

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, 2019. The consolidated financial statements for the year ended March 31, 2019 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 included directly in the net assets and cost of securities sold is computed by the moving average method.

Other securities for which market quotations 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, and facilities attached to buildings and other non-building structures acquired on or after April 1, 2016 are 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.

d) Reserve for loss on construction defects

Reserve for loss on construction defects is provided for the amount equivalent to cover future defect expenses based upon the estimated repair costs for construction defects for soil investment projects.

(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 items are bank loans, 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 ¥110=US\$1, the approximated rate of exchange prevailing on March 31, 2019. 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. Issued but not yet adopted accounting standard and others

Accounting Standard and Implementation Guidance on Revenue Recognition.

On March 30, 2018, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30).

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract

5. Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

3. Changes in Presentation

The Companies have changed the presentation of items in the consolidated balance sheet as follows:

Securities, presented separately in the previous year, are included in Other current assets of Current assets in the current year. To reflect this change in presentation, the Companies reclassified items of the previous year in the consolidated balance sheet for the current year. Consequently, Securities in the amount of ¥15 million were included in Other current assets. Also, Other current assets in the previous year were shown in the amount of ¥5,945 million, compared with ¥5,930 million previously presented.

Current portion of long-term debt, presented separately in the previous year, is included in Short-term borrowings in the current year. To reflect this change in presentation, the Companies reclassified items of the previous year in the consolidated balance sheet for the current year. Consequently, Current portion of long-term debt in the amount of ¥5,412 million was included in Short-term borrowings. Also, Short-term borrowings in the previous year was shown in the amount of ¥13,928 million, compared with ¥8,516 million previously presented.

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

Commission fee, Additional severance payment, Compensation for damage, presented separately in the previous year, are included in Other, net of Other income (expenses) in the current year.

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

To reflect this change in presentation, the Companies reclassified items of the previous year in the consolidated statement of income for the current year. Consequently, Commission fee in the amount of ¥(110) million, Additional severance payment in the amount of ¥(46) million, Compensation for damage in the amount of ¥(72)

million were included in Other, net and Gain on sale of investment in securities was newly shown in the amount of ¥0 million. Also, Other, net of Other income (expenses) in the previous year was shown in the amount of ¥(193) million, compared with ¥36 million previously presented.

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

(Gain) loss on sale of investment in securities, included in Other, net of Cash flow from operating activities in the previous year, is presented separately in the current year. To reflect this change in presentation, the Companies reclassified items of previous year in the consolidated statement of cash flows of the current year. Consequently, (Gain) loss on sale of investment in securities was newly shown in the amount of ¥7 million. Also Other, net of Cash flow from operating activities in the previous year was shown in the amount of ¥779 million, compared with ¥787 million previously presented.

Partial Amendments to Accounting Standard for Tax Effect Accounting.

The Company and its consolidated subsidiaries have adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) (hereinafter, the "Partial Amendments") from the beginning of the fiscal year ended March 31, 2019. As such, deferred tax assets and deferred tax liabilities are included within investments and other assets and long term liabilities respectively, and related income tax disclosures have been expanded. As a result, ¥6,027 million of deferred tax assets in the current assets previously presented in consolidated balance sheet as of March 31, 2018 have been reclassified and included within ¥7,225 million of deferred tax assets in investments and other assets. Also, ¥20 million of deferred tax assets in current assets and ¥61 million of deferred tax liabilities in current liabilities have been reclassified and included within deferred tax liabilities included in other in long term liabilities. Also, "Note 14 Tax Effect Accounting" in the Notes to the consolidated financial statements has been expanded in accordance with Note 8 and Note 9 of Interpretive Notes to Accounting for Tax Effect Accounting. However, comparative information for the year ended March 31, 2018 has not been disclosed in Note 13 in accordance with the transitional provisions set forth in Article 7 of the Partial Amendments.

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4. Notes to Consolidated Balance Sheet

I. Cost on construction contracts in progress and other

Cost on construction contracts in progress and other as of March 31, 2019 and 2018 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Cost on construction contracts in progress	¥5,422	¥4,702	\$49,295
PFI projects	958	1,152	8,715
Other inventories	531	611	4,832
Cost on construction contracts in progress and other	¥6,912	¥6,466	\$62,843

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, the aggregate amounts corresponding to reserve for loss on construction works as of March 31, 2019 and 2018 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
	¥335	¥249	\$3,051

III. Investments in securities

Among investments in securities, the aggregate amounts corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2019 and 2018 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Investments in affiliates	¥222	¥252	\$2,022

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
	2019	2018	2019
Differences of the land after revaluation exceeded its fair value	¥3,980	¥4,066	\$36,187

V. Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2019 and 2018 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Assets pledged as collateral:			
Current assets			
Other current assets	¥28	¥28	\$258
Investment and other assets			
Investment in securities	2,040	1,900	18,552
Long-term loans	167	194	1,521
Total	¥2,236	¥2,122	\$20,332

As of March 31, 2019, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥1,746million (US\$15,878 thousand) and liabilities based on the loan agreements with credit line between 12 PFI companies and financial institutions.

As of March 31, 2018, secured liabilities were in the amount of ¥1,707 million and liabilities were for 12 PFI companies.

VI .Securities lent

Among investments in securities, securities lent to financial institution under the security lending agreement at March 31, 2019 and 2018 were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2019	2018	2019
¥162	¥174	\$1,480

VII .Commitments and contingent liabilities

(a)The Companies are contingently liable for the following as of March 31, 2019 and 2018:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Employees (Loan guarantee to bank)	¥15	¥22	\$138
National Federation of Promotion for Fishing Ports and Villages	65	86	595
Fisheries Cooperative Association (Loan guarantee)			
MORIMOTO CO., LTD (Deposit Money Guarantee)	989	—	8,991
Others	14	53	131
Total	¥1,084	¥161	\$9,857

VIII .Short-term borrowings

The Company had commitment lines for efficient financing from 7 banks at March 31, 2019 and 2018 as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Total amount of contracts of commitment lines	¥20,000	¥20,000	\$181,818
Outstanding borrowings	—	—	—
Balance	¥20,000	¥20,000	\$181,818

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, 2019 and 2018 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Non-recourse debt included in current portion of long term debt	¥545	¥567	\$4,955
Non-recourse debt included in long-term debt	1,201	1,746	10,919
Total	¥1,746	¥2,314	\$15,875

The amount of PFI assets pledged as collateral for non-recourse debt as of March 31, 2019 and 2018 are as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2019	2018	2019
¥4,008	¥4,570	\$36,441

X .Notes receivable and notes payables

March 31, 2019 and 2018 was a holiday for financial institutions in Japan, and therefore the following notes receivable and payable maturing on that date were included in the balance sheet and were settled on the next business day.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Notes receivable	¥174	¥26	\$1,587
Notes payable	117	103	1,068

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5. Notes to Consolidated Statement of Income

I .Net sales

The amounts of contract revenue which are accounted for by the percentage-of-completion method were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2019	2018	2019
¥159,781	¥148,177	\$1,452,557

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, the aggregate amounts corresponding to loss on valuation of inventory were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2019	2018	2019
¥152	¥123	\$1,385

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
2019	2018	2019
¥877	¥438	\$7,980

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
	2019	2018	2019
Salaries to employees	¥4,567	¥4,271	\$41,521
Expenses for retirement benefits for employees	253	271	2,306
Research expenses	939	891	8,539
Provision for doubtful accounts, trade	0	(0)	0

V .Research and development expenses

Among the general and administrative expenses and the cost on contract, the aggregate amounts corresponding to research and development expenses were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2019	2018	2019
¥1,013	¥960	\$9,212

VI .Gain on sale of fixed assets

The breakdown of the gain on sale of fixed assets was as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Machinery and equipment	¥43	¥0	\$397
Land	42	51	382
Vessels	21	24	191
Others	2	3	22
Total	¥109	¥81	\$994

VII .Loss on sale of fixed assets

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Land	¥16	¥0	\$151
Machinery and equipment	8	—	79
Others	3	5	32
Total	¥28	¥5	\$263

VIII .Loss on disposal of fixed assets

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Buildings and structures	¥66	¥37	\$604
Others	6	0	55
Total	¥72	¥37	\$660

IX .Impairment of fixed assets

For the year ended March 31, 2019, the Companies recognized losses on impairment of the following assets:

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

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

The carrying amount of the relevant assets was written down to the recoverable value due to the drop in fair value and ¥74 million (US\$677 thousand) was accounted for as loss on impairment of fixed assets, which consisted of ¥26 million (US\$238 thousand) for Land, ¥48 million (US\$439 thousand) for Buildings.

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, 2018, the Companies recognized losses on impairment of the following assets:

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

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

The carrying amount of the relevant assets was written down to the recoverable value due to the drop in fair value and ¥59 million was accounted for as loss on impairment of fixed assets, which consisted of ¥58 million for Land, ¥1 million for buildings.

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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6. Notes to Consolidated Statement of Comprehensive Income

Reclassifications adjustments and tax effects in relation to the other comprehensive income were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrealized gains (losses) on securities:			
Amount arising during the year	(¥1,460)	¥635	(\$13,278)
Amount of reclassification adjustments	(412)	(0)	(3,748)
Amount before tax effect	(1,872)	635	(17,026)
Tax effect	572	(194)	5,206
Unrealized gains (losses) on securities	(1,300)	441	(11,820)
Deferred gains (losses) on hedges:			
Amount arising during the year	(26)	(25)	(245)
Amount of reclassification adjustments	—	—	—
Amount before tax effect	(26)	(25)	(245)
Tax effect	8	7	75
Deferred gains (losses) on hedges	(18)	(17)	(170)
Revaluation reserve for land:			
Tax effect	—	(1)	—
Revaluation reserve for land	—	(1)	—
Retirement benefits liability adjustments:			
Amount arising during the year	(712)	557	(6,479)
Amount of reclassification adjustments	266	299	2,425
Amount before tax effect	(445)	856	(4,053)
Tax effect	136	(261)	1,241
Retirement benefits liability adjustments	(309)	594	(2,812)
Total other comprehensive income	(¥1,628)	¥1,016	(\$14,803)

7. Notes to Consolidated Statement of Changes in Net Assets

I. Type and number of shares

For the year ended March 31, 2019

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	22,494	—	—	22,494
Treasury stock				
Common stock	1,594	0	—	1,594

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

Increase due to purchase of odd stock 0 thousand shares

For the year ended March 31, 2018

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	22,494	—	—	22,494
Treasury stock				
Common stock	1,593	0	—	1,594

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

Increase due to purchase of odd stock 0 thousand shares

II .Dividend payment

For the year ended March 31, 2018

Resolution	Type of share	Dividend resource	Millions of Japanese Yen		Record date	Effective date
			Total amount of dividends	Cash dividends per share (Yen)		
Annual Shareholders' Meeting held on June 28, 2018	Common stock	Retained earnings	¥425	¥20	March 31, 2018	June 29, 2018

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, 2019

Resolution	Type of share	Dividend resource	Millions of Japanese Yen		Thousands of U.S. Dollars		Record date	Effective date
			Total amount of dividends	Cash dividends per share (Yen)	Total amount of dividends	Cash dividends per share (Dollars)		
Annual Shareholders' Meeting held on June 27, 2019	Common stock	Retained earnings	¥637	¥30	\$5,795	\$0.27	March 31, 2019	June 28, 2019

8. Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Cash and bank deposits	¥31,820	¥36,682	\$289,275
Time deposits due over three months	(20)	(30)	(185)
Cash and cash equivalents	¥31,799	¥36,652	\$289,089

9. Leases

Operating lease

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2019 and 2018, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Due within one year	¥143	¥139	\$1,306
Due over one year	276	372	2,510
Total	¥419	¥512	\$3,817

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10. 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 a 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 currencies.

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, 2019, 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	¥31,820	¥31,820	¥—	\$289,275	\$289,275	\$—
Notes and accounts receivable, trade	89,145	89,145	—	810,410	810,410	—
Advanced money	15,417	15,417	—	140,155	140,155	—
Investments in securities						
Other securities	10,561	10,561	—	96,012	96,012	—
Total assets	146,943	146,943	—	1,335,853	1,335,853	—
Notes and accounts payable, trade	40,090	40,090	—	364,456	364,456	—
Electronically recorded obligations, operating	19,324	19,324	—	175,673	175,673	—
Short-term borrowings	8,758	8,758	—	79,625	79,625	—
Deposits received	15,450	15,450	—	140,460	140,460	—
Long-term debt (*1)	19,493	19,604	110	177,217	178,220	1,003
Total liabilities	103,117	103,228	110	937,433	938,436	1,003
Derivative transactions (*2)	(¥52)	(¥52)	¥—	\$475.0	\$475.0	\$—

(*1) Current portion of long-term debt of ¥5,238 million (US\$47,626 thousand) is included in long-term debt and carrying amount and fair value are represented.

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

As of March 31, 2018, 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	¥36,682	¥36,682	¥—
Notes and accounts receivable, trade	79,344	79,344	—
Advanced money	7,524	7,524	—
Investments in securities			
Held-to-maturity debt securities	15	15	0
Other securities	12,724	12,724	—
Total assets	136,291	136,291	0
Notes and accounts payable, trade	34,351	34,351	—
Electronically recorded obligations, operating	13,556	13,556	—
Short-term borrowings	8,516	8,516	—
Deposits received	14,019	14,019	—
Long-term debt (*1)	20,116	20,235	119
Total liabilities	90,558	90,677	119
Derivative transactions (*2)	(25)	(25)	¥—

(*1) Current portion of long-term debt of ¥5,412 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, 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 institutions.

Liabilities

Notes and accounts payable, trade, electronically recorded obligations, operating, 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

For the fair value of long-term debt by variable interest rates, the market rate is almost equal to the book price because it reflects the interest rates in a short time.

Fair value of long-term debt by fixed rate 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.

In addition, long-term debt by some variable interest rates is subject to the special treatment of interest rate swaps. The total amount of the principal that is being treated as a combination of interest rate swaps is calculated by discounting the interest rate to be applied, provided that the equivalent loans are newly entered into.

Derivative Transactions

Please refer to Note 12, Derivative Transactions, of the notes the consolidated financial statements.

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.

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	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unlisted stocks	¥1,853	¥1,884	\$16,582

c) Projected redemption

The projected redemption of monetary claims as of March 31, 2019 was 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	¥31,820	¥—	¥—	¥—	\$289,275	\$—	\$—	\$—
Notes and accounts receivable, trade	83,307	5,822	14	—	757,338	52,935	135	—
Investments in securities								
Other securities with maturities (Government bonds)	—	43	—	—	—	392	—	—
Total	¥115,127	¥5,866	¥14	¥—	\$1,046,614	\$53,327	\$135	\$—

The projected redemption of monetary claims as of March 31, 2018 was 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	¥36,682	¥—	¥—	¥—
Notes and accounts receivable, trade	74,681	4,641	21	—
Investments in securities				
Held-to-maturity debt securities (Governmental bonds)	15	—	—	—
Other securities with maturities (Government bonds)	—	43	—	—
Total	¥111,379	¥4,684	¥21	¥—

d) The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2019 was 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	¥8,758	¥—	¥—	¥—	¥—	¥—
Long-term debt	5,238	5,965	4,673	2,421	1,180	14
Lease obligation	151	148	117	4	3	—
Total	¥14,149	¥6,114	¥4,791	¥2,426	¥1,183	¥14

	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	\$79,625	\$—	\$—	\$—	\$—	\$—
Long-term debt	47,626	54,229	42,486	22,015	10,731	127
Lease obligation	1,376	1,354	1,068	42	29	0
Total	\$128,628	\$55,583	\$43,555	\$22,058	\$10,760	\$127

The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2018 was 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	¥8,516	¥—	¥—	¥—	¥—	¥—
Long-term debt	5,412	5,157	4,787	3,495	1,243	20
Lease obligation	139	124	122	99	—	—
Total	¥14,067	¥5,281	¥4,909	¥3,595	¥1,243	¥20

11. Securities

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

At March 31, 2019

	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	¥4,989	¥9,903	¥4,913	\$45,363	\$90,034	\$44,671
Government bond	40	43	2	368	392	23
Sub total	5,030	9,946	4,916	45,731	90,426	44,694
The securities consolidated balance sheets amount does not exceed its acquisition cost						
Stock	827	614	(213)	7,525	5,585	(1,939)
Government bond	—	—	—	—	—	—
Sub total	827	614	(213)	7,525	5,585	(1,939)
Total	¥5,858	¥10,561	¥4,703	\$53,257	\$96,012	\$42,755

At March 31, 2018

	Millions of Japanese Yen		
	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
Sub total	15	15	0
The securities whose consolidated balance sheet amount does not exceed its acquisition cost			
Government bond	—	—	—
Sub total	—	—	—
Total	¥15	¥15	¥0

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	Millions of Japanese Yen		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Other securities whose consolidated balance sheets amount exceeds its acquisition cost			
Stock	¥5,702	¥12,392	¥6,689
Government bond	39	43	3
Sub total	5,742	12,435	6,692
The securities consolidated balance sheets amount does not exceed its acquisition cost			
Stock	406	289	(117)
Government bond	—	—	—
Sub total	406	289	(117)
Total	¥6,149	¥12,724	¥6,575

(2) Other securities sold during the financial years ended March 31, 2019 and 2018 were as follows:

At March 31, 2019

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Sales	Gain on sales	Loss from sales	Sales	Gain on sales	Loss from sales
Stock	¥831	¥412	¥—	\$7,560	\$3,758	\$—
Other	—	—	—	—	—	—
Total	¥831	¥412	¥—	\$0	\$0	\$—

At March 31, 2018

	Millions of Japanese Yen		
	Sales	Gain on sales	Loss from sales
Stock	¥0	¥0	—
Other	—	—	—
Total	¥0	¥0	¥—

12. Derivative Transactions

Derivative transactions for the year ended March 31, 2019 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	¥1,354	¥756	(¥7) (*)	\$12,315	\$6,874	(\$68) (*)

(*) 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
Accounting in principle	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥3,806	¥3,078	(¥44) (*1)	\$34,604	\$27,986	(\$406) (*1)
Short-cut	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥2,263	¥888	(*2)	\$20,579	\$8,076	(*2)

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

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

Derivative transactions for the year ended March 31, 2018 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:

Interest Rate 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	Interest rate swaps Pay/fixed and receive/floating	Long-term debt	¥2,912	¥2,576	(¥25) (*1)
Short-cut	Interest rate swaps Pay/fixed and receive/floating	Long-term debt	¥4,162	¥2,263	(*2)

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

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

13. Reserve for Retirement Benefits and Pension Plan

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 years ended March 31, 2019 and 2018 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Retirement benefit obligation balance at the beginning of the year	¥21,485	¥21,596	\$195,323
Service cost	771	776	7,009
Interest cost	92	107	837
Actuarial gain	104	418	948
Retirement benefit paid	(1,317)	(1,413)	(11,979)
Retirement benefit obligation balance at the end of the year	¥21,135	¥21,485	\$192,140

(2) The changes in plan assets during the years ended March 31, 2019 and 2018 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Plan assets balance at the beginning of the year	¥18,595	¥17,160	\$169,052
Expected return on plan assets	224	215	2,037
Actuarial gain (loss)	(608)	975	(5,530)
Contributions by the Company	947	1,640	8,613
Retirement benefits paid	(1,269)	(1,397)	(11,543)
Plan assets balance at the end of the year	¥17,889	¥18,595	\$162,629

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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, 2019 and 2018 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Funded retirement benefit obligation	¥20,721	¥21,070	\$188,379
Plan assets at fair value	(17,889)	(18,595)	(162,629)
	2,832	2,474	25,750
Unfunded retirement benefit obligation	413	415	3,761
Net liability for retirement benefits in the balance sheet	3,246	2,889	29,511
Liability for retirement benefits	3,246	2,889	29,511
Net liability for retirement benefits in the balance sheet	¥3,246	¥2,889	\$29,511

(4)The components of retirement benefit expense for the years ended March 31, 2019 and 2018 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Service cost	¥771	¥776	\$7,009
Interest cost	92	107	837
Expected return on plan assets	(224)	(215)	(2,037)
Amortization of actuarial loss	266	299	2,425
Other	11	46	103
Retirement benefit expense	¥917	¥1,014	\$8,338

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 (loss) included in other comprehensive income (before tax effect) as of March 31, 2019 and 2018 is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Actuarial gain (loss)	(¥445)	¥856	(\$4,053)

(6)Unrecognized actuarial gain (loss) included in accumulated other comprehensive income (before tax effect) as of March 31, 2019 and 2018 is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrecognized actuarial gain (loss)	¥1,681	¥1,235	\$15,283

(7)The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2019 and 2018 is as follows:

	2019	2018
Stocks	38%	43%
Bonds	28%	28%
General account assets	17%	16%
Other	18%	13%
Total	100%	100%

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.

(8)The assumptions used in accounting for the above plans as of March 31, 2019 and 2018 were as follows:

	(Weighted average)	
	2019	2018
Discount rate	0.4%	0.4%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of future salary increase	2.5%~7.1%	2.6%~6.9%

14. Tax Effect Accounting

1. The significant components of deferred tax assets and liabilities at March 31, 2019 and 2018 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets:			
Net liability for retirement benefits	¥1,949	¥1,874	\$17,722
Loss carried forward	2,801	1,106	25,467
Reserve for loss on construction works	400	330	3,641
Accrued bonus to employees	616	501	5,602
Unrealized losses on securities	—	201	—
Loss on valuation of utility rights	258	258	2,350
Loss on valuation of investment in securities	170	170	1,553
Loss on impairment of fixed assets	324	314	2,948
Loss on construction defects	1,451	3,299	13,197
Others	1,957	3,024	17,792
Total gross deferred tax assets	¥9,930	¥11,082	\$90,275
Valuation allowance for tax loss carried forward	(¥223)	—	(2,030)
Valuation allowance for deductible temporary differences	(¥1,077)	—	(9,791)
Total valuation allowance	(¥1,300)	(¥1,686)	(11,820)
Total deferred tax assets	¥8,629	¥9,395	78,453
Deferred tax liabilities:			
Revaluation reserve for land	(¥545)	(¥545)	(4,963)
Unrealized gains on securities	(1,368)	(2,142)	(12,444)
Other	(151)	(82)	(1,380)
Total deferred tax liabilities	(2,066)	(2,770)	(\$18,788)
Net deferred tax assets	¥6,563	¥6,624	\$59,665

(Note) A breakdown of tax loss carried forward and valuation allowance by expiry date as of March 3, 2019 is as follows:

At March 31, 2019

	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	Total
	Millions of Japanese Yen						
Tax loss carried forward (*1)	¥0	¥15	¥25	¥—	¥—	¥2,759	¥2,801
Valuation allowance	(0)	(13)	(21)	—	—	(187)	(223)
Deferred tax assets	0	2	3	—	—	2,572	2,578 (*2)
	within one year	over one year within two years	over two years within three years	over three years within four years	over four years within five years	over five years	Total
	Thousands of U.S. Dollars						
Tax loss carried forward (*1)	\$5	\$142	\$229	\$—	\$—	\$25,089	\$25,467
Valuation allowance	(4)	(122)	(196)	—	—	(1,706)	(2,030)
Deferred tax assets	0	20	32	—	—	23,382	23,436 (*2)

(*1) The amount is determined by multiplying the corresponding loss carried forward by effective statutory tax rate.

(*2) Deferred tax assets of ¥2,578 million (US\$23,436 thousand) for the tax loss carried forward of ¥2,801 million (US\$25,467 thousand) (the amount is determined by multiplying the corresponding effective statutory tax rate) were recorded.

Deferred tax assets of ¥2,578 million (US\$23,436 thousand) mainly consist of the balance of tax loss carried forward of ¥2,567 million (the

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amount is determined by multiplying the corresponding effective statutory tax rate).

The tax loss carried forward within deferred tax assets was mainly due to the reversal of a portion of the ¥14,100 million (US\$128,181 thousand) provision for loss on construction defects recorded in the fiscal year ended March 31, 2017.

The Companies consider that it is likely the tax loss carried forward will be realized based on estimates of future taxable income; therefore, a related valuation allowance has not been recognized.

2. A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2019 and 2018, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2019	2018
Normal effective statutory tax rate	30.6%	30.9%
Expenses not deductible for income tax purposes	4.6	7.2
Non-taxable income	(0.8)	(1.0)
Per capita levy of inhabitant taxes	2.7	4.4
Change in valuation allowance	(8.7)	(11.3)
Other-net	(1.9)	0.5
Actual effective tax rates	26.4%	30.7%

15.Asset Retirement Obligations

Because the amounts of asset retirement obligations are immaterial, the Companies have omitted a disclosure in the Notes to Consolidated Financial Statements for the years ended March 31, 2019 and 2018.

16.Investment and Rental Property

Because the amounts of investment and rental property are immaterial, the Companies have omitted a disclosure in the Notes to Consolidated Financial Statements for the year ended March 31, 2019 and 2018.

17.Information on Reportable 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, 2019

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	¥93,980	¥51,907	¥19,564	¥165,452	¥8,239	¥173,692	¥ —	¥173,692
Inter-segment	—	72	—	72	31,108	31,181	(31,181)	—
Total	¥93,980	¥51,980	¥19,564	¥165,525	¥39,348	¥204,873	(¥31,181)	¥173,692
Segment profits or losses	5,203	2,042	(1,056)	6,189	1,079	7,268	(3,288)	3,980
Other items Depreciation and amortization	¥616	¥0	¥448	¥1,065	¥389	¥1,455	¥331	¥1,786

For the year ended March 31, 2018

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	\$854,371	\$471,890	\$177,855	\$1,504,116	\$74,903	\$1,579,021	\$ —	\$1,579,021
Inter-segment	—	659	—	659	282,805	283,464	(283,465)	—
Total	\$854,371	\$472,550	\$177,855	\$1,504,776	\$357,708	\$1,862,485	(\$283,465)	\$1,579,021
Segment profits or losses	47,301	18,571	(9,605)	56,268	9,809	66,078	(29,894)	36,183
Other items Depreciation and amortization	\$5,603	\$6	\$4,078	\$9,688	\$3,545	\$13,233	\$3,010	\$16,244

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 ¥(3,288) million (US\$(29,894) thousand) is inclusive of inter-segment elimination amounting to ¥265 million (US\$2,415 thousand) and Selling, General and Administrative Expenses amounting to ¥(3,554) million (US\$(32,309) thousand) which are not attributed to any reportable segments.
- Segment profits or losses are adjusted to the operating income in the consolidated statements of income.
- Assets are not described due to no allocation to the business segments.

For the year ended March 31, 2018

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	¥74,939	¥53,035	¥23,217	¥151,192	¥9,852	¥161,045	¥ —	¥161,045
Inter-segment	159	67	—	226	19,841	20,067	(20,067)	—
Total	¥75,098	¥53,102	¥23,217	¥151,419	¥29,693	¥181,113	(¥20,067)	¥161,045
Segment profits or losses	2,223	2,206	961	5,390	807	6,198	(3,318)	2,879
Other items Depreciation and amortization	¥437	¥0	¥570	¥1,008	¥460	¥1,468	¥302	¥1,771

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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 ¥(3,318) million is inclusive of inter-segment elimination amounting to ¥(23) million and Selling, General and Administrative Expenses amounting to ¥(3,295) 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.

18.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

For the year ended March 31, 2019

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2019	2019
Japan	¥154,140	\$1,401,279
South East Asia	12,639	114,901
Other	6,912	62,840
Total	¥173,692	\$1,579,021

For the year ended March 31, 2018

	Millions of Japanese Yen
	2018
Japan	¥137,828
South East Asia	12,783
Other	10,433
Total	¥161,045

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 in Japan exceed 90% of those amounts in the consolidated balance sheets.

III .Information on principal customers

For the year ended March 31, 2019

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen 2019	Thousands of U.S. Dollars 2019
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses,others	¥32,025	\$291,142

For the year ended March 31, 2018

Name of Customer	Related segments	Net sales
		Millions of Japanese Yen 2018
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses,others	¥28,334

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 reportable segments 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 years ended March 31, 2019 and 2018.

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

Amortization was not applicable for the years ended March 31, 2019 and 2018.

VI. Information on gain on negative goodwill in each reportable segment

The Companies did not allocate the gain on negative goodwill to the reportable segments.

The gain was not applicable for the years ended March 31, 2019 and 2018.

19. Per Share Data

	Japanese Yen		U.S. Dollars
	2019	2018	2019
Net assets	¥3,263.98	¥3,214.86	\$29.672
Net income	147.00	83.74	1.336

Note 1 Diluted net income per share was not disclosed because there were no dilutive shares for the year ended March 31, 2019.

Note) The basic information for calculation of per share data was as follows:

1. Per share data on net assets

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Net assets	¥68,845	¥67,747	\$625,866
Net assets amount for common stock	68,216	67,191	620,149
Significant breakdown of differences			
Non-controlling interests	¥628	¥555	\$5,716

	Thousands of shares	
	2019	2018
Numbers of issued shares of common stock	22,494	22,494
Numbers of shares of treasury stock	1,594	1,594
Numbers of shares of common stock which were used for calculation for per share data on net assets	20,899	20,900

2. Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2019	2018	2019
Profit attributable to owners of parent	¥3,072	¥1,750	\$27,930
Profit attributable to owners of parent not attributable to common stockholders	—	—	—
Profit attributable to owners of parent for common stock	¥3,072	¥1,750	\$27,930

	Thousands of Shares	
	2019	2018
Average number of shares of common stock	20,900	20,900

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

20. 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	¥8,516	¥8,758	\$77,418	\$79,625	0.72%	
Current portion of Long-term debt	4,844	4,693	44,038	42,671	1.20%	
Current portion of Non-recourse debt	567	545	5,163	4,955	1.74%	
Current portion of lease obligations	139	151	1,267	1,376	—	
Long-term debt (excluding current portion)	12,957	13,053	117,796	118,670	1.15%	from 2020 to 2024
Non-recourse debt (excluding current portion)	1,746	1,201	15,875	10,919	1.93%	from 2020 to 2026
Lease obligation (excluding current portion)	347	274	3,155	2,495	—	from 2020 to 2024
Other debt	—	—	—	—	—	
Total	¥29,118	¥28,678	\$264,715	\$260,714	—	

Notes :

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

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

2. The amount scheduled to be repaid 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	¥5,909	¥3,596	¥2,373	¥1,174	\$53,726	\$32,692	\$21,575	\$10,676
Non-recourse debt	542	455	183	6	4,933	4,138	1,664	54
Lease obligations	148	117	4	3	1,354	1,068	42	29

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 liabilities and net assets.

