

Annual Report 2014

For the fiscal year ended March 31, 2014



CORPORATE PROFILE

TOA Corporation is one of the largest multinational construction and engineering companies in Japan. Founded in 1908 to enter into the business of developing vast diversified 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 the highest level of technologies and expertise for environmental sustainability, life cycle management of social assets, disaster prevention, and PFI projects.

On March 31, 2014, TOA established its headquarters in Tokyo, under which twelve domestic branches, eight offshore offices, eleven consolidated subsidiaries, five non-consolidated subsidiaries, and fifteen affiliate companies have been actively involved in construction and other related businesses.

Corporate Philosophy and Management Principles

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

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

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

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FINANCIAL HIGHLIGHTS

TOA CORPORATION and its consolidated subsidiaries

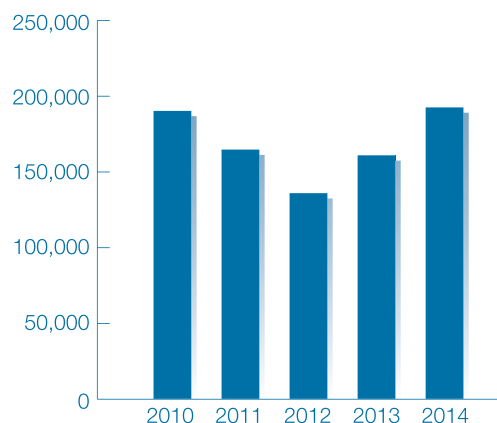
Years ended March 31,	Millions of Japanese Yen					Thousands of U.S. Dollars (Note)		
	2010	2011	2012	2013	2014	2014		
	Consolidated							
For the year:								
Net sales	¥ 190,301	¥ 164,772	¥ 136,007	¥ 160,984	¥ 192,607	\$ 1,888,307		
Income before income taxes and minority interests	2,392	2,294	1,349	1,904	2,232	21,889		
Net income	1,232	1,411	678	209	819	8,037		
At year-end:								
Total assets	194,913	169,103	168,123	182,868	189,445	1,857,312		
Net assets	60,873	62,290	62,608	63,856	63,978	627,244		
Property, plant and equipment-net	32,844	30,509	30,684	29,986	29,510	289,322		

Per share of common stock:

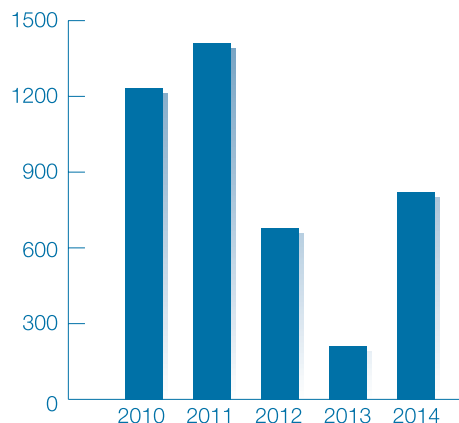
	Yen					U.S. Dollars	
Net income	¥ 5.90	¥ 6.75	¥ 3.23	¥ 1.00	¥ 3.92	\$ 0.038	
Cash dividends	2.00	2.00	2.00	—	2.00	0.019	
Net assets	285.90	292.73	295.66	304.53	304.65	2.986	

Note: The amount in U.S. dollars was converted at the rate of ¥102=US\$1, the effective rate at March 31, 2014.

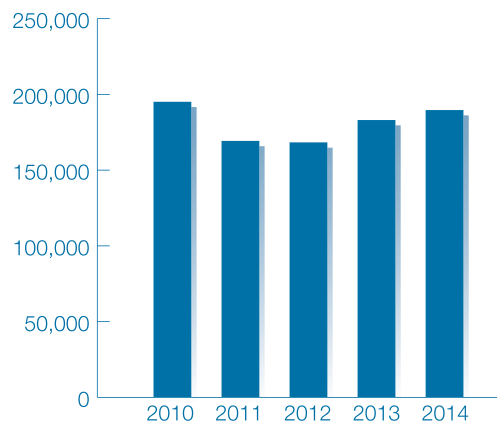
■ Net sales (Unit: Millions of Yen)



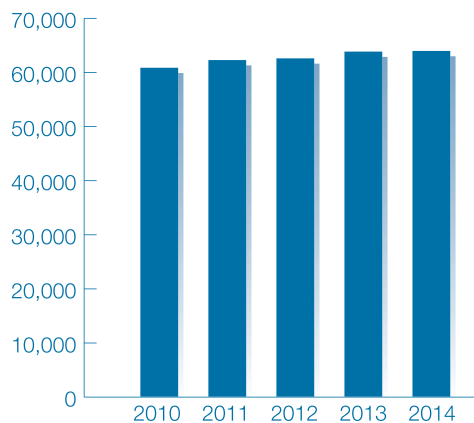
■ Net income (Unit: Millions of Yen)



■ Total assets (Unit: Millions of Yen)



■ Net assets (Unit: Millions of Yen)



MESSAGE FROM THE PRESIDENT



President and Chief Executive Officer

M. Matsuo

As a result of improvements in exports due to corrections in the value of the yen, and supported by the effects of various economic measures, the last-minute demand resulting from the increase in the consumption tax rate, and other factors, the Japanese economy continued its gradual recovery for the fiscal year ended March 31, 2014.

In the domestic construction market, public investment showed steady improvement due to demand fueled by reconstruction projects from the earthquake-related disaster and the implementation of the large supplementary budget. There were signs

that investments in the private sector were recovering, as such indicators as corporate profits were improving. However, the rising costs for materials and equipment and chronically increasing labor costs due to the shortage of construction workers have caused the profitability of construction to decline, and the management environment to remain harsh.

Performance for FY2013

Amidst such harsh circumstances, the Toa Corporation Group carried forward in the

first fiscal year of its Mid-term Business Plan (from FY2013 to FY2015), various measures to strengthen its management foundation, based on the basic principles of “maintaining the scale of the business,” “improving profitability,” and “becoming more customer-oriented.”

With regard to the consolidated results for the Toa Corporation Group for the fiscal year just ended, as a result of an increase in the amount of orders received, net sales increased 19.6% over the previous consolidated fiscal year to ¥192,607 million. Although there was a decrease in selling, general and administrative costs, the

deterioration of profitability of a portion of overseas construction projects resulted in a decrease of 10.2% in operating income from the previous consolidated fiscal year to ¥2,201 million, and an increase of 291.2% in net income over the previous consolidated fiscal year to ¥819 million.

Results of the Segments of the Toa Corporation Group

[Domestic Civil Engineering Business]

The core business is in the field of marine civil engineering. Efforts are being carried out to further deepen technologies in disaster damage prevention, disaster damage reduction, and recycling, which are areas where the needs of society are very high. In addition, efforts continue to be focused on restoring the areas that suffered earthquake-related damage. For the consolidated fiscal year just ended, net sales increased 17.2% over the previous consolidated fiscal year to ¥93,618 million, and segment profit (operating income) increased 76.5% over the previous consolidated fiscal year to ¥6,870 million.

[Domestic Construction Business]

Improvements are being made to profitability through such efforts as reducing costs by

integrating the functions of the organization, securing the targeted volume of projects with priority placed on profitability, and expanding design and construction projects and negotiation contract projects. Although net sales for the consolidated fiscal year just ended increased 10.5% over the previous consolidated fiscal year to ¥47,698 million, a portion of unprofitable projects from the previous consolidated fiscal year was carried forward, resulting in segment loss (operating loss) of ¥1,403 million.

[Overseas Business]

Making Southeast Asia the base, the aim is to continue the gradual expansion of business operations, with marine civil engineering construction and construction of thermal power plants and other plants as the core of the business. Due to advances made in construction work in progress and the effect of yen depreciation, net sales for the consolidated fiscal year just ended increased 36.9% over the previous consolidated fiscal year to ¥39,097 million. However, the effect of such factors as carrying over reserves for loss on construction works related to a portion of unprofitable projects from the previous consolidated fiscal year resulted in segment loss (operating loss) of ¥1,158 million.

[Others]

Net sales for the consolidated fiscal year just ended increased 30.2% over the previous consolidated fiscal year to ¥12,193 million, with segment profit (operating profit) increasing 61.1% over the previous consolidated fiscal year to ¥687 million.

Furthermore, PFI Saijyou Administration Co., Ltd., Morioka No. 2 Consolidated Government Office Buildings Administration Co., Ltd., and PFI Ichinomiya Saijyou Co., Ltd. are included within the scope of consolidation from the consolidated fiscal year just ended.

Outlook for the next Fiscal Year

In the domestic construction industry, it is anticipated that measures to deal with the deterioration of public facilities, roads, tunnels, bridges, and other structures will be promoted in line with plans advocated by the Japanese government to strengthen the nation's land, and various infrastructure will be developed in the Tokyo Metropolitan Area related to the Tokyo 2020 Olympics and Paralympics. On the other hand, various issues are also foreseen, such as increases in costs for mechanical

MESSAGE FROM THE PRESIDENT

equipment and materials and increases in unit labor costs, and the delay in construction due to the shortage of labor. In the overseas construction industry, it is expected that the development of infrastructure, such as making improvements to large-scale container terminals and the construction of plants, will continue, primarily in emerging countries that are enjoying remarkable development. On March 30, 2014, an accident occurred on Okinotori Island in which a floating pier that was under construction overturned. The cause of the accident is currently under investigation, and due to the difficulty in making a rational estimate of the impact this accident could have on the business results for the next fiscal year, it has not been included in the forecast for the next fiscal year. Should any information related to this incident come to light that should be disclosed, it shall be promptly disclosed.

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

With regard to dividends, it is the fundamental policy to return profits based on the results of the Company's performance, on condition that stable

dividends can be continuously provided, and to maintain internal reserves for use in improving the Company's financial standing in order to strengthen the management base and enable the Company to meet the challenges of the harsh business environment in the future.

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

Management Policies

■ The Company's Basic Principles of Management

The Company's mission statement is "Expand the Company's business operations with its high level of technology, and fulfill its social responsibility through sound management." For the Company, the management philosophy is embodied in successfully competing through thorough corporate planning, and building long-lasting trust by carrying out work conscientiously and with integrity, meeting the expectations and justifying the trust of customers, and developing and growing

together with the customers.

■ Mid- and Long-term Company Management Strategies and Issues That Should be Addressed

In the three-year Mid-term Business Plan, which was formulated by the Company and started its first year in 2013, it is stated as its basic principles that the Company will firmly maintain the scale of business, endeavor to increase profitability, and thoroughly enhance its customer-oriented approach.

The strategies of the divisions to realize the basic principles include "secure stable profits" for the domestic civil engineering division; "increase profitability" for the domestic construction division; "expand and improve the volume of its business operations" for the overseas construction division; and "strengthen the Group's management and financial structure" for the management and administration division. The divisions are steadily implementing their strategies in response to the issues described below.

(1) Issues for FY2014

From FY2013, the Company has been promoting the Mid-term Business Plan, which is based on the propositions to "redistribute management resources,

strengthen the management base, and accomplish its social responsibilities.” However, although the amount of orders received in the first year of the Mid-term Business Plan exceeded plan, the issue of increasing construction profitability was still left. Based on these results, the divisions of the Company have put forward the priority measures described below.

(2) Regarding Measures for Business Segments

(Domestic civil engineering business)

*Expand the volume of orders received by grasping and analyzing information at an early stage projects that arise

*Secure stability in orders received from the private sector by strengthening relationships with existing private-sector customers and acquiring new customers

*Undertake efforts to develop technologies that meet the needs of market trends, and engage in research and development in the field of renewable energy

(Domestic construction business)

*Secure profits by strengthening efforts for projects through the consolidation of the sales and construction divisions and by expanding the volume of orders received from negotiation contract

projects and design and construction projects

*Ensure high quality that meets the demands of the customers

*Optimize human resources of divisions directly and indirectly related to the domestic construction business

(Overseas construction business)

*Strengthen sales capabilities and improve capabilities to make cost estimates by consolidating the sales and construction divisions

*Strengthen the risk management system and undertake thorough cost management

*Strengthen efforts for EPC (Engineering, Procurement, Construction) projects, such as plant construction, etc.

(Areas of management and administration)

*Build an organizational structure that is appropriate for the scale of the business

*Make improvements to measures related to making use of human resources, regarding such matters as placement, treatment, and training

*Maintain and strengthen the soundness of the financial structure

*As early as possible, gain an understanding of the risks at the

workplace and implement corrective measures

Efforts will be made to resolve management issues through the sharing of the abovementioned management philosophy by the executives of the Toa Corporation Group, and the steady implementation of various measures based on medium-term management strategies. In addition, we will accomplish a broad range of corporate social responsibilities, including earthquake recovery efforts and preservation of the environment, and form a safe and secure workplace environment based on a thorough awareness of “safety must have priority over all else,” and aim to achieve sustainable growth as a fair and highly-trusted corporation.

We would be very grateful for the further understanding and support of all of our shareholders.

June 2014

President and Chief Executive Officer
Masaomi Matsuo

MARINE CIVIL ENGINEERING

Operations

Since its foundation in 1908, TOA has engaged in reclamation and marine construction works through various projects all over the world. Among them are reclamation works for industrial areas and offshore airports; port and harbor facilities, such as wharves and breakwaters; transportation facilities, such as coastal roads and bridges; and recreational facilities, such as marinas. In order to complete those projects safely and successfully, TOA has developed various construction methods, working vessels, and equipment to overcome severe natural conditions on and under the sea. In addition, as lifecycle management of infrastructures, environmental sustainability, and protection from natural disasters are becoming of greater concern to society, TOA has developed new technologies for renewal and reinforcement of structures, environmental assessment and pollution control, sub-surface and sub-ground survey, disaster prevention, and so on.

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

Chubu Centrair International Airport

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

Throughout the construction of the 470ha artificial island, which commenced in November 2001, "Plug Magic" and "COS-NET," two of TOA's advanced technologies, 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 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.



Provided by Sakhalin Energy

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.

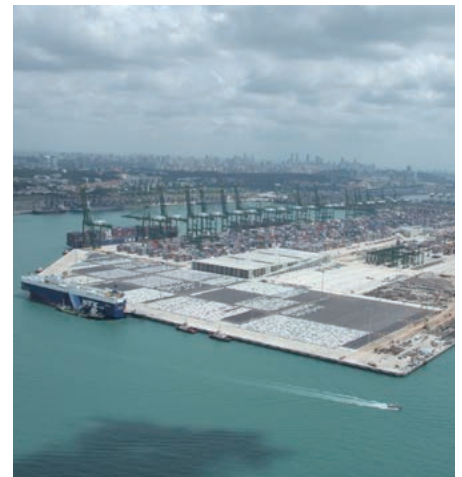
The construction of such port and harbor facilities is seen as being a part of the port and harbor development projects promoted by the government of Vietnam. It is anticipated that this facility will make it possible to increase the volume of containers handled in the southern part of Vietnam.



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

Naoetsu LNG Terminal Pier with Intake & Discharge Pipelines (Niigata Prefecture)

The Naoetsu LNG Terminal, a receiving terminal for liquefied natural gas, located in the city of Joetsu in Niigata prefecture, was completed in November 2013. This terminal is able to receive and regas 1.5million tons of LNG per year, and supply natural gas that is equivalent to the annual gas consumption of around 5 million households. TOA constructed the intake & discharge pipelines and a receiving pier, capable of docking a 210,000 m³ loading class LNG supertanker.



■ Client

INPEX Corporation

■ Construction period

March 2010 to November 2013

■ Site of construction

Joetsu City, Niigata Prefecture

■ Project outline

Design and built of pier facilities, intake and discharge pipeline, and electrical instrumentation related to construction of INPEX Corporation's Naoetsu LNG Terminal

Quay Wall Construction Work (Phase 2) at Port of Yokohama Honmoku District (depth of 16m) (to improve earthquake resistance)

Quay Wall Construction Work (Phase 2) at Port of Yokohama Honmoku District (depth of 16m) (to improve earthquake resistance) of Honmoku Pier, which is the largest container pier at the Port of Yokohama, has been completed.

The construction work is being carried out now in the Honmoku Zone of the Port of Yokohama to further improve the earthquake resistance of the facility, which has deteriorated. This work will enable the preservation of the distribution function of the facility as a transport hub in the event of a major earthquake.

■ Client

Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism

■ Construction period

March 2013 to November 2013

■ Site of construction

Yokohama City, Kanagawa Prefecture



■ Project outline

- Dismantling the upper portion of foundation of landward side crane : 97m
- Extracting steel pipe piles (diameter of 800mm; thickness of 13mm; L=17.0m to 37.0m) : 37piles
- Extracting steel pipe piles (diameter of 1000mm; thickness of 14mm; L=39.0m to 43.0m) : 21piles
- Dismantling the upper portion of temporary earth retaining structure :130m
- Dismantling the wales of temporary earth retaining structure : 68m
- Extracting steel sheet piles (SP-VL type; L=19.5m to 27.0m) : 308 sheets
- Cutting ground anchors : 34places
- Carrying out chemical grouting (suspension type) : 5,770m³
- Carrying out high-pressure injection mixing : 38,334m³

ON-LAND CIVIL ENGINEERING

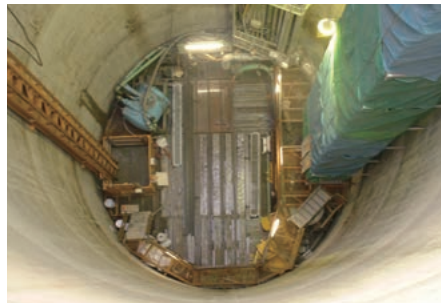
Operations

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.



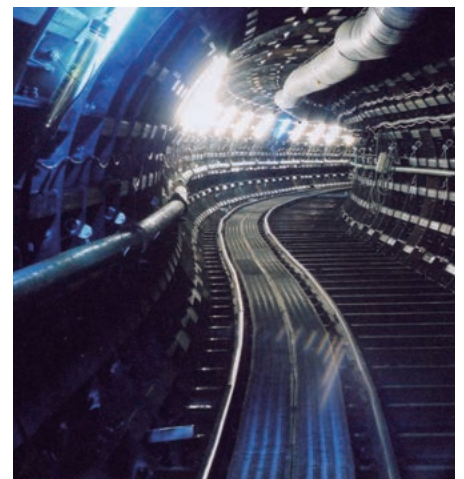
2nd Magsaysay Bridge and Butuan City Bypass Road in Mindanao, Republic of the Philippines

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.



Tokyo International Airport Runway C Ground Stabilization Work (Tokyo)

At Tokyo International Airport, the largest airport in Japan, the number of take-offs and landings of aircraft has exceeded 380,000 per year. Of the four runways that are in service, work was undertaken to stabilize the ground under Runway C, which runs south to north, to prevent liquefaction. This work was carried out at night after all flight operations had ended, with up to 100 construction vehicles and 200 workers deployed safely and efficiently in a line that stretched for up to one kilometer at peak periods. It was necessary to conduct careful inspections after work was completed for the day to ensure no rocks or other debris had been left on the runway.



■ Client

Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism

■ Construction period

April 2013 to March 2014

■ Site of construction

Ota-ward, Tokyo

■ Project outline

Stabilization of ground, creation of solid ground, transportation of produced soil, chemical grouting, appurtenant work, temporary works

Denpasar Sewerage Development Project, Phase 2 (Indonesia)

Following Phase 1 of the Denpasar Sewerage Development Project, TOA carried out work to build a sewerage treatment facility and sewerage pipe network in the Denpasar district and outlying sightseeing districts of Bali Island in the Republic of Indonesia. The sewerage system in these districts was undeveloped, resulting in sewerage flowing directly into rivers, drainage ditches, etc. The Denpasar Sewerage Development Project was started to protect the ocean, which is a valuable tourism asset, from such pollution.



■ Client

Urban Planning Agency, Ministry of Public Works of the Republic of Indonesia

■ Construction period

October 2009 to July 2013

■ Site of construction

Bali Island, the Republic of Indonesia

■ Project outline

Construction of sewerage network (approx.2.6km). Providing emergency power generators to pumping stations. Providing additional pumping facilities, aerators, and emergency power generators inside sewerage treatment plant. Construction of sludge drying bed and storage facility

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.

New Construction Work for Aizumicho Town Gymnasium (provisional name) (Tokushima Prefecture)

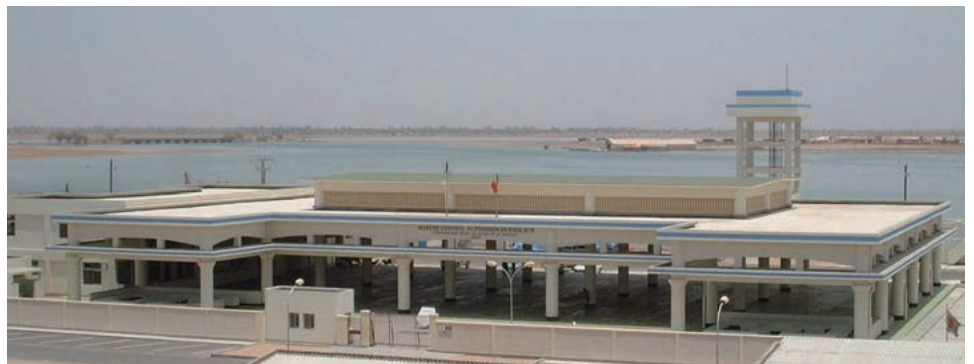


Work was completed in January 2013 on the construction of the Aizumicho Town Gymnasium (provisional name), which was commissioned by the town of Aizumicho in Tokushima Prefecture on Shikoku Island. This three-story building is a modern gymnasium of RC construction, with a total floor area of 5,208.46m². It is a full-fledged gymnasium with the second floor equipped with seating for more than 500 spectators. As this building is ideally located almost in the middle of the town of Aizumicho, praise has been widespread and the expectations have been high for its use as an emergency facility in the event of a disaster such as the Nankai Trough Earthquake, which many believe could occur in the near future. Moreover, the gymnasium, as a culture and sports facility that is a symbol of the town, presents an appearance that harmonizes the traditional with the

modern in various ways, such as using tiles on the outer walls of the building that bring to mind the image of "indigo warehouses," which have a very close connection with the town.

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

Nichirei Logistics Kanto Higashi-Ogishima Distribution Center, (provisional project name), Phase 2, (Kanagawa Prefecture)

Higashi-Ogishima, which is located in the city of Kawasaki, is an artificial island in Tokyo Bay where distribution companies currently maintain a large number of refrigerated warehouses. It serves as the base for ensuring the safety and security of the food for the 35 million people living in the Metropolitan Tokyo area. The recently-completed distribution center is not only a next-generation warehouse that incorporates a combination of "precast-prestressed concrete structure with mild-press joint and base isolation method," which is capable of withstanding the vertical shaking and horizontal shaking caused by a large earthquake, but also an integrated structure formed by connecting the existing warehouse and the new warehouse, both constructed by TOA creating the first base-isolated refrigerated warehouse in the world.



■ Client

Nichirei Logistics Group Inc. Head Office

■ Construction period

May 2011 to July 2013

■ Site of construction

Kawasaki City, Kanagawa Prefecture

■ Project outline

Use : Refrigerated warehouse [Refrigeration class of cold rooms, etc.: F-class (-25°C) and FC-class (0°C to -25°C ; Storage capacity: approx. 40,000 tons]

■ Structure

PC structure (pile-head base isolation structure); Five floors and one PH floor above ground

■ Total floor space

34,806.50m²

■ Building area

8,035.72m²

■ Building height

35.7m

Tsutsujigaoka Tennis Courts (provisional name) (Wakayama Prefecture)

Work was completed at the Tsutsujigaoka Tennis Courts (provisional name) in preparation for the 70th National Athletic Meet, which would be held in Wakayama Prefecture, with 20 tennis courts being installed to meet a requirement for serving as the tennis grounds for a National Athletic Meet. The Tsutsujigaoka Tennis Courts contains such facilities as all-weather tennis courts, including indoor courts, as well as a five-story club house (administration building), and parking for a total of 132 vehicles. It is anticipated that this facility will also be used to hold various athletic meets in the future after the Wakayama National Athletic Meet ends.



■ Client

Wakayama City, Wakayama Prefecture

■ Construction period

September 2012 to March 2014

■ Site of construction

Wakayama City, Wakayama Prefecture

■ Project outline

Civil engineering works: Comprehensive project (infrastructure improvement work, facilities improvement work, grounds and courts improvement work, conduct building surveys)

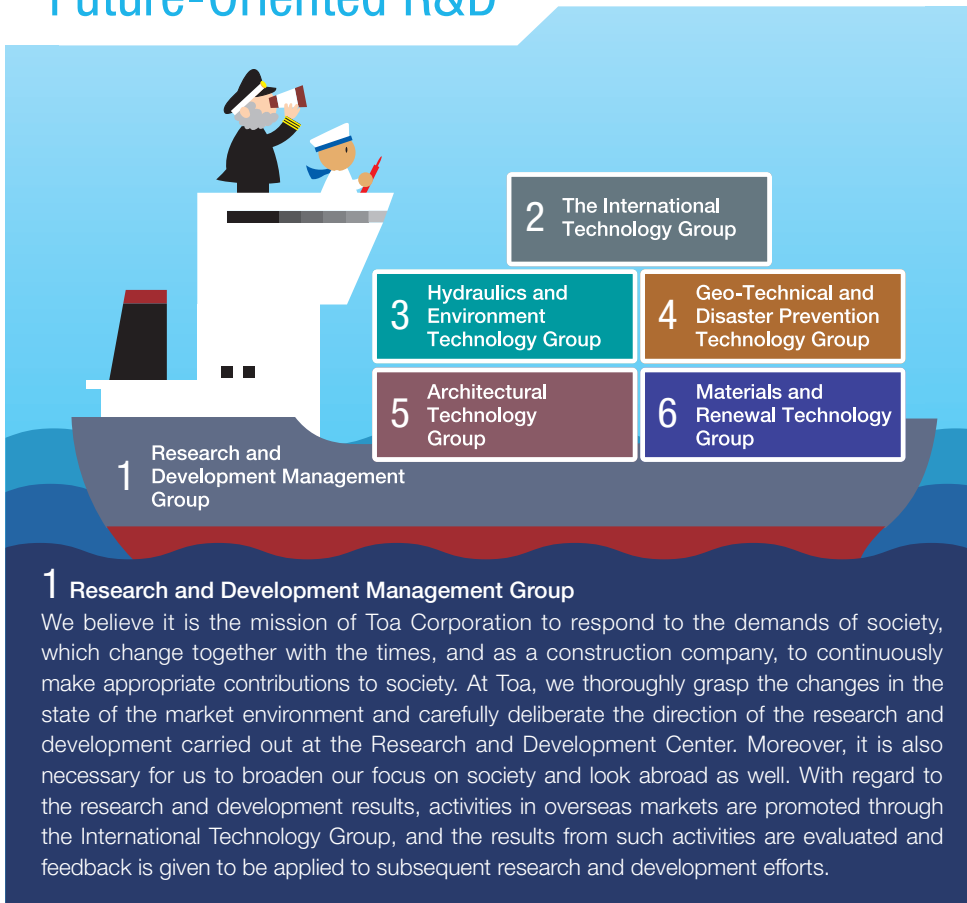
Construction work: Comprehensive project (construction of indoor tennis courts, construction of club house, appurtenant work)



RESEARCH&DEVELOPMENT

Operations

Future-Oriented R&D



1 Research and Development Management Group

We believe it is the mission of Toa Corporation to respond to the demands of society, which change together with the times, and as a construction company, to continuously make appropriate contributions to society. At Toa, we thoroughly grasp the changes in the state of the market environment and carefully deliberate the direction of the research and development carried out at the Research and Development Center. Moreover, it is also necessary for us to broaden our focus on society and look abroad as well. With regard to the research and development results, activities in overseas markets are promoted through the International Technology Group, and the results from such activities are evaluated and feedback is given to be applied to subsequent research and development efforts.

2 The International Technology Group

The International Technology Group undertakes efforts to put the technologies developed by each of the specialized technology groups to use in Toa Corporation's businesses overseas. Furthermore, in order to put the information gained through such businesses activities to effective use in research and development activities in the future, the Group collaborates with the other groups to promote the businesses.

3 Hydraulics and Environment Technology Group

This Group carries out research and development related to the hydraulics and environment of coastal zones and the ocean. In the field of hydraulics, the three techniques of hydraulic model experiments, field observations, and numerical simulation, are combined in carrying out research and development of technologies that will

contribute to disaster prevention in sea areas, as well as to seacoast preservation and harbor improvement. Furthermore, research and development is also carried out on technologies related to controlling the effects (water pollution, noise, vibration, etc.) that construction work may have on the surrounding environment; improving the water quality of lakes, marshes, and sea areas; and preserving and restoring the ecosystem.

4 Geo-Technical and Disaster Prevention Technology Group

Since establishing the Soils Laboratory in 1970, efforts have been carried out through the research and development of technologies to deal with issues covering a broad range of fields, from traditional soft ground-related technologies to ground stabilization, with the aim of "carrying out research and development that will be of use in the field." The results of these efforts have earned high marks and been put to use in

harbor construction work abroad, as well as in large-scale construction projects to build man-made islands for Kansai Airport, Chubu Airport, and Haneda Airport. There has been a particular focus recently on research and development related to "recycling the earth and sand generated by dredging or deposited by tsunami as well as reducing the volume of such materials" and "pile installation technologies."

5 Architectural Technology Group

The Architectural Technology Group focuses its research and development efforts in the fields of structure, materials, and the environment. Aiming to mitigate earthquake risk, development is being carried out on seismic resistance and base-isolation structure technologies, damper retrofitting technology for fitting damping devices in existing structures, as well as construction technologies for using various materials for the purpose of constructing high-quality concrete structures. Moreover, research is also being conducted on technologies to reduce noise and vibration generated when construction work is being carried out, as well as on various analytical techniques for such areas as structure-borne sound in buildings, environmental vibration, light environment, and energy conservation.

6 Materials and Renewal Technology Group

The Materials and Renewal Technology Group aims to propose optimal methods for getting the most out of the required capabilities of the structures throughout the life cycle of various structures, from new construction to repair, reinforcement, and renewal. Furthermore, it carries out research and development on construction materials and methods of execution that can be applied to steel and concrete structures. To accomplish this, efforts are undertaken in such areas as the development of new technologies for work execution and work execution management, the development of high-performance materials, the development of technologies for effectively utilizing industrial by-products, and the development of methods for predicting durability.

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.

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.

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.

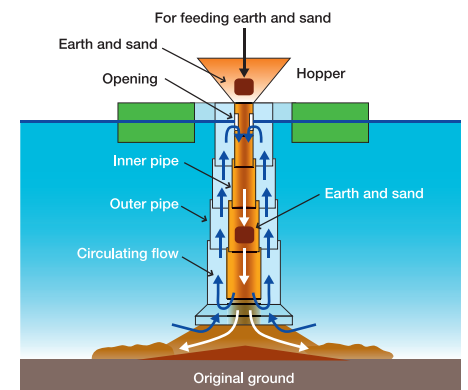
Cement Deep Mixing Method

-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.

Double Tremie Method

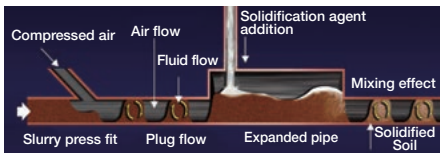


The Double Tremie Method is used for dumping sand into the sea. Because circulation flow from the inner tube to the outer tube is induced by dumping sand, the occurrence of turbidity is reduced more than it is with an ordinary single tremie method.

RESEARCH&DEVELOPMENT

Operations

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.

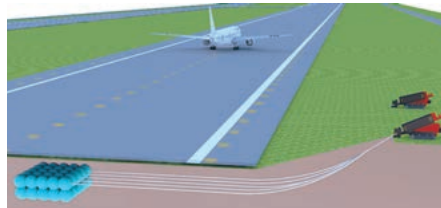
Seismic Isolation Method

- 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.

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.

FRP Protective Permanent Form Method

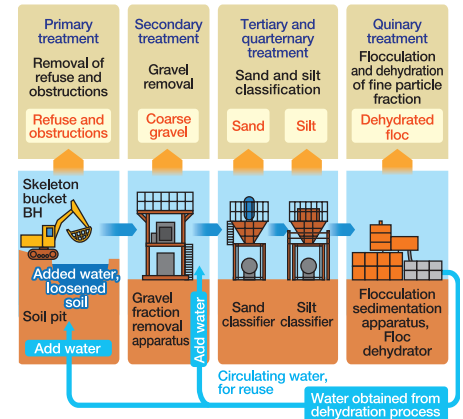
-Salt Damage Deterioration Restoration-



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

Soil Separator-Multi Method



The Soil Separator Multi Method is an upgraded technique for soil classification of dredged material or tsunami deposits, including trash and rubble, and is an upgrade of the conventional Soil Separator Method. This method covers not only classification of the sand and gravel but also classification of silt material through water treatment process. In addition, it enables recycling and reduction of the water used in the water treatment process. The method won Best Prize in the 15th Infrastructure Technology Development Award.

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.

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, 2014 and 2013

ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Current assets:			
Cash and bank deposits (Note 12)	¥ 43,040	¥ 50,095	\$ 421,963
Notes and accounts receivable, trade (Notes 6 and 12)	68,601	59,553	672,567
Allowance for doubtful accounts	(208)	(125)	(2,045)
Real estate for sale	5,003	5,964	49,055
Cost on construction contracts in progress and other (Note 6)	8,187	2,803	80,265
Advanced money (Note 12)	10,041	11,696	98,450
Deferred tax assets (Note 16)	3,582	2,123	35,118
Other current assets (Note 6)	4,184	3,917	41,027
Total current assets	142,432	136,026	1,396,401
Property, plant and equipment:			
Land (Note 6)	19,917	20,099	195,268
Buildings and structures	16,053	16,005	157,385
Machinery, vehicles and equipment	24,100	24,501	236,276
Leased assets	94	85	926
Construction in progress	—	64	—
Total property, plant and equipment	60,165	60,757	589,857
Less accumulated depreciation	(30,654)	(30,770)	(300,535)
Property, plant and equipment—net	29,510	29,986	289,322
Intangible fixed assets:	410	491	4,020
Investments and other assets:			
Investments in securities (Notes 6, 12 and 13)	13,171	12,481	129,134
Long-term loans (Note 6)	561	883	5,500
Deferred tax assets (Note 16)	1,911	1,504	18,740
Other (Note 6)	2,102	2,253	20,609
Allowance for doubtful accounts	(654)	(762)	(6,416)
Total investments and other assets	17,091	16,361	167,568
Total assets	¥ 189,445	¥ 182,868	\$ 1,857,312

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)
	2014	2013	2014
Current liabilities:			
Short-term borrowings (Notes 6 and 12)	¥ 9,870	¥ 11,539	\$ 96,764
Current portion of long-term debt (Note 6 and 12)	5,271	4,549	51,680
Notes and accounts payable, trade (Notes 6 and 12)	51,130	52,167	501,279
Accrued income taxes	2,494	841	24,458
Advances received on construction contracts in progress	7,870	12,233	77,160
Reserve for indemnity on completed contracts	392	387	3,851
Reserve for loss on construction works (Note 6)	4,796	1,066	47,024
Deposits received (Note 12)	11,846	13,967	116,145
Other current liabilities (Notes 6,12 and 13)	3,765	3,242	36,916
Total current liabilities	97,438	99,994	955,282
Long-term liabilities:			
Long-term debt (Note 6 and 12)	17,146	11,097	168,103
Reserve for retirement benefits (Note 15)	—	3,365	—
Liability for retirement benefits (Note 2 and 15)	6,254	—	61,315
Deferred tax liabilities on revaluation of land (Notes 6 and 16)	2,965	2,969	29,073
Other long-term liabilities (Note 12)	1,662	1,583	16,294
Total long-term liabilities	28,028	19,017	274,785
Total liabilities	125,466	119,011	1,230,068
Net assets (Note 9):			
Shareholders' equity:			
Common stock,			
Authorized—600,000,000 shares			
Issued—224,946,290 shares at March 31, 2014 and 2013	18,976	18,976	186,045
Capital surplus	18,113	18,113	177,586
Retained earnings	24,540	23,749	240,588
Treasury stock, at cost 15,917 thousand shares and 15,257 thousand shares at March 31, 2014 and 2013, respectively	(2,052)	(1,960)	(20,122)
Total shareholders' equity	59,577	58,878	584,097
Accumulated other comprehensive income:			
Net unrealized gains (losses) on securities (Note 13)	3,178	2,290	31,161
Revaluation reserve for land (Note 6)	2,693	2,687	26,405
Retirement benefits liability adjustments (Note 15)	(1,768)	—	(17,337)
Total accumulated other comprehensive income	4,103	4,977	40,229
Minority interests	297	—	2,917
Total net assets	63,978	63,856	627,244
Commitments and contingent liabilities (Note 6):			
Total liabilities and net assets	¥ 189,445	¥ 182,868	\$ 1,857,312

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, 2014 and 2013

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Net sales (Note 7)	¥ 192,607	¥ 160,984	\$ 1,888,307
Cost of sales (Note 7)	180,709	148,551	1,771,661
Gross profit	11,897	12,433	116,645
Selling, general and administrative expenses (Note 7)	9,695	9,981	95,057
Operating income	2,201	2,451	21,587
Other income (expenses):			
Interest and dividend income	290	283	2,846
Interest expense	(564)	(472)	(5,533)
Additional severance payment	(53)	(45)	(526)
Provision for doubtful accounts, non-trade	(5)	(57)	(50)
Loss on impairment of fixed assets (Note 7)	(166)	(47)	(1,629)
Gain on insurance claims	15	170	150
Gain on sale of fixed assets (Note 7)	86	100	849
Gain on sale of investment in securities	310	186	3,042
Compensation for damage	(1)	(5)	(17)
Loss on litigation	(35)	(12)	(351)
Loss on disaster	(12)	(169)	(117)
Loss on valuation of investment in securities	—	(309)	—
Exchange loss, net	(117)	(23)	(1,153)
Loss on disposal of fixed assets (Note 4)	(65)	(4)	(644)
Gain on contribution of securities to retirement benefit trust	428	—	4,196
Other, net (Note 4)	(77)	(141)	(759)
	30	(547)	301
Income before income taxes and minority interests	2,232	1,904	21,889
Income taxes (Note 16):			
Current	2,624	1,676	25,731
Deferred	(1,243)	15	(12,186)
	1,381	1,692	13,545
Income before minority interests	851	212	8,344
Minority interests	31	2	307
Net income	¥ 819	¥ 209	\$ 8,037

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, 2014 and 2013

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)	
	2014	2013	2014	
Income before minority interests	¥ 851	¥ 212	\$ 8,344	
Other comprehensive income:				
Net unrealized gains on securities	888	1,645	8,708	
Net deferred gains on hedges	—	20	—	
Total other comprehensive income (Note 8)	888	1,666	8,708	
Comprehensive income	¥ 1,739	¥ 1,878	\$ 17,052	
Total comprehensive income attributable to: (Note 8)				
Shareholders of TOA CORPORATION	¥ 1,708	¥ 1,875	\$ 16,745	
Minority interests	¥ 31	¥ 2	\$ 307	

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2014 and 2013

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 (Note 13)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 6)	Retirement benefits liability adjustments (Note 15)		
Balance at March 31, 2012	¥ 18,976	¥ 18,114	¥ 23,934	¥ (1,760)	¥ 644	¥ (20)	¥ 2,573	¥ —	¥ 144	¥ 62,608
Cash dividends			(422)							(422)
Net income			209							209
Acquisition of treasury stock				(200)						(200)
Changes due to merger with unconsolidated subsidiary		(0)	140							140
Reversal of revaluation reserve for land			(113)							(113)
Net changes in items other than shareholders' equity					1,645	20	113		(144)	1,634
Balance at March 31, 2013	¥ 18,976	¥ 18,113	¥ 23,749	¥ (1,960)	¥ 2,290	¥ —	¥ 2,687	¥ —	¥ —	¥ 63,856
Net income			819							819
Acquisition of treasury stock				(91)						(91)
Change in scope of consolidation			(22)							(22)
Reversal of revaluation reserve for land			(5)							(5)
Net changes in items other than shareholders' equity					888		5	(1,768)	297	(576)
Balance at March 31, 2014	¥ 18,976	¥ 18,113	¥ 24,540	¥ (2,052)	¥ 3,178	¥ —	¥ 2,693	¥ (1,768)	¥ 297	¥ 63,978

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 (Note 13)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 6)	Retirement benefits liability adjustments (Note 15)		
Balance at March 31, 2013	\$186,045	\$177,586	\$232,833	\$ (19,223)	\$ 22,453	\$ —	\$ 26,347	\$ —	\$ —	\$626,043
Net income			8,037							8,037
Acquisition of treasury stock				(899)						(899)
Change in scope of consolidation			(224)							(224)
Reversal of revaluation reserve for land			(57)							(57)
Net changes in items other than shareholders' equity					8,708		57	(17,337)	2,917	(5,655)
Balance at March 31, 2014	\$186,045	\$177,586	\$240,588	\$ (20,122)	\$ 31,161	\$ —	\$ 26,405	\$ (17,337)	\$ 2,917	\$627,244

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, 2014 and 2013

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 2,232	¥ 1,904	\$ 21,889
Adjustments to reconcile income before income taxes and minority interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,751	1,941	17,168
Loss on impairment of fixed assets	166	47	1,629
Exchange (gain) loss, net	(98)	(295)	(966)
(Gain) Loss on sale or disposal of fixed assets	(49)	(86)	(485)
(Gain) Loss on sale of investment in securities	(283)	(185)	(2,776)
Loss on valuation of investment in securities	—	309	—
Loss on valuation of utility rights	0	3	1
Increase (decrease) in reserve for retirement benefits	(51)	285	(500)
Increase (decrease) in liability for retirement benefits	193	—	1,894
Increase (decrease) in allowance for doubtful accounts	(25)	(117)	(249)
Changes in:			
Notes and accounts receivable, trade	(5,969)	(10,670)	(58,522)
Real estate for sale	961	222	9,442
Cost on construction contracts in progress and other	(2,770)	412	(27,166)
Notes and accounts payable, trade	(1,310)	11,327	(12,849)
Advances received on construction contracts in progress	(4,363)	(1,387)	(42,775)
Other, net	3,675	2,665	36,032
Sub-total	(5,941)	6,378	(58,254)
Interest and dividend income received	290	281	2,851
Interest paid	(576)	(523)	(5,653)
Income taxes paid	(1,071)	(1,063)	(10,502)
Net cash (used in) provided by operating activities	(7,298)	5,072	(71,558)
Cash flows from investing activities:			
Payments for acquisition of investment in securities	(37)	(48)	(369)
Proceeds from sale of investment in securities	424	277	4,165
Payments for acquisition of property, plant and equipment	(1,443)	(1,161)	(14,154)
Proceeds from sale of property, plant and equipment	172	124	1,687
Other, net	132	(216)	1,300
Net cash (used in) provided by investing activities	(751)	(1,024)	(7,370)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(1,669)	(3,650)	(16,363)
Proceeds from long-term debt	6,425	4,945	62,990
Repayment of long-term debt	(5,207)	(4,265)	(51,055)
Acquisition of treasury stock	(91)	(200)	(899)
Cash dividends paid	(1)	(418)	(10)
Other, net	(118)	(105)	(1,163)
Net cash (used in) provided by financing activities	(663)	(3,696)	(6,501)
Effect of exchange rate changes on cash and cash equivalents	115	251	1,136
Net increase (decrease) in cash and cash equivalents	(8,597)	603	(84,293)
Cash and cash equivalents at beginning of year	50,069	49,425	490,880
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	1,542	—	15,127
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiary	—	41	—
Cash and cash equivalents at end of year (Note 10)	¥ 43,014	¥ 50,069	\$ 421,713

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.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been rounded down to the nearest million Japanese yen. Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

I. Basis of consolidation

The Company has 16 majority-owned subsidiaries as of March 31, 2014. The consolidated financial statements for the year ended March 31, 2014 include the accounts of the Company and 11 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.

PFI Saijo Unei Co., Ltd., Morioka Dai-ni Godo Chosya Seibi Unei Co., Ltd. and PFI Ichinomiya Saijo Co., Ltd. are newly included in the scope of consolidation from the year ended March 31, 2014 because of their increased importance.

Other 5 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

Securities held by the Companies are classified into two categories;

Held-to-maturity debt securities are carried at amortized cost.

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, PFI projects 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.

(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.

(4) Retirement benefits

Liabilities for retirement benefits has been provided on an accrual basis as of the balance sheet date based on an estimate of the projected benefit obligation and the employees' pension plan assets.

To calculate projected benefit obligation, the straight-line method is used to allocate expected retirement benefit payments to the each period through current fiscal year-end.

Actuarial gain and loss is amortized by the straight-line method over a defined period (13 years), not exceeding the average remaining service period of the employees from the next fiscal year after the incurrence.

Certain consolidated subsidiaries apply the simplified method which assumes retirement benefit obligation to be equal to the benefits payable assuming voluntary retirement of all employees at fiscal year-end.

(5) 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.

(6) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as a component of net assets and included in net income or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

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

The derivatives designated as hedging instruments by the Companies are principally interest swaps and forward exchange contracts. The related hedged 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.

(7) 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.

(8) Scope of cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows and 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.

(9) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(10) 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 ¥102=US\$1, the approximated rate of exchange prevailing on March 31, 2014. 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.

Amounts less than one thousand have been rounded down to the nearest thousand dollars.

2.Changes in Accounting Policy

The Companies adopted "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17,2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17,2012) (except for certain provisions described in Section 35 of the standard and in Section 67 of the guidance) as of the end of the fiscal year ended March 31, 2014. These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as a liability for retirement benefits. In addition, unrecognized actuarial gain and loss is recorded as a liability for retirement benefits. Concerning the application of the Accounting Standard for Retirement Benefits, based on the transitional treatment set out in Section 37 of the standard, the effects of such changes in the current fiscal year have been recorded in retirement benefits liability adjustments of accumulated other comprehensive income. As a result of this change, a liability for retirement benefits was recognized in the amount of ¥6,254 million (\$61,315 thousand) and accumulated other comprehensive income decreased by ¥1,768 million (\$17,337 thousand) as of March 31, 2014. In addition, net assets per share decreased by ¥8.46 (\$0.08).

3.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 b) from the beginning of the fiscal year starting April 1, 2014. However, the companies have already applied above a) from the consolidated financial statements concerning the end of the fiscal year starting April 1, 2013.

(3) Effect of Application of this accounting standard

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

4.Changes in Presentation

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

Loss on disposal of fixed assets included in Other, net of Other income (expenses) in the previous year, is presented separately in the current year.

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

Consequently, Loss on disposal of fixed assets was newly shown in the amount of ¥(4) million and Other, net was ¥(141) million compared with ¥(146) million in Other, net of other income (expenses) in the consolidated statement of income for the previous year.

5.Additional Information

On March 30, 2014, an accident occurred during construction on Okinotori Island in which a pier overturned.

An investigation for the causes of the accidents and consideration on the measures to prevent a recurrence will be made.

At this point, it is difficult to make a reasonable estimate of the financial impact on the current year's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

6. 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, 2014 and 2013 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Cost on construction contracts in progress	¥5,220	¥2,175	\$51,184
PFI projects	2,362	—	23,159
Other inventories	603	627	5,921
Cost on construction contracts in progress and other	¥8,187	¥2,803	\$80,265

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, 2014 and 2013 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
	¥1,573	¥15	\$15,429

III. Investments in securities

Among investments in securities, amount in aggregate corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2014 and 2013 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Investments in affiliates	¥250	¥503	\$2,454

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
	2014	2013	2014
Differences of the land after revaluation exceeded its fair value	¥6,118	¥6,665	\$59,987

V. Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2014 and 2013 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Assets pledged as collateral:			
Current assets			
Other current assets	¥26	¥49	\$255
Investment and other assets			
Investment in securities	2,101	2,705	20,600
Long-term loans	297	673	2,918
Other	—	65	—
Total	¥2,425	¥3,494	\$23,775

As of March 31, 2014, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥1,598 million (US\$15,673 thousand) and liabilities based on the loan agreements with credit line between 12 PFI companies and financial institutions.

As of March 31, 2013, secured liabilities were in the amount of ¥1,632 million and liabilities were for 15 PFI companies.

VI .Securities lent

Among investment in securities, securities were lent to financial institution under the security lending agreement at March 31, 2014 and 2013 were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2014	2013	2014
¥212	¥115	\$2,079

VII .Commitments and contingent liabilities

The Companies are contingently liable for the following as of March 31, 2014 and 2013:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Employees (Loan guarantee to bank)	¥13	¥18	\$131
National Federation of Promotion for Fishing Ports and Villages	295	379	2,896
Fisheries Cooperative Association (Loan guarantee)			
Others	295	242	2,892
Total	¥603	¥641	\$5,920

VIII .Short-term borrowings

The Company had commitment lines for efficient financial arrangement from 7 banks at March 31, 2014 and 2013 as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Total amount of contracts of commitment lines	¥20,000	¥20,000	\$196,078
Outstanding borrowings	—	—	—
Balance	¥20,000	¥20,000	\$196,078

IX .Notes receivable and notes payable

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

	Millions of Japanese Yen
Notes receivable	¥1,762
Notes payable	1,489

X .Non-recourse debt

The following non-recourse debts are included in current portion of long-term debt and long-term debt with PFI business pledged as collateral.

The amount of non-recourse debts as of March 31, 2014 are as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Non-recourse debt included in current portion of long-term debt	¥663	\$6,505
Non-recourse debt included in long-term debt	4,231	41,485
Total	¥4,895	\$47,990

The amount of PFI assets pledged as collateral for non-recourse debt as of March 31, 2014 are as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
	¥6,839	\$67,058

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

7. 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
2014	2013	2014
¥175,670	¥147,699	\$1,722,255

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
2014	2013	2014
¥67	¥22	\$660

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
2014	2013	2014
¥4,554	¥713	\$44,651

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
	2014	2013	2014
Salaries to employees	¥4,081	¥4,234	\$40,019
Provision for retirement benefits for directors	4	23	42
Expenses for retirement benefits for employees	514	552	5,039
Research expenses	848	816	8,318
Provision for doubtful accounts, trade	(18)	(132)	(184)

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
2014	2013	2014
¥946	¥912	\$9,278

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
	2014	2013	2014
Land	¥4	¥65	\$39
Machinery and equipment	0	25	4
Vessels	80	9	792
Others	1	0	13
Total	¥86	¥100	\$849

VII .Impairment of fixed assets

For the year ended March 31, 2014, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land	Kanagawa and others	2

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 ¥166 million (US\$1,629 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, 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 ¥47 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.

8. 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
	2014	2013	2014
Unrealized gains (Losses) on securities:			
Amount arising during the year	¥2,029	¥2,455	\$19,895
Amount of reclassification adjustments	(712)	96	(6,980)
Amount before tax effect	1,317	2,551	12,914
Tax effect	(429)	(905)	(4,206)
Unrealized gains (Losses) on securities	888	1,645	8,708
Deferred gains (losses) on hedges:			
Amount arising during the year	—	49	—
Amount of reclassification adjustments	—	(16)	—
Amount before tax effect	—	32	—
Tax effect	—	(12)	—
Deferred gains (losses) on hedges	—	20	—
Total other comprehensive income	¥888	¥1,666	\$8,708

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

9. Notes to Consolidated Statement of Changes in Net Assets

I. Type and number of shares

For the year ended March 31, 2014

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	15,257	660	—	15,917

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	657 thousand 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	13,678	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

II. Dividend payment

For the year ended March 31, 2013

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	¥429	¥2	March 31, 2012	June 29, 2012

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, 2014

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 27, 2014								
	Common stock	Retained earnings	¥425	¥2	\$4,167	\$0.01	March 31, 2014	June 30, 2014

10. Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Cash and bank deposits	¥43,040	¥50,095	\$421,963
Time deposits due over three months	(25)	(25)	(249)
Cash and cash equivalents	¥43,014	¥50,069	\$421,713

11. Leases

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2014 and 2013, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within one year	¥514	¥519	\$5,041
Due over one year	981	1,433	9,622
Total	¥1,495	¥1,952	\$14,663

12. 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, long-term debt (maturities are within five years in principle) are funds for capital investments and long-term debt (maturities are over five years in principle) are funds for PFI projects. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

II .Fair value of financial instruments

As of March 31, 2014, 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	¥43,040	¥43,040	¥—	\$421,963	\$421,963	\$—
Notes and accounts receivable, trade	68,591	68,591	—	672,469	672,469	—
Advanced money	10,041	10,041	—	98,450	98,450	—
Investments in securities						
Held-to-maturity debt securities	15	15	0	147	147	0
Other securities	11,044	11,044	—	108,276	108,276	—
Notes and accounts payable, trade	(51,130)	(51,130)	—	(501,279)	(501,279)	—
Short-term borrowings	(9,870)	(9,870)	—	(96,764)	(96,764)	—
Deposits received	(11,846)	(11,846)	—	(116,145)	(116,145)	—
Long-term debt (*2)	(22,417)	(22,724)	(306)	(219,783)	(222,793)	(3,009)
Derivative transactions	¥—	¥—	¥—	\$—	\$—	\$—

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

(*2) Current portion of long-term debt of ¥5,271 million (US\$51,680 thousand) is included in long-term debts and carrying amount and fair value are represented.

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)
	Millions of Japanese Yen		
Cash and bank deposits	¥50,095	¥50,095	¥—
Notes and accounts receivable, trade	59,524	59,524	—
Advanced money	11,696	11,696	—
Investments in securities			
Other securities	10,116	10,116	—
Notes and accounts payable, trade	(52,167)	(52,167)	—
Short-term borrowings	(11,539)	(11,539)	—
Deposits received	(13,967)	(13,967)	—
Long-term debt (*2)	(15,647)	(15,792)	(145)
Derivative transactions	¥—	¥—	¥—

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

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

a) Computation of fair value for financial instruments, investment in 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.

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
	2014	2013	2014
Unlisted stocks	¥2,112	¥2,365	\$20,711

c) Projected redemption

The projected redemption of monetary claim as of March 31, 2014 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	¥42,973	¥—	¥—	¥—	\$421,306	\$—	\$—	\$—
Notes and accounts receivable, trade	61,487	6,065	1,024	15	602,816	59,464	10,041	147
Investments in securities								
Held-to-maturity debt securities								
(Governmental bonds)	—	15	—	—	—	147	—	—
Other securities with maturities								
(Governmental bonds)	—	—	40	—	—	—	400	—
Total	¥104,460	¥6,080	¥1,065	¥15	\$1,024,123	\$59,611	\$10,441	\$147

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
	Millions of Japanese Yen			
Cash and bank deposits	¥50,015	¥—	¥—	¥—
Notes and accounts receivable, trade	57,053	2,470	—	—
Investments in securities				
Other securities with maturities				
(Government bonds)	25	—	40	—
Total	¥107,094	¥2,470	¥40	¥—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

d) The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2014 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	¥9,870	¥—	¥—	¥—	¥—	¥—
Long-term debt	5,271	5,641	4,648	3,189	1,921	1,746
Lease obligation	56	52	17	6	4	0
Total	¥15,198	¥5,694	¥4,665	¥3,195	¥1,926	¥1,746

	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	\$96,764	\$—	\$—	\$—	\$—	\$—
Long-term debt	51,680	55,306	45,569	31,268	18,837	17,120
Lease obligation	554	518	168	61	46	6
Total	\$149,000	\$55,824	\$45,738	\$31,329	\$18,884	\$17,126

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	4,405	3,285	2,313	1,093	—
Lease obligation	53	51	47	12	1	1
Total	¥16,142	¥4,457	¥3,333	¥2,325	¥1,095	¥1

13. Securities

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

At March 31, 2014

	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)
Held-to-maturity debt securities whose consolidated balance sheet amount exceeds its acquisition cost						
Government bonds	¥15	¥15	¥0	\$147	\$147	\$0
Sub total	15	15	0	147	147	0
The securities whose consolidated balance sheet amount does not exceed its acquisition cost						
Government bond	—	—	—	—	—	—
Sub total	—	—	—	—	—	—
Total	¥15	¥15	¥0	\$147	\$147	\$0

At March 31, 2014

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Other securities whose consolidated balance sheet amount exceeds its acquisition cost						
Stock	¥5,163	¥10,154	¥4,990	\$50,622	\$99,551	\$48,929
Government bonds	37	40	3	366	400	33
Sub total	5,200	10,195	4,994	50,989	99,952	48,962
The securities whose consolidated balance sheet amount does not exceed its acquisition cost						
Stock	972	849	(123)	9,535	8,323	(1,211)
Government bond	—	—	—	—	—	—
Sub total	972	849	(123)	9,535	8,323	(1,211)
Total	¥6,173	¥11,044	¥4,870	\$60,525	\$108,276	\$47,750

At March 31, 2013

	Millions of Japanese Yen		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Other securities whose consolidated balance sheet amount exceeds its acquisition cost			
Stock	¥5,601	¥9,261	¥3,659
Government bonds	44	50	5
Sub total	5,646	9,311	3,665
The securities whose consolidated balance sheet amount does not exceed its acquisition cost			
Stock	926	814	(111)
Government bonds	15	15	0
Sub total	941	829	(111)
Total	¥6,587	¥10,141	¥3,553

(2) Other securities sold during the financial years ended March 31, 2014 and 2013 were as follows:

At March 31, 2014

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Sales	gain on sales	loss from sales	Sales	gain on sales	loss from sales
Stock	¥410	¥310	¥(27)	\$4,024	\$3,042	\$(266)
Other	—	—	—	—	—	—
Total	¥410	¥310	¥(27)	\$4,024	\$3,042	\$(266)

At March 31, 2013

	Millions of Japanese Yen		
	Sales	gain on sales	loss from sales
Stock	¥276	¥186	¥—
Other	—	—	—
Total	¥276	¥186	¥—

(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 were accounted for ¥284 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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14. Derivative Transactions

Derivative transactions for the year ended March 31, 2014 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	¥13,935	¥9,892	(*)	\$136,619	\$96,988	(*)

(*) 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, 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		
			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	(*)

(*) 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.

15. Retirement Benefits and Pension Plan

For the year ended March 31, 2014

The Company and its consolidated subsidiaries have the funded/unfunded defined retirement benefit plans.

The Company has the funded defined benefit plan under the cash balance plan. The Company also set up the retirement benefit trust.

Some consolidated subsidiaries have the unfunded retirement lump sum plans.

Furthermore, additional severance payment would be applied.

The changes in the retirement benefit obligation during the year ended March 31, 2014 are as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Retirement benefit obligation at April 1, 2013	¥24,036	\$235,652
Service cost	827	8,109
Interest cost	258	2,529
Actuarial gain	(454)	(4,459)
Retirement benefit paid	(2,031)	(19,916)
Retirement benefit obligation at March 31, 2014	¥22,635	\$221,914

The changes in plan assets during the year ended March 31, 2014 are as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Plan assets at April 1, 2013	¥15,680	\$153,729
Expected return on plan assets	192	1,885
Actuarial loss	899	8,821
Contributions by the Company	1,653	16,214
Retirement benefits paid	(2,045)	(20,052)
Plan assets at March 31, 2014	¥16,381	\$160,599

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Retirement benefit obligation under the funded plans	¥22,324	\$218,865
Plan assets at fair value	(16,381)	(160,599)
	5,943	58,265
Retirement benefit obligation under the unfunded plans	311	3,049
Net liability for retirement benefits in the balance sheet	6,254	61,315
Liability for retirement benefits	6,254	61,315
Net liability for retirement benefits in the balance sheet	¥6,254	\$61,315

The components of retirement benefit expense for the year ended March 31, 2014 are as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Service cost	¥827	\$8,109
Interest cost	258	2,529
Expected return on plan assets	(192)	(1,885)
Amortization of actuarial loss	940	9,220
Other	53	526
Retirement benefit expense	¥1,887	\$18,500

Unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 are as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Unrecognized actuarial loss	¥2,746	\$26,921

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 are as follows:

Stocks	44%
Bonds	41%
General account assets	10%
Other	5%
Total	100%

The expected return on assets has been estimated based on the anticipated allocation of the assets to each asset category and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

Discount rate	1.1%
Expected rate of return on plan assets	2.0%

For the year ended March 31, 2013

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
Projected benefit obligations	¥(24,036)
Plan assets	15,680
Unfunded retirement benefit obligations	(8,356)
Unrecognized actuarial differences	5,041
Reserve for employee retirement benefits	¥(3,314)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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

	Millions of Japanese Yen
Service cost	¥772
Interest cost	527
Expected return on plan assets	(223)
Amortization of unrecognized actuarial differences	872
Net pension and severance costs	¥1,949

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

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

16. Tax Effect Accounting

1. The significant components of deferred tax assets and liabilities as of March 31, 2014 and 2013 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred Tax Assets:			
Pension and severance costs	¥ —	¥2,386	\$ —
Liability for retirement benefits	3,424	—	33,578
Reserve for loss on construction works	1,527	405	14,975
Accrued bonus to employees	424	351	4,160
Unrealized losses on securities	197	104	1,935
Loss on valuation of utility rights	314	328	3,088
Loss on valuation of investment in securities	192	192	1,887
Other	2,449	2,390	24,012
Valuation allowance	(1,089)	(1,113)	(10,679)
Deferred tax assets	¥7,441	¥5,044	\$72,958
Deferred Tax Liabilities:			
Revaluation reserve for land	¥(756)	¥(818)	\$(7,416)
Unrealized gains on securities	(1,889)	(1,367)	(18,524)
Other	(120)	(73)	(1,178)
Deferred tax liabilities	(2,766)	(2,259)	(27,120)
Net Deferred Tax Assets	¥4,675	¥2,785	\$45,837

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Current assets - Deferred tax assets	¥3,582	¥2,123	\$35,118
Investments and other assets - Deferred tax assets	1,911	1,504	18,740
Current liabilities - Other current liabilities	73	44	722
Long-term liabilities - Other long-term liabilities	744	797	7,297

2. A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2014 and 2013, and the actual effective tax rates reflected in the accompanying consolidated statement of income is as follows:

	2014	2013
Normal effective statutory tax rate	38.0%	38.0%
Expenses not deductible for income tax purposes	7.0	8.2
Per capita levy of inhabitant taxes	5.5	6.1
Non-taxable income	(2.1)	(1.9)
Change in valuation allowance	(1.1)	9.3
Tax rate change	15.3	-
Amortization of negative goodwill	(0.0)	(0.0)
Foreign corporation tax	(4.6)	39.7
Loss carried forward	—	(10.2)
Other-net	3.9	(0.3)
Actual effective tax rates	61.9%	88.9%

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 38.0% to 35.6% for the temporary differences expected to be realized or settled in the fiscal year beginning April 1, 2014. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets after offsetting deferred tax liabilities by ¥285 million (U.S.\$2,797 thousand) and increase deferred income taxes by ¥285 million (U.S.\$2,797 thousand) as of and for the year ended March 31, 2014.

17.Asset Retirement Obligations

Because of insignificant amounts in asset retirement obligations, the Companies have omitted notation in the Notes to Consolidated Financial Statements for the years ended March 31, 2014 and 2013.

18.Investment and Rental Property

Because of insignificant amounts in investment and rental property, the Companies have omitted notation in the Notes to Consolidated Financial Statements for the year ended March 31, 2014 and 2013.

19.Information on Various Segments

I .Outline of the reportable segments

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

Accordingly, the Company's businesses consist of segments classified by products and services based on the headquarters. The reportable segments are composed of "Domestic Civil Engineering Businesses", "Domestic Architectural Building Businesses", "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 Building Businesses: domestic architectural building 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.

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

For the year ended March 31, 2014

Millions of Japanese Yen								
	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total				
Net sales:								
External customers	¥93,618	¥47,698	¥39,097	¥180,413	¥12,193	¥192,607	¥—	¥192,607
Inter-segment	111	80	—	192	27,969	28,161	(28,161)	—
Total	¥93,730	¥47,778	¥39,097	¥180,605	¥40,163	¥220,769	¥(28,161)	¥192,607
Segment profits or losses	6,870	(1,403)	(1,158)	4,308	687	4,996	(2,794)	2,201
Other items								
Depreciation and amortization	¥400	¥20	¥644	¥1,065	¥450	¥1,516	¥235	¥1,751

For the year ended March 31, 2014

Thousands of U.S. Dollars								
	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total				
Net sales:								
External customers	\$917,825	\$467,628	\$383,307	\$1,768,761	\$119,545	\$1,888,307	\$—	\$1,888,307
Inter-segment	1,096	787	—	1,884	274,212	276,097	(276,097)	—
Total	\$918,922	\$468,416	\$383,307	\$1,770,646	\$393,758	\$2,164,404	\$(276,097)	\$1,888,307
Segment profits or losses	67,359	(13,762)	(11,355)	42,241	6,743	48,985	(27,397)	21,587
Other items								
Depreciation and amortization	\$3,930	\$199	\$6,316	\$10,445	\$4,418	\$14,864	\$2,304	\$17,168

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 ¥(2,794) million (US\$(27,397) thousand) is inclusive of inter-segment elimination amounting to ¥85 million (US\$838 thousand) and Selling, General and Administrative Expenses amounting to ¥(2,880) million (US\$(28,236) thousand) which are not attributed to any reportable segments.
- Segment profits or losses are adjusted to the operating income in the consolidated statement of income.
- Assets are not described due to no allocation to the business 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 Building	Overseas	Total				
Net sales:								
External customers	¥79,984	¥43,176	¥28,549	¥151,617	¥9,367	¥160,984	¥—	¥160,984
Inter-segment	94	184	—	278	26,234	26,512	(26,512)	—
Total	¥79,984	¥43,361	¥28,549	¥151,895	¥35,602	¥187,497	¥(26,512)	¥160,984
Segment profits or losses	3,893	(2,070)	3,131	4,954	426	5,381	(2,929)	2,451
Other items								
Depreciation and amortization	¥511	¥22	¥680	¥1,214	¥475	¥1,690	¥251	¥1,941

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 ¥(2,929) million is inclusive of inter-segment elimination amounting to ¥7 million and

- Selling, General and Administrative Expenses amounting to ¥(2,937) million which are not attributed to any reportable segments.
3. Segment profits or losses are adjusted to the operating income in the consolidated statement of income.
 4. Assets are not described due to no allocation to the business segments.

20.Related Information

I .Information on products and services

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

II .Geographical information

1) Net sales

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Japan	¥153,511	¥132,448	\$1,505,017
Singapore	26,222	18,367	257,087
Other	12,872	10,169	126,201
Total	¥192,607	¥160,984	\$1,888,307

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

2) Tangible fixed assets

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

III .Information on principal customer

For the year ended March 31, 2014

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen	Thousands of U.S. Dollars
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, Domestic Architectural Building Businesses, others	¥41,647	\$408,310
Housing and Development Board, Singapore	Overseas Businesses	¥24,768	\$242,830

For the year ended March 31, 2013

Name of Customer	Related segments	Net sales
		Millions of Japanese Yen
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, Domestic Architectural Building Businesses, others	¥29,557
Housing and Development Board, Singapore	Overseas Businesses	¥16,712

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 statement 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, 2014 and 2013.

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, 2014 and 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

21. Per Share Data

	Japanese Yen		U.S. Dollars
	2014	2013	2014
Net assets	¥304.65	¥304.53	\$2.986
Net income	3.92	1.00	0.038

Because there was no dilutive shares, the Companies have not presented the diluted net income per share for the years ended March 31, 2014 and 2013.

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
	2014	2013	2014
Net assets	¥63,978	¥63,856	\$627,244
Net assets amount for common stocks	63,681	63,856	624,326
Significant breakdown of differences			
Minority interests	¥297	¥—	\$2,917

	Thousands of shares	
	2014	2013
Numbers of issued shares of common stocks	224,946	224,946
Numbers of treasury stocks of common stocks	15,917	15,257
Numbers of common stocks which were used for calculation for per share data on net assets	209,028	209,689

2. Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2014	2013	2014
Net income	¥819	¥209	\$8,037
Net income which does not belong to common stockholders	—	—	—
Net income for common stocks	¥819	¥209	\$8,037

	Thousands of Shares	
	2014	2013
Average number of shares of common stocks	209,281	210,202

As described in the notes to consolidated financial statements 2. Changes in Accounting Policy, the Companies applied the Accounting Standard for Retirement Benefits, based on the transitional treatment set out in Section 37 of the standard.

Consequently, net assets per share decreased by ¥8.46 (US\$0.08).

22. 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	¥11,539	¥9,870	\$113,128	\$96,764	1.30%	
Current portion of Long-term debt	4,549	4,607	44,600	45,175	1.77%	
Current portion of Non-recourse debt	658	663	6,454	6,505	2.72%	
Current portion of lease obligations	53	56	528	554	—	
Long-term debt (excluding current portion)	11,097	12,915	108,802	126,617	1.57%	from 2015 to 2019
Non-recourse debt (excluding current portion)	4,895	4,231	47,990	41,485	2.63%	from 2015 to 2026
Lease obligation (excluding current portion)	115	81	1,128	801	—	from 2015 to 2019
Other debt	—	—	—	—	—	
Total	¥32,908	¥32,426	\$322,634	\$317,905	—	

Notes

- Due to newly consolidated 3 PFI subsidiaries, total amounts of the beginning balance as of the fiscal year starting April, 2014 increased by ¥5,553 million (US\$54,444 thousand) from the closing balance as of the fiscal year starting April, 2013.
- 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 sheet.
- The amount scheduled to be repayment of long-term debt, non-recourse 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	¥4,975	¥4,003	¥2,583	¥1,353	\$48,779	\$39,245	\$25,323	\$13,269
Non-recourse debt	665	645	606	567	6,527	6,324	5,944	5,568
Lease obligations	52	17	6	4	518	168	61	46

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, 2014, 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, 2014, 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 (10).

June 27, 2014
Yokohama, Japan

Quarterly Financial Information

For the fiscal year ended March 31, 2014

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	¥37,340	¥82,621	¥133,103	¥192,607	\$366,087	\$810,011	\$1,304,940	\$1,888,307
Income before income taxes or quarterly income before income taxes	(1,294)	(660)	(256)	2,232	(12,690)	(6,476)	(2,516)	21,889
Net income or quarterly net income	¥(903)	¥(572)	¥(492)	¥819	\$(8,855)	\$(5,608)	\$(4,832)	\$8,037

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	¥(4.31)	¥(2.73)	¥(2.35)	¥3.92	\$(0.042)	\$(0.026)	\$(0.023)	\$0.038

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	¥(4.31)	¥1.58	¥0.38	¥6.28	\$(0.042)	\$0.015	\$0.003	\$0.061

INFORMATION



Board of Directors

(As of June 27, 2014)

Chairman and Representative Director

Yukio Suzuki

President and Representative Director

Masaomi Matsuo

Vice President and Representative Director

Masaki Akiyama

Directors

Ryo Suetomi

Tsuyoshi Hyakutake

Michio Kanezaki

Masato Ikeda

Masahiko Okamura

Corporate Auditors

Nobuo Terabayashi

Nobuyuki Isa

Yujirou Oku

Tokio Monoe



Executive Officers

(As of June 27, 2014)

President and Chief Executive Officer (CEO)

Masaomi Matsuo

Executive Vice President

Masaki Akiyama

Senior Executive Officers

Motonobu Sugimoto

Ryo Suetomi

Tsuyoshi Hyakutake

Hiroki Suda

Managing Executive Officers

Mitsugi Okuda

Tsutomu Higashi

Akio Aikawa

Kazuyuki Higuchi

Yoshinari Gokita

Michio Kanezaki

Seiichi Yamaguchi

Masaharu Fukuda

Yasuo Fujikawa

Shigenori Hada

Atsurou Moriwake

Masato Ikeda

Executive Officers

Sakae Sugimoto

Tetsuzo Iwatsuki

Masanori Iwaki

Hiroshi Oosumi

Shigetoshi Kurosu

Makoto Fujino

Tomoko Okiyama

Hideo Komura

Atsushi Tamaki

Seiichiro Ishii

Masayoshi Tatsuta

Investor Information

(As of June 27, 2014)

Head Office

TOA CORPORATION
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163-1031 Japan
Telephone : +81-3-6757-3800
Facsimile : +81-3-6757-3830
http://www.toa-const.co.jp/

International Division

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163-1031 Japan
Telephone : +81-3-6367-0801
Facsimile: +81-3-6367-0809

Date of Incorporation

January 1920

Paid-In Capital

¥18,976 million (As of March 31, 2014)

Authorized Shares

600,000,000

Outstanding Shares

224,946,290 shares in 2014 (As of March 31, 2014)

Number of Shareholders

12,358 (As of March 31, 2014)

Number of Employees

1,472 (As of March 31, 2014)

General Meeting

The General Meeting of Shareholders was held on June 27, 2014

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 LLC
Hibiya Kokusai Building
2-3, Uchisaiwai-cho 2 chome, Chiyoda-ku,
Tokyo 100-0011, Japan

Domestic Branches

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

Overseas Network

Overseas Office

HEAD OFFICE (International Division)

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SRI LANKA

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Democratic Socialist Republic of Sri Lanka
Telephone : (94-1)123231633
Facsimile: (94-1)14617783

U.A.E

Dubai Office
LOB 15, Office 501, JAFZA,
Dubai, United Arab Emirates
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Facsimile: (971-4)8808670

Overseas Subsidiaries and Affiliates

TOA HARBOR(S) PTE., LTD.

23, Pandan Crescent,
Republic of Singapore 128472
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TOA(M) SENDIRIAN BERHAD

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Grand Duchy of Luxembourg
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