(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:

Hedge accounting method	Types of derivative	Hedge coverage	Millions of Japanese Yen Notional amount	Millions of Japanese Yen Maturing over one year	Millions of Japanese Yen Fair value	Thousands of U.S. Dollars Notional amount	Thousands of U.S. Dollars Maturing over one year	Thousands of U.S. Dollars 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:

Hedge accounting method	Types of derivative	Hedge coverage	Millions of Japanese Yen Notional amount	Millions of Japanese Yen Maturing over one year	Millions of Japanese Yen 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.