

Annual Report 2013

For the fiscal year ended March 31, 2013

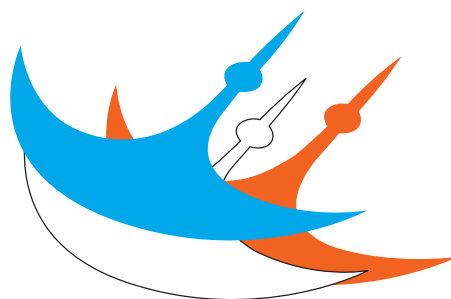


TOA Corporation is one of the largest multinational construction and engineering companies in Japan. Founded in 1908 to enter into the business of developing port facilities and adjacent industrial lands by dredging and reclaiming the shallow waters in Tokyo Bay, TOA has been in the forefront of coastal 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, 2013, 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 profile



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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Financial Highlights

TOA CORPORATION and its consolidated subsidiaries

Millions of Japanese Yen

Thousands of
U.S. Dollars
(Note)

Years ended March 31,	2009	2010	2011	2012	2013	2013
	Consolidated					
For the year:						
Net sales	¥ 205,979	¥ 190,301	¥ 164,772	¥ 136,008	¥ 160,985	\$ 1,712,605
Income before income taxes	1,660	2,393	2,294	1,350	1,904	20,259
Net income	1,075	1,233	1,412	679	210	2,229
At year-end:						
Total assets	192,351	194,913	169,103	168,124	182,868	1,945,404
Net assets	59,452	60,872	62,290	62,608	63,856	679,324
Property, plant and equipment-net	34,056	32,844	30,510	30,684	29,987	319,009

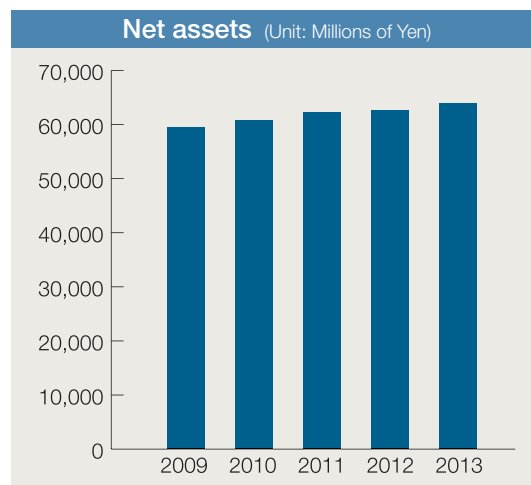
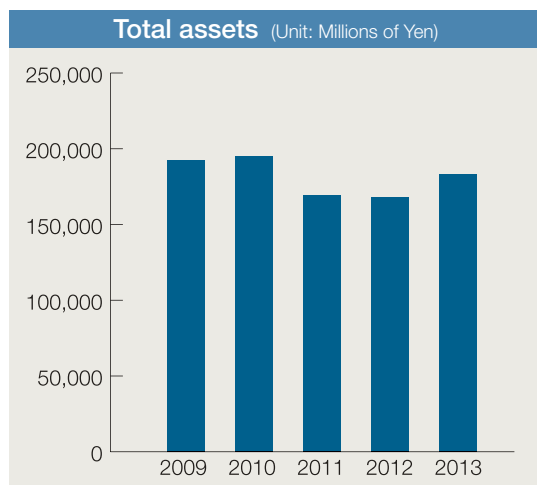
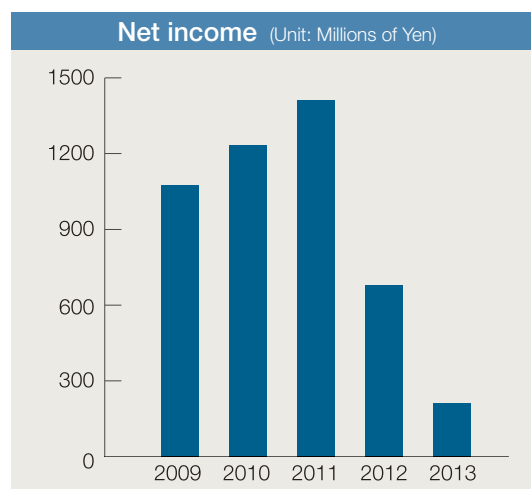
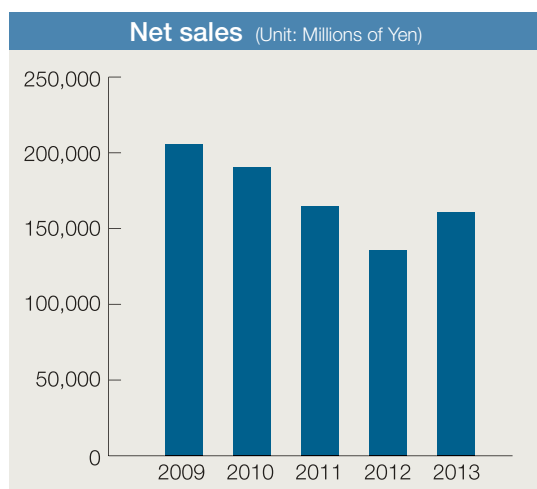
Per share of common stock:

Yen

U.S. Dollars

Net income	¥ 5.01	¥ 5.90	¥ 6.75	¥ 3.23	¥ 1.00	\$ 0.011
Cash dividends	2.00	2.00	2.00	2.00	—	—
Net assets	279.79	285.90	292.73	295.66	304.53	3.240

Note: The amount in U.S. dollars was converted at the rate of ¥94=US\$1, the effective rate at March 31, 2013.



Message from the President



President and Chief Executive Officer

M. Matsuo

For the fiscal year ended March 31, 2013, exports continued to be sluggish due to the influence of slowdown of the economy overseas and the prolonged appreciation of the yen, and there was concern that the economy might decline even further. However, a sense of expectation for the urgent economic countermeasures implemented by the Japanese government prompted a depreciation of the yen and an increase in stock prices, and supported by an improvement in the outlook of consumers, the Japanese economy began to show signs of a gradual recovery.

In the domestic construction industry, public investment showed steady progress due to the Special Account Spending on Reconstruction from the Great East Japan Earthquake and the large supplementary budget. Investments in the private sectors began to show signs of having bottomed out as corporate profits have improved. However, because of such issues as the decline in profitability from construction work due to increases in unit labor costs and costs for mechanical equipment and materials brought about by the greater volume of recovery and restoration work from the earthquake-related disaster,

and intense competition over orders, the environment surrounding the construction industry remains harsh.

Performance for the Fiscal Year

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 "bringing together the strengths of its technologies, its organization and its individuals, to identify issues and take concrete measures in order to

bolster its revenue base, with the aim of achieving sustainable growth” is set forth. Furthermore, the Toa Corporation Group positioned “secure the volume of projects, and improve profitability and quality” as its most important issue for the fiscal year just ended, and to fulfill its social responsibilities as a contractor, undertook efforts for the recovery and restoration of the areas devastated by the Great East Japan Earthquake.

Because of an increase in the volume of orders received, the consolidated results for the Toa Corporation Group for the fiscal year just ended showed an increase from the previous fiscal year of 18.4% to ¥171,300 million for net sales, with the breakdown described below.

[Domestic Civil Engineering Business]

In addition to strengthening the capabilities for taking part in the comprehensive evaluation bidding system, offering proposals that respond to the needs of the customers, reducing costs, and carrying forward other measures, efforts were focused on the rehabilitation of ports and other works for the restoration of areas devastated by the Great East Japan Earthquake. As a result, net sales for the

consolidated fiscal year just ended totaled ¥79,890 million on an increase of 39.0% over the previous consolidated fiscal year, and segment profit totaled ¥3,893 million on an increase of 73.2% over the previous consolidated fiscal year.

[Domestic Construction Business]

In addition to strengthening the capabilities for taking part in projects in the field of non-residential facilities in the private sector, such as warehouses and distribution facilities, efforts were focused on medical and welfare facilities, as well as on rehabilitation work for buildings that suffered earthquake-related damage. As a result, net sales for the consolidated fiscal year just ended totaled ¥43,176 million on a decrease of 2.7% from the previous consolidated fiscal year. Due to the declining profitability of some construction work, segment loss totaled ¥2,070 million on segment loss was ¥594 million for the previous consolidated fiscal year.

[Overseas Business]

Efforts were made for a gradual expansion of business, primarily in Southeast Asia. Due to advances made in work-in-progress and the effect of the depreciation of the

yen, net sales for the consolidated fiscal year just ended totaled ¥28,549 million on an increase of 12.3% over the previous consolidated fiscal year, and segment profit totaled ¥3,131 million on an increase of 14.3% over the previous consolidated fiscal year.

[Others]

Net sales for the consolidated fiscal year just ended totaled ¥9,367 million on an increase of 7.1% over the previous consolidated fiscal year, and segment profit totaled ¥426 million on an increase of 463.1% over the previous consolidated fiscal year.

As a result, because of an increase in gross profits produced by an increase in net sales, in addition to a decrease in general and administrative expenses, the operating income of the entire group exceeded ¥2,400 million on an increase of 71.0% over the previous fiscal year, while ordinary profit exceeded ¥2,200 million on an increase of 118.9% over the previous fiscal year, due to such factors as a decrease in foreign exchange losses resulting from the depreciation of the yen. However, net income was over ¥200 million, which was a

Message from the President

decrease of 69.1% from the previous fiscal year, due to an increase in tax expenses resulting from the amount of foreign taxes that exceeded the limit for tax credit in corporate inhabitant taxes and other factors.

Based on the abovementioned consolidated financial results for the Toa Corporation Group, to ensure that the Company is able to maintain the soundness of its financial standing, which is essential for meeting the challenges of the harsh business environment in the future, dividends will not be paid for the fiscal year just ended. All of us, the members of the management of the Company, would like to offer our sincerest apologies to the shareholders, and taking into consideration the circumstances behind this decision, we ask for their patience and understanding in this matter.

Outlook for the next Fiscal Year

In the domestic construction industry, public works projects that are focused on restoration and disaster prevention measures will continue to be executed one after another, and plans are being considered for developing facilities, such as

international strategic ports, to strengthen Japan's competitiveness internationally, and facilities that supply renewable energy, which is positioned as a growth industry. However, increases in labor costs and in costs for mechanical equipment and materials brought about by recovery and restoration work from the earthquake-related disaster will be factors that lead to a decline in the profitability of projects.

In the overseas construction industry, the trend worldwide for larger container ships and the growing demand for LNG is leading to expectations that demand for projects to develop infrastructure, particularly in Southeast Asia, where demand continues to be robust, will continue in such areas as developing deepwater container terminals and constructing thermal power plants, which are areas where the Toa Corporation Group has accumulated vast experience.

Management Policies for the next Fiscal Year

Improving the profitability of our domestic construction business is an urgent matter for the Company. Furthermore, in the field of marine civil engineering, which is the core business of the Company, competition with

other companies is expected to become even harsher. Therefore, the necessity for the Company to distinguish itself from these competitors and strengthen our competitive edge by digging deep into our technological assets is a management issue that requires our utmost efforts now and into the future.

Based on the management environment and management issues described above, the Toa Corporation Group has formulated its Mid-term Business Plan (from FY2013 to FY2015).

Outline of New Mid-term Business Plan (from FY2013 to FY2015)

1.Mission of Mid-term Business Plan

Redistribute management resources, endeavor to strengthen the management foundation, and fulfill its social responsibilities as a corporation.

2.The Basic Principles of the Mid-term Business Plan

- Firmly maintain the scale of business
- Endeavor to increase profitability
- Enhance customer-oriented approach

3. Policy of Each Division

■ Domestic civil engineering business

- *Firmly establish its position as the top company in all types of bodies of water, including the sea and rivers
- *Strategically and efficiently utilize large ships for work
- *In the area of land-based work, thoroughly and carefully selecting projects and focusing resources to secure volume of projects and profits

■ Domestic construction business

- *Secure targeted volume of projects, with priority being placed on the profitability aspect of the project
- *Increase the proportion of orders received for sole-source contracts, as well as for design and construction projects
- *Consolidate functions to the East Japan Block and the West Japan Block to make efficient use of human resources

■ Overseas business

- *Making Southeast Asia the base, gradually expand business operations with an eye on global markets
- *Strategically carry forward activities for receiving orders, with marine civil

engineering construction and plant construction as the core businesses

- *Undertake efforts to strengthen the project management capabilities

■ Efforts Across Each of the Divisions

- *Improve sales capabilities by strengthening the ability to collect information and offer proposals, and enhancing collaboration between the various divisions as well as between Japan and other countries
- *Precisely grasp the needs of the customers and offer proposals providing appropriate technical solutions
- *Undertake efforts to improve customer satisfaction by carrying out high-quality work
- *Undertake efforts to further deepen technologies for preventing and reducing damage from disasters, and support disaster countermeasures by customers
- *Focus efforts on developing technologies for disaster prevention, renewable energies, marine resources development, rehabilitation of infrastructure, etc.

■ Business Management and Personnel Measures and Other Matters

- *Build a safety-oriented corporate culture in which "Put Priority on Safety Above All Else" is its fundamental policy
- *Systematically develop human resources

(in various divisions, in various fields, doing various jobs) that can shoulder the responsibility of leading the next generation

- *Undertake efforts to further reduce indirect costs, with even restructuring being a possibility
- *Undertake efforts at all of the companies in the Group to strengthen collaboration and improve the ability to generate profits, thereby increasing the value of the corporate Group
- *Continuously reduce interest-bearing debt and maintain the soundness of the financial structure
- *Undertake efforts to further develop and strengthen the risk management system

As all of the members of the management are committed to unite as one in order to carry out the measures described above, we would be grateful for the continued understanding and support of all our shareholders.

June 2013

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 14 for details), played critical roles in building the 12km-long enclosing seawalls and reclaiming 56,000,000m³ 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 8,630,000m³ 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 14 for details) was adopted in order to maximize the recycling of dredged soft materials

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.



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

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

Cai Mep International Container Terminal in Socialist Republic of Vietnam

Construction has been completed on this international container terminal, which was built adjacent to the Cai Mep and Thi Vai Rivers in Ba Ria-Vung Tau Province in the Socialist Republic of Vietnam.

The Vietnam Government plans to make the Cai Mep-Thi Vai area an industrial zone. The container terminal was constructed as a part of this plan through yen loans provided under Japan's STEP (Special Terms for Economic Partnerships), which can be utilized for such purposes as making use of Japanese soft ground stabilization technology for the construction of port facilities.

The construction site was located in mangrove wetlands, so prior to the start of construction work, landfill work and stabilization (through compaction) of the soft ground clay layer were carried out.



■ Client

Ministry of Transport in the Socialist Republic of Vietnam

■ Construction period

October 2008 to October 2013

■ Project outline

- Container Wharf (Length:600m, Depth:14m)
- Two Approach Trestle (each 20m wide, Length:85m)
- One Approach Trestle (40m wide, Length:85m)
- Mooring and Turning basin (Diameter:600m Depth:14m)
- Soil Improvement Work (PVD and Surcharge)
- Container Terminal Yard (40ha)
- Buildings (Container Freight Station, Office etc.:Total of 9 buildings)
- Utilities Works (Drainage, Sewerage and Fire Fighting)
- Electrical Works

Main Body of the Breakwater (offshore) (Disaster recovery construction work) in the Honko Area, Port of Soma in Fukushima Prefecture

Two years have passed since the Great East Japan Earthquake, and recovery work is being steadily undertaken at the Port of Soma in Fukushima Prefecture as well, where a tsunami measuring approximately ten meters in height had caused devastating damage.

Toa Corporation was responsible for constructing nine caissons, utilizing the floating docks at Onahama Port in Fukushima Prefecture, and then transporting the caissons to the Port of Soma and carrying out the work for their temporary placement.



■ Client

Tohoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism

■ Construction period

June 2012 to March 2013

■ Project outline

- Work to repair damage from the Great East Japan Earthquake
- Work to construct 9 caissons, and 1 set of miscellaneous works

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

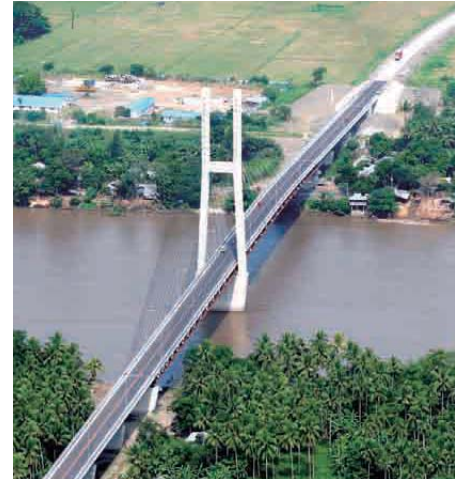
The Shibakawa River suffered from deteriorating water quality due to increases in domestic sewage from the growing population in its basin. As the channel slope of the Shibakawa River was too gentle for its natural flow to cope with the pollutants in the sewage.

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 5,300m³ of soft and clayey shield sludge into a construction material with characteristics.



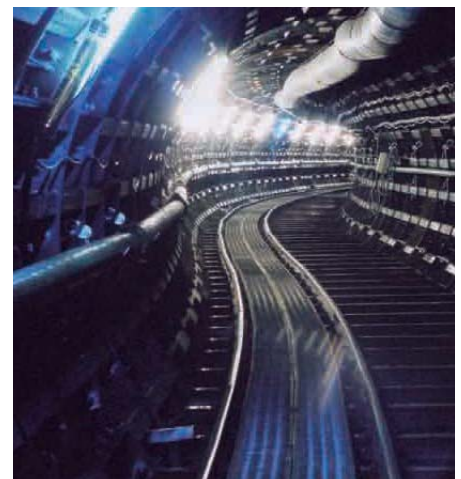
2nd Magsaysay Bridge and Butuan City Bypass Road in Mindanao, Republic of the Philippines

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.



Newly Completed Project

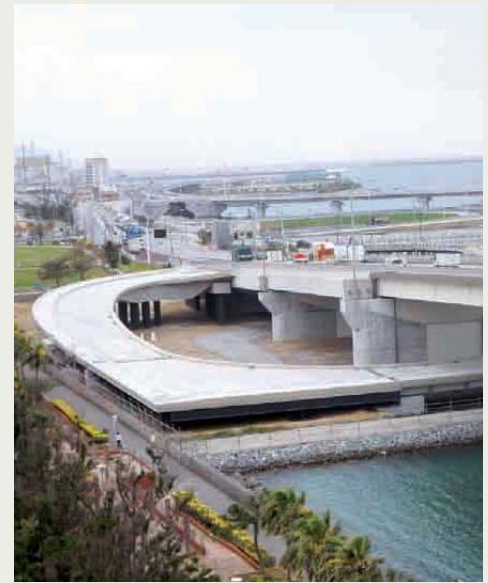
Emergency Restoration Works of Seisho Bypass Toll Road, Kanagawa Prefecture

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.



Work on Road Top at Naha Port in Tomari Wharf area, Okinawa Prefecture

Construction work was carried out on the bridge superstructure of a 181-meter section of the Naha Port Road (Wakasa Route No. 2 Bridge), which connects to the Tomari Bridge and will become the access road to the International Passenger Ship Terminal. The opening of Wakasa Route No. 2 Bridge is expected to greatly improve accessibility to the Passenger Ship Terminal, as well as alleviate traffic congestion in the vicinity of the port.



■ Construction period
February 2012 to March 2013

■ Project outline
Construction of hollow-core slab bridge (two spans); accessory work for constructing bridge; paving work; work on steel bridge superstructure; work on multiple connecting aspects in bridge construction

Ho Chi Minh City Water Environment Improvement Project Package A – Dredging and Work to Reinforce Embankment in Socialist Republic of Vietnam

The embankment reinforcement work for this project consisted of dredging an approximately two-kilometer stretch of a river that runs through the center of Ho Chi Minh City, Vietnam, as well as carrying out reinforcement work on the river embankment that included planting vegetation and putting in lighting fixtures. This project was carried out as a part of a yen loan project provided for the purpose of improving the water environment of a river running through the central area of Ho Chi Minh City.



■ Client
People's Committee of Ho Chi Minh City
■ Construction period
September 2011 to October 2012

■ Project outline
Dredging of the river : Vol.:402,233 m³
Reinforcement of river embankment : Length : 1,509 m (including landscaping)

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.

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 1,936m² of floorspace, an 811m² ice plant building, a refrigeration system, an ice production plant, a sewage treatment system, and other auxiliary utilities.

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



A next generation refrigerated warehouse which Toa Corporation helped design and construct was completed 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 36,000m², 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.



Newly Completed Project

Reconstruction Work on Kita-Shiroishi Elementary School and Kita-Shiroishi Junior High School (Work on main buildings)

Construction combining the school buildings of the Kita-Shiroishi Elementary School and Kita-Shiroishi Junior High School has been completed. By combining an elementary school and a junior high school to make a more compact set of school buildings, it was possible to realize a building plan that made more effective use of the school grounds and, in addition, did not require the construction of temporary school buildings.

The buildings of the school were renovated to enable elementary school students and junior high school students to share various facilities, such as the front entrance, library, and lunchroom; and there is now just one teachers' room in order to facilitate the smooth collaboration between the teaching staff of the elementary school and junior high school. Moreover, an open classroom style has been adopted, so there are no walls separating the classrooms from the hallways.



Client

Sapporo City, Hokkaido

Construction period

June 2011 to July 2012

Site of construction

Sapporo City, Hokkaido

Project outline

Wing A: RC construction; 4 floors above ground; Total floor area : 8,307 m²

Wing B: RC construction; 4 floors above ground; Total floor area : 7,358 m²

Wing C: RC construction; 3 floors above ground; Total floor area : 2,909 m²

Connecting passageway: RC construction; Total floor area of 25 m²

Construction of new buildings Lohas Rokubankan (Provisional name) and Hanakotoba Ishimaki (Provisional name)

In Ishinomaki City, where suffered tremendous damage from the Great East Japan Earthquake to many of its welfare facilities and homes, construction was completed on Lohas Rokubankan and Hanakotoba. These buildings are housing facilities for the elderly who had been living in temporary housing and are equipped to provide service support for the residents.

At the recommendation of Toa Corporation and its collaborating business partners, both housing facilities have an evacuation area on the upper floor and an emergency supply warehouse, and have been certified by Ishinomaki City as "tsunami evacuation buildings."



Lohas rokubankan



Hanakotoba Ishibaki

Client

Bell Company LLC

Construction period

January 2012 to January 2013

Site of construction

Ishinomaki City, Miyagi Prefecture

Project outline

Lohas: RC construction; 6-story building; Total floor area of 3,872.72 m²

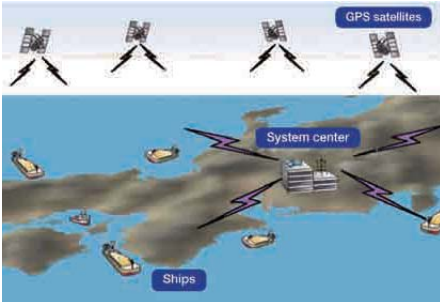
Hanakotoba: RC construction; 5-story building; Total floor area of 2,598.61 m²

Site of construction: Ishinomaki City, Miyagi Prefecture

RESEARCH & DEVELOPMENT

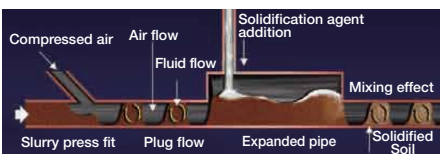
Operations

COS-NET (Construction On the Sea Network)



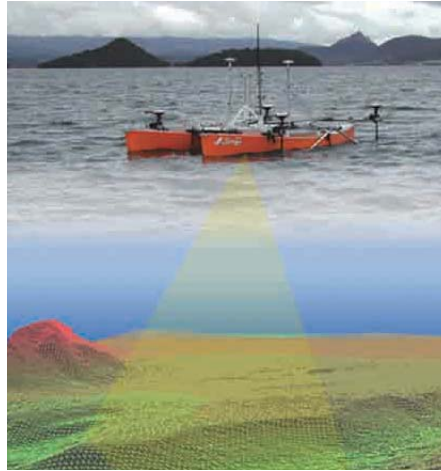
COS-NET (Construction On the Sea Network) is a system for monitoring and controlling work vessels through a combination of GPS and IT technology. Utilizing this system makes it easy to obtain accurate positions and other operation data.

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 1,000m²/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.

Wide Grab Bucket Dredging Method -High precision dredging-



A large-scale wide bucket used for effectively carrying out highly precise shallow layer dredging. This equipment is tightly sealed and has a high soil concentration ratio per grab and the trajectory of the bucket blades can be verified on a screen from the control room while carrying out highly precise shallow layer dredging.

Seismic Isolation Method

- Seismic isolation technology for protecting people and building from earthquakes -



A construction method where layered rubber is inserted in between the building and foundation and by separating the foundation from the building, the sharp movements of an earthquake are changed into slower, more gradual movements. This maintains the safety of the people inside the building and protects the building and equipment from damage.

Cutter Suction Dredger -Dredging-



A dredging vessel which excavates sea bottom foundations using the cutter on the tip of the rudder, and dredges large quantities using its pumps. Dredged material is directly transported to the designated discharge areas through soil exhaust pipes. Our company has carried out continual improvement of dredging machinery since the company's founding in order to allow handling of dredging in a wide variety of soil qualities from soft mud to hard soil.

Multiple Angle Swinging Pile Driving Vessel and Crane Ship -Pile Driver Ship-



The company has constructed the “Kakuryu” large scale multiple angle swinging pile driving vessel with a 600t hoisting capacity and superior work efficiency to accommodate the increasing trend towards scaling up of diameter of steel pipe piles for the larger scaling of port facilities both in Japan and overseas.

Mangrove Transplanting -mitigation-



In development in Singapore forest that was going to be eliminated was instead transplanted and recreated in accordance with local environmental conditions. The mangrove seeds were grown to saplings and then transplanted for a successful large scale production of an approximately 13 hectare mangrove forest.

*Mitigation: A preservation act for reducing the affect of development projects on the environment.

FRP Protective Permanent Form Method -Salt Damage Deterioration Restoration-



A restoration method for concrete port structures suffering from salt damage. Highly rigid FRP* panels are used as a framework when restoring the deteriorated parts, and the panels are left in place after completion of the work to prevent penetration of external chloride ions, making for a durable structure.

*FRP: Fiber Reinforced Plastics

Cement Deep Mixing Method -Foundation Improvement -



A Cement Deep Mixing method. This method hardens soft foundations by mixing soft soil with a stabilization agent in-situ using a rotating mixing shaft with blades. The method is suitable for providing stable strength quickly in both onshore and offshore works and for various purposes such as massive constructions, narrow space construction and treatment of contaminated soil.

The Balloon Grouting Method



Depiction of work being carried out on an airport runway (liquefaction countermeasure)

The Balloon Grouting Method is a chemical grouting method used to avoid liquefaction underneath existing structures and leakage of back-fill material behind existing wharfs. This method uses low pressure-injected chemicals into boreholes (96mm diameter) to strengthen foundations.

This operation can be carried out without damaging existing facilities and disturbing their operational activities. As the equipment is relatively compact, this method is particularly useful where space is restricted.

Dokodemo(Anywhere and Everywhere) Dry Method -Maintenance of Underwater Work Spaces-



A technology for creating workspaces around waterside structures. A sponge type water proofing material is installed in the joints between the main structures and work structures which are then connected to create an air filled space in water. The technology provides superior waterproofing and strength properties and can handle even structures with very complex shapes allowing for repair and reinforcement construction to be carried out earlier.

RESEARCH & DEVELOPMENT

Operations

Soil Separator-Multi Method for Tsunami Deposits

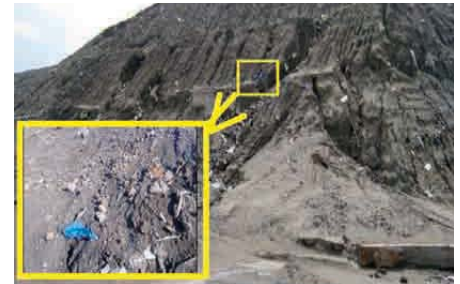
The 15th Infrastructure Technology Development Award (Best Excellence Prize)

The Soil Separator-Multi Method is a method developed by our company to reduce the volume of and also recycle dredged sand and soil.

The vast quantity of soil and sand, which had trash and rubble mixed in, generated by the tsunami caused by the Great East Japan Earthquake is referred to as tsunami deposits. Delay in the treatment and disposal of such tsunami deposits is one of the factors that is hindering the recovery and restoration of the areas devastated by the disaster. To resolve this situation, our company employed the soil separator-multi method to develop a recycling technology for separating and removing minute pieces of trash and rubble,

measuring a few millimeters in size, from the tsunami deposits, and further sort through the soil and sand to remove as much of the clay components as possible.

Our company will continue to make use of its technologies, such as the soil separator-multi method, in its efforts for the early recovery and restoration of the areas devastated by the disaster.



Tsunami deposits



A panoramic view of the facilities

Technology for Removing Radiation-Contaminated Bottom Mud From Bodies of Water

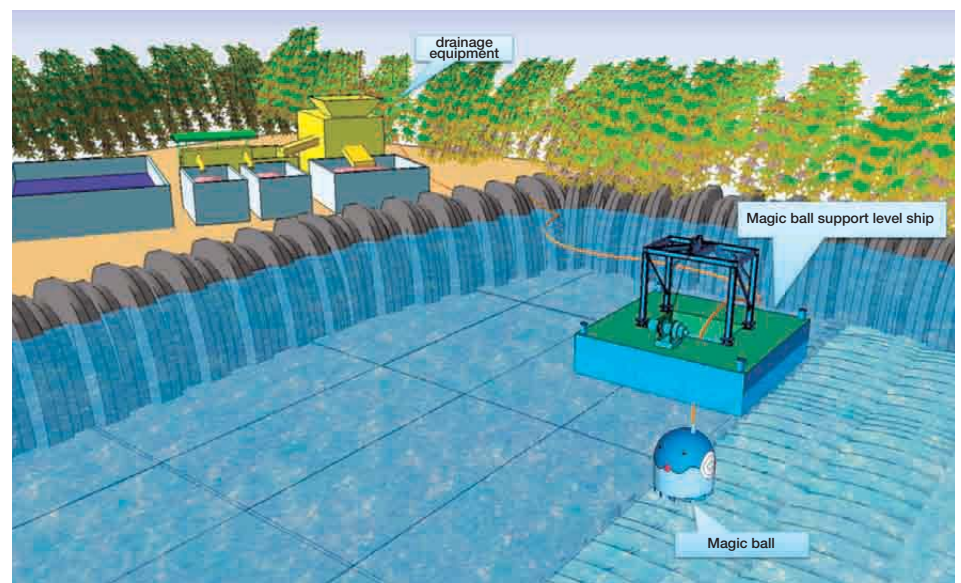
Toa Corporation and Fukushima University have firmly established through verification tests conducted in Fukushima Prefecture a technology for removing radiation-contaminated bottom mud from bodies of water, such as lakes, marshes, and the sea. Utilizing this technology, the top layer of bottom mud, which had a high cesium concentration, was removed while keeping turbidity to a minimum and also reducing the volume of soil and sand that needed to be removed.

The verification tests made use of a modified "magic ball," which is a deposit removing device for suctioning soil and sand, and an aggregation agent was used in the solid-liquid separation treatment in order to reduce

the final volume of sludge for disposal.

The test results showed that 88% of the radioactive substances deposited in the storage reservoir was successfully removed.

Furthermore, cesium was not detected in the discharged water following the solid-liquid separation treatment.



Depiction of removal work



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 SHEET

TOA CORPORATION and its consolidated subsidiaries
As of March 31, 2013 and 2012

ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Current assets:			
Cash and bank deposits (Note 11)	¥ 50,095	¥ 49,671	\$ 532,928
Notes and accounts receivable, trade (Notes 4 and 11)	59,554	48,883	633,552
Allowance for doubtful accounts	(126)	(175)	(1,340)
Real estate for sale	5,965	6,188	63,455
Cost on construction contracts in progress and other (Note 4)	2,803	3,215	29,822
Advanced money (Note 11)	11,696	5,134	124,426
Deferred tax assets (Note 15)	2,123	2,481	22,588
Other current assets (Note 4)	3,918	6,587	41,680
Total current assets	136,028	121,984	1,447,111
Property, plant and equipment:			
Land (Note 4)	20,099	19,653	213,824
Buildings and structures	16,006	15,645	170,275
Machinery, vehicles and equipment	24,502	24,632	260,658
Leased assets (Note 9)	86	42	911
Construction in progress	64	206	686
Total property, plant and equipment	60,757	60,178	646,354
Less accumulated depreciation	(30,770)	(29,494)	(327,345)
Property, plant and equipment—net	29,987	30,684	319,009
Intangible fixed assets:	491	584	5,226
Investments and other assets:			
Investments in securities (Notes 4, 11 and 12)	12,482	10,362	132,786
Long-term loans (Note 4)	884	826	9,404
Deferred tax assets (Note 15)	1,505	2,168	16,006
Other (Note 4)	2,254	2,348	23,975
Allowance for doubtful accounts	(763)	(832)	(8,113)
Total investments and other assets	16,362	14,872	174,058
Total assets	¥ 182,868	¥ 168,124	\$ 1,945,404

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)
	2013	2012	2013
Current liabilities:			
Short-term borrowings (Notes 4 and 11)	¥ 11,539	¥ 15,190	\$ 122,756
Current portion of long-term debt (Note 11)	4,549	4,266	48,397
Notes and accounts payable, trade (Notes 4 and 11)	52,167	40,837	554,968
Accrued income taxes	842	223	8,954
Advances received on construction contracts in progress	12,234	13,621	130,144
Reserve for indemnity on completed contracts	388	365	4,126
Reserve for loss on construction works (Note 4)	1,066	1,178	11,343
Deposits received (Note 11)	13,967	8,431	148,590
Other current liabilities (Notes 4, 11 and 12)	3,242	3,063	34,491
Total current liabilities	99,994	87,174	1,063,769
Long-term liabilities:			
Long-term debt (Note 11)	11,098	10,702	118,063
Reserve for retirement benefits (Note 14)	3,316	3,011	35,265
Reserve for retirement benefits for directors	50	69	543
Deferred tax liabilities on revaluation of land (Notes 4 and 15)	2,970	2,974	31,591
Other long-term liabilities (Note 11)	1,584	1,586	16,849
Total long-term liabilities	19,018	18,342	202,311
Total liabilities	119,012	105,516	1,266,080
Net assets (Note 7):			
Shareholders' equity:			
Common stock,			
Authorized—600,000,000 shares			
Issued—224,946,290 shares at March 31, 2013 and 2012, respectively	18,977	18,977	201,879
Capital surplus	18,114	18,114	192,701
Retained earnings	23,749	23,934	252,649
Treasury stock, at cost 15,257 thousand shares and 13,679 thousand shares at March 31, 2013 and 2012, respectively	(1,961)	(1,760)	(20,859)
Total shareholders' equity	58,879	59,265	626,370
Accumulated other comprehensive income:			
Net unrealized gains (losses) on securities	2,290	644	24,364
Net deferred gains (losses) on hedges (Note 13)	—	(20)	—
Revaluation reserve for land (Note 4)	2,687	2,574	28,590
Total accumulated other comprehensive income	4,977	3,198	52,954
Minority interests			
Total net assets	63,856	62,608	679,324
Commitments and contingent liabilities (Note 4):			
Total liabilities and net assets	¥ 182,868	¥ 168,124	\$ 1,945,404

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

CONSOLIDATED STATEMENT OF INCOME

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Net sales (Note 5)	¥ 160,985	¥ 136,008	\$ 1,712,605
Cost of sales (Note 5)	148,551	124,264	1,580,334
Gross profit	12,434	11,744	132,271
Selling, general and administrative expenses (Note 5)	9,982	10,310	106,187
Operating income	2,452	1,434	26,084
Other income (expenses):			
Interest and dividend income	284	496	3,019
Interest expense	(473)	(553)	(5,028)
Additional severance payment	(45)	(79)	(481)
Provision for doubtful accounts, non-trade	(57)	191	(607)
Loss on impairment of fixed assets (Note 5)	(48)	(31)	(508)
Gain on insurance claims	171	28	1,818
Gain on sale of fixed assets (Note 5)	101	336	1,074
Gain on sale of marketable securities and investment in securities	187	20	1,986
Gain on negative goodwill (Note 19)	—	597	—
Compensation for damage	(6)	(174)	(59)
Loss on litigation	(13)	(144)	(137)
Loss on disaster	(169)	—	(1,799)
Loss on valuation of investment in securities	(310)	(45)	(3,297)
Exchange loss, net	(24)	(549)	(252)
Loss from disaster caused by the Great East Japan Earthquake (Note 5)	—	(152)	—
Other, net	(146)	(25)	(1,554)
	(548)	(84)	(5,825)
Income before income taxes and minority interests	1,904	1,350	20,259
Income taxes (Note 15):			
Current	1,676	818	17,836
Deferred	16	(164)	167
	1,692	654	18,003
Income before minority interests	212	696	2,256
Minority interests	2	17	27
Net income	¥ 210	¥ 679	\$ 2,229

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)	
	2013	2012	2013	
Income before minority interests	¥ 212	¥ 696	\$ 2,256	
Other comprehensive income:				
Net unrealized gains on securities	1,646	271	17,510	
Net deferred gains on hedges	20	42	216	
Revaluation reserve for land	—	401	—	
Total other comprehensive income (Note 6)	1,666	714	17,726	
Comprehensive income	¥ 1,878	¥ 1,410	\$ 19,982	
Total comprehensive income attributable to: (Note 6)				
Shareholders of TOA CORPORATION	¥ 1,876	¥ 1,392	\$ 19,955	
Minority interests	2	18	27	

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2013 and 2012

	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)		
Balance at March 31, 2011	¥ 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)
Balance at March 31, 2012	¥ 18,977	¥ 18,114	¥ 23,934	¥ (1,760)	¥ 644	¥ (¥20)	¥ 2,574	¥ 145	¥ 62,608
Cash dividends			(423)						(423)
Net income			210						210
Acquisition of treasury stock				(201)					(201)
Changes due to merger with unconsolidated subsidiary		(0)	141						141
Reversal of revaluation reserve for land			(113)						(113)
Net changes in items other than shareholders' equity					1,646	20	113	(145)	1,634
Balance at March 31, 2013	¥ 18,977	¥ 18,114	¥ 23,749	¥ (1,961)	¥ 2,290	¥ —	¥ 2,687	¥ —	¥ 63,856

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

	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)		
Balance at March 31, 2012	\$ 201,879	\$ 192,706	\$ 254,625	\$ (18,727)	\$ 6,854	\$ (216)	\$ 27,382	\$ 1,542	\$ 666,045
Cash dividends			(4,495)						(4,495)
Net income			2,229						2,229
Acquisition of treasury stock				(2,132)					(2,132)
Changes due to merger with unconsolidated subsidiary		(5)	1,498						1,493
Reversal of revaluation reserve for land			(1,208)						(1,208)
Net changes in items other than shareholders' equity					17,510	216	1,208	(1,542)	17,392
Balance at March 31, 2013	\$ 201,879	\$ 192,701	\$ 252,649	\$ (20,859)	\$ 24,364	\$ —	\$ 28,590	\$ —	\$ 679,324

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

CONSOLIDATED STATEMENT OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 1,904	¥ 1,350	\$ 20,259
Adjustments to reconcile income before income taxes and minority interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,941	1,957	20,652
Loss on impairment of fixed assets	48	31	508
Exchange (gain) loss, net	(295)	495	(3,140)
(Gain) loss on sale or disposal of fixed assets	(86)	(300)	(918)
(Gain) loss on sale of marketable securities and investment in securities	(185)	(20)	(1,970)
Write-down of marketable securities and investment in securities	310	45	3,297
Write-down of utility rights	4	7	38
Increase (decrease) in reserve for retirement benefits	286	280	3,040
Increase (decrease) in allowance for doubtful accounts	(118)	(288)	(1,255)
Changes in:			
Notes and accounts receivable, trade	(10,671)	7,694	(113,515)
Real estate for sale	223	(868)	2,369
Cost on construction contracts in progress and other	412	520	4,385
Notes and accounts payable, trade	11,328	(3,752)	120,506
Advances received on construction contracts in progress	(1,387)	9,145	(14,758)
Other, net	2,665	(3,044)	28,355
Sub-total	6,379	13,252	67,853
Interest and dividend income received	282	500	3,000
Interest paid	(524)	(558)	(5,570)
Income taxes paid	(1,064)	(365)	(11,316)
Net cash (used in) provided by operating activities	5,073	12,829	53,967
Cash flows from investing activities:			
Payments for acquisition of marketable securities and investment in securities	(49)	(26)	(520)
Proceeds from sale of marketable securities and investment in securities	277	89	2,950
Payments for acquisition of property, plant and equipment	(1,161)	(3,438)	(12,353)
Proceeds from sale of property, plant and equipment	125	1,311	1,327
Other, net	(217)	(208)	(2,307)
Net cash (used in) provided by investing activities	(1,025)	(2,272)	(10,903)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(3,651)	120	(38,840)
Proceeds from long-term debt	4,945	5,800	52,606
Repayment of long-term debt	(4,266)	(6,078)	(45,381)
Acquisition of treasury stock	(200)	(71)	(2,132)
Cash dividends paid	(419)	(413)	(4,456)
Other, net	(106)	(52)	(1,125)
Net cash (used in) provided by financing activities	(3,697)	(694)	(39,328)
Effect of exchange rate changes on cash and cash equivalents	252	(494)	2,680
Net increase (decrease) in cash and cash equivalents	603	9,369	6,416
Cash and cash equivalents at beginning of year	49,425	40,056	525,799
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiary	42	—	442
Cash and cash equivalents at end of year (Note 8)	¥ 50,070	¥ 49,425	\$ 532,657

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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 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, 2013. The consolidated financial statements for the year ended March 31, 2013 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 not significant in terms of total assets, net sales, retained earnings or net income in aggregate.

Investments in unconsolidated 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 quotation 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 selling 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 method 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.

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

In accordance with the amendment of the Corporation Tax Law of Japan, effective from the year ended March 31, 2013, the Company and its domestic consolidated subsidiaries have changed the depreciation method for those property, plant and equipment acquired on or after April 1, 2012. This change did not have a material impact on the Companies' consolidated financial statements.

(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 form 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 are provided for 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 by the end of this year can be reliably estimated. 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 interest swaps. The related hedged item is 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. 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 ¥94=US\$1, the approximated rate of exchange prevailing on March 31, 2013. 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.Issued but not yet adopted accounting standard and others

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Statement No. 25, May 17, 2012)

(1) Overview

From the viewpoint of improvements to financial reporting and international convergence, this accounting standard mainly focuses on a) changes in the treatment of unrecognized actuarial differences and unrecognized prior service cost, and enhancement of disclosures, and b) a revision to determination of projected benefit obligations and current service cost.

(2) Scheduled Date of Application

The Companies are scheduled to apply above a) from the consolidated financial statements concerning the end of the fiscal year starting April 1, 2013 and above b) from the beginning of the fiscal year starting April 1, 2014.

(3) Effect of Application of this accounting standard

The effect of the application of this accounting standard is currently under consideration.

3.Changes in Presentation

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

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

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

To reflect these changes in presentation, the Companies reclassified items of previous year in the consolidated statement of income for the current year

Consequently, Gain on insurance claims was newly shown in the amount of ¥28 million and Amortization of negative goodwill in the amount of ¥46 million was included in Other, net. Also Other, net of other income (expenses) in the previous year was shown in the amount of ¥(25) million, compared with ¥(43) million previously presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

4. Notes to Consolidated Balance Sheet

I. Cost on construction contracts in progress and other

Cost on construction contracts in progress and other as of March 31, 2013 and 2012 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Cost on construction contracts in progress	¥2,175	¥2,359	\$23,144
Other inventories	628	856	6,678
Cost on construction contracts in progress and other	¥2,803	¥3,215	\$29,822

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 as of March 31, 2013 and 2012 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
	¥15	¥189	\$162

III. Investments in securities

Among investments in securities, amount in aggregate corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2013 and 2012 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investments in affiliates	¥503	¥556	\$5,355

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 collectability 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 collectability 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.

Revalued date March 31, 2002

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Differences of the land after revaluation exceeded its fair value	¥6,666	¥6,786	\$70,911

V .Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2013 and 2012 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Assets pledged as collateral:			
Current assets			
Other current assets	¥50	¥66	\$528
Investment and other assets			
Investment in securities	2,705	2,345	28,780
Long-term loans	674	719	7,167
Other	65	56	696
Total	¥3,494	¥3,186	\$37,171

As of March 31, 2013, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥1,632 million (US\$17,362 thousand) and liabilities based on the loan agreements with credit line between 15 PFI companies and financial institutions.

As of March 31, 2012, secured liabilities were in the amount of ¥1,634 million and liabilities were for 14 PFI companies.

VI .Securities lent

Among investment in securities, securities were lent to financial institution under the security lending agreement at March 31, 2013 and 2012 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
	¥116	¥51	\$1,234

VII .Commitments and contingent liabilities

The Companies are contingently liable for the following as of March 31, 2013 and 2012:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Employees (Loan guarantee to bank)	¥19	¥24	\$202
National Federation of Promotion for Fishing Ports and Villages			
Fisheries Cooperative Association (Loan guarantee)	380	466	4,042
Others	243	193	2,581
Total	¥642	¥683	\$6,825

VIII .Short-term borrowings

The Company had commitment lines for efficient financial arrangement from 7 banks as of March 31, 2013 and 2012 as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Total amount of contracts of commitment lines	¥20,000	¥20,000	\$212,766
Outstanding borrowings	—	—	—
Balance	¥20,000	¥20,000	\$212,766

IX .Notes receivable and notes payable

On March 31, 2013 and 2012, financial institutions were on a holiday in Japan, and therefore the following notes receivable and payable maturing on that date were included in the balance sheet and were settled on the next business day.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Notes receivable	¥1,762	¥119	\$18,748
Notes payable	1,489	1,746	15,844

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

5. Notes to Consolidated Statement 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
2013	2012	2013
¥147,699	¥118,285	\$1,571,266

II. Loss on valuation of inventory

The ending inventory was the carrying value after writing down due to the decreased profitability. 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
2013	2012	2013
¥22	¥75	\$236

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
2013	2012	2013
¥713	¥627	\$7,587

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
	2013	2012	2013
Salaries to employees	¥4,235	¥4,391	\$45,052
Provision for retirement benefits for directors	23	24	245
Expenses for retirement benefits for employees	552	551	5,875
Research expenses	816	1,019	8,682
Provision for doubtful accounts, trade	(133)	(83)	(1,410)

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
2013	2012	2013
¥912	¥1,102	\$9,705

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
	2013	2012	2013
Land	¥65	¥6	\$696
Machinery and equipment	25	—	269
Vessels	10	327	106
Others	1	3	3
Total	¥101	¥336	\$1,074

VII .Impairment of fixed assets

For the year ended March 31, 2013, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land	Hokkaido and others	5

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 ¥48 million (US\$508 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, 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 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.

6. Notes to Consolidated Statement 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
	2013	2012	2013
Unrealized gains (Losses) on securities:			
Amount arising during the year	¥2,455	¥351	\$26,119
Amount of reclassification adjustments	96	24	1,024
Amount before tax effect	2,551	375	27,143
Tax effect	(905)	(104)	(9,634)
Unrealized gains (Losses) on securities	1,646	271	17,509
Deferred gains (losses) on hedges:			
Amount arising during the year	50	7	529
Amount of reclassification adjustments	(17)	65	(180)
Amount before tax effect	33	72	349
Tax effect	(13)	(30)	(132)
Deferred gains (losses) on hedges	20	42	217
Revaluation reserve for land:			
Tax effect	—	401	—
Revaluation reserve for land	—	401	—
Total other comprehensive income	¥1,666	¥714	\$17,726

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

7. Notes to Consolidated Statement of Changes in Net Assets

I. Type and number of shares

For the year ended March 31, 2013

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	13,679	1,578	—	15,257

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

Increase due to purchase of odd stock	3 thousand shares
Increase due to acquisition of treasury stock by the Company	1,575 thousand 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
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II. Dividend payment

For the year ended March 31, 2013

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	\$ 4,570	\$0.02	March 31, 2012	June 29, 2012

For the year ended March 31, 2012

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

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		Record date	Effective date
			Total amount of dividends	Cash dividends per share (Yen)		
Annual Shareholders' Meeting held on June 28, 2012	Common stock	Retained earnings	¥430	¥2	March 31, 2012	June 29, 2012

8. Notes to Consolidated Statement of Cash Flow

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Cash and bank deposits	¥50,095	¥49,671	\$532,928
Time deposits due over three months	(25)	(246)	(271)
Cash and cash equivalents	¥50,070	¥49,425	\$532,657

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, 2013 and 2012, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥519	¥531	\$5,525
Due over one year	1,434	1,925	15,247
Total	¥1,953	¥2,456	\$20,772

II .Finance lease

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

Because of insignificant amounts in the acquisition cost, accumulated depreciation and net book value of lease assets, the Companies have omitted notation in the Notes to Consolidated Financial Statements for the year ended March 31, 2013.

At March 31, 2012

	Millions of Japanese Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Tools, equipment	¥34	¥27	¥7
Software	22	18	4
Total	¥56	¥45	¥11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥—	¥11	\$—
Due over one year	—	—	—
Total	¥—	¥11	\$—

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
	2013	2012	2013
Lease expense paid	¥—	¥25	\$—
Depreciation equivalent	—	25	—

(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, 2013 and 2012.

11. Financial Instruments

I. Summary of financial instruments

a) Policy for financial instruments

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

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

Notes 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 directors and derivatives provided by the highly-rated financial institutions are utilized 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, 2013, 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	¥50,095	¥50,095	¥—	\$532,928	\$532,928	\$—
Notes and accounts receivable, trade	59,524	59,524	—	633,237	633,237	—
Advanced money	11,696	11,696	—	124,426	124,426	—
Investments in securities						
Other securities	10,116	10,116	—	107,618	107,618	—
Notes and accounts payable, trade	(52,167)	(52,167)	—	(554,968)	(554,968)	—
Short-term borrowings	(11,539)	(11,539)	—	(122,756)	(122,756)	—
Deposits received	(13,967)	(13,967)	—	(148,590)	(148,590)	—
Long-term debt (*2)	(15,647)	(15,793)	(146)	(166,460)	(168,009)	(1,549)
Derivative transactions	¥—	¥—	¥—	\$—	\$—	\$—

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

(*2) Current portion of long-term debt of ¥4,549 million (US\$48,397 thousand) is included in long-term debts and carrying amount and fair value are represented.

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)
	Millions of Japanese Yen		
Cash and bank deposits	¥49,671	¥49,671	¥—
Notes and accounts receivable, trade	48,741	48,741	—
Advanced money	5,134	5,134	—
Investments in securities			
Other securities	7,941	7,941	—
Notes and accounts payable, trade	(40,837)	(40,837)	—
Short-term borrowings	(15,190)	(15,190)	—
Deposits received	(8,431)	(8,431)	—
Long-term debt (*2)	(14,968)	(15,101)	(133)
Derivative transactions (*3)			
Hedge accounting unapplied	—	—	—
Hedge accounting applied	¥(33)	¥(33)	¥—

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

(*2) Current portion of long-term debt of ¥4,266 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 advanced money 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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
	2013	2012	2013
Unlisted stocks	¥2,366	¥2,421	\$25,167

c) Projected redemption

The projected redemption of monetary claim as of March 31, 2013 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	¥50,016	¥—	¥—	¥—	\$532,081	\$—	\$—	\$—
Notes and accounts receivable, trade	57,054	2,470	—	—	606,955	26,282	—	—
Investments in securities								
Other securities with maturities (Governmental bonds)	25	—	41	—	268	—	431	—
Total	¥107,095	¥2,470	¥41	¥—	\$1,139,304	\$26,282	\$431	\$—

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
	Millions of Japanese Yen			
Cash and bank deposits	¥49,599	¥—	¥—	¥—
Notes and accounts receivable, trade	47,593	1,148	—	—
Investments in securities				
Other securities with maturities (Government bonds)	—	25	—	38
Total	¥97,192	¥1,173	¥—	¥38

d) The projected repayment of long-term debt and lease obligation as of March 31, 2013 were as follows:

	within one year	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 five years
Millions of Japanese Yen						
Short-term borrowings	¥11,539	¥—	¥—	¥—	¥—	¥—
Long-term debt	4,549	4,406	3,286	2,313	1,093	—
Lease obligation	54	51	47	12	2	2
Total	¥16,142	¥4,457	¥3,333	¥2,325	¥1,095	¥2

	within one year	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 five years
Thousands of U.S. Dollars						
Short-term borrowings	\$122,756	\$—	\$—	\$—	\$—	\$—
Long-term debt	48,397	46,871	34,952	24,607	11,633	—
Lease obligation	574	547	507	128	21	21
Total	\$171,727	\$47,418	\$35,459	\$24,735	\$11,654	\$21

The projected repayment of long-term debt and lease obligation as of March 31, 2012 were as follows:

	within one year	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 five years
Millions of Japanese Yen						
Short-term borrowings	¥15,190	¥—	¥—	¥—	¥—	¥—
Long-term debt	4,266	4,294	3,164	2,039	1,205	—
Lease obligation	41	41	38	34	3	—
Total	¥19,497	¥4,335	¥3,202	¥2,073	¥1,208	¥—

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, 2013

	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 sheets amount exceeds its acquisition cost						
Marketable equity securities	¥5,601	¥9,261	¥3,660	\$59,587	\$98,518	\$38,931
Government bonds	45	51	6	478	538	60
Sub total	5,646	9,312	3,666	60,065	99,056	38,991
The securities consolidated balance sheets amount does not exceed its acquisition cost						
Marketable equity securities	927	815	(112)	9,857	8,669	(1,188)
Government bonds	15	15	(0)	162	161	(1)
Sub total	942	830	(112)	10,019	8,830	(1,189)
Total	¥6,588	¥10,142	¥3,554	\$70,084	\$107,886	\$37,802

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

At March 31, 2012

	Millions of Japanese Yen		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Other securities whose consolidated balance sheets amount exceeds its acquisition cost			
Marketable equity securities	¥4,911	¥6,422	¥1,511
Government bonds	60	63	3
Sub total	4,971	6,485	1,514
The securities whose consolidated balance sheets amount does not exceed its acquisition cost			
Marketable equity securities	1,968	1,455	(513)
Government bonds	—	—	—
Sub total	1,968	1,455	(513)
Total	¥6,939	¥7,940	¥1,001

(2) Other securities sold during the financial years ended March 31, 2013 and 2012 were as follows:

At March 31, 2013

	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	¥277	¥187	¥—	\$2,945	\$1,986	\$—
Other	—	—	—	—	—	—
Total	¥277	¥187	¥—	\$2,945	\$1,986	\$—

At March 31, 2012

	Millions of Japanese Yen		
	Sales	gain on sales	loss from sales
Marketable equity securities	¥89	¥20	¥—
Other	—	—	—
Total	¥89	¥20	¥—

(3) Securities with 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, 2013 and 2012 were accounted for ¥284 million (US\$3,022 thousand) and ¥45 million, respectively.

13. Derivative Transactions

Derivative transactions for the year ended March 31, 2013 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:

Hedge accounting method	Types of derivative	Hedged item	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
Short-cut	Interest rate swaps Pay/fixed and receive/floating	Long-term debt	¥13,143	¥9,473	(*)	\$139,821	\$100,781	(*)

(*) 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, 2012 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:

Hedge accounting method	Types of derivative	Hedged item	Millions of Japanese Yen		
			Notional amount	Maturing over one year	Fair value
Principle (*1)	Interest rate swaps Pay/fixed and receive/floating	Short-term borrowings	¥5,200	¥—	¥(33)
Short-cut	Interest rate swaps Pay/fixed and receive/floating	Long-term debt	12,042	8,643	(*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
	2013	2012	2013
Projected benefit obligations	¥(24,037)	¥(21,671)	\$(255,708)
Plan assets	15,680	13,629	166,813
Unfunded retirement benefit obligations	(8,357)	(8,042)	(88,895)
Unrecognized actuarial differences	5,041	5,031	53,630
Reserve for employee retirement benefits	¥(3,316)	¥(3,011)	\$(35,265)

Net pension and severance costs expense related to the retirement benefits for the years ended March 31, 2013 and 2012 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥773	¥819	\$8,219
Interest cost	528	547	5,612
Expected return on plan assets	(223)	(233)	(2,373)
Amortization of unrecognized actuarial differences	873	828	9,283
Net pension and severance costs	¥1,951	¥1,961	\$20,741

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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

	2013	2012
Discount rates	1.1%	2.5%
Expected rate of return on plan assets	2.0%	2.5%
Method of attributing the projected benefits to periods of services	Straight-line basis	Straight-line basis
Amortization period of unrecognized actuarial differences	13 years	13 years

15. Tax Effect Accounting

1. The significant components of deferred tax assets and liabilities as of March 31, 2013 and 2012 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred Tax Assets:			
Pension and severance costs	¥2,387	¥2,286	\$25,392
Reserve for loss on construction works	405	446	4,309
Accrued bonus to employees	351	434	3,736
Unrealized losses on securities	104	163	1,108
Write-down of utility rights	328	327	3,492
Write-down of investment in securities	193	185	2,048
Other	2,390	2,385	25,426
Valuation allowance	(1,113)	(897)	(11,844)
Deferred tax assets	¥5,045	¥5,329	\$53,667
Deferred Tax Liabilities:			
Revaluation reserve for land	¥(818)	¥(837)	\$(8,707)
Unrealized gains on securities	(1,367)	(508)	(14,545)
Other	(73)	(261)	(781)
Deferred tax liabilities	(2,258)	(1,606)	(24,033)
Net Deferred Tax Assets	¥2,787	¥3,723	\$29,634

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current assets - Deferred tax assets	¥2,123	¥2,481	\$22,588
Investments and other assets - Deferred tax assets	1,505	2,168	16,006
Current liabilities - Other current liabilities	44	119	474
Long-term liabilities - Other long-term liabilities	797	806	8,485

2. A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2013 and 2012, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2013	2012
Normal effective statutory tax rates	38%	40.4%
Expenses not deductible for income tax purposes	8.2	10.7
Per capita levy of inhabitant taxes	6.1	8.8
Non-taxable income	(1.9)	(8.2)
Refund of income taxes for prior period	—	(33.7)
Change in valuation allowance	9.3	3.7

	2013	2012
Tax rate change	—	15.2
Amortization of negative goodwill	(0.0)	(19.3)
Foreign corporation taxes	39.7	30.9
Loss carried forward	(10.2)	—
Other-net	(0.3)	0.0
Actual effective tax rates	88.9%	48.5%

16.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, 2013 and 2012.

17.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, 2013 and 2012.

18.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 Respects 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, 2013

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	¥79,891	¥43,177	¥28,549	¥151,617	¥9,368	¥160,985	¥—	¥160,985
Inter-segment	94	184	—	278	26,235	26,513	(26,513)	—
Total	¥79,985	¥43,361	¥28,549	¥151,895	¥35,603	¥187,498	¥(26,513)	¥160,985
Segment profits or losses	3,894	(2,070)	3,131	4,955	427	5,382	(2,930)	2,452
Other items								
Depreciation and amortization	¥512	¥22	¥681	¥1,215	¥475	¥1,690	¥251	¥1,941

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

For the year ended March 31, 2013

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	\$849,903	\$459,326	\$303,718	\$1,612,947	\$99,658	\$1,712,605	\$—	\$1,712,605
Inter-segment	1,001	1,962	—	2,963	279,088	282,051	(282,051)	—
Total	\$850,904	\$461,288	\$303,718	\$1,615,910	\$378,746	\$1,994,656	\$(282,051)	\$1,712,605
Segment profits or losses	41,424	(22,025)	33,311	52,710	4,541	57,251	(31,167)	26,084
Other items								
Depreciation and amortization	\$5,444	\$237	\$7,243	\$12,924	\$5,057	\$17,981	\$2,671	\$20,652

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 ¥(2,930) million (US\$ (31,167) thousand) is inclusive of inter-segment elimination amounting to ¥7 million (US\$ 79 thousand) and Selling, General and Administrative Expenses amounting to ¥(2,937) million (US\$ (31,246) 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, 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
Intersegment	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	76	4,468	(3,034)	1,434
Other items								
Depreciation and amortization	¥623	¥21	¥375	¥1,019	¥600	¥1,619	¥305	¥1,924

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 is inclusive of inter-segment elimination amounting to ¥(93) million and Selling, General and Administrative Expenses amounting to ¥(2,941) 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.

19.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
	2013	2012	2013
Japan	¥132,448	¥110,599	\$1,409,024
Singapore	18,367	16,295	195,394
Other	10,170	9,114	108,187
Total	¥160,985	¥136,008	\$1,712,605

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

2) Tangible fixed assets

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

III .Information on principal customer

For the year ended March 31, 2013

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen 2013	Thousands of U.S. Dollars 2013
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, Domestic Architectural Businesses, others	¥29,558	\$314,446
Housing and Development Board, Singapore	Overseas Businesses	¥16,712	\$177,791

Name of Customer	Related segments	Net sales
		Millions of Japanese Yen 2012
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, Domestic Architectural Businesses, others	¥17,973

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

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.

V .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.

Because of insignificant amounts in the amortization and the unamortized balance of the negative goodwill, the Companies have omitted notation in the Notes to Consolidated Financial Statements for the year ended March 31, 2013.

The amortization and the unamortized balance of the negative goodwill for the year ended and as of March 31, 2012 was as the followings:

	Millions of Japanese Yen
	2012
Amortization of negative goodwill for the current year	¥46
Unamortized balance of negative goodwill	3

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

VI .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 not applicable for the year ended March 31, 2013. The gain was accounted for ¥597 million due to the acquisition through a share exchange for the year ended March 31, 2012.

20.Per Share Data

	Japanese Yen		U.S. Dollars
	2013	2012	2013
Net assets	¥304.53	¥295.66	\$3.240
Net income	1.00	3.23	0.011

Because there was no dilutive shares, the Companies have not presented the diluted net income per share for the years ended March 31, 2013 and 2012.

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
	2013	2012	2013
Net assets	¥63,856	¥62,608	\$679,324
Net assets amount for common stocks	63,856	62,463	679,324
Significant breakdown of differences			
Minority interests	¥—	¥145	\$—

	Thousands of shares	
	2013	2012
Numbers of issued shares of common stocks	224,946	224,946
Numbers of treasury stocks of common stocks	15,257	13,679
Numbers of common stocks which were used for calculation for per share data on net assets	209,689	211,267

2.Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2013	2012	2013
Net income	¥210	¥679	\$2,229
Net income which does not belong to common stockholders	—	—	—
Net income for common stocks	¥210	¥679	\$2,229

	Thousands of Shares	
	2013	2012
Average number of shares of common stocks	210,203	210,035

21. Significant Subsequent Events

Not applicable

Consolidated table for detailed statements

Table for borrowing

	Millions of Japanese Yen		Thousands of U.S. Dollars		Average rates	Repayment deadline
	Beginning balance	Closing balance	Beginning balance	Closing balance	%	
Short-term borrowings	¥15,190	¥11,539	\$161,596	\$122,756	1.38%	
Current portion of long-term debt	4,266	4,549	45,381	48,397	1.97%	
Current portion of lease obligations	41	54	438	574	—	
Long-term debt (excluding current portion)	10,702	11,098	113,853	118,063	1.72%	from 2014 to 2018
Lease obligations (excluding current portion)	116	115	1,234	1,225	—	from 2014 to 2019
Other debt	—	—	—	—	—	
Total	¥30,315	¥27,355	\$322,502	\$291,015	—	

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	¥4,406	¥3,286	¥2,313	¥1,093	\$46,871	\$34,952	\$24,607	\$11,633
Lease obligations	51	47	12	2	547	507	128	21

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, 2013, 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, 2013, 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 1. II (9).

Ernst & Young ShinNihon LLC

June 27, 2013
Yokohama, Japan

Quarterly Financial Information

For the fiscal year ended March 31, 2013

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	¥29,660	¥63,498	¥106,774	¥160,985	\$315,529	\$675,509	\$1,135,893	\$1,712,605
Income before income taxes or quarterly income before income taxes	(1,860)	(2,388)	(744)	1,904	(19,788)	(25,403)	(7,911)	20,259
Net income or quarterly net income	¥(1,348)	¥(1,707)	¥(738)	¥210	\$(14,336)	\$(18,159)	\$(7,853)	\$2,229

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	¥(6.38)	¥(8.10)	¥(3.51)	¥1.00	\$(0.068)	\$(0.086)	\$(0.037)	\$0.011

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	¥(6.38)	¥(1.71)	¥4.62	¥4.52	\$(0.068)	\$(0.018)	\$0.049	\$0.048

INFORMATION



Board of Directors

(As of June 27, 2013)

Chairman and Representative Director

Yukio Suzuki

President and Representative Director

Masaomi Matsuo

Vice President and Representative Director

Osamu Nakagome

Directors

Tsuyoshi Torii

Tsuyoshi Hyakutake

Masaki Akiyama

Michio Kanazaki

Corporate Auditors

Nobuo Terabayashi

Nobuyuki Isa

Yujirou Oku

Tokio Monoe



Executive Officers

(As of June 27, 2013)

President and Chief Executive Officer (CEO)

Masaomi Matsuo

Executive Vice President

Osamu Nakagome

Senior Executive Officers

Tsuyoshi Torii

Motonobu Sugimoto

Ryo Suetomi

Tsuyoshi Hyakutake

Masaki Akiyama

Hiroki Suda

Managing Executive Officers

Mitsugi Okuda

Tsutomu Higashi

Akio Aikawa

Kazuyuki Higuchi

Yoshinari Gokita

Michio Kanazaki

Seiichi Yamaguchi

Masaharu Fukuda

Yasuo Fujikawa

Executive Officers

Kazuyuki Mieno

Shigenori Hada

Atsurou Moriwake

Sakae Sugimoto

Tetsuzo Iwatsuki

Masanori Iwaki

Masato Ikeda

Hiroshi Oosumi

Shigetoshi Kurosu

Makoto Fujino

Tomoko Okiyama

Hideo Komura

Investor Information

(As of June 27, 2013)

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International Division

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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, 2013)

Authorized Shares

600,000,000

Outstanding Shares

224,946,290 shares in 2013 (As of March 31, 2013)

Number of Shareholders

11,917 (As of March 31, 2013)

Number of Employees

1,497 (As of March 31, 2013)

General Meeting

The General Meeting of Shareholders was held on June 27, 2013

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
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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

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