrying amount, fair value and unrealized gain (loss) are as follows:

	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)
	Millions of Japanese Yen			Thousands of U.S. Dollars		
Cash and bank deposits	¥ 40,201	¥ 40,201	¥ —	$ 484,354	$ 484,354	$ —
Notes and accounts receivable, trade	56,313	56,313	—	678,464	678,464	—
Advance payments	8,333	8,333	—	100,398	100,398	—
Investments in securities						
Other securities	7,646	7,646	—	92,115	92,115	—
Notes and accounts payable, trade	(44,588)	(44,588)	—	(537,210)	(537,210)	—
Short-term borrowings	(15,070)	(15,070)	—	(181,566)	(181,566)	—
Deposits received	(9,012)	(9,012)	—	(108,575)	(108,575)	—
Long-term debt (*2)	(15,246)	(15,352)	(106)	(183,687)	(184,966)	(1,279)
Derivative transactions (*3)						
Hedge accounting unapplied	—	—	—	—	—	—
Hedge accounting applied	¥ (105)	¥ (105)	¥ —	$ (1,263)	$ (1,263)	$ —

(*1) The amount in parentheses represents liability position.

(*2) Current portion of long-term debt of ¥6,078 million (US$73,229 thousand) is included in long-term debts and carrying amount and fair value are represented.

(*3) Net amount of debt and credit arising from derivative transactions are represented. The amount in parentheses represents net liabilities in total.

As of March 31, 2010, carrying amount, fair value and unrealized gain (loss) are as follows:

	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)
	Millions of Japanese Yen		
Cash and bank deposits	¥ 45,062	¥ 45,062	¥ —
Notes and accounts receivable, trade	65,327	65,327	—
Investments in securities			
Other securities	8,435	8,435	—
Notes and accounts payable, trade	(54,935)	(54,935)	—
Short-term borrowings	(17,400)	(17,400)	—
Deposits received	(12,813)	(12,813)	—
Long-term debt (*2)	(18,496)	(18,603)	(107)
Derivative transactions (*3)			
Hedge accounting unapplied	—	—	—
Hedge accounting applied	¥ (147)	¥ (147)	¥ —

(*1) The amount in parentheses represents liability position.

(*2) Current portion of long-term debt of ¥7,000 million is included in long-term debts and carrying amount and fair value are represented.

(*3) Net amount of debt and credit arising from derivative transactions are represented. The amount in parentheses represents net liabilities in total.

a) Computation of fair value for financial instruments, marketable securities and derivative transactions

Cash and bank deposits, notes and accounts receivable, trade, and advance payments in other current assets.

Those accounts are carrying value, since those are settled in a short period and their fair value is equivalent to carrying amount approximately.

Investments in securities

Fair value of investments in securities is based on market price at Stock Exchange.

Notes and accounts payable, trade, short-term borrowings, and deposits received in other current liabilities.

Those accounts are carrying value, since those are settled in a short period and their fair value is equivalent to carrying amount approximately.

Long-term debt

Fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied, provided that the equivalent loans are newly entered into.

b) Financial instruments for which it is extremely difficult to determine fair value

Unlisted stocks are not included in investment in securities, since those have no market price and their future cash flows cannot be estimated and it is extremely difficult to determine fair value.

The amounts of unlisted stocks for the years ended March 31, 2011 and 2010 were ¥2,438 million (US$29,376 thousand) and ¥2,455 million, respectively.

c) Projected redemption

The projected redemption of monetary claims as of March 31, 2011 was as follows:

	within one year	over one year within five years	over five years within ten years	over ten years	within one year	over one year within five years	over five years within ten years	over ten years
	Millions of Japanese Yen				Thousands of U.S.Dollars			
Cash and bank deposits	¥ 40,119	¥ —	¥ —	¥ —	$ 483,364	$ —	$ —	$ —
Notes and accounts receivable, trade	55,552	761	—	—	669,299	9,165	—	—
Investments in securities Other securities with maturities (Government bonds)	—	25	—	36	—	307	—	436
Total	¥ 95,671	¥ 786	¥ —	¥ 36	$1,152,663	$9,472	$ —	$436

The projected redemption of monetary claims as of March 31, 2010 was as follows:

	within one year	over one year within five years	over five years within ten years	over ten years
	Millions of Japanese Yen			
Cash and bank deposits	¥ 44,991	¥ —	¥ —	¥ —
Notes and accounts receivable, trade	64,895	432	—	—
Investments in securities Other securities with maturities (Government bonds)	—	25	—	35
Total	¥109,886	¥ 457	¥ —	¥ 35

(5) Derivative Transactions

Derivative transactions for the year ended March 31, 2011 were classified into:

(a) Hedge accounting unapplied

Not applicable

(b) Hedge accounting applied

Notional amounts and fair value conditioned on contracts in each hedge accounting method were as follows:

			Millions of Japanese Yen			Thousands of U.S. Dollars		
Hedge accounting method	Types of derivative	Hedge coverage	Notional amount	Maturing over one year	Fair value	Notional amount	Maturing over one year	Fair value
Principle (*1)	Interest rate swaps Pay/fixed and receive/floating	Short-term borrowings	¥ 5,200	¥ 5,200	¥ (105)	$ 62,651	$ 62,651	$ (1,263)
Short-cut	Interest rate swaps Pay/fixed and receive/floating	Long-term debt	12,503	7,572	(*2)	150,639	91,229	(*2)

(*1) Computation of fair value is based on the amounts provided by financial institutions.

(*2) Fair value based on the short-cut method is included in fair value of these long-term debt, since the derivative transactions are treated with the hedged long-term debts collectively.

Derivative transactions for the year ended March 31, 2010 were classified into:

(a) Hedge accounting unapplied

Not applicable

(b) Hedge accounting applied

Notional amounts and fair value conditioned on contracts in each hedge accounting method were as follows:

			Millions of Japanese Yen		
Hedge accounting method	Types of derivative	Hedge coverage	Notional amount	Maturing over one year	Fair value
Principle (*1)	Interest rate swaps Pay/fixed and receive/floating	Short-term borrowings	¥ 5,200	¥ 5,200	¥ (147)
Short-cut	Interest rate swaps Pay/fixed and receive/floating	Long-term debt	14,942	9,203	(*2)

(*1) Computation of fair value is based on the amounts provided by financial institutions.

(*2) Fair value based on the short-cut method is included in fair value of these long-term debt, since the derivative transactions are treated with the hedged long-term debts collectively.

(6) Marketable Securities and Investments in Securities

The following is certain information related to the aggregate acquisition costs, carrying amount and fair value of securities.

Other securities having market value:

At March 31, 2011:

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Marketable equity securities	¥ 6,959	¥ 7,584	¥ 625	$ 83,839	$ 91,373	$ 7,534
Other	60	62	2	725	742	17
Total	¥ 7,019	¥ 7,646	¥ 627	$ 84,564	$ 92,115	$ 7,551

In securities that impairment treatment proceeded, acquisition cost on the above schedule is carrying value after proceeding impairment treatment. Meanwhile, impairment treatment was proceeded and loss on valuation of investment in securities was accounted for ¥1,499 million (US$ 18,060 thousand) for the year ended March 31, 2011.

At March 31, 2010:

	Millions of Japanese Yen		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Marketable equity securities	¥ 8,381	¥ 8,375	¥ (6)
Other	68	60	(8)
Total	¥ 8,449	¥ 8,435	¥ (14)

Securities for which market quotations are not available are principally unlisted securities.

Other securities sold during the financial years ended March 31, 2011 and 2010 amounted to ¥100 million (US$1,206 thousand) and ¥133 million, respectively.

Investments in securities at March 31, 2011 and 2010 comprise investment in securities lent to third parties under security loan agreements amounted to ¥113 million (US$1,359 thousand) and ¥106 million, respectively.

(7) Short-term Borrowings and Long-term Debt

Short-term borrowings were represented generally by 365-day notes in 2011 and 2010 issued by the Companies, and bore interest principally at the short-term prime rates in effect in 2011 and 2010.

As is customary in Japan, the Company and its consolidated domestic subsidiaries maintain deposit balances with banks with which they have short-term bank loans or long-term debt.

Such deposit balances are not legally or contractually restricted as to withdrawal.

Long-term debt as of March 31, 2011 and 2010 consisted of the following:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Loans from banks and insurance companies with interest ranging from 2.075% to 2.103%, due various dates through 2016:	**¥ 15,246**	¥ 18,496	**$ 183,687**
Total	**15,246**	18,496	**183,687**
Current portion included in current liabilities	**(6,078)**	(7,000)	**(73,229)**
Total	**¥ 9,168**	¥ 11,496	**$ 110,458**

Note: The interest rates in long-term debt are balanced by the weighted average.

Lease obligations as of March 31, 2011 and 2010 consisted of the following:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Current	**¥ 12**	¥ 15	**$ 149**
Non-current	**19**	25	**233**
Total	**¥ 31**	¥ 40	**$ 382**

Certain Companies' long-term debt agreements provide that the lender may request the Companies to submit proposals for appropriations of retained earnings (including payment of dividends) for review and, in some instances, approval prior to presentation to the shareholders. However, the Companies have never received such a request.

In addition, as is customary in Japan, substantially all of the Companies' bank borrowings are subject to general agreements with each bank, which provides that the relevant bank may treat any security furnished to the bank as well as cash deposited with it as security for all present and future indebtedness and may, when the bank deems it necessary, request additional security for loans.

The Company had credit lines at March 31, 2011 and 2010, from 7 banks amounting to ¥20,000 million (US$240,964 thousand) in total and from 7 banks amounting to ¥29,000 million in total, respectively.

Assets pledged as collateral and secured liabilities at March 31, 2011 and 2010 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
Assets pledged as collateral:	**2011**	2010	**2011**
Investment in securities	**¥ 2,370**	¥ 2,680	**$ 28,552**
Loans	**818**	593	**9,854**
Other	**47**	38	**564**
Total	**¥ 3,235**	¥ 3,311	**$ 38,970**
Liabilities secured thereby:			
Contingent liabilities and other	**¥ 1,667**	¥ 1,702	**$ 20,083**

The aggregate annual maturities of long-term debt (excluding current portion) as of March 31, 2011 were as follows:

	Millions of Japanese Yen				Thousands of U.S. Dollars			
	over one year within two years	over two years within three years	over three years within four years	over four years within five years	over one year within two years	over two years within three years	over three years within four years	over four years within five years
Long-term debt	¥ 3,864	¥ 2,820	¥ 1,689	¥ 795	$ 46,554	$ 33,976	$ 20,349	$ 9,578
Lease obligations	9	7	3	0	109	86	37	2

(8) Advances Received on Construction Contracts in Progress

The Companies usually receive payments from customers in the public sector on a progress basis in accordance with terms of the respective construction contracts.

(9) Reserve for Retirement Benefits and Pension Plan

The Company and its consolidated subsidiaries adopt the cash balance plan, retirement lump sum allowance plan, and additional severance payment covering substantially all employees for the defined benefit retirement plans. Furthermore, the Company set up the retirement benefit trust.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Projected benefit obligations	**¥(22,406)**	¥(22,962)	**$(269,951)**
Plan assets	**14,191**	15,204	**170,978**
Unfunded retirement benefit obligations	**(8,215)**	(7,758)	**(98,973)**
Unrecognized actuarial differences	**5,484**	5,220	**66,074**
Reserve for employee retirement benefits	**¥ (2,731)**	¥ (2,538)	**$ (32,899)**

Net pension and severance costs related to the retirement benefits for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Service cost	**¥ 832**	¥ 769	**$ 10,023**
Interest cost	**561**	571	**6,759**
Expected return on plan assets	**(241)**	(220)	**(2,906)**
Amortization of unrecognized actuarial differences	**793**	966	**9,553**
Net pension and severance costs	**¥ 1,945**	¥ 2,086	**$ 23,429**

Assumptions used in the calculation of the above information were as follows:

	2011	2010
Discount rate	**2.5%**	2.5%
Expected rate of return on plan assets	**2.5%**	2.5%
Method of attributing the projected benefits to periods of services	**Straight-line basis**	Straight-line basis
Amortization period of unrecognized actuarial differences	**13 years**	13 years
Amortization period of prior service cost	**—**	5 years

The balance of reserve for retirement benefits included the reserve for retirement allowance for directors and statutory auditors in the amounts of ¥69 million (US$832 thousand) and ¥80 million as of March 31, 2011 and 2010, respectively.

The reserve for retirement allowance for directors and statutory auditors are provided at the amount required on balance sheet dates in accordance with the internal rules of certain consolidated subsidiaries.

(10) Selling, General and Administrative Expenses

The significant items of selling, general and administrative expenses for 2011 and 2010 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Salaries to employees	**¥ 4,348**	¥ 4,358	**$ 52,388**
Expenses for retirement benefits for employees	**533**	688	**6,419**
Provision for retirement benefits for directors and statutory auditors	**23**	24	**276**
Provision for doubtful accounts, trade	**—**	169	**—**
Depreciation	**207**	194	**2,493**
Reseach expenses	**¥ 1,126**	¥ 979	**$ 13,572**

(11) Research and Development Expenses

Research and development expenses are charged to income as incurred. Research and development expenses charged to income in the years ended March 31, 2011 and 2010 were ¥1,193 million (US$ 14,374 thousand) and ¥999 million, respectively.

(12) Income Taxes

(a) The significant components of deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Deferred Tax Assets:			
Pension and severance costs	**¥ 2,346**	¥ 2,205	**$ 28,267**
Reserve for loss on construction works	**726**	1,015	**8,747**
Unrealized losses on securities	**77**	65	**931**
Write-down of utility rights	**395**	427	**4,754**
Write-down of investment in securities	**192**	190	**2,318**
Accrued bonus to employees	**524**	584	**6,312**
Other	**1,795**	1,879	**21,628**
Valuation allowance	**(1,021)**	(1,000)	**(12,298)**
Deferred Tax Assets	**¥ 5,034**	¥ 5,365	**$ 60,659**
Deferred Tax Liabilities:			
Unrealized gains on securities	**¥ (36)**	¥ (31)	**$ (434)**
Revaluation reserve for land	**(977)**	(1,009)	**(11,772)**
Other	**(340)**	(115)	**(4,095)**
Deferred Tax Liabilities	**(1,353)**	(1,155)	**(16,301)**
Net Deferred Tax Assets	**¥ 3,681**	¥ 4,210	**$ 44,358**

(b) A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2011 and 2010, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2011	2010
Normal effective statutory tax rate	**40.4%**	40.4%
Expenses not deductible for income tax purposes	**7.3**	7.1
Non-taxable income	**(1.5)**	(1.5)
Per capita levy of inhabitant taxes	**5.7**	5.6

	2011	2010
Change in valuation allowance	**4.8**	(5.3)
Reversal of revaluation reserve for land	**(16.3)**	—
Other-net	**(3.7)**	0.5
Actual Effective Tax Rates	**36.7%**	46.8%

(13) Net Assets

Under the Corporation Law of Japan ("the Law"), certain issuance of common shares is required to be credited to the common stock account for 50% of the proceeds. The Law permits, by resolution of the shareholders' meeting, transfer from amounts of additional paid-in capital to the common stock.

The Law provides that an amount equal to 10% of dividends of surplus shall be appropriated as a legal reserve or additional paid-in capital until the total amount of legal reserve and additional paid-in capital equals 25% of the stated amount of capital stock. Legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit or may be transferred to common stock by resolution of the shareholders' meeting. On condition that the total amount of legal reserve and additional paid-in capital remains equal to or exceeds 25% of common stock, they are available for distribution by the resolution of the shareholders' meeting.

(14) Leases

Finance Lease

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2011 and 2010, which would have been reflected in the balance sheets if finance lease accounting had been applied to finance leases currently accounted for as operating leases, and are included an interest portion thereof:

Tools, equipment and other	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Acquisition costs	**¥ 116**	¥ 200	**$ 1,399**
Accumulated depreciation	**80**	125	**970**
Net book value	**¥ 36**	¥ 75	**$ 429**

The scheduled maturities of future lease payments, including an interest portion on such lease contracts as of March 31, 2011 and 2010 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥ 25**	¥ 40	**$ 296**
Due over one year	**11**	35	**134**
	¥36	¥ 75	**$ 430**

Lease expenses incurred in connection with finance leases, other than those that are deemed to transfer the ownership of the leased assets to lessee, amount to ¥36 million (US$438 thousand) and ¥170 million for the years ended March 31, 2011 and 2010, respectively.

Operating Lease

The scheduled maturities of future operating lease payments, which is non-cancellable, including an interest portion on such lease contracts as of March 31, 2011 and 2010, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥ 537**	¥ 520	**$ 6,467**
Due over one year	**2,427**	2,910	**29,241**
	¥2,964	¥ 3,430	**$ 35,708**

(15) Revaluation of Land

The Company revalued its land held for business purposes based on the value appraised by an appraiser, as regulated by Article 2 No.4 of the Enforcement Ordinance, and No.119 of the Law Concerning Land Revaluation (effective March 31, 1998) with certain necessary adjustments.

Differences arising from the land revaluation have been accounted for as revaluation reserve for land under net assets at a net-of-tax amount. The carrying value of the land after revaluation exceeded its fair value as of March 31, 2011 and 2010 by ¥6,279 million (US$75,653 thousand) and ¥6,074 million, respectively.

(16) Commitments and Contingent Liabilities

The Companies are contingently liable for the following at March 31, 2011 and 2010:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Trade notes receivable discounted and endorsed	¥ —	¥ 140	$ —
Guarantees of short-term and long-term debt of employees customers, unconsolidated subsidiaries and affiliates	810	2,104	9,760
	¥ 810	¥ 2,244	$ 9,760

(17) Investment and Rental Property

Effective the year ended March 31, 2010, the Companies have adopted the "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Accounting Standards Board of Japan Statement No. 20 issued on November 28, 2008) and the "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Accounting Standards Board of Japan Guidance No. 23 issued on November 28, 2008).

Because of insignificant amounts in investment and rental property, the Companies have omitted notation in the Notes to Consolidated Financial Statements.

(18) Comprehensive Income

Effective the year ended March 31, 2011, the Companies have adopted the "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standards Board of Japan Statement No.25 issued on June 30, 2010). The amounts of accumulated other comprehensive income and total accumulated other comprehensive income for the year ended March 31, 2010, were the amounts of valuation, translation adjustments and other and total valuation, translation adjustments and other, respectively.

Comprehensive income for the year ended March 31, 2010 was as follows:

	Millions of Japanese Yen
Total comprehensive income attributable to	
Shareholders of TOA CORPORATION	¥ 1,749
Minority interests	42
Total	¥ 1,791

	Millions of Japanese Yen
Other comprehensive income	
Net unrealized gains (losses) on securities	¥ 516
Net deferred gains (losses) on hedges	1
Total	¥ 517

(19) Changes in Net Assets

(I) Type and number of shares

For the year ended March 31, 2011

Thousands of shares

Type of shares	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Issued stock				
Common stock	224,946	—	—	224,946
Treasury stock				
Common stock	15,660	152	—	15,812

Notes:The principal details for increase in treasury stock were as follows:

Increase due to acquisition of treasury stock by the Company	116 thousand shares
Increase due to purchase of odd stock	35 thousand shares
Increase due to acquisition of shares in ownership interest in cosolidated subsidiary	1 thousand shares

For the year ended March 31, 2010

Thousands of shares

Type of shares	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Issued stock				
Common stock	224,946	—	—	224,946
Treasury stock				
Common stock	15,992	18	350	15,660

Notes:The principal details for increase and decrease in treasury stock were as follows:

Increase due to purchase of odd stock	18 thousand shares
Decrease due to disposal of treasury stock owned by consolidated subsidiary	350 thousand shares

(II) Dividend payment

For the year ended March 31, 2011

		Millions of Japanese Yen		Thousands of U.S Dollars			
Resolution	Type of share	Total amount of dividends	Cash dividends per share (Yen)	Total amount of dividends	Cash dividends per share (Dollars)	Record date	Effective date
Annual Shareholders' Meeting held on June 29, 2010	Common stock	¥ 420	¥ 2	$ 5,059	$ 0.02	March 31, 2010	June 30, 2010

For the year ended March 31, 2010

		Millions of Japanese Yen			
Resolution	Type of share	Total amount of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting held on June 26, 2009	Common stock	¥ 420	¥ 2	March 31, 2009	June 29, 2009

(III) Among dividends whose record date belong in the current fiscal year, dividends which become effective in the following fiscal year were as follows:

For the year ended March 31, 2011

			Millions of Japanese Yen		Thousands of U.S Dollars			
Resolution	Type of share	Dividend resource	Total amount of dividends	Cash dividends per share (Yen)	Total amount of dividends	Cash dividends per share (Dollars)	Record date	Effective date
Annual Shareholders' Meeting held on June 29, 2011	Common stock	Retained earnings	¥ 420	¥ 2	$ 5,056	$ 0.02	March 31, 2011	June 30, 2011

For the year ended March 31, 2010

			Millions of Japanese Yen			
Resolution	Type of share	Dividend resource	Total amount of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting held on June 29, 2010	Common stock	Retained earnings	¥ 420	¥ 2	March 31, 2010	June 30, 2010

(20) Loss from Disaster Caused by the Great East Japan Earthquake

The breakdown of loss from disaster caused by the Great East Japan Earthquake at March 31, 2011 was as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2011	2011
Loss on disposal of fixed assets	¥ 18	$ 222
Donations, reconstruction assistance and aid purchase	261	3,137
Total	¥ 279	$ 3,359

(21) Impairment of Fixed Assets

For the year ended March 31, 2011, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Assets used for construction business	Buildings and equipments and others	Niigata prefecture and others	1
Idle properties	Land and buildings and others	Miyagi prefecture and others	9

The assets used for construction business were grouped by each branch (or division) and the assets used for the rental of real estate and the idle properties were grouped by each individual objective. As to the assets used for construction business whose loss on impairment was recognized, the carrying amount of the relevant assets was written down to the recoverable value due to the decreased profitability and ¥21 million (US$ 250 thousand) was accounted for as loss on impairment of fixed assets.

As to the idle properties, the carrying amount of the relevant assets was written down to the recoverable value due to the decreased fair value and ¥170 million (US$ 2,047 thousand) was accounted for as loss on impairment of fixed assets whose amounts in detail consisted of ¥142 million (US$ 1,710 thousand) for land and ¥28 million (US$ 337 thousand) for others.

Meanwhile, the recoverable value of the relevant assets was based on the anticipated net sale value. Furthermore, the anticipated net sale value of land whose carrying amount was significant was applied to the appraisal value by the licensed real-estate appraiser.

For the year ended March 31, 2010, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land	Kanagawa prefecture and others	3

The idle properties were grouped by each individual objective. The carrying amount of the relevant assets was written down to the recoverable value due to the decreased fair value and ¥255 million was accounted for as loss on impairment of fixed assets whose detail amount consisted of only for land.

Meanwhile, the recoverable value of the relevant assets was based on the anticipated net sale value. Furthermore, the anticipated net sale value of land whose carrying amount was significant was applied to the appraisal value by the licensed real-estate appraiser.

Information on various segments

(a) Segment information

Effective the year ended March 31, 2011, the Companies have adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Statement No.17 issued on March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Guidance No. 20 issued on March 21, 2008).

I Outline of the reportable segments

The reportable segments of the Companies are components for which discrete financial information is available and prepared for regular review, so that the board of directors can make decisions on the distribution of management resources and evaluate the operating performance. The Company comprises “Civil Engineering General Headquarters” and “Building Construction General Headquarters,” which control domestic construction businesses, and "International Division" for overseas businesses. The Headquarters and International Division develop strategies comprehensively in each line of business and expand business activities.

Accordingly, the Company’s businesses consist of segments classified by products and services based on the headquarters. The reportable segments are composed of “Domestic Civil Engineering Businesses,” “Domestic Architectural Businesses,” and “Overseas Businesses,” and principal activities in each segment are the following:

1) Domestic Civil Engineering Businesses: domestic civil engineering contracts, contracts related to design, and others
2) Domestic Architectural Businesses: domestic architectural contracts, contracts related to design, and others
3) Overseas Businesses: general overseas contracts

II Computation of the amount of net sales, profits or losses, and other items in each reportable segment

The accounting policies of the reportable segments are substantially equivalent to the description in the Summary of Significant Accounting Policies. Intersegment net sales and transfers are based on the current market price. Meanwhile, assets are not allocated to the business segments.

III Information on net sales, profits or losses, and other items in the reportable segments

For the year ended March 31, 2011

Millions of Japanese Yen

	Reportable Segments							
	Domestic Civil Engineering	Domestic Architectural	Overseas	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
External customers ...	¥ 71,457	¥ 47,028	¥ 34,457	¥ 152,942	¥ 11,830	¥ 164,772	¥ —	¥ 164,772
Intersegment	292	7	—	299	23,774	24,073	(24,073)	—
Total	71,749	47,035	34,457	153,241	35,604	188,845	(24,073)	164,772
Segment profits or losses.......................	5,190	278	3,386	8,854	10	8,864	(3,090)	5,774
Other items								
Depreciation and amortization	¥ 763	¥ 24	¥ 676	¥ 1,463	¥ 716	¥ 2,179	¥ 269	¥ 2,448

For the year ended March 31, 2011

Thousands of U.S. Dollars

	Reportable Segments							
	Domestic Civil Engineering	Domestic Architectural	Overseas	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
External customers ..	$ 860,925	$ 566,602	$ 415,147	$ 1,842,674	$ 142,536	$ 1,985,210	$ —	$ 1,985,210
Intersegment	3,519	79	—	3,598	286,434	290,032	(290,032)	—
Total	864,444	566,681	415,147	1,846,272	428,970	2,275,242	(290,032)	1,985,210
Segment profits or losses	62,525	3,355	40,789	106,669	127	106,796	(37,227)	69,569
Other items								
Depreciation and amortization	$ 9,187	$ 288	$ 8,148	$ 17,623	$ 8,634	$ 26,257	$ 3,235	$ 29,492

Note 1."Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machinery.

2. Adjustment of the segment profits amounting to ¥(3,090) million (US$ (37,227) thousand) is inclusive of intersegment elimination amounting to ¥77 million (US$ 926 thousand) and Selling, General and Administrative Expenses amounting to ¥(3,167) million (US$ (38,154) thousand), which are not attributed to any reportable segments.
3. Segment profits or losses are adjusted to the operating income in the Consolidated Statements of Income.
4. Assets are not described due to non-allocation to the business segments.

For the year ended March 31, 2010

Millions of Japanese Yen

	Reportable Segments							
	Domestic Civil Engineering	Domestic Architectural	Overseas	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
External customers	¥ 99,647	¥ 38,917	¥ 34,501	¥ 173,065	¥ 17,236	¥ 190,301	¥ —	¥ 190,301
Intersegment	2,551	14	—	2,565	39,376	41,941	(41,941)	—
Total	102,198	38,931	34,501	175,630	56,612	232,242	(41,941)	190,301
Segment profits or losses..........................	9,231	(1,608)	1,765	9,388	(1,544)	7,844	(3,844)	4,000
Other items								
Depreciation and amortization	¥ 567	¥ 23	¥ 1,219	¥ 1,809	¥ 1,333	¥ 3,142	¥ 175	¥ 3,317

Note 1."Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machinery.

2. Adjustment of the segment profits amounting to ¥(3,844) million is inclusive of intersegment elimination amounting to ¥(127) million and Selling, General and Administrative Expenses amounting to ¥(3,717) million, which are not attributed to any reportable segments.
3. Segment profits or losses are adjusted to the operating income in the Consolidated Statements of Income.
4. Assets are not described due to non-allocation to the business segments.

(b) Related information

I Information on products and services

Description is excluded since similar information is disclosed in (a) Segment information.

II Geographical information

1) Net sales

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2011	2011
Japan	¥ 130,324	$ 1,570,165
Singapore	23,231	279,893
Other	11,217	135,152
Total	¥ 164,772	$ 1,985,210

Note) Net sales are based on the customers' location and categorized into the countries or areas.

2) Tangible fixed assets

Description is excluded since the amounts of the tangible fixed assets registered domestically exceed 90% of those amounts in the consolidated balance sheets.

III Information on principal customers

The Companies received orders principally from the Japanese Ministry of Land, Infrastructure, Transport and Tourism and net sales from them amounted to ¥38,793 million (US$ 467,391 thousand) for the year ended March 31, 2011. Related segments are Domestic Civil Engineering Businesses, Domestic Architectural Businesses, and others.

(c) Information on the loss on impairment of fixed assets in each segment

For the year ended March 31, 2011, the losses on impairment of fixed assets were not allocated to the each reportable segment of the Companies. Description of the amounts and contents is excluded since the similar information is disclosed in Note (21).

(d) Information on the amortization and the unamortized balance of goodwill in each segment

For the year ended March 31, 2011, the goodwill and the negative goodwill were not allocated to the each reportable segment of the Companies. The amortization and the unamortized balance of the negative goodwill for the year ended and as of March 31, 2011 were as follows;

Amortization of negative goodwill amounted to ¥79 million (US$ 952 thousand).

Unamortized balance of negative goodwill amounted to ¥48 million (US$ 589 thousand).

(Note) Negative goodwill arose due to additional acquisition of subsidiary’s shares on or before March 31, 2010.

(e) Infomation on the gain on negative goodwill in each reportable segment

The gain on negative goodwill were not allocated to the each reportable segment of the Companies. Description is excluded since the total amount of the gain on negative goodwill is not significant.

Ernst & Young

Ernst & Young ShinNihon LLC

Report of Independent Auditors

The Board of Directors
TOA CORPORATION

We have audited the accompanying consolidated balance sheets of TOA CORPORATION and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31,2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOA CORPORATION and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note (2).

Ernst & Young ShinNihon LLC

June 29, 2011

INFORMATION

Board of Directors

(As of June 29,2011)

Chairman and Representative Director
Yukio Suzuki

President and Representative Director
Masaomi Matsuo

Representative Director
Osamu Nakagome

Directors
Tsuyoshi Torii
Morimasa Tani
Masaki Akiyama

Corporate Auditors
Yasuhito Hayashi
Nobuyuki Isa
Yujirou Oku
Tokio Monoe

Executive Officers

(As of July 1,2011)

President and Chief Executive Officer (CEO)
Masaomi Matsuo

Executive Vice President
Osamu Nakagome

Senior Executive Officers
Tsuyoshi Torii
Motonobu Sugimoto
Morimasa Tani

Managing Executive Officers
Mitsugi Okuda
Yoshio Sasaki
Takeshi Saito
Masashi Tanaka
Tsutomu Higashi
Ryo Suetomi
Tsuyoshi Hyakutake
Masaki Akiyama
Hiroki Suda
Akio Aikawa
Kazuyuki Higuchi
Yoshinari Gokita

Executive Officers
Toshiro Sakasegawa
Osamu Sasaki
Michio Kanezaki
Yasuo Fujikawa
Yutaro Ishii
Kazuyuki Mieno
Shigenori Hada
Atsurou Moriwake
Masaharu Fukuda

Investor Information

(As of June 29,2011)

Head Office
TOA CORPORATION
3-7-1, Nishi-shinjuku, Shinjuku-ku, Tokyo,
163-1031 Japan
Telephone : +81-3-6757-3800
Facsimile : +81-3-6757-3830
http://www.toa-const.co.jp/

International Division
3-7-1, Nishi-shinjuku, Shinjuku-ku, Tokyo,
163-1031 Japan
Telephone : +81-3-6367-0801
Facsimile: +81-3-6367-0809

Date of Incorporation
January 1920

Paid-In Capital
¥18,977 million (As of March 31, 2011)

Authorized Shares
600,000,000

Outstanding Shares
224,946,290 shares in 2011 (As of March 31, 2011)

Number of Shareholders
12,578 (As of March 31, 2011)

Number of Employees
1,580 (As of March 31, 2011)

General Meeting
The General Meeting of Shareholders was held on June 29, 2011

Stock Listing
Tokyo Stock Exchange, 1st Section Sapporo Securities Exchanges

Transfer Agent
Mizuho Trust & Banking Co., Ltd.
2-1, Yaesu 1-ghome, Chuo-ku, Tokyo
103-8670, Japan

Auditor
Ernst & Young ShinNihon
Hibiya Kokusai Building
2-3, Uchisaiwai-cho 2 chome, Chiyoda-ku,
Tokyo 100-0011, Japan

Domestic Branches
Hokkaido Branch
Tohoku Branch
Chiba Branch
Tokyo Branch
Yokohama Branch
Hokuriku Branch
Nagoya Branch
Osaka Branch
Shikoku Branch
Chugoku Branch
Kyushu Branch
Metropolitan Architecture Division
Engineering Research and Development Center

Overseas Network

Overseas Office

HEAD OFFICE (International Division)
3-7-1, Nishi-shinjuku, Shinjuku-ku, Tokyo,
163-1031 Japan
Telephone : +81-3-6367-0801
Facsimile: +81-3-6367-0809

SINGAPORE
Singapore Office
23, Pandan Crescent,
Republic of Singapore 128472
Telephone : (65)6775-5044, 6775-5049
Facsimile: (65)6775-3542, 6775-0373

INDONESIA
Indonesia Office
Palma One Building, 10th Floor,
Suite 1004 JL. HR. Rasuna Said Kav.
X-2 No.4 Kuningan, Jakarta 12950,
Republic of Indonesia
Telephone : (62-21)522-8781
Facsimile: (62-21)522-8782

PHILIPPINE
Philippine Office
4F-Unit B2, 1st Life Center, 174 Salcedo Street,
Legaspi Village, Makati City 1229,
Republic of the Philippines
Telephone : (63-2)816-3560
Facsimile: (63-2)816-3561

VIET NAM
Viet Nam Office
Room 206 2nd Floor, Kham Thien Building
195 Kham Thien Street, Dong Da District,
Hanoi, Socialist Republic of Viet Nam
Telephone : (84-4)3826-2606
Facsimile: (84-4)3826-2628

MALAYSIA
Malaysia Office
6th Floor, Wisma Genting Jalan,
Sultan Ismail 50250,
Kuala Lumpur, Malaysia
Telephone : (60-3)2166-5909
Facsimile: (60-3)2166-5908

SRI LANKA
Sri Lanka Office
No.182/2,Hulftsdorp Street,Colombo12,
Democratic Socialist Republic of Sri Lanka
Telephone : (94-1)123231633
Facsimile: (94-1)14617783

U.A.E
Dubai Office
G 17, Lob 1, Jebel Ali Free Zone,
Dubai, United Arab Emirates
Telephone : (971-4)8871953
Facsimile: (971-4)8872054

Overseas Subsidiaries and Affiliates

TOA HARBOR(S) PTE., LTD.
23, Pandan Crescent,
Republic of Singapore 128472
Telephone : (65)6775-5044
Facsimile: (65)6775-3542

TOA(M) SENDIRIAN BERHAD
6th Floor, Wisma Genting Jalan,
Sultan Ismail 50250,
Kuala Lumpur, Malaysia
Telephone : (60-3)2166-5909
Facsimile: (60-3)2166-5908

PT. TOA TIRTA DHARMA
Palma One Building, 10th Floor,
Suite 1004 JL. HR. Rasuna Said Kav.
X-2 No.4 Kuningan, Jakarta 12950,
Republic of Indonesia
Telephone : (62-21)522-8781
Facsimile: (62-21)522-8782

TOA(LUX)S.A.
4, Rue Henri Schnadt L-2530,
Grand Duchy of Luxembourg
Telephone : (352)403727
Facsimile: (352)403723

TOA CORPORATION

Address : 3-7-1, Nishi-shinjuku, Shinjuku-ku, Tokyo, 163-1031 Japan

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