

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, 2016. The consolidated financial statements for the year ended March 31, 2016 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.

(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 in 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 ¥112=US\$1, the approximated rate of exchange prevailing on March 31, 2016. 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 Company and its domestic consolidated subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21 promulgated on September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 promulgated on September 13, 2013) and "Revised Accounting Standard for Business Divestitures"(ASBJ Statement No. 7 promulgated on September 13, 2013), effective from April 1, 2015.

As a result, under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, provisional amounts in a business combination shall be retrospectively adjusted as if the initial accounting for the business combination had reflected in the consolidated statement at the acquisition date.

Furthermore, the presentation method of profit (loss) attributable to owners of parent was amended, the reference to "minority interests" was changed to "non-controlling interests", and accounting treatment for adjustments to provisional amounts during measurement period was also changed. To reflect these changes in presentation, the Companies reclassified items of previous year in the consolidated financial statement.

In accordance with the transitional treatment described in Paragraph 58-2(4) of "Revised Accounting Standard for Business Combinations", Paragraph 44-5(4) of "Revised Accounting Standard for Consolidated Financial Statements" and Paragraph 57-4(4) of "Revised Accounting Standard for Business Divestitures", the Company and its domestic consolidated subsidiaries adopted them from the beginning of the current year to the future.

In the consolidated statement of cash flows of the current year, cash flows from acquisition or disposal of the shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from financing activities" and cash flows from acquisition related costs of the shares of subsidiaries with changes in the scope of consolidation are included in "Cash flows from operating activities".

These changes have no effect on the consolidated financial statement and the per share data in the current year.

3.Issued but not yet adopted accounting standard and others

Implementation Guidance on Recoverability of Deferred Tax Assets

On March 28, 2016, the ASBJ issued "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26).

(1) Overview

Regarding the treatment of the recoverability of deferred tax assets, a review was conducted following the framework of the Japanese Institute of Certified Public Accountants Audit Committee Report No. 66 "Audit Treatment on Determining the Recoverability of Deferred Tax Assets", whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories.

a) Treatment of companies that do not satisfy any of the category requirements for (Category 1) through (Category 5)

b) Category requirements for (Category 2) and (Category 3)

c) Treatment related to future deductible temporary differences which cannot be scheduled in companies that qualify as (Category 2)

d) Treatment related to the reasonable estimable period of future pre-adjusted taxable income in companies that qualify as (Category 3)

e) Treatment in cases that companies that satisfy the category requirements for (Category 4) but qualify as (Category 2) or (Category 3)

(2) Scheduled date of adoption

The Company expects to adopt the revised implementation guidance from the beginning of the fiscal year ending March 31, 2017.

(3) Impact of adopting revised implementation guidance

The Company is currently evaluating the effect of adopting this revised implementation guidance on its consolidated financial statements.

4.Changes in Presentation

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

Guarantee fee, Additional severance payment, Compensation for damage, Loss on litigation and Loss on disaster presented separately in the previous year, is included in Other, net of Other income (expenses) in the current year.

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

Consequently, Guarantee fee in the amount of ¥94 million, Additional severance payment in the amount of ¥49 million, Compensation for damage in the amount of ¥432 million, Loss on litigation in the amount of ¥6 million and Loss on disaster in the amount of ¥21 million were included in Other.

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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, 2016 and 2015 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Cost on construction contracts in progress	¥10,322	¥5,208	\$92,169
PFI projects	1,604	1,864	14,324
Other inventories	523	1,324	4,671
Cost on construction contracts in progress and other	¥12,450	¥8,397	\$111,165

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, 2016 and 2015 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
	¥1,148	¥800	\$10,250

III. Investments in securities

Among investments in securities, amount in aggregate corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2016 and 2015 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Investments in affiliates	¥247	¥225	\$2,205

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
	2016	2015	2016
Differences of the land after revaluation exceeded its fair value	¥4,117	¥5,901	\$36,759

V. Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Assets pledged as collateral:			
Current assets			
Other current assets	¥27	¥26	\$241
Investment and other assets			
Investment in securities	2,315	2,385	20,676
Long-term loans	247	272	2,210
Total	¥2,590	¥2,685	\$23,128

As of March 31, 2016, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥1,618 million (US\$14,452 thousand) and liabilities based on the loan agreements with credit line between 12 PFI companies and financial institutions.

As of March 31, 2015, secured liabilities were in the amount of ¥1,558 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, 2016 and 2015 were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2016	2015	2016
¥161	¥202	\$1,441

VII. Commitments and contingent liabilities

(a) The Companies are contingently liable for the following as of March 31, 2016 and 2015:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Employees (Loan guarantee to bank)	¥14	¥13	\$125
National Federation of Promotion for Fishing Ports and Villages	159	220	1,428
Fisheries Cooperative Association (Loan guarantee)			
Others	674	382	6,018
Total	¥848	¥615	\$7,572

(b) The company has been brought a damage suit (totaling 1,206 million yen (US\$10,768 thousand)) as the reasons of defect for building construction work (completed in 1997) by said client in the Tokyo District Court and it is currently pending. The trial results are unpredictable at this time.

(c) Due to the discovery of a construction defect and false reporting, certain contract specification requirements were determined to be unfulfilled for a soil improvement project at Haneda International Airport in Tokyo and other projects carried out by the Company.

The Company has established a Special Investigation Committee with an external attorney-at-law, and the related investigation is ongoing.

As a result, there may be some financial loss on the Company in the future, but it is difficult to make a reasonable estimate of any such impact on the current year's consolidated financial statements as negotiations are currently in progress with the client.

VIII. Short-term borrowings

The Company had commitment lines for efficient financial arrangement from 7 banks at March 31, 2016 and 2015 as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Total amount of contracts of commitment lines	¥20,000	¥20,000	\$178,571
Outstanding borrowings	—	—	—
Balance	¥20,000	¥20,000	\$178,571

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, 2016 and 2015 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Non-recourse debt included in current portion of long term debt	¥645	¥665	\$5,759
Non-recourse debt included in long-term debt	2,920	3,565	26,077
Total	¥3,565	¥4,231	\$31,836

The amount of PFI assets pledged as collateral for non-recourse debt as of March 31, 2016 and 2015 are as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2016	2015	2016
¥5,691	¥6,248	\$50,815

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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
2016	2015	2016
¥185,276	¥174,718	\$1,654,257

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
2016	2015	2016
¥1,404	¥603	\$12,543

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
2016	2015	2016
¥741	¥1,211	\$6,620

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
	2016	2015	2016
Salaries to employees	¥4,214	¥4,078	\$37,628
Expenses for retirement benefits for employees	260	361	2,323
Reserch expenses	763	693	6,816
Provision for doubtful accounts, trade	(25)	19	(229)

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
2016	2015	2016
¥872	¥777	\$7,791

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
	2016	2015	2016
Vessels	¥15	¥39	\$135
Land	14	132	128
Buildings	13	0	117
Others	3	—	34
Total	¥46	¥171	\$416

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
	2016	2015	2016
Land	¥19	—	\$170
Buildings	16	0	\$149
Machinery and equipment	—	157	—
Total	¥35	¥157	\$319

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
	2016	2015	2016
Vessels	¥237	¥0	\$2,118
Buildings	182	45	1,630
Others	7	4	68
Total	¥427	¥50	\$3,817

IX .Impairment of fixed assets

For the year ended March 31, 2016, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land, buildings and others	Osaka and others	8

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.

The carrying amount of the relevant assets was written down to the recoverable value due to the drop in fair value and ¥1,438 million (US\$12,848 thousand) was accounted for as loss on impairment of fixed assets, which consisted of ¥1,194 million (US\$10,665 thousand) for land, ¥195 million (US\$1,748 thousand) for buildings and ¥48 million (US\$434 thousand) for others.

Meanwhile, the recoverable value of the relevant assets was based on the anticipated net sale value. Furthermore, the anticipated net sale value of land whose carrying amount was significant was applied to the appraisal value by the licensed real-estate appraiser.

For the year ended March 31, 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\$1,110 thousand) was accounted for as loss on impairment of fixed assets, which consisted of ¥75 million (US\$674 thousand) for land, ¥44 million (US\$401 thousand) for buildings and ¥3 million (US\$34 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\$362 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.

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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
	2016	2015	2016
Unrealized gains (Losses) on securities:			
Amount arising during the year	(¥1,955)	¥1,403	(\$17,460)
Amount of reclassification adjustments	—	(117)	—
Amount before tax effect	(1,955)	1,286	(17,460)
Tax effect	673	(217)	6,017
Unrealized gains (Losses) on securities	(1,281)	1,069	(11,442)
Deferred gains (losses) on hedges:			
Amount arising during the year	(5)	72	(53)
Amount of reclassification adjustments	(63)	—	(562)
Amount before tax effect	(69)	72	(616)
Tax effect	19	(20)	177
Deferred gains (losses) on hedges	(49)	51	(438)
Revaluation reserve for land:			
Tax effect	133	274	1,189
Revaluation reserve for land	133	274	1,189
Retirement benefits liability adjustments:			
Amount arising during the year	(3,637)	2,446	(32,480)
Amount of reclassification adjustments	217	485	1,942
Amount before tax effect	(3,420)	2,931	(30,538)
Tax effect	1,049	(1,037)	9,372
Retirement benefits liability adjustments	(2,370)	1,894	(21,165)
Total other comprehensive income	(¥3,568)	¥3,289	(\$31,857)

8. Notes to Consolidated Statement of Changes in Net Assets

I. Type and number of shares

For the year ended March 31, 2016

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	15,919	3	—	15,923

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

Increase due to purchase of odd stock	3 thousand shares
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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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II .Dividend payment

For the year ended March 31, 2016

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	\$3,795	\$0.01	March 31, 2015	June 29, 2015	

For the year ended March 31, 2015

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	

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, 2016

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 29, 2016	Common stock	Retained earnings	¥850	¥4	\$7,590	\$0.03	March 31, 2016	June 30, 2016	

For the year ended March 31, 2015

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 26, 2015	Common stock	Retained earnings	¥425	¥2	March 31, 2015	June 29, 2015	

9.Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Cash and bank deposits	¥39,965	¥22,935	\$356,830
Time deposits due over three months	(68)	(25)	(610)
Cash and cash equivalents	¥39,896	¥22,909	\$356,220

10.Leases

Operating lease

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2016 and 2015, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Due within one year	¥463	¥511	\$4,142
Due over one year	24	484	222
Total	¥488	¥996	\$4,364

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11. Financial Instruments

I. Summary of financial instruments

a) Policy for financial instruments

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

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

Notes and accounts receivable which categorized into operating receivables are exposed to client's credit risk.

These risks are reviewed at entering into contract and the concerned counterparts are managed by the administration headquarters in each case.

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

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

Among the debt, short-term borrowings are principally applicable to funds for business activities and long-term debt (maturities are within five years in principle) are funds for capital investments. Long-term debt with variable interest rates are exposed to the risk of interest rate fluctuation. The Company utilizes derivatives which are the interest swaps in each contracts in order to avoid fluctuation risk of interest expenses and stabilize interest cost. 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, 2016, carrying amount, fair value and unrealized gain (loss) are as follows:

	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
	Millions of Japanese Yen			Thousands of U.S. Dollars		
Cash and bank deposits	¥39,965	¥39,965	¥—	\$356,830	\$356,830	\$—
Notes and accounts receivable, trade	73,974	73,974	—	660,490	660,490	—
Advanced money	12,564	12,564	—	112,186	112,186	—
Investments in securities :						
Held-to-maturity debt securities	15	15	0	133	133	0
Other securities	10,298	10,298	—	91,954	91,954	—
Total assets	136,818	136,818	0	1,221,595	1,221,595	0
Notes and accounts payable, trade	51,107	51,107	—	456,315	456,315	—
Short-term borrowings	8,376	8,376	—	74,785	74,785	—
Deposits received	13,309	13,309	—	118,833	118,833	—
Long-term debt (*1)	21,529	21,839	310	192,229	194,998	2,768
Total liabilities	94,322	94,632	310	842,164	844,933	2,768
Derivative transactions (*2)	¥3	¥3	¥—	\$32	\$32	\$—

(*1) Current portion of long-term debt of ¥5,744 million (US\$51,293 thousand) is included in long-term debts and carrying amount and fair value are represented.

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

As of March 31, 2015, carrying amount, fair value and unrealized gain (loss) are as follows:

	Carrying amount	Fair value	Unrealized gain (loss)
Millions of Japanese Yen			
Cash and bank deposits	¥22,935	¥22,935	¥—
Notes and accounts receivable, trade	89,672	89,672	—
Advanced money	11,623	11,623	—
Investments in securities :			
Held-to-maturity debt securities	15	15	0
Other securities	12,230	12,230	—
Total assets	136,476	136,476	0
Notes and accounts payable, trade	52,767	52,767	—
Short-term borrowings	8,390	8,390	—
Deposits received	15,187	15,187	—
Long-term debt (*1)	20,891	21,206	314
Total liabilities	97,237	97,551	314
Derivative transactions (*2)	¥72	¥72	¥—

(*1) Current portion of long-term debt of ¥5,839 million is included in long-term debts and carrying amount and fair value are represented.

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

a) Computation of fair value for financial instruments, investment in securities and derivative transactions

Assets

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.

Liabilities

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.

Derivative Transactions

Please refer to Notes 13, Derivative Transactions, of the notes the consolidated financial statement

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
	2016	2015	2016
Unlisted stocks	¥1,923	¥1,907	\$17,175

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

c) Projected redemption

The projected redemption of monetary claim as of March 31, 2016 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	¥39,887	¥—	¥—	¥—	\$356,135	\$—	\$—	\$—
Notes and accounts								
receivable, trade	68,603	4,911	458	1	612,527	43,848	4,093	15
Investments in securities								
Held-to-maturity debt securities								
(Governmental bonds)	—	15	—	—	—	133	—	—
Other securities with maturities								
(Governmental bonds)	—	—	43	—	—	—	387	—
Total	¥108,490	¥4,926	¥501	¥1	\$968,662	\$43,982	\$4,480	\$15

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
	Millions of Japanese Yen			
Cash and bank deposits	¥22,853	¥—	¥—	¥—
Notes and accounts				
receivable, trade	83,343	5,578	741	8
Investments in securities				
Held-to-maturity debt securities				
(Governmental bonds)	—	15	—	—
Other securities with maturities				
(Governmental bonds)	—	—	42	—
Total	¥106,197	¥5,593	¥783	¥8

d) The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2016 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	¥8,376	¥—	¥—	¥—	¥—	¥—
Long-term debt	5,744	5,436	4,118	2,727	2,357	1,145
Lease obligation	30	19	17	2	—	—
Total	¥14,150	¥5,455	¥4,136	¥2,730	¥2,357	¥1,145

	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	\$74,785	\$—	\$—	\$—	\$—	\$—
Long-term debt	51,293	48,538	36,771	24,348	21,047	10,230
Lease obligation	269	171	158	26	—	—
Total	\$126,348	\$48,709	\$36,929	\$24,375	\$21,047	\$10,230

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

12. Securities

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

At March 31, 2016

	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	\$133	\$135	\$1
Sub total	15	15	0	133	135	1
The securities whose consolidated balance sheet amount does not exceed its acquisition cost						
Government bond	—	—	—	—	—	—
Sub total	—	—	—	—	—	—
Total	¥15	¥15	¥0	\$133	\$135	\$1

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Other securities whose consolidated balance sheets amount exceeds its acquisition cost						
Stock	¥4,842	¥9,205	¥4,362	\$43,233	\$82,188	\$38,954
Government bond	38	43	4	345	387	42
Sub total	4,880	9,248	4,367	43,578	82,575	38,996
The securities consolidated balance sheets amount does not exceed its acquisition cost						
Stock	1,216	1,050	(165)	10,859	9,378	(1,481)
Government bond	—	—	—	—	—	—
Sub total	1,216	1,050	(165)	10,859	9,378	(1,481)
Total	¥6,097	¥10,298	¥4,201	\$54,438	\$91,954	\$37,515

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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At March 31, 2015

	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	¥5,619	¥11,802	¥6,183
Government bond	38	42	3
Sub total	5,657	11,844	6,187
The securities consolidated balance sheet amount does not exceed its acquisition cost			
Stock	416	386	(30)
Government bond	—	—	—
Sub total	416	386	(30)
Total	¥6,073	¥12,230	¥6,157

(2) Other securities sold during the financial years ended March 31, 2016 and 2015 were as follows:

At March 31, 2016

The Companies did not sell other securities.

Other securities sold were not applicable for the year ended March 31, 2016.

At March 31, 2015

	Millions of Japanese Yen		
	Sales	Gain on sales	Loss from sales
Stock	¥239	¥116	¥—
Other	—	—	—
Total	¥239	¥116	¥—

13. Derivative Transactions

Derivative transactions for the year ended March 31, 2016 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	¥94	¥—	¥3 (*)	\$847	\$—	\$32 (*)

(*) 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	¥10,907	¥7,225	(*)	\$97,385	\$64,513	(*)

(*) 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, 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		
			Notional amount	Maturing over one year	Fair value
Accounting in principle	Forward foreign exchange contracts Buying U.S. Dollars	Accounts payable	¥725	¥94	¥72 (*)

(*) 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		
			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	(*)

(*) 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, 2016

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, 2016 and 2015 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Retirement benefit obligation balance at the beginning of the year	¥21,445	¥22,635	\$191,476
Service cost	755	780	6,741
Interest cost	182	256	1,628
Actuarial gain	1,655	(333)	14,779
Retirement benefit paid	(1,754)	(1,894)	(15,666)
Retirement benefit obligation balance at the end of the year	¥22,283	¥21,445	\$198,959

(2) The changes in plan assets during the year ended March 31, 2016 and 2015 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Plan assets balance at the beginning of the year	¥18,598	¥16,381	\$166,055
Expected return on plan assets	200	192	1,789
Actuarial loss	(1,982)	2,113	(17,700)
Contributions by the Company	1,602	1,787	14,311
Retirement benefits paid	(1,721)	(1,876)	(15,372)
Plan assets balance at the end of the year	¥16,697	¥18,598	\$149,082

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(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, 2016 and 2015 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Funded retirement benefit obligation	¥21,930	¥21,104	\$195,804
Plan assets at fair value	(16,697)	(18,598)	(149,082)
	5,232	2,506	46,721
Unfunded retirement benefit obligation	353	340	3,155
Net liability for retirement benefits in the balance sheet	5,586	2,847	49,876
Liability for retirement benefits	5,586	2,847	49,876
Net liability for retirement benefits in the balance sheet	¥5,586	¥2,847	\$49,876

(4)The components of retirement benefit expense for the year ended March 31, 2016 and 2015 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Service cost	¥755	¥780	\$6,741
Interest cost	182	256	1,628
Expected return on plan assets	(200)	(192)	(1,789)
Amortization of actuarial loss	217	485	1,942
Other	11	49	105
Retirement benefit expense	¥966	¥1,379	\$8,628

Notes :

1. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.
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, 2016 and 2015 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Actuarial gain (loss)	(¥3,420)	¥2,931	(\$30,538)

(6)Unrecognized actuarial gain (loss) included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrecognized actuarial gain (loss)	¥3,234	¥185	\$28,880

(7)The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 are as follows:

	2016	2015
Stocks	39%	50%
Bonds	38%	30%
General account assets	17%	15%
Other	6%	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, 2016 and 2015 were as follows:

	(Weighted average)	
	2016	2015
Discount rate	0.4%	0.9%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of future salary increase	2.2%~6.9%	2.3%~6.7%

15. Tax Effect Accounting

1. The significant components of deferred tax assets and liabilities at March 31, 2016 and 2015 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Deferred Tax Assets:			
Net liability for retirement benefits	¥2,819	¥2,059	\$25,171
Reserve for loss on construction works	541	512	4,836
Accrued bonus to employees	709	509	6,337
Unrealized losses on securities	250	174	2,238
Loss on valuation of utility rights	257	273	2,301
Loss on valuation of investment in securities	166	175	1,484
Loss on impairment of fixed assets	452	229	4,043
Other	3,040	2,023	27,145
Valuation allowance	(1,187)	(1,115)	(10,605)
Deferred tax assets	¥7,050	¥4,842	\$62,954
Deferred Tax Liabilities:			
Revaluation reserve for land	(¥546)	(¥712)	(\$4,880)
Unrealized gains on securities	(1,494)	(2,094)	(13,345)
Other	(88)	(114)	(788)
Deferred tax liabilities	(2,129)	(2,921)	(19,014)
Net Deferred Tax Assets	¥4,921	¥1,921	\$43,939

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Current assets - Deferred tax assets	¥3,725	¥2,349	\$33,267
Investments and other assets - Deferred tax assets	1,808	368	16,145
Current liabilities - Other current liabilities	71	76	635
Long-term liabilities - Other long-term liabilities	541	720	4,837

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2. A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2016 and 2015, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2016	2015
Normal effective statutory tax rate	33.0%	35.6%
Expenses not deductible for income tax purposes	2.1	5.8
Non-taxable income	(0.8)	(1.0)
Per capita levy of inhabitant taxes	1.3	2.1
Change in valuation allowance	1.7	3.1
Write-down of tax rate change for deferred tax assets	2.4	6.0
Foreign corporation tax	(3.1)	8.2
Reduction of revaluation reserve for land	(3.7)	0.0
Other-net	(3.1)	1.1
Actual effective tax rates	29.9%	60.9%

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No.15 of 2016) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No.13 of 2016) were enacted on March 29, 2016. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 32.3% to 30.9% for the temporary differences expected to be realized or settled in the year beginning April 1, 2016, and to 30.6% for the temporary differences expected to be realized or settled from April 1, 2018.

The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥200 million (U.S.\$1,794 thousand) and increase deferred income taxes by ¥268 million (U.S.\$2,396 thousand), unrealized holding gain (loss) on securities by ¥67 million (U.S.\$601 thousand) as of and for the year ended March 31, 2016.

Furthermore, deferred tax liabilities related to revaluation decreased by ¥133 million (US\$1,189 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, 2016 and 2015.

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, 2016 and 2015.

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, 2016

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	¥99,937	¥41,925	¥48,736	¥190,599	¥9,682	¥200,282	¥—	¥200,282
Inter-segment	2	1,479	—	1,482	30,963	32,445	(32,445)	—
Total	¥99,940	¥43,405	¥48,736	¥192,082	¥40,645	¥232,728	¥(32,445)	¥200,282
Segment profits or losses	7,178	1,559	5,256	13,994	1,145	15,139	(3,350)	11,789
Other items								
Depreciation and amortization	¥566	¥1	¥617	¥1,185	¥547	¥1,733	¥299	¥2,033

For the year ended March 31, 2016

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	\$892,299	\$374,336	\$435,149	\$1,701,785	\$86,452	\$1,788,237	\$—	\$1,788,237
Inter-segment	25	13,212	—	13,237	276,455	289,693	(289,693)	—
Total	\$892,324	\$387,549	\$435,149	\$1,715,022	\$362,907	\$2,077,930	\$(289,693)	\$1,788,237
Segment profits or losses	64,095	13,923	46,931	124,950	10,223	135,173	(29,911)	105,262
Other items								
Depreciation and amortization	\$5,055	\$16	\$5,515	\$10,587	\$4,890	\$15,478	\$2,674	\$18,152

Notes :

- "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.
- Adjustment of the segment profits amounting to ¥(3,350) million (US\$(29,911) thousand) is inclusive of inter-segment elimination amounting to ¥1 million (US\$14 thousand) and Selling, General and Administrative Expenses amounting to ¥(3,351) million (US\$(29,925) thousand) which are not attributed to any reportable segments.
- Segment profits or losses are adjusted to the operating income in the consolidated statements of income.
- Assets are not described due to no allocation to the business segments.

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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

Notes :

- "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.
- Adjustment of the segment profits amounting to ¥(2,913) million (US\$(26,013) thousand) is inclusive of inter-segment elimination amounting to ¥49 million (US\$437 thousand) and Selling, General and Administrative Expenses amounting to ¥(2,962) million (US\$(26,451) thousand) which are not attributed to any reportable segments.
- Segment profits or losses are adjusted to the operating income in the consolidated statements of income.
- Assets are not described due to no allocation to the business segments.

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
	2016	2015	2016
Japan	¥151,563	¥158,186	\$1,353,244
Singapore	26,631	26,209	237,779
Other	22,087	14,488	197,213
Total	¥200,282	¥198,884	\$1,788,237

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, 2016

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen 2016	Thousands of U.S. Dollars 2016
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, Domestic Architectural Businesses, others	¥37,308	\$333,111

For the year ended March 31, 2015

Name of Customer	Related segments	Net sales
		Millions of Japanese Yen 2015
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, Domestic Architectural Businesses, others	¥36,797

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, 2016 and 2015.

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

The amortization was not applicable for the year ended March 31, 2016 and 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, 2016 and 2015.

20.Per Share Data

	Japanese Yen		U.S. Dollars
	2016	2015	2016
Net assets	¥338.16	¥328.35	\$3.019
Net income	28.89	9.95	0.257

Because there was no dilutive shares, the Companies have not presented the diluted net income per share for the years ended March 31, 2016 and 2015.

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
	2016	2015	2016
Net assets	¥71,143	¥69,004	\$635,214
Net assets amount for common stocks	70,684	68,633	631,109
Significant breakdown of differences			
Non-controlling interests	¥459	¥371	\$4,105

	Thousands of shares	
	2016	2015
Numbers of issued shares of common stocks	224,946	224,946
Numbers of treasury stocks of common stocks	15,923	15,919
Numbers of common stocks which were used for calculation for per share data on net assets	209,023	209,026

2.Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2016	2015	2016
Profit attributable to owners of parent	¥6,038	¥2,080	\$53,912
Profit attributable to owners of parent which does not belong to common stockholders	—	—	—
Profit attributable to owners of parent for common stocks	¥6,038	¥2,080	\$53,912

	Thousands of Shares	
	2016	2015
Average number of shares of common stocks	209,024	209,027

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

21. Significant Subsequent Events

Consolidation of Shares and Changes in the Number of Shares per Share Unit and Authorized Shares

The Company resolved at its Board of Directors' meeting held on May 30, 2016 to submit a proposal for the consolidation of shares and a change in the number of shares per share trading unit to the ordinary general meeting of shareholders.

The proposal was approved at said ordinary general meeting of shareholders held on June 29, 2016.

I. Purpose of consolidation of shares and changes in the number of shares per share unit and authorized shares

Japanese stock exchanges issued "Action Plan for Consolidating Trading Units" with the aim of standardizing the trading unit for common stock of all listed domestic corporations at 100 shares.

As a corporation listed on the Tokyo Stock Exchange and the Sapporo Stock Exchange, the Company respects the objectives of the plan and will change the number of shares per share trading unit (share unit) to 100 shares.

Along with the change in the share unit, the Company will also consolidate its shares to maintain a price level for investing in its shares considered desirable by Japanese stock exchanges (50,000 yen or more and less than 500,000 yen).

II. Details of consolidation of shares

(1) Class of shares to be consolidated

Common stock

(2) Consolidation method and ratio

The Company will consolidate 10 shares into one share on October 1, 2016 based on the number of shares held by shareholders listed in the final shareholders' register as of September 30, 2016.

For any fractional shares of less than one share that result from the consolidation of shares, such fractional shares will be disposed of in accordance with the Companies Law of Japan, and the proceeds will be distributed to shareholders who held the fractional shares in proportion to the number of fractional shares.

(3) Decrease in number of shares due to consolidation

Number of outstanding shares before consolidation (as of March 31, 2016)	224,946,290 shares
Decrease in number of shares due to consolidation	202,451,661 shares
Number of outstanding shares after consolidation	22,494,629 shares

Note :

"Decrease in number of shares due to consolidation" and "Number of outstanding shares after consolidation" are theoretical values calculated by multiplying the number of outstanding shares before consolidation by the consolidation ratio.

III. Details of change in number of shares per share unit

Concurrently with the consolidation of shares, the Company will change the number of shares per share unit for common stock from 1,000 to 100.

IV. Details of changes in number of authorized shares

The number of authorized shares will decrease from 600 million shares to 60 million shares in accordance with the ratio of the share consolidation.

Pursuant to Article 182, Paragraph 2 of the Companies Law, the total number of authorized shares specified in the Company's Articles of Incorporation shall be deemed to have changed on October 1, 2016, the effective date for the consolidation of shares.

V. Effective date

Resolution at the Board of Directors' meeting	May 30, 2016
Resolution at the general meeting of shareholders	June 29, 2016
Effective date for consolidation of shares and change in number of shares per share unit	October 1, 2016

VI . Effect on per share information

Per share information as of and for the years ended March 31, 2016 and 2015 on the assumption that the consolidation of shares had been implemented as of April 1, 2014 is as follows;

	Japanese Yen		U.S. Dollars
	2016	2015	2016
Net assets	¥3,381.65	¥3,283.46	\$30.193
Net income (Basic)	288.88	99.53	2.579

Note :

Diluted net income per share was not disclosed because there were no dilutive shares.

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	¥8,390	¥8,376	\$74,910	\$74,785	0.78%	
Current portion of Long-term debt	5,173	5,099	46,191	45,533	1.51%	
Current portion of Non-recourse debt	665	645	5,944	5,759	2.71%	
Current portion of lease obligations	65	30	587	269	—	
Long-term debt (excluding current portion)	11,486	12,864	102,558	114,859	1.29%	from 2017 to 2021
Non-recourse debt (excluding current portion)	3,565	2,920	31,836	26,077	2.60%	from 2017 to 2026
Lease obligation (excluding current portion)	70	39	625	355	—	from 2017 to 2019
Other debt	—	—	—	—	—	
Total	¥29,417	¥29,975	\$262,654	\$267,640	—	

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	¥4,829	¥3,550	¥2,181	¥1,814	\$43,124	\$31,700	\$19,481	\$16,201
Non-recourse debt	606	567	545	542	5,413	5,071	4,867	4,845
Lease obligations	¥ 19	¥ 17	¥ 2	—	\$ 171	\$ 158	\$ 26	—

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.