

# Annual Report 2012

For the fiscal year ended March 31, 2012



# Corporate profile

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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 March 31, 2012, TOA established its headquarters in Tokyo, under which twelve domestic branches, seven offshore offices, eight consolidated subsidiaries, eight non-consolidated subsidiaries, and fifteen 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.

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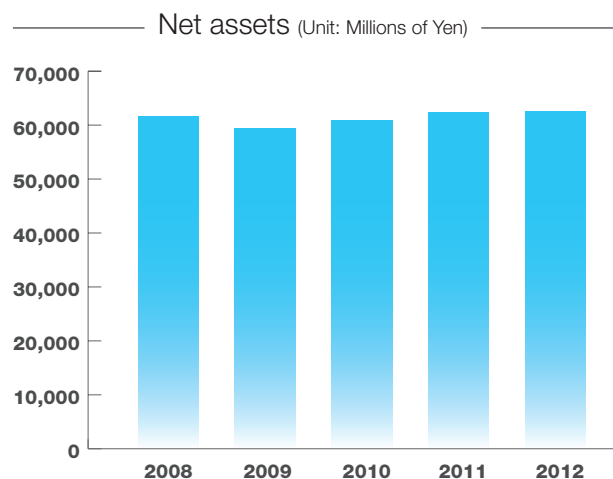
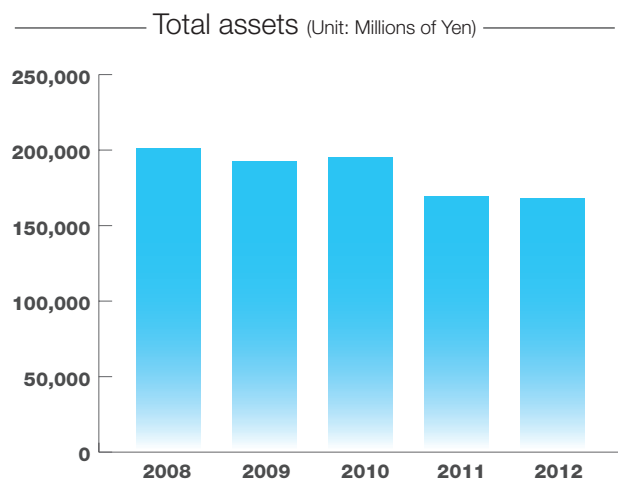
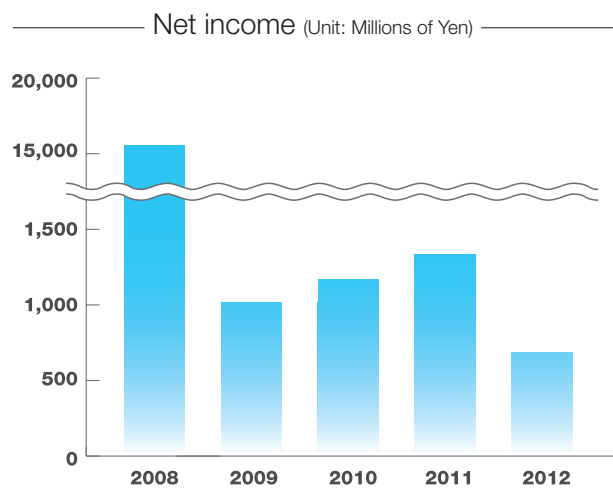
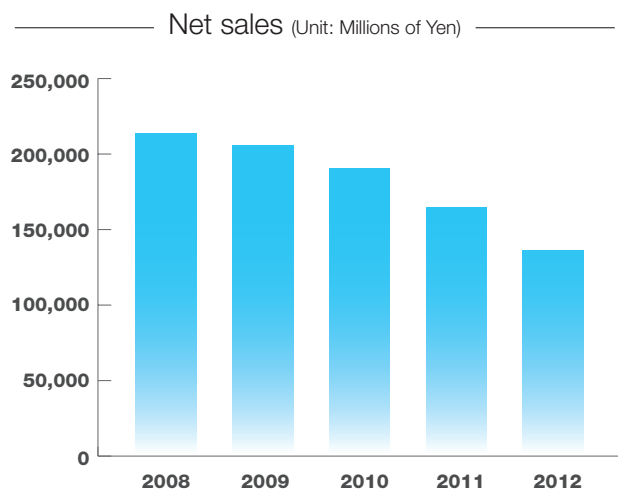
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# Financial Highlights

TOA CORPORATION and its consolidated subsidiaries

Years ended March 31,	Millions of Japanese Yen					Thousands of U.S. Dollars (Note)
	2008	2009	2010	2011	2012	2012
	<b>Consolidated</b>					
<b>For the year:</b>						
Net sales .....	¥ 213,825	¥ 205,979	¥ 190,301	¥ 164,772	¥ 136,008	\$ 1,658,633
Income before income taxes .....	27,933	1,660	2,393	2,294	1,350	16,460
Net income .....	15,247	1,075	1,233	1,412	679	8,278
<b>At year-end:</b>						
Total assets .....	200,943	192,351	194,913	169,103	168,124	2,050,292
Net assets .....	61,571	59,452	60,872	62,290	62,608	763,515
Property, plant and equipment-net .....	34,683	34,056	32,844	30,510	30,684	374,199
<b>Per share of common stock:</b>						
	Yen					U.S. Dollars
Net income .....	¥ 68.64	¥ 5.01	¥ 5.90	¥ 6.75	¥ 3.23	\$ 0.039
Cash dividends .....	0.00	2.00	2.00	2.00	2.00	0.024
Net assets .....	271.39	279.79	285.90	292.73	295.66	3.606

Note: The amount in U.S. dollars was converted at the rate of ¥82=US\$1, the effective rate at March 30, 2012.



# Message from the President

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For the fiscal year just ended on March 31, 2012, amidst the lingering effects of the catastrophic damage caused by the Great East Japan Earthquake on the Japanese economy, as a result of the recovery in the supply chain and emergence of demand fueled by reconstruction projects, there was a trend towards a gradual recovery of the economy as a whole. However, because of uncertainties regarding the supply of electric power resulting from the suspension of operations of nuclear power plants, concerns about the financial crisis in Europe, and the impact of prolonged appreciation of the yen, the outlook for the economy remained murky.

In the domestic construction industry, public investment showed steady progress due to the implementation of the budget for recovery and restoration from the earthquake-related disaster, and there was a trend towards a recovery in investments in facilities and equipment of corporations, which had been through a period when private-sector capital investment were sluggish. However, because of a number of concerns, such as intensified competition over orders, and increases in unit labor costs and costs for mechanical equipment and materials brought about by the greater volume of recovery and restoration work, the business environment continues to be harsh.

Amidst these harsh conditions, the Toa Corporation Group has been carrying forward its Mid-term Business Plan (from FY2010 to FY2012), in which the basic principle of “bring together the strengths of its technologies, its organization, and its individuals, with the aim of achieving sustainable growth” is set forth, and in addition, has been undertaking efforts for the recovery and restoration of the social infrastructure that was destroyed by the Great East Japan Earthquake.

Because of such causes as the delayed start of the construction of projects as a result of the lateness of the period when orders were received, the consolidated results for the Toa Corporation Group for the fiscal year just ended showed a decrease from the previous fiscal year of 17.5% to ¥136,008 million for net sales, and a decrease from the previous fiscal year of 75.2% to ¥1,434 million for operating income.

Although gain on negative goodwill was counted as extraordinary income, in conjunction with making consolidated subsidiary Tsurumi Rinko Tetsudo Co., Ltd. a wholly-owned subsidiary through an exchange of shares, deferred tax assets were disposed of because of the official announcement about the law reducing the corporate tax rate. The amount of foreign taxes, which is normally treated as a tax credit, was included in deductible expenses and counted as income taxes. As a result of these and other factors, net income showed a decrease from the previous fiscal year of 51.9% to ¥679 million.

With regard to the amount of orders received for the fiscal year just ended, on a non-consolidated basis there was an increase of 5.2% over the previous fiscal year to ¥141,448 million.

## Outlook and Issues for the Next Fiscal Year

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For the 2012 fiscal year, it is projected that demand fueled by restoration projects related to the Great East Japan Earthquake will get fully underway, and there is also expected to be an increase in public works expenditures for such initiatives as making public facilities earthquake-resistant and measures to deal with tsunami.

Furthermore, with regard to the budget related to ports, although it can be said that the brakes have been put on for a certain period of time on the shrinking trend in the construction industry through such actions as appropriating funds for carrying out improvements on strategic ports and harbours with the aim of strengthening international competitiveness, there are still serious concerns that factors such as the growing intensity of competition over orders, and increases in unit labor costs and costs for mechanical equipment and materials brought about by the greater volume of recovery and restoration work, will cause the business environment to continue to be harsh.

Amidst such conditions, the Toa Corporation Group is carrying forward its Mid-term Business Plan, in which the basic principle of “bring together the strengths of its technologies, its organization, and its individuals, with the aim of achieving sustainable growth” is set forth.

As the 2012 fiscal year is the final year of the Mid-term Business Plan, it is strategically positioned as a year in which the groundwork must be laid for further growth. In order to successfully achieve its business goals, the entire Toa Corporation Group will carry out efforts to secure the volume of projects, and improve profitability and quality, and at the same time, in order to fulfill its social responsibilities as a contractor, take part in the recovery and restoration of the areas devastated by the Great East Japan Earthquake.

## Our Management Philosophy

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In order to have even more investors continue to make investments, Toa Corporation will strive to improve the corporate value of the Toa Corporation Group, and by extension, increase the mutual profits of the shareholders, by thoroughly embracing its management philosophy, which states “the Company, with its high level of technology, will strive to accomplish its social responsibility by expanding its business operations and building sound management to expand our activities,” and undertaking efforts to implement the Mid-term Business Plan for realizing this philosophy. Furthermore, alongside these efforts, actions are being taken to strengthen and further develop our corporate governance.

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## Regarding Policies for Business Segments

### (Domestic Civil Engineering Business)

- The newly-established Engineering Department, which was set up inside the Civil Engineering General Headquarters, will play a key role, strengthening efforts for taking part in the overall evaluation bidding method through such actions as horizontally spreading technical and other information, and securing orders for government projects, which are a mainstay of our profits.
- Efforts will be made to deepen Toa Corporation's civil engineering technologies in such areas as liquefaction countermeasures and tsunami countermeasures, and to support efforts by business operators to strengthen their disaster damage prevention functions, with the aim of expanding the volume of orders received.
- Efforts will be undertaken to increase profitability by improving the work-profit ratio through even greater cost reduction, and efficiently carrying out the operation of our own ships.

### (Domestic Building Construction Business)

- By continuously receiving orders for such facilities as distribution warehouses, and medical- and welfare-related facilities, for which Toa Corporation's unique technologies and business solution proposals are highly regarded, it will be possible to secure a steady volume of business.
- Toa Corporation will support the disaster damage prevention efforts of business operators through proposal-based sales that make use of its technologies in seismic response control and base-isolation, with the aim of expanding the volume of orders received.
- Efforts will be made to strengthen the design supervision and quality control systems, as well as improve the quality of work execution.

### (Overseas Business)

- Singapore will be the base, due to its superior geographical location, enabling support for construction work and making cost estimates to be speedily provided to various parts of Southeast Asia.
- Improve the execution of work by employing newly-built ships, and establish Toa Corporation's superiority.

- A mid- to long-term view will be taken for improving technological capabilities and nurturing human resources, and efforts will be made to achieve a gradual growth of business.

### (Areas of Management and Administration)

- Put safety and sanitation management into practice in which all employees take part, so that a high degree of awareness regarding safety firmly takes root at the workplace level, in order to create an organization that is well-prepared in matters of safety.
- Hold interest-bearing debt under ¥30,000 million and keep the D/E ratio in the 0.5 times range in maintaining financial soundness.
- Make efficient use of manpower resources by nurturing human resources that precisely match the strategies and needs of each department and effectively deploying them.

We will meet the challenges presented by changes in the harsh economic environment by implementing the various measures mentioned above. In addition, we will accomplish a broad range of corporate social responsibilities, including earthquake recovery efforts and preservation of the environment, and form a safe and secure workplace environment based on a thorough awareness of "safety must have priority over all else," and aim to achieve sustainable growth as a fair and highly-trusted corporation.

We would be very grateful for the continued cooperation and full support of all of our shareholders.

June 28, 2012

*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<sup>3</sup> 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<sup>3</sup> 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

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## Tokyo International Airport (Haneda Airport) (Tokyo)



Haneda Airport started in 1931 as a small nationally run airfield with a single 300-meter runway. Subsequent extensions were continuously carried out to keep pace with the continually increasing demand of the airport. To respond to this growth, Toa Corporation, too, moved forward with its state-of-the-art civil engineering technologies. A new artificial island was completed at the Haneda Airport site and put to use for the 4th runway (2,500 m). The construction was carried out in cooperation with multiple construction companies under a variety of difficult conditions, including using a hybrid pier/reclamation construction, a structure rarely used anywhere in the world, short construction periods, and quick execution under restrictions by airlines.

Toa Corporation's technologies were applied to nearly every part of the construction of the artificial island, including improving the weak foundation soil and producing landfill material by hardening dredged soil. Furthermore, the company dedicated itself to ensuring quality by grasping the ever-changing movements of the foundation in real-time through meticulous management of work execution that was reflected in subsequent processes.

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## 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

### Construction Work on Manzanillo LNG Receiving Pier in Mexico

- Client ..... Terminal KMS de GNL
- Construction period .. June 2008 to June 2011
- Project outline ..... Unloading Platform: 30m in width; 45m in length; 15m in depth  
Breasting Dolphins: Four dolphins, each 10.8m in width; 12.9m in length  
Mooring Dolphins: Six dolphins, each 10m in width; 10m in length  
Trestle: 118m

Toa Corporation completed work (design and execution) on the construction of an LNG receiving pier that it was in charge of, which was part of a construction project to build an LNG receiving and supply facility in Manzanillo, in the state of Colima, Mexico.

The client that placed the order for the construction was Terminal KMS de GNL, a special purpose company that was established for the purpose of building, owning and operating this LNG project.

In addition to executing the work on its part of the project, Toa Corporation was also involved as an Engineering Procurement and Construction Contractor of the LNG receiving jetty.



### The Project for Improvement of the Traditional Fishing Community Infrastructure at Gouyave area of Grenada

- Client ..... Ministry of Agriculture, Forestry and Fisheries, The Government of Grenada
- Construction period .. June 2010 to November 2011
- Project outline ..... Dismantle the existing pier and build a new pier; carry out land reclamation and build coastal revetment; build access roads; pave roads; undertake repair and enlargement of existing fisheries center

This grants-in-aid project (ODA construction) was carried out in the Gouyave area of Grenada, which is situated on the Caribbean Sea.

The construction work for this project involved dismantling the existing pier and building a new pier, carrying out land reclamation to build coastal revetment, establishing a distribution base facility (fisheries center), and constructing a communications facility (the 55-meter tall Antenna Tower). The fisheries center includes facilities and equipment, such as refrigerators, freezers, ice-making machines, and storage rooms, which are indispensable to the safekeeping and distribution of marine products. The work carried out for this project earned Toa Corporation high praise from the Grenada government, the Embassy of Japan in Grenada, and JICA.



# 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 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.

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 plant to process 5,300m<sup>3</sup> of soft and clayey shield sludge into a construction material with characteristics.



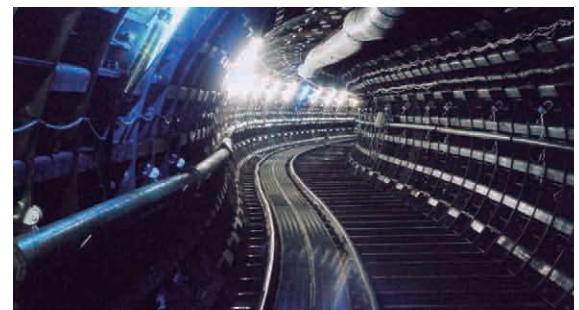
### 2nd Magsaysay Bridge and Butuan City Bypass Road in Mindanao, Republic of the Philippines

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 Government planned a bypass road in Butuan City to improve traffic conditions and bolster the economy in the northeastern region of Mindanao Island. In this connection, 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.



### Rehabilitation of Sewage Drainage System in Chiyoda Ward, Tokyo

The sewerage network in downtown Tokyo, was constructed nearly one century ago. The Tokyo Metropolitan Government started a project to rehabilitate the sewage drainage network through reconstruction and refurbishment. TOA was awarded a contract to reconstruct the drainage system for surface runoff in Chiyoda ward. Against the construction site of narrow streets with heavy traffic and a dense concentration of buildings, TOA's highly-qualified engineers dealt with various difficulties 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

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 Kanagawa Prefecture. As its closure caused severe congestion on the local roads, Central Nippon Expressway Co., Ltd., gave TOA an order to restore the damaged structures and reopen the road. 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.



## Newly Completed Project

### Joetsu Imaizumi Viaduct for the Hokuriku Shinkansen in Niigata

- Client ..... Hokuriku Shinkansen Line Construction Bureau, Japan Railway Construction, Transport and Technology Agency
- Construction period ... December 2007 to May 2011
- Project outline ..... Length: 532 m; RC piles made using in-situ method with diameters of 1200 to 1800 mm (L=24.5 m to 35.5 m) 201 piles  
Bridge piers (RC construction) 15 piers

The Hokuriku Shinkansen is a newly-projected shinkansen bullet train, which starts from Tokyo and is scheduled to eventually extend as far as Osaka by way of Joshinetsu and Hokuriku, with the Tokyo to Nagano segment already in operation. At present, construction is underway on the Joetsu to Kanazawa segment.

The entire Tokyo to Kanazawa segment is scheduled to be completed in 2014.

Toa Corporation was in charge of construction of the 532-meter Imaizumi Viaduct, which was a part of the segment between Joetsu and Toyama. The work was completed after a period of construction of approximately four years.



### Civil Engineering and Construction Work on Paiton III Power Plant at East Java, of Indonesia

- Client ..... PT Paiton Energy
- Construction period ... August 2008 to April 2012
- Project outline ..... Comprehensive civil engineering and construction work

The construction of a supercritical pressure coal-fired power generation plant was completed in Paiton, which is situated in East Java Province in the Republic of Indonesia, creating the largest coal-fired power plant in the country. Construction of the power plant was ordered by PT Paiton Energy, a company that was established through a joint venture as an IPP. Toa Corporation was in charge of the civil engineering and construction work for this project.



# 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.

### Nichirei Logistics Kanto Higashi-Ohgishima ( Distribution Center-Kanagawa Pref )

A next generation refrigerated warehouse which Toa Corporation helped design and construct was competed in Higashi-Ohgishima in the south of Kawasaki in Kanagawa Prefecture where the logistics facilities of various businesses are gathered. The order for the 5 story, approximately 36,000m<sup>2</sup>, approximately 40,000 ton storage capacity large scale refrigerated warehouse was obtained through a competition over a dozen other contractors.

The client sought earthquake resistance and durability for the building so that it would survive large earthquakes and other disasters, so our proposal of a structure for the refrigerated warehouse which combined seismic isolation equipment with pre-stressed concrete, the first ever such in Japan, garnered much interest.

We plan to continue polish our technological abilities and proposal strengths for design to construction of refrigerated

warehouse and a variety of other building construction fields to continually be able to meet the needs of the current times.



### 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

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<sup>2</sup> of floorspace, an 811m<sup>2</sup> ice plant building, a refrigeration system, an ice production plant, a sewage treatment system, and other auxiliary utilities.



## Newly Completed Project

### *Construction Work on the Hydrographic and Oceanographic Department of the Japan Coast Guard*

- Client ..... Ministry of Land, Infrastructure, Transport and Tourism
- Construction period ... September 2009 to December 2011
- Project outline ..... [Government Office Building] Structure: Steel-frame building; 10 floors above ground (rooftop structure 1 floor); Total floor area: 19,869 m<sup>2</sup>



The construction of this building was ordered in conjunction with the move by the Hydrographic and Oceanographic Department of the Japan Coast Guard from Tsukiji to Aomi, and the construction of this new government office building was subsequently completed. This construction project validated the potential of BIM in the execution stage.

BIM (Building Information Modeling) is a system that is used to create a three-dimensional model of a building in the virtual space of a computer, and utilize the resulting information about the shape or components related to the building in various construction processes, such as design, execution, and maintenance management.

### *No.2 Morioka Government Office Building (provisional name) (Iwate Prefecture)*

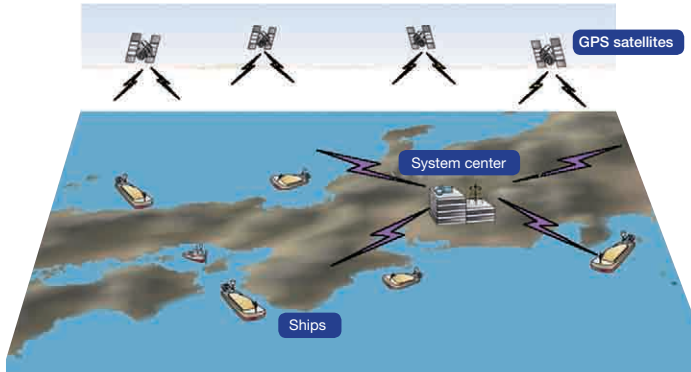
- Client ..... No. 2 Morioka Government Office Building Development Management Co., Ltd.
- Construction period ... July 2010 to December 2011
- Project outline ..... Principal use: Government office building (offices) Structure: Steel-frame reinforced concrete structure Size: Six floors above ground Total floor space: 11,253.16 m<sup>2</sup>



Construction was completed on the No.2 Morioka Government Office Building, which was the first PFI project for the Tohoku Regional Development Bureau. The concept behind this government building is to provide not only government services, but also serve as disaster relief facility, and build a friendly community, reduce the burden on the environment, and create a neighborhood with a sense of fun and warm interaction. Over the next ten years or so of this project, the No.2 Morioka Government Office Building Development Management Co., Ltd., a company in which Toa Corporation has invested, will undertake the management of the maintenance and upkeep, as well as the operations of this building.

# 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.

## KAKURYU (Pile Driving Vessel)



Using pile driving vessels with swinging leaders is the current mainstream method used in the construction of new port and harbor facilities. Toa Corporation's new KAKURYU vessel is equipped with 80-meter-long swinging leaders to drive piles up to 74 meters long into the sea bed. The leaders of the pile driver can be tilted at various angles.

The unique Energy Regeneration System utilized in the vessel reduces CO<sup>2</sup> emissions.

### <SPECIFICATIONS>

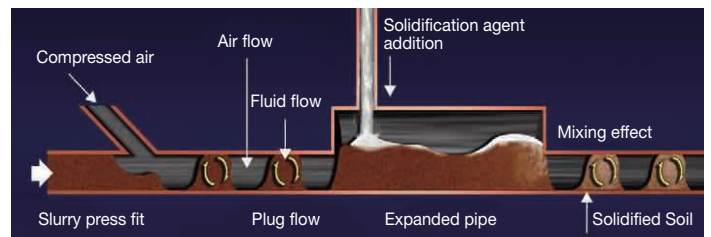
- Length : 76m
- Width : 30m
- Draft : 6m
- Leader length : 80m

## 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.



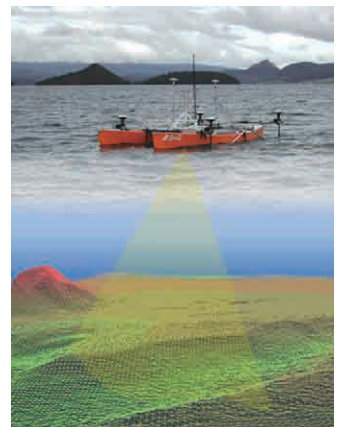
## Plug Magic Method



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<sup>2</sup>/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, 2012 and 2011

ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Current assets:</b>			
Cash and bank deposits .....	¥ 49,671	¥ 40,201	\$ 605,738
Notes and accounts receivable, trade (Notes 4 and 11) .....	48,883	56,578	596,140
Allowance for doubtful accounts .....	(175)	(327)	(2,131)
Real estate for sale .....	6,188	5,319	75,457
Cost on construction contracts in progress and other (Note 4) .....	3,215	3,735	39,213
Advanced money .....	5,134	8,333	62,608
Deferred tax assets (Note 15) .....	2,481	2,237	30,260
Other current assets (Note 4) .....	6,587	7,011	80,328
Total current assets .....	<u>121,984</u>	<u>123,087</u>	<u>1,487,613</u>
 <b>Property, plant and equipment:</b>			
Land (Note 4) .....	19,653	19,747	239,677
Buildings and structures .....	15,645	15,830	190,802
Machinery, vehicles and equipment .....	24,632	24,603	300,392
Leased assets (Note 9) .....	42	45	508
Construction in progress .....	206	419	2,508
Total property, plant and equipment .....	<u>60,178</u>	<u>60,644</u>	<u>733,887</u>
Less accumulated depreciation .....	(29,494)	(30,134)	(359,688)
Property, plant and equipment—net .....	<u>30,684</u>	<u>30,510</u>	<u>374,199</u>
 <b>Intangible fixed assets:</b>	584	437	7,120
 <b>Investments and other assets:</b>			
Investments in securities (Notes 4, 11 and 12) .....	10,362	10,084	126,361
Long-term loans (Note 4) .....	826	849	10,073
Deferred tax assets (Note 15) .....	2,168	2,441	26,436
Other (Note 4) .....	2,348	2,662	28,633
Allowance for doubtful accounts .....	(832)	(967)	(10,143)
Total investments and other assets .....	<u>14,872</u>	<u>15,506</u>	<u>181,360</u>
 <b>Total assets .....</b>	<u><u>¥ 168,124</u></u>	<u><u>¥ 169,103</u></u>	<u><u>\$ 2,050,292</u></u>

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



LIABILITIES AND NET ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Current liabilities:</b>			
Short-term borrowings (Notes 4 and 11) .....	¥ 15,190	¥ 15,070	\$ 185,244
Current portion of long-term debt (Note 11) .....	4,266	6,078	52,022
Notes and accounts payable, trade (Notes 4 and 11) .....	40,837	44,588	498,007
Accrued income taxes .....	223	117	2,720
Advances received on construction contracts in progress .....	13,621	4,476	166,107
Reserve for indemnity on completed contracts .....	365	373	4,458
Reserve for loss on construction works (Note 4) .....	1,178	1,792	14,366
Deposits received (Note 11) .....	8,431	9,012	102,821
Other current liabilities .....	3,063	8,155	37,351
Total current liabilities .....	87,174	89,661	1,063,096
<b>Long-term liabilities:</b>			
Long-term debt (Note 11) .....	10,702	9,168	130,515
Reserve for retirement benefits (Note 14) .....	3,080	2,800	37,564
Deferred tax liabilities on revaluation of land (Notes 4 and 15) .....	2,974	3,388	36,263
Other long-term liabilities .....	1,586	1,796	19,339
Total long-term liabilities .....	18,342	17,152	223,681
Total liabilities .....	105,516	106,813	1,286,777
<b>Net assets (Note 7):</b>			
<b>Shareholders' equity:</b>			
Common stock,			
Authorized—600,000,000 shares			
Issued—224,946,290 shares at March 31, 2012 and 2011, respectively .....	18,977	18,977	231,423
Capital surplus .....	18,114	18,066	220,907
Retained earnings .....	23,934	23,654	291,887
Treasury stock, at cost 13,678 thousand shares and 15,812 thousand shares at March 31, 2012 and 2011, respectively .....	(1,760)	(1,974)	(21,468)
Total shareholders' equity .....	59,265	58,723	722,749
<b>Accumulated other comprehensive income:</b>			
Net unrealized gains (losses) on securities .....	644	367	7,857
Net deferred gains (losses) on hedges (Note 13) .....	(20)	(63)	(248)
Revaluation reserve for land (Note 4) .....	2,574	2,192	31,389
Total accumulated other comprehensive income .....	3,198	2,496	38,998
<b>Minority interests</b> .....	145	1,071	1,768
Total net assets .....	62,608	62,290	763,515
<b>Commitments and contingent liabilities (Note 4):</b>			
Total liabilities and net assets .....	¥ 168,124	¥ 169,103	\$ 2,050,292

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, 2012 and 2011

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Net sales</b> (Note 5).....	<b>¥136,008</b>	¥164,772	<b>\$1,658,633</b>
<b>Cost of sales</b> (Note 5).....	<b>124,264</b>	148,156	<b>1,515,414</b>
Gross profit .....	<b>11,744</b>	16,616	<b>143,219</b>
<b>Selling, general and administrative expenses</b> (Note 5) .....	<b>10,310</b>	10,842	<b>125,732</b>
Operating income .....	<b>1,434</b>	5,774	<b>17,487</b>
<b>Other income (expenses):</b>			
Interest and dividend income .....	496	406	6,047
Amortization of negative goodwill .....	46	79	556
Interest expense .....	(553)	(649)	(6,745)
Additional severance payment .....	(79)	(72)	(970)
Provision for doubtful accounts, non-trade .....	191	—	2,331
Loss on impairment of fixed assets (Note 5).....	(31)	(191)	(376)
Gain on sale of fixed assets (Note 5).....	336	146	4,094
Gain on sale of marketable securities and investment in securities .....	20	0	249
Gain on negative goodwill (Note 16).....	597	4	7,284
Compensation for damage .....	(174)	(190)	(2,124)
Loss on litigation .....	(144)	(1)	(1,761)
Loss on valuation of investment in securities .....	(45)	(1,513)	(543)
Exchange loss .....	(549)	(875)	(6,694)
Loss from disaster caused by the Great East Japan Earthquake (Note 5) ...	(152)	(279)	(1,848)
Other, net .....	(43)	(345)	(527)
	<b>(84)</b>	<b>(3,480)</b>	<b>(1,027)</b>
<b>Income before income taxes and minority interests</b> .....	<b>1,350</b>	2,294	<b>16,460</b>
<b>Income taxes</b> (Note 15):			
Current .....	818	628	9,975
Deferred .....	(164)	214	(2,000)
	<b>654</b>	842	<b>7,975</b>
<b>Income before minority interests</b> .....	<b>696</b>	1,452	<b>8,485</b>
<b>Minority interests</b> .....	<b>17</b>	40	<b>207</b>
<b>Net income</b> .....	<b>¥ 679</b>	¥ 1,412	<b>\$ 8,278</b>

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

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

TOA CORPORATION and its consolidated subsidiaries

For the years ended March 31, 2012 and 2011

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Income before minority interests</b> .....	<b>¥696</b>	¥1,452	<b>\$8,485</b>
<b>Other comprehensive income:</b>			
Net unrealized gains on securities .....	271	377	3,307
Net deferred gains on hedges .....	42	25	514
Revaluation reserve for land .....	401	—	4,889
Total other comprehensive income (Note 6) .....	<u>714</u>	<u>402</u>	<u>8,710</u>
<b>Comprehensive income</b> .....	<b>¥1,410</b>	¥1,854	<b>\$17,195</b>
<b>Total comprehensive income attributable to:</b> (Note 6)			
Shareholders of TOA CORPORATION .....	<b>¥1,392</b>	¥1,816	<b>\$16,974</b>
Minority interests .....	<b>18</b>	38	<b>221</b>

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, 2012 and 2011

	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 13)	Revaluation reserve for land (Note 4)		
<b>Balance at March 31, 2010</b>	¥18,977	¥18,066	¥23,569	¥(1,959)	¥(13)	¥(88)	¥1,283	¥1,037	¥60,872
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 in items other than shareholders' equity .....					379	25	909	33	1,346
<b>Balance at March 31, 2011</b>	¥18,977	¥18,066	¥23,654	¥(1,974)	¥367	¥(63)	¥2,192	¥1,071	¥62,290
Cash dividends .....			(418)						(418)
Net income .....			679						679
Acquisition of treasury stock ....				(71)					(71)
Disposition of treasury stock ....		48		285					333
Reversal of revaluation reserve for land .....			19						19
Net changes in items other than shareholders' equity .....					277	43	382	(926)	(224)
<b>Balance at March 31, 2012</b>	¥18,977	¥18,114	¥23,934	¥(1,760)	¥644	¥(20)	¥2,574	¥145	¥62,608

	Thousands of U.S. Dollars (Note 1)								
	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 13)	Revaluation reserve for land (Note 4)		
<b>Balance at March 31, 2011</b>	\$231,423	\$220,316	\$288,468	\$(24,070)	\$4,472	\$(762)	\$26,734	\$13,056	\$759,637
Cash dividends .....			(5,093)						(5,093)
Net income .....			8,278						8,278
Acquisition of treasury stock ....				(866)					(866)
Disposition of treasury stock ....		591		3,468					4,059
Reversal of revaluation reserve for land .....			234						234
Net changes in items other than shareholders' equity .....					3,385	514	4,655	(11,288)	(2,734)
<b>Balance at March 31, 2012</b>	\$231,423	\$220,907	\$291,887	\$(21,468)	\$7,857	\$(248)	\$31,389	\$1,768	\$763,515

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, 2012 and 2011

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥1,350	¥2,294	\$16,460
Adjustments to reconcile income before income taxes and minority interests to net cash (used in) provided by operating activities:			
Depreciation and amortization .....	1,957	2,591	23,864
Loss on impairment of fixed assets .....	31	191	376
Exchange (gain) loss .....	495	671	6,031
(Gain) loss on sale or disposal of fixed assets .....	(300)	(26)	(3,650)
(Gain) loss on sale of marketable securities and investment in securities ....	(20)	(0)	(249)
Write-down of marketable and investment in securities .....	45	1,513	543
Write-down of utility rights .....	7	24	89
Increase (decrease) in reserve for retirement benefits .....	280	182	3,422
Increase (decrease) in allowance for doubtful accounts .....	(288)	(159)	(3,514)
Changes in:			
Notes and accounts receivable, trade .....	7,694	9,024	93,833
Real estate for sale .....	(868)	456	(10,589)
Cost on construction contracts in progress and other .....	520	6,082	6,341
Notes and accounts payable, trade .....	(3,752)	(10,347)	(45,754)
Advances received on construction contracts in progress .....	9,145	(7,576)	111,521
Other, net	(3,044)	877	(37,117)
Sub-total .....	13,252	5,797	161,605
Interest and dividend income received .....	500	433	6,097
Interest paid .....	(558)	(657)	(6,808)
Income taxes paid .....	(365)	(3,081)	(4,450)
Net cash (used in) provided by operating activities .....	12,829	2,492	156,446
<b>Cash flows from investing activities:</b>			
Payments for acquisition of marketable and investment in securities .....	(26)	(177)	(319)
Proceeds from sale of marketable and investment in securities .....	89	103	1,088
Payments for acquisition of property, plant and equipment .....	(3,438)	(2,019)	(41,926)
Proceeds from sale of property, plant and equipment .....	1,311	1,094	15,983
Other, net .....	(208)	352	(2,533)
Net cash (used in) provided by investing activities .....	(2,272)	(647)	(27,707)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings .....	120	(2,330)	1,463
Proceeds from long-term debt .....	5,800	3,750	70,732
Repayment of long-term debt .....	(6,078)	(7,000)	(74,122)
Acquisition of treasury stock .....	(71)	(14)	(866)
Cash dividends paid .....	(413)	(414)	(5,042)
Other, net .....	(52)	(28)	(626)
Net cash (used in) provided by financing activities .....	(694)	(6,036)	(8,461)
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>(494)</b>	<b>(670)</b>	<b>(6,020)</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>9,369</b>	<b>(4,860)</b>	<b>114,258</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>40,056</b>	<b>44,916</b>	<b>488,487</b>
<b>Cash and cash equivalents at end of year (Note 8).....</b>	<b>¥49,425</b>	<b>¥40,056</b>	<b>\$602,745</b>

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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## 1. Significant Respects for the Basis of Preparing 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.

### I. Basis of consolidation

The Company has 16 majority-owned subsidiaries as of March 31, 2012. The consolidated financial statements for the year ended March 31, 2012 include the accounts of the Company and 8 majority-owned subsidiaries. Principal consolidated subsidiaries were TOA Agency Co., Ltd., Shinko Corporation, TOA Kikai Kogyo Co., Ltd. Consolidated subsidiaries have the same financial period as the Company that ends on March 31.

Other 8 subsidiaries are not consolidated as they are at small scale and are not significant in terms of total assets, net sales, retained earnings or net income in aggregate.

Investments in non-consolidated subsidiaries (Human Affair Co., Ltd. and others) and affiliates (Sengenyama Developing Co., Ltd. and others) are excluded from application of the equity method as they are not significant in terms of net income or retained earnings in aggregate.

### II. Basis of accounting treatment

#### (1) Basis of valuation for significant assets

##### a) Securities

Marketable 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 treated as directly charged or credited to the net assets and cost of securities sold are computed by the moving average method.

Other securities for which market quotations are unavailable are stated at moving average cost method.

##### b) 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.

##### c) Inventories

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

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 value on the balance sheet, regarded as decreased profitability of assets.

#### (2) Depreciation for property, plant and equipment and other

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

As for intangible fixed assets excluding leased assets and long-term prepaid expenses, 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.

As for leased assets related to finance lease, other than those which 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 by a method similar to that applicable to the ordinary operating lease transactions.

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### (3) Reserve and allowance

#### a) 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.

#### b) 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.

#### c) 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.

#### d) 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 the 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.

Further, consolidated subsidiaries have no unrecognized actuarial differences.

#### e) Reserve for retirement benefits for directors

In some consolidated subsidiaries, the reserve for retirement benefits for directors provided the required amount to pay for the year in conformity with their bylaw.

### (4) 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. 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.

### (5) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as a component of net assets 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.

For interest rate swaps, if certain hedging criteria are met, interest rate swaps are not recognized at their fair values but an alternative (short-cut) method under Japanese accounting standards is applied by which the amounts received or paid for such interest swap arrangements are recognized as interest over the life of each of the arrangements.

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.

### (6) Amortization of goodwill

The acquisition costs of consolidated subsidiaries in excess of the equity in their net assets at date of acquisition are accounted for as goodwill. The Companies have a balance of negative goodwill which arose on or before March 31, 2010 and amortize the negative goodwill over a period of five years on average.

## (7) Scope of cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits which 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.

## (8) Consumption tax

In Japan, consumption tax at the flat rate of 5% on all domestic consumption of goods and services (with certain exemptions) is levied. The Companies adopt the accounting method as net of tax.

## (9) 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 ¥82 = US\$1, the approximate rate of exchange prevailing on March 31, 2012. 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.

## 2.Changes in Presentation

The Companies have changed the presentation of items in the consolidated statements of income as follows:

Gain on negative goodwill included in Other, net of Other income (expenses) in the previous year, is presented separately in the current year.

To reflect this change in presentation, the Companies reclassified items in the consolidated statements of income for the previous year.

Consequently, Gain on negative goodwill was newly shown in the amount of ¥4 million (US\$ 44 thousand) and Other, net was ¥12 million (US\$ 149 thousand) compared with ¥16 million (US\$ 193 thousand) presented in Other, net of Other income (expenses) in the consolidated statements of income for the previous year.

Compensation for damage and Loss on litigation included in Other, net of Other income (expenses) in the previous year, are presented separately in the current year. To reflect this change in presentation, the Companies reclassified items in the consolidated statements of income for the previous year.

Consequently, Compensation for damage was newly shown in the amount of ¥190 million (US\$ 2,320 thousand) and Loss on litigation was ¥1 million (US\$ 7 thousand) compared with ¥191 million (US\$ 2,327 thousand) in Other, net of Other income (expenses) in the consolidated statements of income for the previous year.

## 3.Additional Information

Effective the year ended March 31, 2012, the Companies have adopted the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan Statement No.24 issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan Guidance No.24 issued on December 4, 2009) for accounting changes and corrections of prior period errors.

## 4.Notes to Consolidated Balance Sheets

### I.Cost on construction contracts in progress and other

Cost on construction contracts in progress and other at March 31, 2012 and 2011 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Cost on construction contracts in progress .....	¥2,359	¥2,672	\$28,771
Other inventories .....	856	1,063	10,442
Cost on construction contracts in progress and other.....	¥3,215	¥3,735	\$39,213



## II. Reserve for loss on construction works

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 construction contracts in progress, amount in aggregate corresponding to reserve for loss on construction works at March 31, 2012 and 2011 are as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2012	2011	2012
¥189	¥175	\$2,306

## III. Investments in securities

Among investments in securities, amount in aggregate corresponding to non-consolidated subsidiaries and affiliates at March 31, 2012 and 2011 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Investments in affiliates .....	¥556	¥562	\$6,785

## IV. Revaluation of land

In accordance with the "Act on Revaluation of Land" (Act No. 34 promulgated on March 31, 1998) and the "Act on Partial Revision of the Act on Revaluation of Land" (Act No. 19 promulgated on March 31, 2001), the company revalued its land held for the business purpose and accounted for the amount equivalent to tax related to this differences on revaluation as "deferred tax liabilities on revaluation of land" in liabilities and accounted for the amount that tax amount were deducted from the differences on revaluation as "revaluation reserve for land" in net assets.

Furthermore, reviewing a collectibility of "deferred tax assets for land revaluation" individually, among the amount equivalent to tax related to the differences on revaluation of land, the amount that were difficult to anticipate collectibility were reduced from "revaluation reserve for land".

### Revalued method

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

		Millions of Japanese Yen		Thousands of U.S. Dollars
		2012	2011	2012
Revalued date	March 31, 2002			
Differences of the land after revaluation exceeded its fair value .....		¥6,786	¥6,279	\$82,758

## V. Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities at March 31, 2012 and 2011 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Assets pledged as collateral:			
Current assets			
Other current assets .....	¥66	¥81	\$809
Investment and other assets			
Investment in securities .....	2,345	2,370	28,595
Long-term loans .....	719	737	8,770
Other .....	56	47	686
Total .....	¥3,186	¥3,235	\$38,860

At March 31, 2012, the assets pledged as collateral of the listed above consisted of secured liabilities amounting to ¥1,634 million (US\$ 19,929 thousand) and liabilities based on the loan agreements with credit line between 14 PFI companies and financial institutions.

At March 31, 2011, secured liabilities were in the amount of ¥1,667 million and liabilities were for 13 PFI companies.

## VI. Securities lent

Among investment in securities, securities that lent to financial institution under the security lending agreement at March 31, 2012 and 2011 were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2012	2011	2012
¥51	¥113	\$618

## VII. Commitments and contingent liabilities

The Companies are contingently liable for the following at March 31, 2012 and 2011:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Employees (Loan guarantee to bank).....	¥24	¥32	\$294
National Federation of Promotion for Fishing Ports and Villages Fisheries Cooperative Association (Loan guarantee).....	466	566	5,689
Other .....	193	212	2,355
Total .....	¥683	¥810	\$8,338

## VIII. Short-term borrowings

The Company had commitment lines for efficient financial arrangement from 7banks at March 31, 2012 and 2011 as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Total amount of contracts of commitment lines.....	¥20,000	¥20,000	\$243,902
Outstanding borrowings .....	—	—	—
Balance .....	¥20,000	¥20,000	\$243,902

## IX. Notes receivable and notes payable

On March 31, 2012, financial institutions were on a holiday in Japan, the following notes receivable and payable maturing on that date were included in their own balance in the balance sheet and were settled on the next business day.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Notes receivable.....	¥119	—	\$1,455
Notes payable .....	1,746	—	21,293

## 5. Notes to Consolidated Statements of Income

### I. Net sales

The amounts of contract revenue which are accounted for by the percentage-of-completion method were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2012	2011	2012
¥118,285	¥138,946	\$1,442,501

### II. Loss on valuation of inventory

The ending inventory was the carrying value after writing down due to the decreased profitability, and among the cost of sales, amount in aggregate corresponding to loss on valuation of inventory were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2012	2011	2012
¥75	¥336	\$918

### III. Reserve for loss on construction works

Among the cost of sales, amount in aggregate corresponding to reserve for loss on construction works were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2012	2011	2012
¥627	¥1,559	\$7,646

### IV. Selling, general and administrative expenses

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Salaries to employees	¥4,391	¥4,348	\$53,553
Provision for retirement benefits for directors and statutory auditors.....	24	¥23	294
Expenses for retirement benefits for employees .....	551	533	6,724
Research expenses .....	1,019	1,126	12,422
Provision for doubtful accounts, trade .....	(83)	—	(1,011)

### V. Research and development expenses

Among the general and administrative expenses and the cost on contract, amount in aggregate corresponding to research and development expenses were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2012	2011	2012
¥1,102	¥1,193	\$13,442

### VI. Gain on sale of fixed assets

The breakdown of the gain on sale of fixed assets were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Land .....	¥6	¥84	\$79
Vessels .....	327	55	3,983
Others.....	3	7	32
Total .....	¥336	¥146	\$4,094

### VII. Loss on sale of fixed assets

The breakdown of the loss on sale of fixed assets were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Land .....	¥5	¥35	\$56
Vessels .....	1	8	7
Others.....	—	0	—
Total .....	¥6	¥43	\$63

## VIII. Impairment of fixed assets

For the year ended March 31, 2012, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land	Iwate prefecture and others	7

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 drop in fair value and ¥31 million (US\$ 376 thousand) 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.

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 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 drop in fair value and ¥170 million was accounted for as loss on impairment of fixed assets whose amounts in detail consisted of ¥142 million for land and ¥28 million 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.

## IX. Loss from disaster caused by the Great East Japan Earthquake

The breakdown of loss from disaster caused by the Great East Japan Earthquake were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Loss on disposal of fixed assets .....	¥2	¥18	\$27
Donations, reconstruction assistance and aid purchase.....	150	261	1,821
Total .....	¥152	¥279	\$1,848

## 6. Notes to Consolidated Statements of Comprehensive Income

Reclassifications adjustments and tax effects in relation to the other comprehensive income were as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2012	2012
Unrealized gains (losses) on securities:		
Amount arising during the year .....	¥351	\$4,283
Amount of reclassification adjustments .....	24	291
Amount before tax effect .....	375	4,574
Tax effect .....	(104)	(1,267)
Unrealized gains (losses) on securities .....	271	3,307
Deferred gains (losses) on hedges:		
Amount arising during the year .....	7	83
Amount of reclassification adjustments .....	65	796
Amount before tax effect .....	72	879
Tax effect .....	(30)	(365)
Deferred gains (losses) on hedges .....	42	514
Revaluation reserve for land:		
Tax effect .....	401	4,889
Revaluation reserve for land .....	401	4,889
Total other comprehensive income .....	¥714	\$8,710

## 7. Notes to Consolidated Statements of Changes in Net Assets

### I. Type and number of shares

For the year ended March 31, 2012

Type of shares	Number of shares at beginning of year	Increase	Decrease	Thousands of shares
				Number of shares at end of year
Issued stock				
Common stock	224,946	—	—	224,946
Treasury stock				
Common stock	15,812	832	2,965	13,679

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

Increase due to purchase of odd stock .....	7 thousand shares
Increase due to purchase of common stock from stockholders opposed to the share exchange .....	500 thousand shares
Increase due to acquisition of shares in ownership interest through the share exchange .....	326 thousand shares

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

Decrease due to disposition treasury stock through the share exchange .....	2,966 thousand shares
-----------------------------------------------------------------------------	-----------------------

For the year ended March 31, 2011

Type of shares	Number of shares at beginning of year	Increase	Decrease	Thousands of shares
				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 and decrease 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 consolidated subsidiary .....	1 thousand shares

## II. Dividend payment

For the year ended March 31, 2012

Resolution	Type of share	Dividend resource	Millions of Japanese Yen	Thousands of U.S Dollars		Record date	Effective date	
			Total amount of dividends	Cash dividends per share (Yen)	Total amount of dividends			Cash dividends per share (Dollars)
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, 2011

Resolution	Type of share	Dividend resource	Millions of Japanese Yen	Thousands of U.S Dollars		Record date	Effective date	
			Total amount of dividends	Cash dividends per share (Yen)	Total amount of dividends			Cash dividends per share (Dollars)
Annual Shareholders' Meeting held on June 29, 2010	Common stock	Retained earnings	¥420	¥2	\$ 5,056	\$0.02	March 31, 2010	June 30, 2010

## 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, 2012

Resolution	Type of share	Dividend resource	Millions of Japanese Yen	Thousands of U.S Dollars		Record date	Effective date	
			Total amount of dividends	Cash dividends per share (Yen)	Total amount of dividends			Cash dividends per share (Dollars)
Annual Shareholders' Meeting held on June 28, 2012	Common stock	Retained earnings	¥430	¥2	\$5,239	\$0.02	March 31, 2012	June 29, 2012

For the year ended March 31, 2011

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

## 8. Notes to Consolidated Statements of Cash Flow

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Cash and bank deposits .....	¥49,671	¥40,201	\$605,738
Time deposits due over three months.....	(¥246)	(145)	(2,993)
Cash and cash equivalents .....	¥49,425	¥40,056	\$602,745

## 9. Leases

### I. Operating lease

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2012 and 2011, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year .....	¥531	¥537	\$6,477
Due over one year .....	1,925	2,427	23,471
Total .....	¥2,456	¥2,964	\$29,948

### II. Finance lease

(1) The acquisition cost, accumulated depreciation and net book value of lease assets

At March 31, 2012

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Tools, equipment .....	¥34	¥27	¥7	\$407	\$326	\$81
Software .....	22	18	4	270	216	54
Total .....	¥56	¥45	¥11	\$677	\$542	\$135

At March 31, 2011

	Millions of Japanese Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Tools, equipment .....	¥94	¥67	¥27
Software .....	22	13	9
Total .....	¥116	¥80	¥36

(2) Unexpired lease expenses corresponding to the net book value

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year .....	¥11	¥25	\$135
Due over one year .....	—	11	—
Total .....	¥11	¥36	\$135

The acquisition cost and the unexpired lease expense were calculated by the interest include method since the proportion of the balance of unexpired lease expenses in net book value of property, plant and equipment were low.

(3) Lease expense paid and depreciation equivalent

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Lease expense paid .....	¥25	¥36	\$299
Depreciation equivalent .....	25	36	299

(4) The method for calculating the depreciation equivalent

The depreciation equivalent is principally computed by the straight-line basis over the useful lives equivalent to lease term and residual value is equal to zero.

## 10. Impairment of Leased Assets

There are no impairment allocated to leased assets for the years ended March 31, 2012 and 2011.

## 11. Financial Instruments

### 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

Note and accounts receivable which categorized into operating receivables are exposed to 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, 2012, 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 .....	¥49,671	¥49,671	¥ —	\$605,738	\$605,738	\$ —
Notes and accounts receivable, trade .....	48,741	48,741	—	594,407	594,407	—
Advance payments .....	5,134	5,134	—	62,608	62,608	—
Investments in securities						
Other securities .....	7,941	7,941	—	96,838	96,838	—
Notes and accounts payable, trade .....	(40,837)	(40,837)	—	(498,007)	(498,007)	—
Short-term borrowings .....	(15,190)	(14,190)	—	(185,244)	(185,244)	—
Deposits received .....	(8,431)	(8,431)	—	(102,822)	(102,822)	—
Long-term debt (*2) .....	(14,968)	(15,101)	(133)	(182,537)	(184,162)	(1,625)
Derivative transactions (*3)						
Hedge accounting unapplied .....	—	—	—	—	—	—
Hedge accounting applied .....	¥(33)	¥(33)	¥ —	\$(400)	\$(400)	\$ —

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

(\*2) Current portion of long-term debt of ¥4,266 million (US\$52,022 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, 2011, 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 .....	¥40,201	¥40,201	¥ —
Notes and accounts receivable, trade .....	56,313	56,313	—
Advance money .....	8,333	8,333	—
Investments in securities			
Other securities .....	7,646	7,646	—
Notes and accounts payable, trade .....	(44,588)	(44,588)	—
Short-term borrowings .....	(15,070)	(15,070)	—
Deposits received .....	(9,012)	(9,012)	—
Long-term debt (*2) .....	(15,246)	(15,352)	(106)
Derivative transactions (*3)			
Hedge accounting unapplied .....	—	—	—
Hedge accounting applied .....	¥(105)	¥(105)	¥ —

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

(\*2) Current portion of long-term debt of ¥6,078 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 Investments in securities, since those have no market price and it is extremely difficult to determine fair value.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Unlisted stocks .....	<b>¥2,421</b>	¥2,438	<b>\$29,523</b>

c) Projected redemption

The projected redemption of monetary claim as of March 31, 2012 were 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 .....	¥49,599	¥ —	¥ —	¥ —	\$604,862	\$ —	\$ —	\$ —
Notes and accounts receivable, trade .....	47,593	1,148	—	—	580,400	14,007	—	—
Investments in securities								
Other securities with maturities (Government bonds) .....	—	25	—	38	—	309	—	465
Total .....	¥97,192	¥1,173	¥—	¥38	\$1,185,262	\$14,316	\$ —	\$465

The projected redemption of monetary claim as of March 31, 2011 were 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 .....	¥40,119	¥—	¥—	¥—
Notes and accounts receivable, trade .....	55,552	761	—	—
Investments in securities .....				—
Other securities with maturities (Government bonds) .....	—	25	—	36
Total .....	¥95,671	¥786	¥—	¥36

## 12. Marketable Securities and Investments in Securities

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

At March 31, 2012

	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)
Other securities whose consolidated balance sheet amount exceeds its acquisition cost						
Marketable equity securities .....	¥4,911	¥6,422	¥1,511	\$59,887	\$78,323	\$18,436
Government bond .....	60	63	3	734	774	40
Sub total .....	4,971	6,485	1,514	60,621	79,097	18,476
The securities consolidated balance sheet amount does not exceed its acquisition cost						
Marketable equity securities .....	1,968	1,455	(513)	24,000	17,741	(6,259)
Government bond .....	—	—	—	—	—	—
Sub total .....	1,968	1,455	(513)	24,000	17,741	(6,259)
Total .....	¥6,939	¥7,940	¥1,001	\$84,621	\$96,838	\$12,217

At March 31, 2011

	Millions of Japanese Yen		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Other securities whose consolidated balance sheet amount exceeds its acquisition cost			
Marketable equity securities .....	¥3,556	¥4,692	¥1,136
Other .....	60	62	2
Sub total .....	3,616	4,754	1,138
The securities whose consolidated balance sheet amount does not exceed its acquisition cost			
Marketable equity securities .....	3,403	2,892	(511)
Other .....	—	—	—
Sub total .....	3,403	2,892	(511)
Total .....	¥7,019	¥7,646	¥627

(2) Other securities sold during the financial years ended March 31, 2012 and 2011 were as follows:

At March 31, 2012

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Sales	gain on sales	loss from sales	Sales	gain on sales	loss from sales
Marketable equity securities .....	¥89	¥20	¥(0)	\$1,091	\$249	\$(0)
Other .....	—	—	—	—	—	—
Total .....	¥89	¥20	¥(0)	\$1,091	\$249	\$(0)

At March 31, 2011

	Millions of Japanese Yen		
	Sales	gain on sales	loss from sales
Marketable equity securities .....	¥0	¥0	¥(0)
Other .....	100	—	—
Total .....	¥100	¥0	¥(0)

(3) In securities that impairment treatment proceeded

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 for the year ended March 31, 2012 and 2011 were accounted for ¥45 million (US\$ 543 thousand) and ¥1,499 million, respectively.

### 13. Derivative Transactions

Derivative transactions for the year ended March 31, 2012 were classified into:

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

Not applicable

b) Hedge accounting applied

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

Hedge accounting method	Types of derivative	Hedge coverage	Millions of Japanese Yen			Thousands of U.S. Dollars		
			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	¥ —	¥(33)	\$63,415	\$ —	\$(400)
Short-cut	Interest rate swaps Pay/fixed and receive/floating	Long-term debt	12,042	8,643	(*2)	146,854	105,405	(*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, 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 are 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	(¥105)
Short-cut	Interest rate swaps Pay/fixed and receive/floating	Long-term debt	12,503	7,572	(*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.

## 14. 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
	2012	2011	2012
Projected benefit obligations .....	¥(21,671)	¥(22,406)	\$(264,283)
Plan assets .....	13,629	14,191	166,214
Unfunded retirement benefit obligations .....	(8,042)	(8,215)	(98,069)
Unrecognized actuarial differences .....	5,031	5,484	61,349
Reserve for employee retirement benefits .....	¥(3,011)	¥(2,731)	\$(36,720)

Net pension and severance costs expense related to the retirement benefits for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost .....	¥819	¥832	\$9,992
Interest cost .....	547	561	6,671
Expected return on plan assets .....	(233)	(241)	(2,840)
Amortization of unrecognized actuarial differences .....	828	793	10,103
Net pension and severance costs .....	¥1,961	¥1,945	\$23,926

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

	2012	2011
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 .....	<b>Straight-line basis</b>	Straight-line basis
Amortization period of unrecognized actuarial differences .....	<b>13 years</b>	13 years
Amortization period of prior service cost .....	—	—

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\$844 thousand) and ¥69 million as of March 31, 2012 and 2011, respectively.

## 15. Tax Effect Accounting

1. The significant components of deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
<b>Deferred Tax Assets:</b>			
Pension and severance costs .....	¥2,286	¥2,346	\$27,874
Reserve for loss on construction works .....	446	726	5,442
Unrealized losses on securities .....	163	77	1,986
Write-down of utility rights .....	327	395	3,989
Write-down of investment in securities .....	185	192	2,261
Accrued bonus to employees .....	434	524	5,287
Other .....	2,385	1,795	29,087
Valuation allowance .....	(897)	(1,021)	(10,939)
Deferred tax assets .....	¥5,329	¥5,034	\$64,987
<b>Deferred Tax Liabilities:</b>			
Unrealized gains on securities .....	¥(837)	¥(36)	\$(10,202)
Revaluation reserve for land .....	(508)	(977)	(6,493)
Other .....	(261)	(340)	(3,185)
Deferred tax liabilities .....	(1,606)	(1,353)	(19,580)
<b>Net Deferred Tax Assets</b> .....	<b>¥3,723</b>	<b>¥3,681</b>	<b>\$45,405</b>

(Note) Net deferred tax assets were included in the following items.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Current assets - Deferred tax assets .....	¥2,481	¥2,237	\$30,260
Investments and other assets - Deferred tax assets .....	2,168	2,441	26,436
Current liabilities - Other current liabilities .....	119	43	1,456
Long-term liabilities - Other long-term liabilities .....	806	953	9,832

2. A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2012 and 2011, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2012	2011
Normal effective statutory tax rate.....	40.4%	40.4%
Expenses not deductible for income tax purposes.....	10.7	7.3
Per capita levy of inhabitant taxes.....	8.8	5.7
Non-taxable income.....	(8.2)	(1.5)
Refund of income taxes for prior period.....	(33.7)	—
Change in valuation allowance .....	3.7	4.8
Reversal of revaluation reserve for land.....	—	(16.3)
Tax rate change.....	15.2	—
Amortization of negative goodwill.....	(19.3)	—
Foreign corporation tax.....	30.9	—
Other-net .....	0.0	(3.7)
Actual effective tax rates.....	48.5%	36.7%

3. Correction for the amount of deferred tax assets and liabilities due to the change of corporate tax rates

According to the promulgation dated December 2, 2011 of the "Act for Partial Revision of Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structure" (Act No.114 of 2011) and the "Act for Special Measures for Securing Financial Resources to Implement for Reconstruction from the Great East Japan Earthquake" (Act No.117 of 2011), effective the consolidated financial year commencing on or after April 1, 2011, the corporate tax rates were changed.

This change of tax rates decreased net deferred tax assets by ¥158 million (US\$ 1,928 thousand) and increased income taxes-deferred and net unrealized gains on securities by ¥206 million (US\$ 2,508 thousand) and ¥48 million (US\$ 590 thousand) respectively. Furthermore, decreased deferred tax liabilities related to revaluation by ¥401 million (US\$ 4,889 thousand) and increased revaluation reserve for land by the same amount.

## 16. Business Combination

### Transaction under Common Control

The Company acquired 100% ownership of Tsurumi Rinko Co., Ltd. through a share exchange effective on November 1, 2011. Information on the share exchange is as follows:

1. Name and line of business of combined company, legal form of business combination and outline of transaction including its purpose

(1) Name and line of business of combined company

Tsurumi Rinko Co., Ltd. (Consolidated subsidiary of the Company)

Real estate rental business, based at Tsurumi railway station of Yokohama City, Japan

(2) Legal form of business combination

Share exchange with the Company as the wholly owning parent company and Tsurumi Rinko Co., Ltd. wholly-owned subsidiary of the Company.

(3) Outline of transaction including its purpose

Tsurumi Rinko Co., Ltd. conducts the real estate rental business based at Tsurumi railway station of Yokohama City, Japan. The Companies are able to invest efficiently the human and management resources on real estate businesses of the group by making Tsurumi Rinko Co.,Ltd. a wholly-owned subsidiary of the Company. This transaction is expected to contribute to growth and profitability of the group.

2. Outline of accounting treatment

The transaction was treated as a transaction under common control based on the "Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No.21 issued on December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Guidance No.10 issued on December 26, 2008).

3. Additional acquisition of shares of the subsidiary

(1) Acquisition cost and details

	Millions of Japanese Yen	Thousands of U.S. Dollars
Common stock of the Company in the share exchange .....	¥406	<b>\$4,955</b>
Direct expense related to acquisition .....	5	<b>55</b>
Total acquisition cost .....	<b>¥411</b>	<b>\$5,010</b>

Furthermore, all of the shares of the Company used in the transaction were treasury stock.

- .....
- (2) Share exchange ratio classified by type of shares, computation method of share exchange ratio and number of allotted shares
    - a) Share exchange ratio classified by type of shares  
34 shares of the Company's common stock were allotted per 1 share of Tsurumi Rinko Co., Ltd.'s common stock.
    - b) Computation method of share exchange ratio  
In the computation of the share exchange, the valuation provided by an independent third-party institution was used in order to ensure fairness and adequacy. The Company and Tsurumi Rinko Co., Ltd. made their decision deliberately through the process of mutual negotiation and consultation considering terms and conditions with reference to the results of the valuation.
    - c) Number of allotted shares: 2,966,194 shares
  - (3) Amount and reason for gain on negative goodwill
    - a) Amount of gain on negative goodwill: ¥597million (US\$ 7,284 thousand)
    - b) Reason for negative goodwill  
Negative goodwill was recognized as the fair value of net assets acquired exceeded acquisition cost of the shares.

## **17.Asset Retirement Obligations**

Because of insignificant amounts in asset retirement obligations, the Companies have omitted notation in the Notes to Consolidated Financial Statements for the years ended March 31, 2012 and 2011.

## **18.Investment and Rental Property**

Because of insignificant amounts in investment and rental property, the Companies have omitted notation in the Notes to Consolidated Financial Statements for the years ended March 31, 2012 and 2011.

## **19.Information on Various Segments**

### **I. Outline of the reportable segments**

The reportable segments of the Companies are components for which discrete financial information is available and prepared for the 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. Those 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 for 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 Significant Aspects for the Basis of Preparing Consolidated Financial Statements. 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, 2012

Millions of Japanese Yen

	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Domestic Civil Engineering	Domestic Architectural	Overseas	Total				
Net sales:								
External customers .....	¥57,482	¥44,370	¥25,411	¥127,263	¥8,745	¥136,008	¥ —	¥136,008
Inter-segment .....	634	224	—	858	16,958	17,816	(17,816)	—
Total .....	¥58,116	¥44,594	¥25,411	¥128,121	¥25,703	¥153,824	(17,816)	¥136,008
Segment profits or losses .....	2,248	(594)	2,738	4,392	75	4,468	(3,034)	1,434
Other items								
Depreciation and amortization...	¥623	¥21	¥375	¥1,019	¥600	¥1,619	¥306	¥1,923

For the year ended March 31, 2012

Thousands of U.S. Dollars

	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Domestic Civil Engineering	Domestic Architectural	Overseas	Total				
Net sales:								
External customers .....	\$700,996	\$541,099	\$309,896	\$1,551,991	\$106,643	\$1,658,634	\$ —	\$1,658,634
Inter-segment .....	7,727	2,736	—	10,463	206,806	217,269	(217,269)	—
Total .....	\$708,723	\$543,835	\$309,896	\$1,562,454	\$313,449	\$1,875,903	(217,269)	\$1,658,634
Segment profits or losses .....	27,415	(7,250)	33,394	53,559	924	54,483	(36,997)	17,486
Other items								
Depreciation and amortization...	\$7,593	\$255	\$4,576	\$12,424	\$7,319	\$19,743	\$3,715	\$23,458

#### Notes

- "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.
- Adjustment of the segment profits amounting to ¥(3,034) million (US\$ (36,997) thousand) is inclusive of inter-segment elimination amounting to ¥(93) million (US\$ (1,128) thousand) and Selling, General and Administrative Expenses amounting to ¥(2,941) million (US\$ (35,869) thousand) which are not attributed to any reportable segments.
- Segment profits or losses are adjusted to the operating income in the Consolidated Statements of Income.
- Assets are not described due to no allocation to the business segments.

For the year ended March 31, 2011

Millions of Japanese Yen

	Reportable Segment				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Domestic Civil Engineering	Domestic Architectural	Overseas	Total				
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

#### Notes

- "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.
- Adjustment of the segment profits amounting to ¥(3,090) million is inclusive of inter-segment elimination amounting to ¥77 million and Selling, General and Administrative Expenses amounting to ¥(3,167) million, which are not attributed to any reportable segments.
- Segment profits or losses are adjusted to the operating income in the Consolidated Statements of Income.
- Assets are not described due to no allocation to the business segments.

## 20.Related Information

### I.Information on products and services

Description is excluded since the similar information is disclosed in the segment information.

### II.Geographical information

1) Net sales	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Japan .....	¥110,599	¥130,324	\$1,349
Singapore .....	16,295	23,231	199
Other .....	9,114	11,217	111
Total.....	¥136,008	¥164,772	\$1,659

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 at domestically exceed 90% of those amounts in the consolidated balance sheets.

### III.Information on principal customer

Name of Customer	Net sales			Related segments
	Millions of Japanese Yen		Thousands of U.S. Dollars	
	2012	2011	2012	
Japanese Ministry of Land, Infrastructure, Transport and Tourism	¥17,973	¥38,793	\$219,183	Domestic Civil Engineering Businesses, Domestic Architectural Businesses, others

### Information on the loss on impairment of fixed assets in each reportable segment

For the year ended March 31, 2012 and 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 the notes related to the Consolidated Statements of Income.

### Information on the amortization and the unamortized balance of goodwill in each reportable segment

The Companies did not allocate the goodwill and the negative goodwill to the each reportable segment.

The amortization and the unamortized balance of the negative goodwill for the year ended and as of March 31, 2012 and 2011 were as the followings;

	Japanese Yen		U.S. Dollars
	2012	2011	2012
Amortization of negative goodwill for the current year .....	¥46	¥79	\$556
Unamortized balance of negative goodwill .....	3	48	40

Note) Negative goodwill arose due to additional acquisition of subsidiary's shares prior to March 31, 2010.

### Information on gain on negative goodwill in each reportable segment

The Companies did not allocate the gain on negative goodwill to the each reportable segment. The gain was accounted for ¥597 million (US\$7,284 thousand) due to the acquisition through a share exchange.

## 21.Per Share Data

	Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Net assets .....	¥295.66	¥292.73	\$3.606
Net income			
Basic .....	¥3.23	¥6.75	\$0.039
Diluted .....	—	—	—
Cash dividends .....	¥2.00	¥2.00	\$0.024

Notes) The basic information for calculation of per share data were as follows:

### 1.Per share data on net assets

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Net assets .....	¥62,608	¥62,290	\$763,515
Net assets amount for common stocks .....	62,463	61,220	761,748
Significant breakdown of differences			
Minority interests .....	¥145	¥1,071	\$1,768

	Thousands of shares	
	2012	2011
Numbers of issued shares of common stocks .....	224,946	224,946
Numbers of treasury stocks of common stocks .....	13,679	15,812
Numbers of common stocks which were used for calculation for per share data on net assets .....	211,267	209,134

### 2.Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2012	2011	2012
Net income .....	¥679	¥1,412	\$8,278
Net income which does not belong to common stockholders .....	—	—	—
Net income for common stocks .....	¥679	¥1,412	\$8,278

	Thousands of Shares	
	2012	2011
Average number of shares of common stocks .....	210,035	209,228

## 22. Significant Subsequent Events

Not applicable

### Consolidated table for detailed statements

#### Table for borrowing

	Millions of Japanese Yen		Thousands of U.S. Dollars		Average rate	Repayment deadline
	Beginning balance	Closing balance	Beginning balance	Closing balance	%	
Short-term borrowings .....	¥15,070	¥15,190	\$183,780	\$185,244	1.83%	
Current portion of long-term debt .....	6,078	4,266	74,122	52,022	2.10	
Current portion of lease obligations .....	12	41	151	502	—	
Long-term debt (excluding current portion) .....	9,168	10,702	111,805	130,515	1.89	from 2013 to 2017
Lease obligations (excluding current portion) .....	19	116	236	1,415	—	from 2013 to 2016
Other debt .....	—	—	—	—	—	
Total .....	<u>¥30,347</u>	<u>¥30,315</u>	<u>\$370,094</u>	<u>\$369,698</u>	—	

#### Notes

1. The "average rates" are balanced by the weighted average.

The average rates of lease obligations are not listed because interests are included in the lease obligation in the consolidated balance sheets.

2. The amount scheduled to be repayment of long-term debt and lease obligations (excluding current portions) within 5 years after the consolidated closing date 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 .....	¥4,294	¥3,164	¥2,039	¥1,205	\$52,370	\$38,584	\$24,872	\$14,689
Lease obligations .....	41	38	34	3	496	465	420	34

#### Table for asset retirement obligation

The indication omitted due to the beginning balance and closing balance of asset retirement obligation were less than or equal to hundredth part of the beginning balance and closing balance of the liabilities and net assets.

## Independent Auditor's Report

The Board of Directors  
TOA CORPORATION

We have audited the accompanying consolidated financial statements of TOA CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOA CORPORATION and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note I. II (9).

*Ernst & Young ShinNihon LLC*

June 28, 2012  
Tokyo, Japan

## Quarterly Financial Information

Cumulative period	Millions of Japanese Yen				Thousands of U.S. Dollars			
	First quarter	Second quarter	Third quarter	Consolidated accounting period	First quarter	Second quarter	Third quarter	Consolidated accounting period
Net sales .....	¥26,724	¥61,306	¥95,528	¥136,008	\$325,908	\$747,638	\$1,164,979	\$1,658,633
Income before income taxes or quarterly income before income taxes .....	(1,077)	(1,375)	(426)	1,350	(13,133)	(16,764)	(5,191)	16,460
Net income or quarterly net income .....	(678)	(709)	(119)	679	(8,269)	(8,651)	(1,445)	8,278

Cumulative period	Japanese Yen				U.S. Dollars			
	First quarter	Second quarter	Third quarter	Consolidated accounting period	First quarter	Second quarter	Third quarter	Consolidated accounting period
Per share data on net income or per share data on quarterly net income .....	¥(3.24)	¥(3.39)	¥(0.57)	¥3.23	\$(0.040)	\$(0.041)	\$(0.007)	\$0.039

Accounting period	Japanese Yen				U.S. Dollars			
	First quarter	Second quarter	Third quarter	Consolidated accounting period	First quarter	Second quarter	Third quarter	Consolidated accounting period
Per share data on quarterly net income or quarterly net loss .....	¥(3.24)	¥(0.15)	¥2.81	¥3.77	\$(0.040)	\$(0.002)	\$0.034	\$0.046

## Board of Directors

(As of June 28,2012)

### Chairman and Representative Director

Yukio Suzuki

### President and Representative Director

Masaomi Matsuo

### Vice President and Representative Director

Osamu Nakagome

### Directors

Tsuyoshi Torii

Morimasa Tani

Tsuyoshi Hyakutake

Masaki Akiyama

### Corporate Auditors

Nobuo Terabayashi

Nobuyuki Isa

Yujirou Oku

Tokio Monoe

## Executive Officers

(As of June 28,2012)

### 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

Tsutomu Higashi

Ryo Suetomi

Tsuyoshi Hyakutake

Masaki Akiyama

Hiroki Suda

Akio Aikawa

Kazuyuki Higuchi

Yoshinari Gokita

Michio Kanezaki

Masaharu Fukuda

### Executive Officers

Yasuo Fujikawa

Yutaro Ishii

Kazuyuki Mieno

Shigenori Hada

Atsurou Moriwake

Sakae Sugimoto

Tetsuzo Iwatsuki

Masanori Iwaki

Masato Ikeda

Hiroshi Oosumi

Shigetoshi Kurosu

Makoto Fujino

## Investor Information

(As of June 28, 2012)

### Head Office

TOA CORPORATION  
3-7-1, Nishi-shinjuku, Shinjuku-ku, Tokyo,  
163-1031 Japan  
Telephone : +81-3-6757-3800  
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<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, 2012)

### Authorized Shares

600,000,000

### Outstanding Shares

224,946,290 shares in 2012 (As of March 31, 2012)

### Number of Shareholders

12,145 (As of March 31, 2012)

### Number of Employees

1,533 (As of March 31, 2012)

### General Meeting

The General Meeting of Shareholders was held on June 28, 2012

### Stock Listing

Tokyo Stock Exchange, 1st Section Sapporo Securities Exchanges

### Transfer Agent

Mizuho Trust & Banking Co., Ltd.  
2-1, Yaesu 1 chome, 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)

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