

Annual Report 2015

For the fiscal year ended March 31, 2015



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, 2015, TOA established its headquarters in Tokyo, under which thirteen domestic branches, six offshore offices, eleven consolidated subsidiaries, six non-consolidated subsidiaries, and fourteen 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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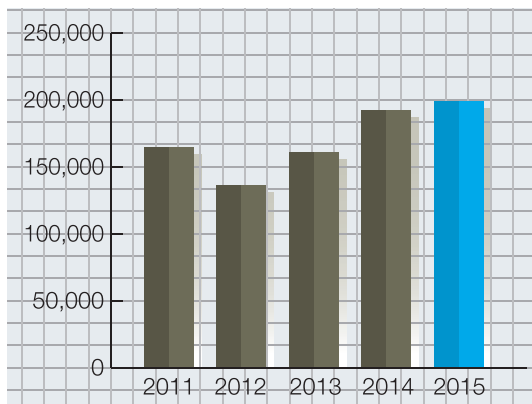
FINANCIAL HIGHLIGHTS

TOA CORPORATION and its consolidated subsidiaries

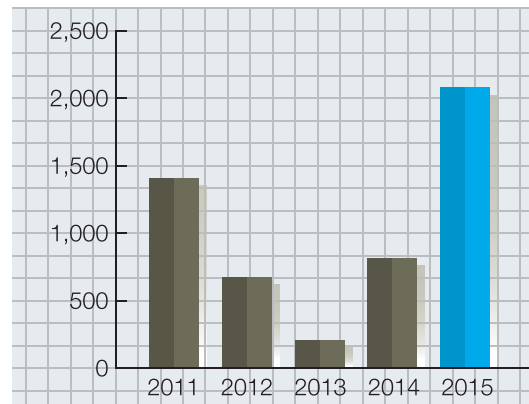
Years ended March 31,	Millions of Japanese Yen					Thousands of U.S. Dollars (Note)		
	2011	2012	2013	2014	2015	2015		
	Consolidated							
For the year:								
Net sales	¥ 164,772	¥ 136,007	¥ 160,984	¥ 192,607	¥ 198,884	\$ 1,657,366		
Income before income taxes and minority interests	2,294	1,349	1,904	2,232	5,513	45,941		
Net income	1,411	678	209	819	2,080	17,333		
At year-end:								
Total assets	169,103	168,123	182,868	189,445	190,202	1,585,016		
Net assets	62,290	62,608	63,856	63,978	69,004	575,033		
Property, plant and equipment-net	30,509	30,684	29,986	29,510	29,468	245,566		
Per share of common stock:								
	Yen					U.S. Dollars		
Net income	¥ 6.75	¥ 3.23	¥ 1.00	¥ 3.92	¥ 9.95	\$ 0.082		
Cash dividends	2.00	2.00	—	2.00	2.00	0.016		
Net assets	292.73	295.66	304.53	304.65	328.35	2.736		

Note: The amount in U.S. dollars was converted at the rate of ¥120=US\$1, the effective rate at March 31, 2015.

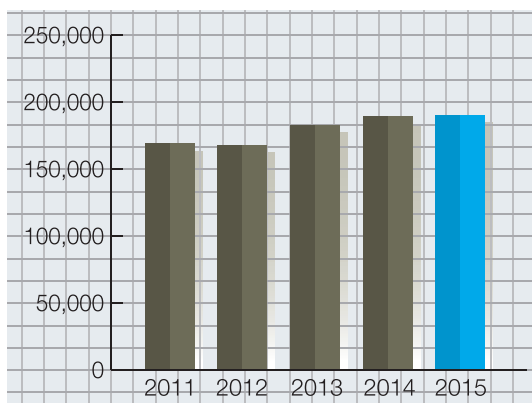
■ Net sales (Unit: Millions of Yen)



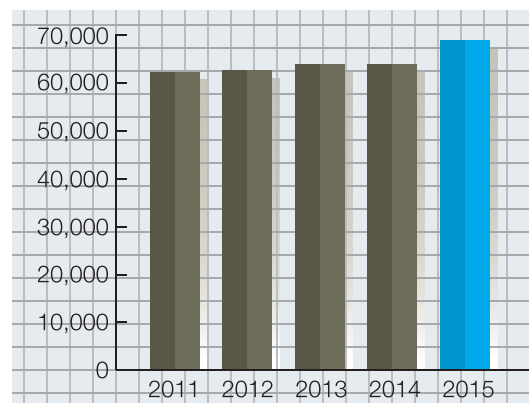
■ Net income (Unit: Millions of Yen)



■ Total assets (Unit: Millions of Yen)



■ Net assets (Unit: Millions of Yen)



MESSAGE FROM THE PRESIDENT



President and Chief Executive Officer

M. Matsuo

For the fiscal year just ended on March 31, 2015, although there were signs of some backlash to last-minute demand resulting from the increase in the consumption tax rate, the Japanese economy showed signs of a gradual recovery in anticipation of a virtuous cycle for the economy, backed by improvements to the employment situation and corporate earnings, partly due to the effects of various economic measures.

In the domestic construction industry, 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, and there was a recovery in investments in the private sector as a result

of increases in corporate profits. On the other hand, the prices for materials and equipment keep rising, while labor costs, too, remain high due to the shortage of workers, so conditions surrounding corporate management continue to be unpredictable. The Act for Promoting Quality Assurance in Public Works, the Act for Promoting Proper Tendering and Contracting for Public Works, and the Construction Business Act were revised with the aim of ensuring infrastructure quality and securing workers. The revision of these three laws was one of the bright spots towards resolving the problems faced by the construction industry.

BUSINESS PERFORMANCE OF THE FISCAL YEAR

Amidst this environment, the Toa Corporation Group, comprising Toa Corporation and its consolidated subsidiaries, carried forward various measures, based on its Mid-term Business Plan (from FY2013 to FY2015), in which the basic principles of “firmly maintain the scale of its business,” “endeavor to increase profitability,” and “enhance its customer-oriented approach” are set forth, to strengthen its management base.

With regard to the consolidated results for the Toa Corporation Group for the fiscal year just ended, net sales increased 3.3% over the previous fiscal year to ¥198,884

million as a result of an increase in the amount of orders received. Due to the improved profitability of our domestic construction business, operating income increased 158.7% over the previous fiscal year to ¥5,696 million, in spite of some of our overseas construction business suffering a deterioration in profits. Although there was an additional tax burden due to such factors as the disposal of deferred tax assets because of the law reducing the corporate tax rate, net income increased 153.8% over the previous fiscal year to ¥2,080 million.

RESULTS OF THE SEGMENTS

Domestic Civil Engineering Business

The core business is in the field of marine civil engineering, with efforts focused on restoring the areas that suffered earthquake-related damage, as well as building social capital. For the fiscal year just ended, net sales showed a decrease of 3.9% from the previous consolidated fiscal year to ¥89,981 million. However, the segment profit (operating income) increased 32.3% over the previous fiscal year to ¥9,088 million.

Domestic Architectural Building Business

Efforts are being undertaken to secure profits by increasing the amount of orders received for negotiation contract projects and design and construction projects, and rigorously checking the construction costs.

As a result, net sales for the fiscal year just ended increased 14.8% over the previous consolidated fiscal year to ¥54,754 million. Because of a decrease in unprofitable projects, the segment profit (operating income) was ¥737 million. This amount is a remarkable improvement over the segment loss of ¥1,403 million suffered in the previous fiscal year.

Overseas Business

In making Southeast Asia the base, the aim is to focus efforts on marine civil engineering construction and construction of thermal power plants and other plants. Net sales for the fiscal year just ended increased 4.1% over the previous consolidated fiscal year to ¥40,704 million. However, due to the deterioration of profitability of a portion of construction projects, the segment loss (operating loss) was ¥1,653 million. The segment loss for the previous fiscal year was ¥1,158 million.

Others

Net sales for the consolidated fiscal year just ended increased 10.3% over the previous consolidated fiscal year to ¥13,444 million, while segment profit (operating income) decreased 36.5% from the previous consolidated fiscal year to ¥437 million.

OUTLOOK FOR THE NEXT FISCAL YEAR

In the domestic construction market, initiatives are being carried forward in

such areas as accelerating the recovery from the Great East Japan Earthquake, realizing growth strategies, ensuring safety and security for the Japanese people, and revitalizing local communities. Moreover, looking ahead to the Tokyo Olympic and Paralympic Games in 2020, various projects are envisioned to build up the infrastructure in and around the Tokyo Metropolitan Area. On the other hand, a number of issues remain that can be said to affect the construction industry as a whole, such as the recent trend of rising prices for materials and equipment and increasing unit labor costs, and anticipated labor shortages resulting from skilled workers leaving the work force due to aging.

In the overseas construction market, there continues to be momentum in the demand for construction, primarily in emerging countries, and it is expected that further development of social infrastructure, such as making improvements to large-scale container terminals and the construction of thermal power plants, will move forward.

ANALYSIS OF FINANCIAL CONDITIONS

Status of assets, liabilities, and net assets

Total assets at the end of the consolidated fiscal year just ended increased ¥756 million compared with the end of the previous fiscal year to ¥190,202 million. The increase was due primarily to the increase of notes receivable, accounts receivable from completed construction

MESSAGE FROM THE PRESIDENT

works, and other items, although there was a decrease of cash and bank deposits. Liabilities decreased ¥4,269 million compared with the end of the previous fiscal year to ¥121,197 million, primarily due to a decrease in liabilities for retirement benefits. Net assets increased ¥5,025 million compared with the end of the previous fiscal year to ¥69,004 million, due to the increase of accumulated adjustments for retirement benefits, retained earnings, and other factors. Furthermore, the shareholders equity ratio increased 2.5 percentage points compared with the end of the previous fiscal year to 36.1%.

Status of cash flows

For the fiscal year just ended, cash flows from operating activities showed a decrease of ¥15,419 million in cash (the previous fiscal year saw a decrease of ¥7,298 million in cash) due to an increase in trade receivables and other factors. Cash flows from investing activities showed a decrease of ¥1,388 million in cash (the previous fiscal year saw a decrease of ¥751 million in cash) due to acquisitions of property, plant, and equipment. Cash flows from financial activities showed a decrease of ¥3,563 million in cash (the previous fiscal year saw a decrease of ¥663 million in cash) due to repayment of debt and other factors. As a result of these activities, the balance of cash and cash equivalents at the end of the fiscal year just ended decreased ¥20,105 million compared with the previous fiscal year to ¥22,909 million.

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 abovementioned policy, the cash dividend for shareholders for the fiscal year just ended is expected to be ¥2 per share. Furthermore, it is anticipated that a dividend of ¥2 per share will be distributed for the next fiscal year as well.

MANAGEMENT POLICIES

The Company's Basic Principles of Management

The Company's mission statement is "With its high level of technology, the Company strives to accomplish its social responsibility by expanding its business operations and building sound management to expand our activities." For the Company, the corporate philosophy is embodied in successfully competing through steady management plans, 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 improve profitability, and thoroughly implement 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 enhance the volume of its business" for the overseas construction division; and "strengthen the Group's management and financial structure" for the management and administration division, and each division will steadily implement these strategies.

Issues for 2015

The Toa Corporation Group has been carrying forward its Mid-term Business Plan, which was launched in FY2013. The results of the first year of the Plan were disappointing with regard to improving construction profitability. In FY2014, however, priority measures of each division were faithfully carried out based on those issues, and as a result, the business goals were achieved.

Furthermore, to strengthen competitiveness and improve profitability, organizational change was carried out at the beginning of FY2015, when the civil engineering division and construction division at each branch office were separated and restructured.

In order to achieve the business objectives in FY2015 as well, which is the final fiscal year of the Plan, each division of the Company has put forward its respective priority measures as described below.

Measures of each division

- Domestic civil engineering business
 - *Strengthen such areas as the ability to grasp information at an early stage, as well as the ability to analyze profitability and productivity, and implement strategic initiatives based on their degree of priority, including allocation of personnel.
 - *Promote development of technology that readily responds to market trends, such as in the areas of marine resources development and renewable energy, and feature such technologies to strengthen sales activities.
 - *With regard to the branch office system following the extensive organizational restructuring, establish a collaborative structure in which the head office and the branch offices collaborate to maintain and improve competitiveness in securing orders.
- Domestic construction business
 - *Under the structure in which resources are concentrated at the two construction

branch offices, East Japan Architecture Branch Office and West Japan Architecture Branch Office, efforts are underway with the aim of realizing reform as early as possible, and increase sales and profits.

*Continue selecting work projects that emphasize profitability, and establish a structure that enables it to function autonomously.

*Increase orders received of negotiation contract projects, works planned and proposed by the Company, and works designed and executed by the Company.

*Grasp the trend of Japanese companies that are shifting their facilities overseas, and strengthen efforts for projects the Company is invested in.

- Overseas construction business
 - *Strengthen efforts for EPC (engineering, procurement, and construction) projects, such as energy-related facilities.
 - *Undertake efforts to strengthen sales capabilities and increase estimation capabilities by sharing information and analyzing performance data, putting know-how to use, etc.
 - *Undertake efforts to increase profits by promoting various measures, such as strengthening support of construction work, grasping risk information as early as possible, and responding to such risks as early as possible, etc.
- Business management
 - *Systematically secure and develop human resources required by each division, for each operation, and each position level.

*Maintain and further strengthen the soundness of the financial structure

*Grasp risk information as early as possible, and prevent the situation from worsening by responding to such risks as early as possible

*Thoroughly ensure, once again, safety, quality, and the business environment in order to achieve management goals.

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 continued understanding and support of all of our shareholders.

June 2015
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 the natural gas processing and liquefying plant, the foundations for the oil export terminal, and to provide ready-mixed concrete 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.

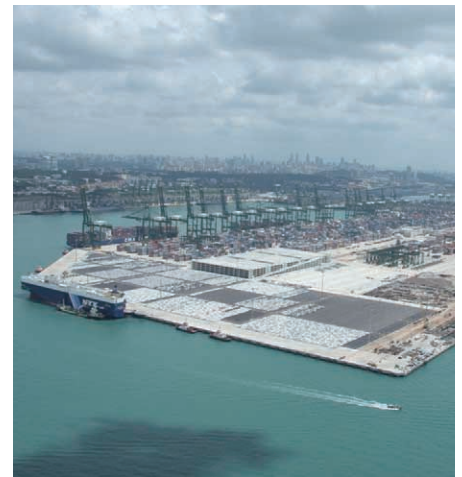
The construction of such port and harbor facilities is seen as being a part of the port and harbor development projects promoted by the government of Vietnam. It is anticipated that this facility will make it possible to increase the volume of containers handled in the southern part of Vietnam.



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.



Seisho Bypass Seisho Parking Area Embankment Permanent Restoration Work (Kanagawa Prefecture)

The “Seisho Parking Area Embankment Permanent Restoration Work” for the Seisho Bypass, which extends from Oiso-machi, Naka-gun in Kanagawa Prefecture to Odawara City, has been completed. As the sand under the embankment near the Seisho Parking Area had been washed away by the high waves caused by a typhoon, this project called for carrying out restoration work on the embankment by stacking wave dissipating blocks. At the request of the fishery cooperative, a portion of the wave dissipating blocks used in this construction project will be repurposed as a fish reef.

■ Client

Central Nippon Expressway Company Limited

■ Construction period

February 2013 to October 2014

■ Project outline

This construction work involved the permanent restoration of a collapsed portion of a stair-formed embankment at the Seisho Parking Area.



■ Construction details

- (1) Wave dissipation : Production and installation of wave dissipating blocks / 40-ton type; 485 blocks
- (2) Work on temporary pier : (H400 L=13m to 16m) 239 piles / 1,042 tons of steel material for structural support
- (3) Steel sheet pile work : Vibro-pile driver using water jet cutter for steel sheet pile (diameter of 900mm) / 87 piles (L =13m) (45 piles for precedent excavation)
- (4) Concrete work : 1,243m³ (concrete for shelter, cover, protection)
- (5) Road diversion work : 1set

■ Site of construction

Odawara City, Kanagawa Prefecture

Construction Work on the Jebel Ali Container Terminal(Design and Construction) (United Arab Emirates)

A new container terminal has been completed in the United Arab Emirates city of Dubai. For this construction project, an existing general cargo berth was redesigned and renovated as a state-of-the-art container terminal.

Jebel Ali Port is the largest marine terminal in the Middle East and also has the largest man-made harbor in the world. With the completion of the new container terminal, Port Jebel Ali has become able to handle 19 million TEU containers a year.



■ Client

DP World

■ Construction period

June 2012 to March 2015

■ Project outline

This project involves renovating the existing 1,860-meter berth at the Jebel Ali Free Zone Area (JAFZA), which is located in the United Arab Emirates and operated by DP World. Improvements will be made to the existing berth (the quay has a depth of 11 meters) by constructing a container berth (1,860 meters) with a depth of 18 meters. The work calls for the design and construction of container terminal including a 75-ha container yard behind the berth, building and MEP works.

■ Main scope of works

Dredging	approx.2,400,000m ³
Quay wall	1,860m
Diaphragm wall	1,900m
RMG crane rail	17,500m
Pavement	715,000m ²
MEP	1 LS
Building (total floor area)	8,700m ²

■ Project site

Dubai in the United Arab Emirates

ON-LAND CIVIL ENGINEERING

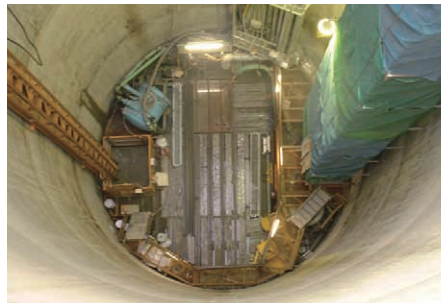
Operations

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.



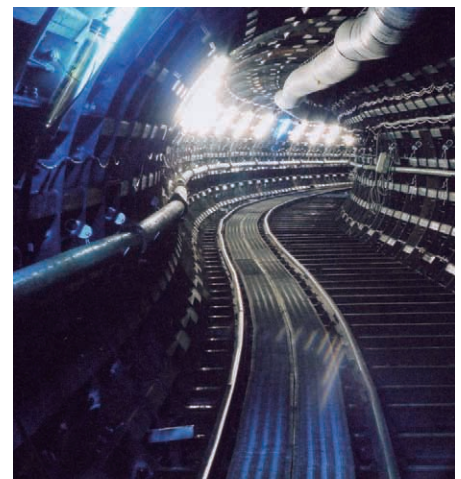
2nd Magsaysay Bridge and Butuan City Bypass Road in Mindanao, Republic of the Philippines

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.



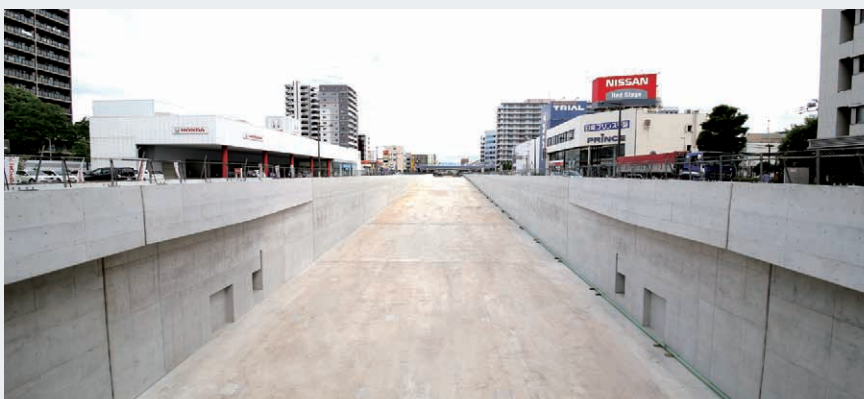
Rehabilitation of Sewage Drainage System in Chiyoda Ward, Tokyo

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.



Renovation Work (Phase 7) on National Route 357 Wangan Chiba Area (Chiba Prefecture)

Multi-level work on National Route 357 has been completed in the city of Chiba. Severe traffic congestion and accidents occur frequently on National Route 357. To alleviate these problems, underground multi-level work was carried out near intersections in the central part of the city.



Client

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

Construction period

November 2012 to June 2014

Project outline

Total length of work.....L=288.4m
 Total length of framework.....L=265m
 Box culvert.....L=55m
 U-shaped retaining wall.....L=180m
 L-shaped retaining wall.....L=30m
 Excavation..... 37,532m³

Earthworks, backfilling..... 2,060m³
 Concrete work..... 10,532m³
 Reinforcement work.....855 tons
 Temporary works..... 1 set

Site of construction

Chiba City, Chiba Prefecture

Construction Work (Phase 2) on Bridge Superstructure for Shozoku Shinko Line of the Harbor Road at Iwakuni Harbor (Yamaguchi Prefecture)

As no harbor road had been built connecting the piers at Iwakuni Harbor, the companies located on the grounds of the port had no choice but to use community roads when transporting cargo. The community roads, however, were chronically congested.

It is expected that with the completion of this harbor road, distribution costs will be reduced, enabling the companies located on the grounds of the port to become more competitive internationally, as well as improve the living environment of the local communities.

Because of the difficulty in carrying out construction work on the bridge superstructure from land, the construction work was undertaken by means of the PC overhanging erection method using offshore work vessels. For this construction work, the Company utilized its specialized expertise in marine civil engineering technology.



Client

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

Construction period

July 2013 to November 2014

Project outline

This project calls for carrying out construction work and installation work of RC bridge piers, PC cantilever box girder bridge, appendages of the bridge, bridge lighting fixtures, concrete bridge scaffolding and other structures, and also temporary works for the bridge superstructure on the Shozoku Shinko Line of the Iwakuni Harbor Road.
 Work on RC bridge pier: Two bridge pier skeletons (124m³ of concrete)
 Work on PC cantilever box girder bridge (4 spans): PC cantilever box girders (1,973m³ of concrete); bridge bearings (2sets of displacement limiting structures); bridge fall prevention work.

Site of construction

Iwakuni City, Yamaguchi Prefecture

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.



Renovation of the Higashi-Ogishima No. 5 Distribution Center Building(Kanagawa Prefecture)

Construction of the Higashi-Ogishima No. 5 Distribution Center has been completed at Higashi-Ogishima, a man-made island situated in Tokyo Bay. This project was unprecedented because an existing general warehouse was converted entirely to a refrigerated warehouse. As there are a large number of refrigerated warehouses that have become old and dilapidated, this project has caught the attention of the refrigerated warehouse industry as a new business approach. For Toa Corporation, too, which has a wealth of experience in refrigerated warehouses and freezer warehouses, this project provided an opportunity for its design and work execution technologies to bear fruit in a new field.

■ **Client** Igarashi Reizo Co., Ltd.

■ **Construction period** April 2014 to March 2015

■ **Project outline**

Use: Refrigerated warehouse; Structure: SRC structure with 5 floors above ground; Total floor area: 25,927.64 m²; Building area: 6,866.53 m²; Site area : 10,000.01m²; Outline: Conversion of a dry storage warehouse to a refrigerated warehouse

■ **Site of construction** Kawasaki City, Kanagawa Prefecture



New Construction Work of the Main Hall and Living Quarters for Priests at Ganjoji Temple (Yamanashi Prefecture)

New construction work has been completed on the main hall and priest's quarters at Ganjoji Temple, a temple of the Soto sect located in Nirasaki City, Yamanashi Prefecture. According to temple records, this temple was built in the year 928, and with the enshrining of the bodhisattva Ksitigarbha, it was given the name Ganjoji. Furthermore, it is said that the temple had a close connection with the Takeda Family of Kai (the name of an ancient province that is now the Yamanashi region), which produced the famous warlord Takeda Shingen. The grave of Lord Takeda Nobuyoshi, an ancestor of Takeda Shingen from 15 generations back, is at this temple. This project called for rebuilding the temple's main hall and priest's quarters, which had become dilapidated. Ganjoji Temple was built in the Zen style, one of the traditional styles of Japanese architecture for temples.

■ **Client** Ho-Oh-San Ganjoji Temple

■ **Construction period** December 2011 to December 2014

■ **Project outline**

Use: Main hall of the temple, drawing room, priest's quarters; Structure: Wooden one-story building; Total floor area: 475.72 m² (143.91 tsubo)

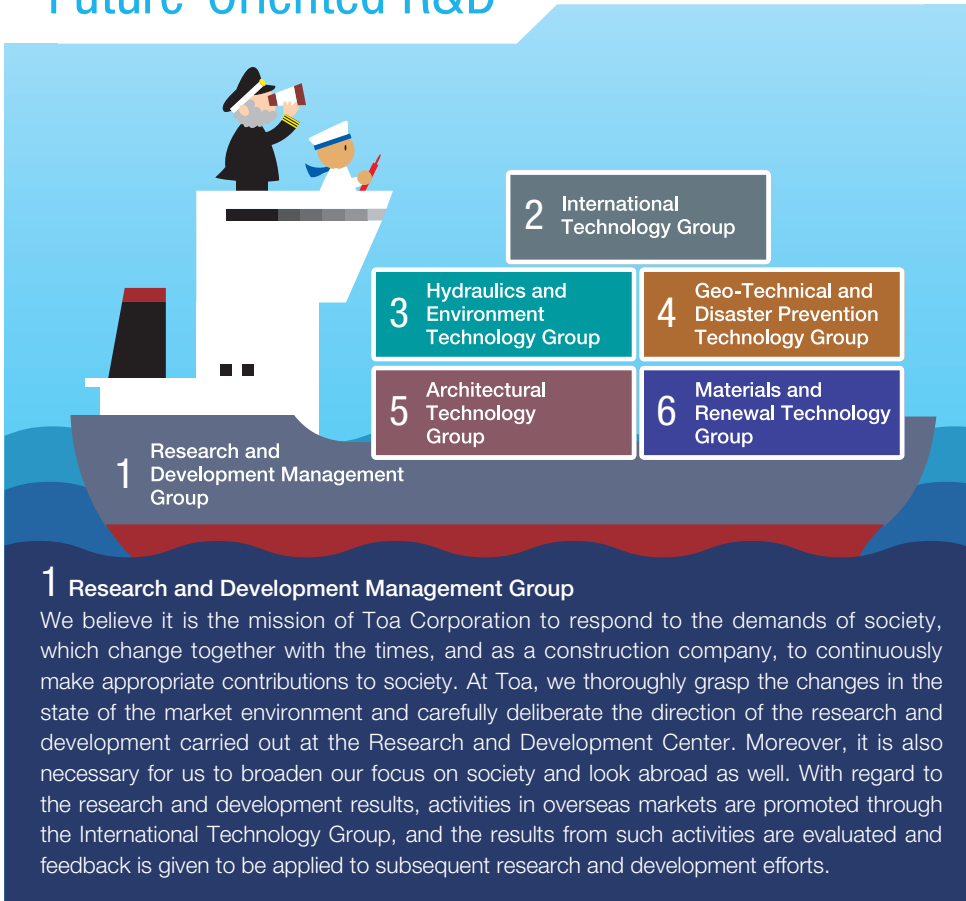
■ **Site of construction** Nirasaki City, Yamanashi Prefecture



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 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.

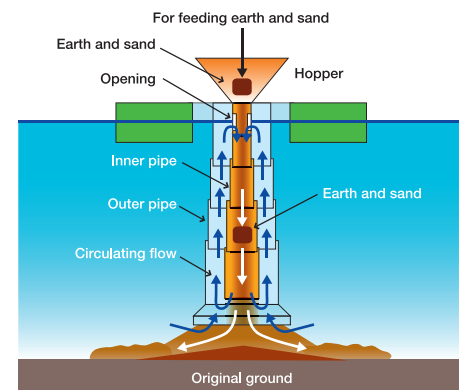
Cement Deep Mixing Method

-Foundation Improvement -



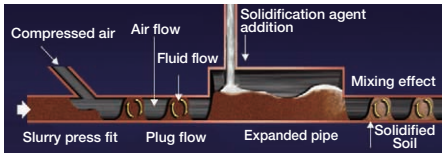
A Cement Deep Mixing method. This method hardens soft foundations by mixing soft soil with a stabilization agent in-situ using a rotating mixing shaft with blades. The method is suitable for providing stable strength quickly in both onshore and offshore works and for various purposes such as massive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

Double Pipe 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.

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.

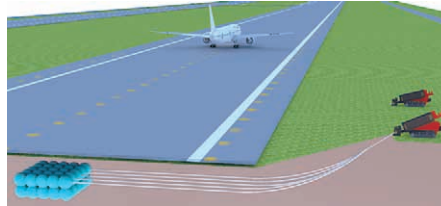
Seismic Isolation Method

- 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.

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

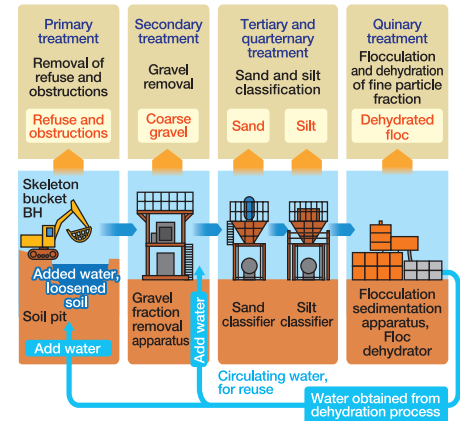
-Salt Damage Deterioration Restoration-



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

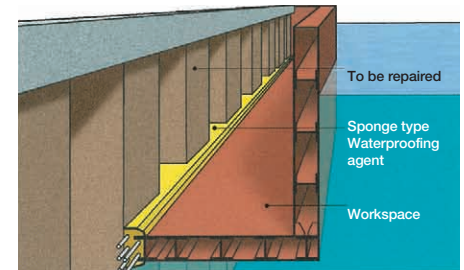
Soil Separator Multi Method



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, 2015 and 2014

ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Current assets:			
Cash and bank deposits (Note 11)	¥ 22,935	¥ 43,040	\$ 191,126
Notes and accounts receivable, trade (Note 11)	89,701	68,601	747,512
Allowance for doubtful accounts	(503)	(208)	(4,192)
Real estate for sale	4,108	5,003	34,240
Cost on construction contracts in progress and other (Note 5)	8,397	8,187	69,977
Advanced money (Note 11)	11,623	10,041	96,861
Deferred tax assets (Note 15)	2,349	3,582	19,582
Other current assets (Note 5)	5,274	4,184	43,956
Total current assets	143,887	142,432	1,199,064
Property, plant and equipment:			
Land (Note 5)	19,965	19,917	166,375
Buildings and structures	16,153	16,053	134,608
Machinery, vehicles and equipment	24,418	24,100	203,488
Leased assets	154	94	1,286
Construction in progress	447	—	3,732
Total property, plant and equipment	61,139	60,165	509,491
Less accumulated depreciation	(31,670)	(30,654)	(263,922)
Property, plant and equipment—net	29,468	29,510	245,569
Intangible fixed assets:	533	410	4,447
Investments and other assets:			
Investments in securities (Notes 5, 11 and 12)	14,153	13,171	117,941
Long-term loans (Note 5)	410	561	3,420
Deferred tax assets (Note 15)	368	1,911	3,069
Other (Note 5)	2,025	2,102	16,881
Allowance for doubtful accounts	(644)	(654)	(5,374)
Total investments and other assets	16,312	17,091	135,940
Total assets	¥ ¥190,202	¥ 189,445	\$ 1,585,020

LIABILITIES AND NET ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Current liabilities:			
Short-term borrowings (Notes 5 and 11)	¥ 8,390	¥ 9,870	\$ 69,916
Current portion of long-term debt (Notes 5 and 11)	5,839	5,271	48,660
Notes and accounts payable, trade (Note 11)	52,767	51,130	439,731
Accrued income taxes	1,801	2,494	15,012
Advances received on construction contracts in progress	9,516	7,870	79,308
Reserve for indemnity on completed contracts	370	392	3,084
Reserve for loss on construction works (Note 5)	1,566	4,796	13,055
Deposits received (Note 11)	15,187	11,846	126,565
Other current liabilities (Notes 5 and 11)	3,581	3,765	29,844
Total current liabilities	99,021	97,438	825,180
Long-term liabilities:			
Long-term debt (Notes 5 and 11)	15,052	17,146	125,435
Liability for retirement benefits (Notes 2 and 14)	2,847	6,254	23,726
Deferred tax liabilities on revaluation of land (Notes 5 and 15)	2,688	2,965	22,402
Other long-term liabilities (Note 11)	1,588	1,662	13,237
Total long-term liabilities	22,176	28,028	184,801
Total liabilities	121,197	125,466	1,009,981
Net assets (Note 8):			
Shareholders' equity:			
Common stock,			
Authorized—600,000,000 shares			
Issued—224,946,290 shares at March 31, 2015 and 2014	18,976	18,976	158,138
Capital surplus	18,113	18,113	150,948
Retained earnings	26,015	24,540	216,797
Treasury stock, at cost 15,919 thousand shares and 15,917 thousand shares at March 31, 2015 and 2014, respectively	(2,052)	(2,052)	(17,107)
Total shareholders' equity	61,053	59,577	508,777
Accumulated other comprehensive income:			
Net unrealized gains (losses) on securities (Note 12)	4,247	3,178	35,397
Net deferred gains (losses) on hedges (Notes 11 and 13)	51	—	431
Revaluation reserve for land (Note 5)	3,154	2,693	26,289
Retirement benefits liability adjustments (Note 14)	125	(1,768)	1,047
Total accumulated other comprehensive income	7,579	4,103	63,165
Minority interests			
Total net assets	69,004	63,978	575,039
Commitments and contingent liabilities (Note 5):			
Total liabilities and net assets	¥ 190,202	¥ 189,445	\$ 1,585,020

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, 2015 and 2014

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Net sales (Note 6)	¥ 198,884	¥ 192,607	\$ 1,657,368
Cost of sales (Note 6)	183,598	180,709	1,529,983
Gross profit	15,286	11,897	127,384
Selling, general and administrative expenses (Note 6)	9,589	9,695	79,913
Operating income	5,696	2,201	47,470
Other income (expenses):			
Interest and dividend income	282	290	2,354
Interest expense	(519)	(564)	(4,327)
Additional severance payment	(49)	(53)	(415)
Provision for doubtful accounts, non-trade	(153)	(5)	(1,281)
Loss on impairment of fixed assets (Note 6)	(164)	(166)	(1,373)
Gain on sale of fixed assets (Note 6)	171	86	1,430
Gain on sale of investment in securities	939	310	7,828
Compensation for damage	(432)	(1)	(3,605)
Guarantee fee (Note 4)	(94)	(73)	(786)
Loss on litigation	(6)	(35)	(55)
Loss on disaster	(21)	(12)	(181)
Exchange gain (loss), net	133	(117)	1,113
Loss on sale of fixed assets (Notes 4 and 6)	(157)	(14)	(1,314)
Loss on disposal of fixed assets (Note 6)	(50)	(65)	(416)
Gain on contribution of securities to retirement benefit trust	—	428	—
Other, net (Note 4)	(59)	25	(491)
	(182)	30	(1,522)
Income before income taxes and minority interests	5,513	2,232	45,948
Income taxes (Note 15):			
Current	1,883	2,624	15,695
Deferred	1,475	(1,243)	12,298
	3,359	1,381	27,993
Income before minority interests	2,154	851	17,954
Minority interests	74	31	617
Net income	¥ 2,080	¥ 819	\$ 17,337

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, 2015 and 2014

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)	
	2015	2014	2015	
Income before minority interests	¥ 2,154	¥ 851	\$ 17,954	
Other comprehensive income:				
Net unrealized gains on securities	1,069	888	8,910	
Net deferred gains on hedges	51	—	431	
Revaluation reserve for land (Note 5)	274	—	2,288	
Retirement benefits liability adjustments (Note 14)	1,894	—	15,784	
Total other comprehensive income (Note 7)	3,289	888	27,414	
Comprehensive income	¥ 5,444	¥ 1,739	\$ 45,368	
Total comprehensive income attributable to: (Note 7)				
Shareholders of TOA CORPORATION	¥ 5,370	¥ 1,708	\$ 44,751	
Minority interests	¥ 74	¥ 31	\$ 617	

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, 2015 and 2014

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, 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
Cash dividends			(418)							(418)
Net income			2,080							2,080
Acquisition of treasury stock				(0)						(0)
Reversal of revaluation reserve for land			(186)							(186)
Net changes in items other than shareholders' equity					1,069	51	461	1,894	74	3,550
Balance at March 31, 2015	¥ 18,976	¥ 18,113	¥ 26,015	¥ (2,052)	¥ 4,247	¥ 51	¥ 3,154	¥ 125	¥ 371	¥ 69,004

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

Thousands of U.S. Dollars (Note 1)										
	Shareholders' equity				Accumulated other comprehensive income				Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities (Note 13)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 6)	Retirement benefits liability adjustments (Note 15)		
Balance at March 31, 2014	\$158,138	\$150,948	\$204,500	\$ (17,104)	\$ 26,487	\$ —	\$ 22,444	\$ (14,737)	\$ 2,479	\$533,157
Cash dividends			(3,483)							(3,483)
Net income			17,337							17,337
Acquisition of treasury stock				(3)						(3)
Reversal of revaluation reserve for land			(1,556)							(1,556)
Net changes in items other than shareholders' equity					8,910	431	3,844	15,784	617	29,587
Balance at March 31, 2015	\$158,138	\$150,948	\$216,797	\$ (17,107)	\$ 35,397	\$ 431	\$ 26,289	\$ 1,047	\$ 3,096	\$575,039

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, 2015 and 2014

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 5,513	¥ 2,232	\$ 45,948
Adjustments to reconcile income before income taxes and minority interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,985	1,751	16,547
Loss on impairment of fixed assets	164	166	1,373
Exchange (gain) loss, net	(308)	(98)	(2,573)
(Gain) Loss on sale or disposal of fixed assets	11	(49)	97
(Gain) Loss on sale of investment in securities	(939)	(283)	(7,828)
Increase (decrease) in reserve for retirement benefits	—	(51)	—
Increase (decrease) in liability for retirement benefits	(475)	193	(3,960)
Increase (decrease) in allowance for doubtful accounts	284	(25)	2,373
Changes in:			
Notes and accounts receivable, trade	(21,099)	(5,969)	(175,830)
Real estate for sale	894	961	7,456
Cost on construction contracts in progress and other	(210)	(2,770)	(1,751)
Notes and accounts payable, trade	1,638	(1,310)	13,651
Advances received on construction contracts in progress	1,646	(4,363)	13,721
Other, net (Note 4)	(1,684)	3,675	(14,034)
Sub-total	(12,577)	(5,941)	(104,810)
Interest and dividend income received	271	290	2,259
Interest paid	(520)	(576)	(4,338)
Income taxes paid	(2,593)	(1,071)	(21,608)
Net cash (used in) provided by operating activities	(15,419)	(7,298)	(128,497)
Cash flows from investing activities:			
Payments for acquisition of investment in securities	(41)	(37)	(348)
Proceeds from sale of investment in securities	1,287	424	10,727
Payments for acquisition of property, plant and equipment	(2,108)	(1,443)	(17,567)
Proceeds from sale of property, plant and equipment	163	172	1,366
Other, net	(690)	132	(5,752)
Net cash (used in) provided by investing activities	(1,388)	(751)	(11,574)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(1,480)	(1,669)	(12,333)
Proceeds from long-term debt	3,745	6,425	31,208
Repayment of long-term debt	(5,271)	(5,207)	(43,928)
Acquisition of treasury stock	(0)	(91)	(3)
Cash dividends paid	(415)	(1)	(3,460)
Other, net	(141)	(118)	(1,178)
Net cash (used in) provided by financing activities	(3,563)	(663)	(29,695)
Effect of exchange rate changes on cash and cash equivalents	267	115	2,225
Net increase (decrease) in cash and cash equivalents	(20,105)	(8,597)	(167,542)
Cash and cash equivalents at beginning of year	43,014	50,069	358,456
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	—	1,542	—
Cash and cash equivalents at end of year (Note 9)	¥ 22,909	¥ 43,014	\$ 190,914

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.

I. Basis of consolidation

The Company has 17 majority-owned subsidiaries as of March 31, 2015. The consolidated financial statements for the year ended March 31, 2015 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.

Other 6 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 benefit formula method is used to allocate expected retirement benefit payments to the each period through current fiscal year-end.

Actuarial gain or 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 and foreign currency monetary liabilities and forecasted transactions.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate fluctuation and foreign exchange 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) 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.

(8) Consumption taxes

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

(9) U.S. Dollar amounts

The dollar amounts included in the financial statements and notes thereto represent the arithmetical results of translating yen to dollars at rate of ¥120=US\$1, the approximated rate of exchange prevailing on March 31, 2015. 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 the provisions stated in paragraph 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012, hereinafter "Standard") and paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015, hereinafter the "Guidance") effective from the beginning of the fiscal year ended March 31, 2015. As a result, the methods for calculating retirement benefit obligation and service cost have been revised retirement benefit obligation and service cost have been revised in the following respects: The method for attributing projected benefits to periods has been changed from the straight-line basis to the benefit formula basis, and the method for determining the discount rate has been changed from a discount rate based on the average remaining service period of employees to a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits every such period. The effect of this change has no impact on Consolidated balance sheet.

3.Issued but not yet adopted accounting standard and others

"Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013),"Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013),"Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013),"Accounting Standard for Earnings Per Share" (ASBJ Statement No.2, September 13, 2013),"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"(ASBJ Guidance No.10, September 13, 2013) and "Guidance for Accounting Standard for Earnings Per Share"(ASBJ Guidance No.4, September 13, 2013)

(1) Overview

These accounting standards and guidance were revised mainly in relation to the following respects;

(i) Accounting treatment for changes in ownership interests in subsidiaries when the parent company's control is continuing after an additional acquisition of a subsidiary's stocks, (ii) Accounting treatment for acquisition-related expenses, (iii) Presentation of net income, and the change from

minority interest to non-controlling interest, (iv) Provisional accounting treatment.

(2) Scheduled Date of Application

The Companies are scheduled to apply these standards and guidance from the beginning of the fiscal year starting April 1, 2015. The Companies are scheduled to apply the revised provisional accounting treatment for business combinations which would occur after the beginning of the fiscal year starting April 1, 2015.

(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

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

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

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

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

Consequently, Gain on insurance claims in the amount of ¥15 million was included in Other, net and Guarantee fee and Los on sale of fixed assets were newly shown in the amount of ¥(73) million and ¥(14) million. Also Other, net of Other income (expenses) in the previous year was shown in the amount of ¥25 million, compared with ¥(77) million previously presented.

(2)The Companies have changed the presentation of items in the consolidated statement of cash flows as follows:

Loss on valuation of utility rights of Cash flows from operating activities presented separately in the previous year, is included in Other, net of Cash flows from operating activities in the current year.

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

Consequently, Loss on valuation of utility rights of Cash flows from operating activities in the amount of ¥0 million was included in Other, net.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

5. 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, 2015 and 2014 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cost on construction contracts in progress	¥5,208	¥5,220	\$43,402
PFI projects	1,864	2,362	15,535
Other inventories	1,324	603	11,039
Cost on construction contracts in progress and other	¥8,397	¥8,187	\$69,977

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, 2015 and 2014 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
	¥800	¥1,573	\$6,666

III. Investments in securities

Among investments in securities, amount in aggregate corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2015 and 2014 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Investments in affiliates	¥225	¥250	\$1,875

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
	2015	2014	2015
Differences of the land after revaluation exceeded its fair value	¥5,901	¥6,118	\$49,175

V. Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets pledged as collateral:			
Current assets			
Other current assets	¥26	¥26	\$221
Investment and other assets			
Investment in securities	2,385	2,101	19,879
Long-term loans	272	297	2,274
Total	¥2,685	¥2,425	\$22,375

As of March 31, 2015, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥1,558 million (US\$12,991 thousand) and liabilities based on the loan agreements with credit line between 12 PFI companies and financial institutions.

As of March 31, 2014, secured liabilities were in the amount of ¥1,598 million and liabilities were for 12 PFI companies.

VI. Securities lent

Among investment in securities, securities were lent to financial institution under the security lending agreement at March 31, 2015 and 2014 were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2015	2014	2015
¥202	¥212	\$1,688

VII. Commitments and contingent liabilities

(a) The Companies are contingently liable for the following as of March 31, 2015 and 2014:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Employees (Loan guarantee to bank)	¥13	¥13	\$113
National Federation of Promotion for Fishing Ports and Villages	220	295	1,834
Fisheries Cooperative Association (Loan guarantee)			
Others	382	295	3,183
Total	¥615	¥603	\$5,131

(b) A lawsuit has been filed against the Company claiming damages (totaling 1,206 million yen (US\$10,050 thousand) for defective construction work (completed in 1997) by said client.

The case is currently pending in the Tokyo District Court. At this time, it is not possible to predict the outcome of the trial.

VIII. Short-term borrowings

The Company had commitment lines for efficient financial arrangement from 7 banks at March 31, 2015 and 2014 as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Total amount of contracts of commitment lines	¥20,000	¥20,000	\$166,666
Outstanding borrowings	—	—	—
Balance	¥20,000	¥20,000	\$166,666

IX. 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, 2015 and 2014 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Non-recourse debt included in current portion of long term debt	¥665	¥663	\$5,548
Non-recourse debt included in long-term debt	3,565	4,231	29,714
Total	¥4,231	¥4,895	\$35,262

The amount of PFI assets pledged as collateral for non-recourse debt as of March 31, 2015 and 2014 are as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2015	2014	2015
¥6,248	¥6,839	\$52,073

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

6. 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
2015	2014	2015
¥174,718	¥175,670	\$1,455,986

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
2015	2014	2015
¥603	¥67	\$5,026

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
2015	2014	2015
¥1,211	¥4,554	\$10,097

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
	2015	2014	2015
Salaries to employees	¥4,078	¥4,081	\$33,990
Provision for retirement benefits for directors	—	4	—
Expenses for retirement benefits for employees	361	514	3,012
Reserch expenses	693	848	5,778
Provision for doubtful accounts, trade	19	(18)	161

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
2015	2014	2015
¥777	¥946	\$6,481

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
	2015	2014	2015
Land	¥132	¥4	\$1,101
Machinery and equipment	—	0	—
Vessels	39	80	328
Others	0	1	0
Total	¥171	¥86	\$1,430

VII .Loss on sale of fixed assets

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Machinery and equipment	¥157	—	\$1,314
Others	0	14	0
Total	¥157	¥14	\$1,315

VIII .Loss on disposal of fixed assets

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Buildings	¥45	¥55	\$380
Others	4	9	36
Total	¥50	¥65	\$416

IX .Impairment of fixed assets

For the year ended March 31, 2015, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Construction business	Land, buildings and others	Hokkaido	1
Idle properties	Land	Hokkaido and others	7

The construction business assets were grouped by each branch unit, the real estate leasing assets and the idle properties were grouped by each individual objective.

As to the construction business assets for which loss on impairment was recognized due to the decreased profitability, the carrying amount of the relevant assets was written down to the recoverable value and ¥124 million (US\$1,036 thousand) was accounted for as loss on impairment of fixed assets, which consisted of ¥75 million (US\$629 thousand) for land, ¥44 million (US\$374 thousand) for buildings and ¥3 million (US\$32 thousand) for others.

The carrying amount of the relevant assets was written down to the recoverable value due to the drop in fair value and ¥40 million (US\$337 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, 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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

7. 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
	2015	2014	2015
Unrealized gains (Losses) on securities:			
Amount arising during the year	¥1,403	¥2,029	\$11,698
Amount of reclassification adjustments	(117)	(712)	(975)
Amount before tax effect	1,286	1,317	10,722
Tax effect	(217)	(429)	(1,812)
Unrealized gains (Losses) on securities	1,069	888	8,910
Deferred gains (losses) on hedges:			
Amount arising during the year	72	—	605
Amount before tax effect	72	—	605
Tax effect	(20)	—	(174)
Deferred gains (losses) on hedges	51	—	431
Revaluation reserve for land:			
Tax effect	274	—	2,288
Revaluation reserve for land	274	—	2,288
Retirement benefits liability adjustments:			
Amount arising during the year	2,446	—	20,384
Amount of reclassification adjustments	485	—	4,045
Amount before tax effect	2,931	—	24,430
Tax effect	(1,037)	—	(8,646)
Retirement benefits liability adjustments	1,894	—	15,784
Total other comprehensive income	¥3,289	¥888	\$27,414

8. Notes to Consolidated Statement of Changes in Net Assets

I. Type and number of shares

For the year ended March 31, 2015

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	15,917	2	—	15,919

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

Increase due to purchase of odd stock	2 thousand shares
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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	675 thousand shares

II .Dividend payment

For the year ended March 31, 2015

Resolution	Type of share	Dividend resource	Total amount of dividends	Millions of Japanese Yen		Thousands of U.S Dollars		Record date	Effective date
				Cash dividends per share (Yen)	Total amount of dividends	Cash dividends per share (Dollars)	Total amount of dividends		
Annual Shareholders' Meeting held on June 27, 2014	Common stock	Retained earnings	¥425	¥2	\$3,542	\$0.01	March 31, 2014	June 30, 2014	

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

For the year ended March 31, 2015

Resolution	Type of share	Dividend resource	Total amount of dividends	Millions of Japanese Yen		Thousands of U.S Dollars		Record date	Effective date
				Cash dividends per share (Yen)	Total amount of dividends	Cash dividends per share (Dollars)	Total amount of dividends		
Annual Shareholders' Meeting held on June 26, 2015	Common stock	Retained earnings	¥425	¥2	\$3,542	\$0.01	March 31, 2015	June 29, 2015	

For the year ended March 31, 2014

Resolution	Type of share	Dividend resource	Total amount of dividends	Millions of Japanese Yen		Record date	Effective date
				Cash dividends per share (Yen)	Total amount of dividends		
Annual Shareholders' Meeting held on June 27, 2014	Common stock	Retained earnings	¥425	¥2	March 31, 2014	June 30, 2014	

9.Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and bank deposits	¥22,935	¥43,040	\$191,126
Time deposits due over three months	(25)	(25)	(211)
Cash and cash equivalents	¥22,909	¥43,014	\$190,914

10.Leases

Operating lease

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2015 and 2014, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within one year	¥511	¥514	\$4,265
Due over one year	484	981	4,036
Total	¥996	¥1,495	\$8,301

11.Financial Instruments

I .Summary of financial instruments

a) Policy for financial instruments

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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

Notes and accounts receivable which categorized into operating receivables are exposed to client's credit risk. These risks are reviewed at entering into contract and the concerned counterparts are managed by the administration headquarters in each case.

Investments in securities are exposed to fluctuation risks of market price.

Those securities are mainly shares of other companies with which the Company has business relationships and the Company monitors the monthly fair value.

Among the debt, short-term borrowings are principally applicable to funds for business activities and long-term debt (maturities are within five years in principle) are funds for capital investments. Long-term debt with variable interest rates are exposed to the risk of interest rate fluctuation. The Company utilizes derivatives which are the interest swaps in each contracts in order to avoid fluctuation risk of interest expenses and stabilize interest cost. In addition, the Company utilizes foreign currency exchange contracts to hedge foreign currency exposure of certain transactions related to construction work denominated in foreign currency.

Conducting of derivative transactions is managed by gaining approval by directors and derivatives provided by the highly-rated financial institutions are utilized in order to avoid credit risk.

c) Supplemental explanation for fair value of financial instruments

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

II .Fair value of financial instruments

As of March 31, 2015, 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	¥22,935	¥22,935	¥—	\$191,126	\$191,126	\$—
Notes and accounts receivable, trade	89,672	89,672	—	747,270	747,270	—
Advanced money	11,623	11,623	—	96,861	96,861	—
Investments in securities						
Held-to-maturity debt securities	15	15	0	125	125	0
Other securities	12,230	12,230	—	101,923	101,923	—
Notes and accounts payable, trade	(52,767)	(52,767)	—	(439,731)	(439,731)	—
Short-term borrowings	(8,390)	(8,390)	—	(69,916)	(69,916)	—
Deposits received	(15,187)	(15,187)	—	(126,565)	(126,565)	—
Long-term debt (*2)	(20,891)	(21,206)	(314)	(174,096)	(176,718)	(2,622)
Derivative transactions (*3)	¥72	¥72	¥—	\$605	\$605	\$—

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

(*2) Current portion of long-term debt of ¥5,839 million (US\$48,660 thousand) is included in long-term debts and carrying amount and fair value are represented.

(*3) The assets and liabilities are reported as net amount.

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)
	Millions of Japanese Yen		
Cash and bank deposits	¥43,040	¥43,040	¥—
Notes and accounts receivable, trade	68,591	68,591	—
Advanced money	10,041	10,041	—
Investments in securities			
Held-to-maturity debt securities	15	15	0
Other securities	(11,044)	(11,044)	—
Notes and accounts payable, trade	(51,130)	(51,130)	—
Short-term borrowings	(9,870)	(9,870)	—
Deposits received	(11,846)	(11,846)	—
Long-term debt (*2)	(22,417)	(22,724)	(306)
Derivative transactions	¥—	¥—	¥—

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

(*2) Current portion of long-term debt of ¥5,271 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, 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.

Notes and accounts receivable and trade

The most of its account 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 or asking price from correspondent financial institution.

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
	2015	2014	2015
Unlisted stocks	¥1,907	¥2,112	\$15,893

c) Projected redemption

The projected redemption of monetary claim as of March 31, 2015 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	¥22,853	¥—	¥—	¥—	\$190,447	\$—	\$—	\$—
Notes and accounts receivable, trade	83,343	5,578	741	8	694,532	46,486	6,177	69
Investments in securities								
Held-to-maturity debt securities								
(Governmental bonds)	—	15	—	—	—	125	—	—
Other securities with maturities								
(Governmental bonds)	—	—	42	—	—	—	350	—
Total	¥106,197	¥5,593	¥783	¥8	\$884,980	\$46,611	\$6,527	\$69

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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
Millions of Japanese Yen				
Cash and bank deposits	¥42,973	¥—	¥—	¥—
Notes and accounts receivable, trade	61,487	6,065	1,024	15
Investments in securities				
Held-to-maturity debt securities				
(Governmental bonds)	—	15	—	—
Other securities with maturities				
(Governmental bonds)	—	—	40	—
Total	¥104,460	¥6,080	¥1,065	¥15

d) The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2015 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	¥8,390	¥—	¥—	¥—	¥—	¥—
Long-term debt	5,839	5,563	4,104	2,786	1,395	1,201
Lease obligation	65	30	19	17	2	—
Total	¥14,295	¥5,593	¥4,124	¥2,804	¥1,398	¥1,201

	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	\$69,916	\$—	\$—	\$—	\$—	\$—
Long-term debt	48,660	46,363	34,207	23,224	11,630	10,009
Lease obligation	548	251	159	147	24	—
Total	\$119,125	\$46,614	\$34,367	\$23,372	\$11,654	\$10,009

The projected repayment of 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

12. Securities

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

At March 31, 2015

	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 bond	¥15	¥15	¥0	\$125	\$125	\$0
Sub total	15	15	0	125	125	0
The securities whose consolidated balance sheet amount does not exceed its acquisition cost						
Government bond	—	—	—	—	—	—
Sub total	—	—	—	—	—	—
Total	¥15	¥15	¥0	\$125	\$125	\$0

	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	¥5,619	¥11,802	¥6,183	\$46,827	\$98,356	\$51,528
Government bond	38	42	3	316	350	33
Sub total	5,657	11,844	6,187	47,144	98,706	51,561
The securities whose consolidated balance sheet amount does not exceed its acquisition cost						
Stock	416	386	(30)	3,468	3,217	(250)
Government bond	—	—	—	—	—	—
Sub total	416	386	(30)	3,468	3,217	(250)
Total	¥6,073	¥12,230	¥6,157	\$50,612	\$101,923	\$51,310

At March 31, 2014

	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	¥5,163	¥10,154	¥4,990
Government bond	37	40	3
Sub total	5,200	10,195	4,994
The securities whose consolidated balance sheet amount does not exceed its acquisition cost			
Stock	972	849	(123)
Government bond	—	—	—
Sub total	972	849	(123)
Total	¥6,173	¥11,044	¥4,870

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(2) Other securities sold during the financial years ended March 31, 2015 and 2014 were as follows:

At March 31, 2015

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Sales	gain on sales	loss from sales	Sales	gain on sales	loss from sales
Stock	¥239	¥116	¥—	\$1,999	\$967	\$—
Other	—	—	—	—	—	—
Total	¥239	¥116	¥—	\$1,999	\$967	\$—

(*1) Disposals of unlisted stocks are not included.

At March 31, 2014

	Millions of Japanese Yen		
	Sales	gain on sales	loss from sales
Stock	¥410	¥310	(¥27)
Other	—	—	—
Total	¥410	¥310	(¥27)

13. Derivative Transactions

Derivative transactions for the year ended March 31, 2015 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:

(1) Currency related derivatives

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
Accounting in principle	Forward foreign exchange contracts Buying U.S. Dollars	Accounts payable	¥725	¥94	¥72 (*)	\$6,046	\$790	\$605 (*)

(*) Fair value is calculated based on presented price by correspondent financial institution.

(2) Interest rate related derivatives

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	¥12,187	¥8,119	(*)	\$101,565	\$67,660	(*)

(*) 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, 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:

(1) Interest Rate related derivatives

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	¥13,935	¥9,892	(*)

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

14. Reserve for Retirement Benefits and Pension Plan

For the year ended March 31, 2015

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

The Company has the funded defined benefit plan, the cash balance plan and sets up the retirement benefit trust.

Some consolidated subsidiaries have the unfunded retirement lump sum plans.

Furthermore, additional severance payment covering substantially all employees.

(1) The changes in the retirement benefit obligation during the year ended March 31, 2015 and 2014 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Retirement benefit obligation balance at the beginning of the year	¥22,635	¥24,036	\$188,627
Service cost	780	827	6,505
Interest cost	256	258	2,139
Actuarial gain	(333)	(454)	(2,776)
Retirement benefit paid	(1,894)	(2,031)	(15,784)
Retirement benefit obligation balance at the end of the year	¥21,445	¥22,635	\$178,711

(2) The changes in plan assets during the year ended March 31, 2015 and 2014 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Plan assets balance at the beginning of the year	¥16,381	¥15,680	\$136,509
Expected return on plan assets	192	192	1,605
Actuarial loss	2,113	899	17,608
Contributions by the Company	1,787	1,653	14,899
Retirement benefits paid	(1,876)	(2,045)	(15,639)
Plan assets balance at the end of the year	¥18,598	¥16,381	\$154,985

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2015 and 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded retirement benefit obligation	¥21,104	¥22,324	\$175,871
Plan assets at fair value	(18,598)	(16,381)	(154,985)
	2,506	5,943	20,888
Unfunded retirement benefit obligation	340	311	2,838
Net liability for retirement benefits in the balance sheet	2,847	6,254	23,726
Liability for retirement benefits	2,847	6,254	23,726
Net liability for retirement benefits in the balance sheet	¥2,847	¥6,254	\$23,726

(4) The components of retirement benefit expense for the year ended March 31, 2015 and 2014 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥780	¥827	\$6,505
Interest cost	256	258	2,139
Expected return on plan assets	(192)	(192)	(1,605)
Amortization of actuarial loss	485	940	4,045
Other	49	53	415
Retirement benefit expense	¥1,379	¥1,887	\$11,499

Notes:

1. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.

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2. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end are included in "Service cost."

(5) Unrecognized actuarial gain included in other comprehensive income (before tax effect) as of March 31, 2015 and 2014 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Actuarial gain	¥2,931	¥—	\$24,430

(6) Unrecognized actuarial gain (loss) included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized actuarial gain (loss)	¥185	(¥2,746)	\$1,546

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2014 are as follows:

	2015	2014
Stocks	50%	44%
Bonds	30%	41%
General account assets	15%	10%
Other	5%	5%
Total	100%	100%

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

The assumptions used in accounting for the above plans as of March 31, 2015 and 2014 were as follows:

	(Weighted average)	
	2015	2014
Discount rate	0.9%	1.1%
Revaluation rate	1.2%	1.8%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of future salary increase	2.3%~6.7%	2.0%~6.3%

15. Tax Effect Accounting

1. The significant components of deferred tax assets and liabilities at March 31, 2015 and 2014 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred Tax Assets:			
Net liability for retirement benefits	¥2,059	¥3,424	\$17,162
Reserve for loss on construction works	512	1,527	4,274
Accrued bonus to employees	509	424	4,246
Unrealized losses on securities	174	197	1,457
Loss on valuation of utility rights	273	314	2,277
Loss on valuation of investment in securities	175	192	1,459
Other	2,252	2,449	18,772
Valuation allowance	(1,115)	(1,089)	(9,297)
Deferred tax assets	¥4,842	¥7,441	\$40,354
Deferred Tax Liabilities:			
Revaluation reserve for land	(¥712)	(¥756)	(\$5,935)
Unrealized gains on securities	(2,094)	(1,889)	(17,455)
Other	(114)	(120)	(953)

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax liabilities	(2,921)	(2,766)	(24,344)
Net Deferred Tax Assets	¥1,921	¥4,675	\$16,010

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current assets - Deferred tax assets	¥2,349	¥3,582	\$19,582
Investments and other assets - Deferred tax assets	368	1,911	3,069
Current liabilities - Other current liabilities	76	73	639
Long-term liabilities - Other long-term liabilities	720	744	6,002

2. A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2015 and 2014, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2015	2014
Normal effective statutory tax rate	35.6%	38.0%
Expenses not deductible for income tax purposes	5.8	7.0
Non-taxable income	(1.0)	(2.1)
Per capita levy of inhabitant taxes	2.1	5.5
Change in valuation allowance	3.1	(1.1)
Tax rate change	6.0	15.3
Amortization of negative goodwill	-	(0.0)
Foreign corporation tax	8.2	(4.6)
Other-net	1.1	3.9
Actual effective tax rates	60.9%	61.9%

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No.9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No.2 of 2015) were promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 35.6% to 33.1% for the temporary differences expected to be realized or settled in the year beginning April 1, 2015, and to 32.3% for the temporary differences expected to be realized or settled from April 1, 2016.

The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥133 million (U.S.\$1,111 thousand) and increase deferred income taxes by ¥327 million (U.S.\$2,729 thousand), unrealized holding gain (loss) on securities by ¥192 million (U.S.\$1,606 thousand) and unrealized gain (loss) from hedging instruments by ¥1 million (U.S.\$12 thousand) as of and for the year ended March 31, 2015.

Furthermore, deferred tax liabilities related to revaluation decreased by ¥274 million (US\$2,288 thousand) and revaluation reserve for land increased by the same amount.

16.Asset Retirement Obligations

Because of insignificant amounts in asset retirement obligations, the Companies have omitted notation in the Notes to Consolidated Financial Statements for the years ended March 31, 2015 and 2014.

17.Investment and Rental Property

Because of insignificant amounts in investment and rental property, the Companies have omitted notation in the Notes to Consolidated Financial Statements for the year ended March 31, 2015 and 2014.

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18. Information on Various Segments

I. Outline of the reportable segments

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

Accordingly, the Company's businesses consist of segments classified by products and services based on the headquarters. The reportable segments are composed of "Domestic Civil Engineering Businesses", "Domestic Architectural Businesses", "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 contracts, contracts related to design and others
- 3) Overseas Businesses: general overseas contracts

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

The accounting policies of the reportable segments are substantially equivalent to the description in Significant Respects for the Basis of Preparing Consolidated Financial Statements. Intersegment net sales and transfers are based on the current market price.

Meanwhile, assets are not allocated to the business segments.

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

For the year ended March 31, 2015

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	¥89,981	¥54,754	¥40,704	¥185,439	¥13,444	¥198,884	—	¥198,884
Inter-segment	45	209	—	255	25,303	25,558	(25,558)	—
Total	¥90,026	¥54,963	¥40,704	¥185,694	¥38,748	¥224,443	¥(25,558)	¥198,884
Segment profits or losses	9,088	737	(1,653)	8,172	437	8,610	(2,913)	5,696
Other items								
Depreciation and amortization	¥502	¥16	¥766	¥1,286	¥479	¥1,765	¥219	¥1,985

For the year ended March 31, 2015

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	\$749,843	\$456,284	\$339,200	\$1,545,328	\$112,040	\$1,657,368	\$—	\$1,657,368
Inter-segment	381	1,745	—	2,127	210,863	212,990	(212,990)	—
Total	\$750,224	\$458,030	\$339,200	\$1,547,455	\$322,904	\$1,870,359	\$(212,990)	\$1,657,368
Segment profits or losses	75,741	6,148	(13,781)	68,108	3,641	71,750	(24,279)	47,470
Other items								
Depreciation and amortization	\$4,188	\$140	\$6,390	\$10,719	\$3,996	\$14,716	\$1,831	\$16,547

Notes :

1. "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.
2. Adjustment of the segment profits amounting to ¥(2,913) million (US\$(24,279) thousand) is inclusive of inter-segment elimination amounting to ¥49 million (US\$408 thousand) and Selling, General and Administrative Expenses amounting to ¥(2,962) million (US\$(24,687) thousand) which are not attributed to any reportable segments.

3. Segment profits or losses are adjusted to the operating income in the consolidated statements of income.

4. Assets are not described due to no allocation to the business 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

Notes :

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

2. Adjustment of the segment profits amounting to ¥(2,794) million is inclusive of inter-segment elimination amounting to ¥85 million and Selling, General and Administrative Expenses amounting to ¥(2,880) million which are not attributed to any reportable segments.

3. Segment profits or losses are adjusted to the operating income in the consolidated statements of income.

4. Assets are not described due to no allocation to the business segments.

19.Related Information

I .Information on products and services

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

II .Geographical information

1) Net sales

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Japan	¥158,186	¥153,511	\$1,318,218
Singapore	26,209	26,222	218,409
Other	14,488	12,872	120,740
Total	¥198,884	¥192,607	\$1,657,368

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

2) Tangible fixed assets

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

III .Information on principal customer

For the year ended March 31, 2015

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen 2015	Thousands of U.S. Dollars 2015
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, Domestic Architectural Building Businesses, others	¥36,797	\$306,644

For the year ended March 31, 2014

Name of Customer	Related segments	Net sales
		Millions of Japanese Yen 2014
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, Domestic Architectural Building Businesses, others	¥41,647
Housing and Development Board, Singapore	Overseas Businesses	¥24,768

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

The losses on impairment of fixed assets were not allocated to the each reportable segment of the Companies. Description of the amounts and contents is excluded since the similar information is disclosed in the notes related to the consolidated statements of income for the year ended March 31, 2015 and 2014.

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. The amortization was not applicable for the year ended March 31, 2015.

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, 2015 and 2014.

20.Per Share Data

	Japanese Yen		U.S. Dollars
	2015	2014	2015
Net assets	¥328.35	¥304.65	\$2.736
Net income	9.95	3.92	0.082

Because there was no dilutive shares, the Companies have not presented the diluted net income per share for the years ended March 31, 2015 and 2014.

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
	2015	2014	2015
Net assets	¥69,004	¥63,978	\$575,039
Net assets amount for common stocks	68,633	63,681	571,942
Significant breakdown of differences			
Minority interests	¥371	¥297	\$3,096

	Thousands of shares	
	2015	2014
Numbers of issued shares of common stocks	224,946	224,946
Numbers of treasury stocks of common stocks	15,919	15,917
Numbers of common stocks which were used for calculation for per share data on net assets	209,026	209,028

2.Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2015	2014	2015
Net income	¥2,080	¥819	\$17,337
Net income which does not belong to common stockholders	—	—	—
Net income for common stocks	¥2,080	¥819	\$17,337

	Thousands of Shares	
	2015	2014
Average number of shares of common stocks	209,027	209,281

21. Significant Subsequent Events

Not applicable

Consolidated table for detailed statements

Table for borrowing

	Millions of Japanese Yen		Thousands of U.S. Dollars		Average rates	Repayment deadline
	Beginning balance	Closing balance	Beginning balance	Closing balance	%	
Short-term borrowings	¥9,870	¥8,390	\$82,250	\$69,916	0.95%	
Current portion of Long-term debt	4,607	5,173	38,399	43,112	1.61%	
Current portion of Non-recourse debt	663	665	5,529	5,548	2.73%	
Current portion of lease obligations	56	65	471	548	—	
Long-term debt (excluding current portion)	12,915	11,486	107,625	95,720	1.46%	from 2016 to 2020
Non-recourse debt (excluding current portion)	4,231	3,565	35,262	29,714	2.62%	from 2016 to 2026
Lease obligation (excluding current portion)	81	70	681	583	—	from 2016 to 2019
Other debt	—	—	—	—	—	
Total	¥32,426	¥29,417	\$270,219	\$245,144	—	

Notes :

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

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

2. The amount scheduled to be repayment of long-term debt, 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	¥4,918	¥3,498	¥2,219	¥850	\$40,987	\$29,154	\$18,491	\$7,087
Non-recourse debt	645	606	567	545	5,375	5,052	4,733	4,542
Lease obligations	¥ 30	¥ 19	¥ 17	¥ 2	\$ 251	\$ 159	\$ 147	\$ 24

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, 2015, 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, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.II (9).

June 26, 2015
Yokohama, Japan



Quarterly Financial Information

For the fiscal year ended March 31, 2015

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	¥36,053	¥81,124	¥128,385	¥198,884	\$300,445	\$676,038	\$1,069,882	\$1,657,368
Income before income taxes or quarterly income before income taxes	(2,018)	70	2,311	5,513	(16,821)	585	19,261	45,948
Net income or quarterly net income	¥(1,487)	¥(296)	¥968	¥2,080	\$(12,397)	\$(2,467)	\$8,070	\$17,337

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	(¥7.12)	(¥1.42)	¥4.63	¥9.95	(\$0.059)	(\$0.011)	\$0.038	\$0.082

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	(¥7.12)	¥5.70	¥6.05	¥5.32	(\$0.059)	\$0.047	\$0.050	\$0.044

INFORMATION

Board of Directors

(As of June 26,2015)

Chairman and Representative Director

Yukio Suzuki

President and Representative Director

Masaomi Matsuo

Representative Director

Masaki Akiyama

Directors

Ryo Suetomi

Tsuyoshi Hyakutake

Michio Kanezaki

Masato Ikeda

Masahiko Okamura

Audit & Supervisory Board Members

Nobuo Terabayashi

Yujirou Oku

Satoshi Nakao

Yoshikazu Mikami

Executive Officers

(As of June 26,2015)

President and Chief Executive Officer (CEO)

Masaomi Matsuo

Executive Vice President

Masaki Akiyama

Senior Executive Officers

Motonobu Sugimoto

Ryo Suetomi

Tsuyoshi Hyakutake

Managing Executive Officers

Mitsugi Okuda

Tsutomu Higashi

Kazuyuki Higuchi

Michio Kanezaki

Seiichi Yamaguchi

Masaharu Fukuda

Yasuo Fujikawa

Shigenori Hada

Atsurou Moriwake

Masato Ikeda

Masanori Iwaki

Shigetoshi Kurosu

Hideo Komura

Atsushi Tamaki

Executive Officers

Sakae Sugimoto

Tetsuzo Iwatsuki

Hiroshi Oosumi

Makoto Fujino

Tomoko Okiyama

Seiichiro Ishii

Masayoshi Tatsuta

Yoshinobu Fukushima

Masato Horisawa

Hideki Ochi

Hisanobu Nagatomo

Seigou Suzuki

Investor Information
(As of June 26, 2015)

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Date of Incorporation

January 1920

Paid-In Capital

¥18,976 million (As of March 31, 2015)

Authorized Shares

600,000,000

Outstanding Shares

224,946,290 shares in 2015 (As of March 31, 2015)

Number of Shareholders

13,038 (As of March 31, 2015)

Number of Employees

1,438 (As of March 31, 2015)

General Meeting

The General Meeting of Shareholders was held on June 26, 2015

Stock Listing

Tokyo Stock Exchange, 1st Section
Sapporo Securities Exchanges

Transfer Agent

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Auditor

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Domestic Branches

Hokkaido Branch
Tohoku Branch
Chiba Branch
Tokyo Branch
Yokohama Branch
Hokuriku Branch
Nagoya Branch
Osaka Branch
Shikoku Branch
Chugoku Branch
Kyushu Branch
East Japan Architecture Branch
West Japan Architecture Branch
Engineering Research and Development Center

Overseas Network

Head Office and Overseas Branches

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