

MESSAGE FROM THE PRESIDENT

President and Chief Executive Officer

Masaki Akiyama



Summary of Business Performance of the Fiscal Year

For the fiscal year just ended on March 31, 2017, there were signs that the Japanese economy was gradually and steadily recovering throughout the year, with improvements being made in corporate earnings and in the employment situation, due to the support of various economic measures by the government.

In the domestic construction industry, public investment showed steady

improvement primarily in such areas as disaster prevention and damage reduction, as well as maintenance and renewal of facilities to cope with the aging of social infrastructure. Private investment also showed steady improvement, backed by increased corporate earnings and reform of the tax system.

With regard to the consolidated results for the Toa Corporation Group for the fiscal year just ended, net sales

decreased 16.5% from the previous fiscal year to ¥167,200 million as a result of a decrease in the amount of orders received. Operating income decreased 47.4% from the previous fiscal year to ¥6,196 million, and ordinary income decreased 44.4% from the previous fiscal year to ¥5,897 million. Due to the huge impact of the losses incurred related to the remedial works that were carried out, a net loss of ¥7,438 million resulted.

The performance of each segment of the Toa Corporation Group is as follows:

(Domestic Civil Engineering Business)

The main business is in the field of marine civil engineering, with efforts continuously focused on building social infrastructure, such as the restoration of areas that suffered earthquake-related damage, as well as establishing and improving infrastructure in those areas. For the consolidated fiscal year just ended, net sales decreased 14.5% from the previous fiscal year to ¥85,437 million. The segment profit (operating income) decreased 31.8% from the previous fiscal year to ¥4,898 million.

(Domestic Construction Business)

Efforts are being made to increase the amount of orders received for negotiation contract projects, works planned and proposed by the Company, and works designed and executed by the Company. For the consolidated fiscal year just ended, net sales increased 4.2% over the previous fiscal year to ¥43,685 million. The segment

profit (operating income) decreased 54.5% from the previous fiscal year to ¥709 million.

(Overseas Business)

In the South Pacific and other areas with Southeast Asia at the center, the aim is to focus efforts on marine civil engineering construction and construction of thermal power plants and other plants. Net sales for the consolidated fiscal year just ended decreased 40.6% from the previous fiscal year to ¥28,927 million. The segment profit (operating income) decreased 41.4% from the previous fiscal year to ¥3,080 million.

(Others)

Net sales for the consolidated fiscal year just ended decreased 5.5% from the previous consolidated fiscal year to ¥9,150 million, while the segment profit (operating income) decreased 42.1% from the previous fiscal year to ¥663 million.

Summary of Financial Conditions of Fiscal Year Just Ended

Total assets at the end of the consolidated fiscal year just ended decreased ¥12,756 million compared with the end of the previous fiscal year to ¥183,735 million. The decrease was due primarily to the decrease of cash and bank deposits, costs of uncompleted construction works, and other items, even though there were increases of notes receivable, accounts receivable from completed construction works, and other items.

Liabilities decreased ¥6,571 million compared with the end of the previous fiscal year to ¥118,776 million due primarily to the decrease of notes payable, accounts payable on construction works, and other items. Net assets decreased ¥6,185 million compared with the end of the previous fiscal year to ¥64,958 million. Moreover, the shareholders equity ratio decreased 0.9 percentage points compared with the end of the previous fiscal year to 35.1%

Summary of Cash Flows of Fiscal Year Just Ended

For the fiscal year just ended, cash flows from operating activities showed a decrease of ¥8,769 million in cash (the previous fiscal year showed an increase of ¥19,850 million in cash) due to the decrease in trade payable and other factors. Cash flows from investing activities showed a decrease of ¥1,263 million in cash (the previous fiscal year saw a decrease of ¥2,467 million in cash) due to acquisitions of property, plant, and equipment. Cash flows from financial activities showed a decrease of ¥1,639 million in cash (the previous fiscal year showed an increase of ¥65 million in cash) due 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 ¥11,709 million compared with the end of the previous fiscal year to ¥28,187 million.

Outlook for the Future

In the domestic construction market,

a gradual increase in facility investments is expected, due to an accommodative financial environment and heightened expectations for growth. Furthermore, in anticipation of the Tokyo Olympic and Paralympic Games, which will be held in 2020, intensive urban development is also expected. 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 steady growth in developed countries, with gradual growth also being expected in emerging countries due to the effect of measures undertaken by their respective governments. Therefore, it is expected that further development in social infrastructure, such as making improvements to large-scale container terminals and the construction of

thermal power plants, will move forward.

The current outlook for our performance in the future is indicated next page.

Since it was founded, the Toa Corporation Group has concentrated on the construction and maintenance of a wide range of social infrastructure, with a particular focus on ports. Going forward, we will continue to strive to provide safe, secure, high-quality construction structures and services, and build a society that cares deeply about the environment, and realize a sustainable society. Your continued support would be greatly appreciated.

President
Masaki Akiyama



The year ending March 2018 (figures shown as percent (%) indicate comparison with previous year)

	Consolidated		Non - Consolidated	
	Amount	Change (%)	Amount	Change (%)
Amount of orders received	—	—	¥188,000 million	43.6%
Net sales	¥173,000 million	3.5%	¥165,000 million	3.7%
Operating income	¥2,500 million	-59.7%	¥2,300 million	-59.7%
Ordinary income	¥1,800 million	-69.5%	¥1,700 million	-69.4%
Net income	¥800 million	—	¥700 million	—

* With regard to consolidated net income, the net income belonging to the shareholders of the parent company is indicated.