



Annual Report

For the fiscal year ended March 31, 2019

2019

 **TOA CORPORATION**

CORPORATE PROFILE

TOA Corporation is one of the largest multinational construction and engineering companies in Japan. Founded in 1908 to enter into the business of developing vast diversified port facilities and adjacent industrial lands by dredging and reclaiming the shallow waters in Tokyo Bay, TOA has been in the forefront of coastal and maritime construction and engineering for more than 100 years.

As the postwar Japanese economy rapidly grew, TOA expanded its business fields into on-land infrastructure works, architectural works, and international operations. To meet the growing demands of modern society, TOA also develops the highest level of technologies and expertise for environmental sustainability, life cycle management of social assets, disaster prevention, and PFI projects.

On March 31, 2019, TOA established its headquarters in Tokyo, under which thirteen domestic branches, nine offshore offices, eleven consolidated subsidiaries, six non-consolidated subsidiaries, and seventeen affiliate companies have been actively involved in construction and other related businesses.

Corporate Philosophy and Management Principles

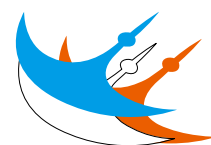
Under its corporate philosophy, TOA Corporation strives for prosperity with advanced technologies and expertise, and fulfills its social responsibilities through steady and sound management. Furthermore, TOA bases its management policies on the following three principles:

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

CONTENTS

P_1	FINANCIAL HIGHLIGHTS
P_2	MESSAGE FROM THE PRESIDENT
P_6	MARINE CIVIL ENGINEERING
P_10	ON-LAND CIVIL ENGINEERING
P_12	ARCHITECTURAL BUILDING WORKS
P_14	RESEARCH & DEVELOPMENT
P_17	TOA CORPORATION "CODE OF CONDUCT"
P_18	CONSOLIDATED BALANCE SHEET
P_20	CONSOLIDATED STATEMENT OF INCOME
P_21	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
P_22	CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
P_23	CONSOLIDATED STATEMENT OF CASH FLOWS
P_24	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
P_46	INDEPENDENT AUDITOR'S REPORT
P_47	QUARTERLY FINANCIAL INFORMATION
P_48	INFORMATION

Annual Report 2019



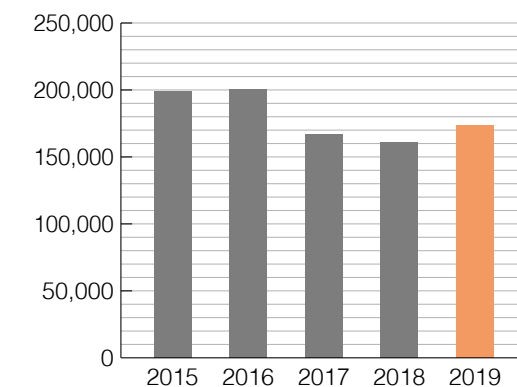
FINANCIAL HIGHLIGHTS

TOA CORPORATION and its consolidated subsidiaries

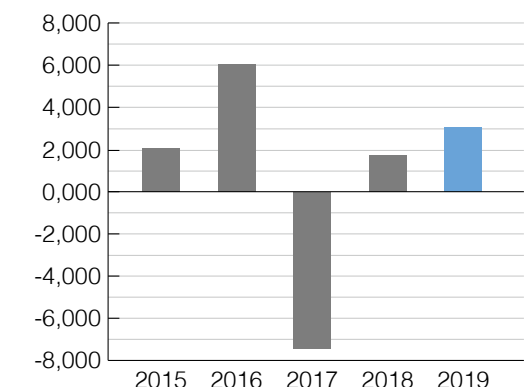
Years ended March 31,	Millions of Japanese Yen					Thousands of U.S. Dollars (Note)
	2015	2016	2017	2018	2019	2019
	Consolidated					
For the year:						
Net sales	¥ 198,884	¥ 200,282	¥ 167,200	¥ 161,045	¥ 173,692	\$ 1,579,021
Profit (loss) before income taxes	5,513	8,732	▲ 10,018	2,557	4,273	38,852
Profit (loss) attributable to owners of parent	2,080	6,038	▲ 7,438	1,750	3,072	27,930
At year-end:						
Total assets	190,202	196,491	183,735	190,276	202,514	1,841,044
Net assets	69,004	71,143	64,958	67,747	68,845	625,866
Property, plant and equipment-net	29,468	29,483	27,651	26,673	28,049	254,999
Per share of common stock:						
	Yen				U.S. Dollars	
Net income (loss)	¥ 9.95	¥ 28.89	¥ ▲ 355.86	¥ 83.74	¥ 147.00	\$ 1.336
Cash dividends	2.00	4.00	—	20.0	30.0	0.270
Net assets	328.35	338.16	3,082.45	3,214.86	3,263.98	29.672

Note: The amount in U.S. dollars was converted at the rate of ¥110=US\$1, the effective rate at March 31, 2019. The Company completed a reverse stock split of its common stock, at ratio of 1 share for 10 shares on October 1, 2016.

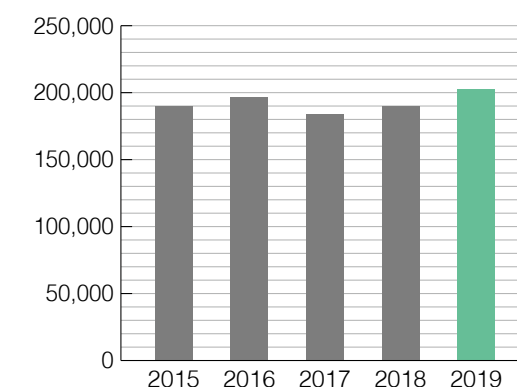
Net sales (Unit: Millions of Yen)



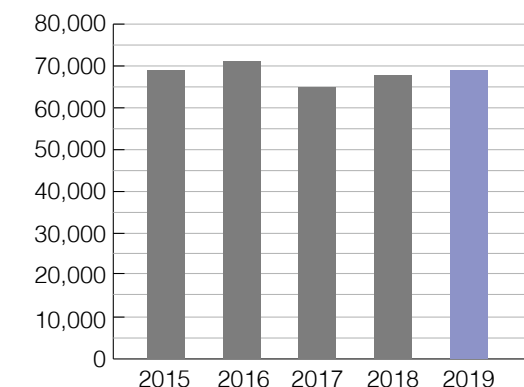
Net income (Unit: Millions of Yen)



Total assets (Unit: Millions of Yen)



Net assets (Unit: Millions of Yen)



MESSAGE FROM

THE PRESIDENT

Summary of Business Performance of the Fiscal Year

For the fiscal year just ended on March 31, 2019, although the slowdown in economic conditions overseas was having an impact on exports and production in Japan, there were signs that the Japanese economy was gradually recovering, with continued improvements in the employment and income conditions resulting from improvements in the financial performance of companies 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. Furthermore, private investment also showed steady improvement, backed by increased corporate earnings and reform of the tax system.

Amidst this environment, based on its Mid-Term Business Plan (from FY2017 to FY2019), under the basic principle of “Change for Recovery of Trust, Growth Starting from Building a Foundation that Makes the Most of Technology and Quality,” the Toa Corporation Group has been carrying forward various measures and achieving its management goals, with the aim of steadily strengthening its management base and becoming a company capable of sustainable growth that is able to respond to the expectations and trust of its customers and society.

President and Chief Executive Officer

M. Akizama

Accordingly, the consolidated results achieved by the Toa Corporation Group for the fiscal year just ended were an increase in net sales of 7.9% over the previous consolidated fiscal year to ¥173,692 million, and an increase in operating income of 38.2% over the previous consolidated fiscal year to ¥3,980 million. And as a result of

such endeavors in sales and other efforts, ordinary income increased 45.3% over the previous consolidated fiscal year to ¥3,943 million, and net income attributed to the shareholders of the parent company was ¥3,072 million for the fiscal year just ended, an increase of 75.5% over the previous consolidated fiscal year.

Performance of Each Segment of the Toa Corporation Group

(Domestic Civil Engineering Business)

The main business is in the field of marine civil engineering, with efforts continuously focused on building infrastructure and social capital, such as ports, railways, and power plants. For the consolidated fiscal year just ended, net sales increased 25.4% over the previous consolidated fiscal year to ¥93,980 million. The segment profit (operating income) increased 134.1% over the previous consolidated fiscal year to ¥5,203 million.

Due to the impact of such things as receiving a number of orders for large-scale government projects, non-consolidated orders for the Company increased by ¥33,839 million over the previous fiscal year to ¥112,604 million.

(Domestic Construction Business)

Efforts are being made to expand the amount of orders received from negotiation contract projects, planned and proposed work projects, and designed and executed work projects. For the consolidated fiscal year just ended, net sales decreased 2.1% from the previous consolidated fiscal year to ¥51,907 million. The segment profit (operating income) decreased 7.4% from the previous consolidated fiscal year to ¥2,042 million.

Due not only to orders continuously

received from existing clients, but also to efforts made to find and cultivate new customers, non-consolidated orders for the Company increased by ¥3,699 million over the previous fiscal year to ¥52,316 million.

(Overseas Business)

In Middle East and Africa and other areas primarily in Southeast Asia, efforts are being made in marine civil engineering construction and construction of power plants and other plants. Net sales for the consolidated fiscal year just ended decreased 15.7% from the previous consolidated fiscal year to ¥19,564 million. The segment loss (operating loss) was ¥1,056 million (the previous consolidated fiscal year showed a segment profit of ¥961 million).

Due to the impact of such things as receiving a number of orders for large-scale projects, non-consolidated orders for the Company increased by ¥31,626 million over the previous fiscal year to ¥50,528 million.

(Others)

Net sales for the consolidated fiscal year just ended decreased 16.4% over the previous consolidated fiscal year to ¥8,239 million, and the segment profit (operating income) increased 33.6% over the previous consolidated fiscal year to ¥1,079 million.

Summary of Financial Conditions of the Fiscal Year Just Ended

Total assets at the end of the consolidated fiscal year just ended increased ¥12,238 million compared with the end of the previous consolidated fiscal year to ¥202,514 million. The increase was due primarily to an increase in advances paid, such as notes receivable and accounts receivable from completed construction works, resulting from an increase in net sales and cost of sales, although there was a decrease in cash and bank deposits, and investment securities. Liabilities increased ¥11,140 million compared with the end of the previous

consolidated fiscal year to ¥133,669 million. This was due primarily to the increase of electronically recorded obligations, notes payable, accounts payable on construction works, and other items, resulting from an increase in cost of sales. Net assets increased ¥1,098 million compared with the end of the previous consolidated fiscal year to ¥68,845 million. Moreover, the shareholders equity ratio decreased 1.6 percentage points compared with the end of the previous consolidated fiscal year to 33.7%.

Summary of Cash Flows of the Fiscal Year Just Ended

For the consolidated fiscal year just ended, cash flows from operating activities showed a decrease of ¥2,347 million in cash (the previous consolidated fiscal year saw an increase of ¥9,928 million in cash) due to the increase in trade receivables and other factors. Cash flows from investing activities showed a decrease of ¥1,496 million in cash (the previous consolidated fiscal year saw a decrease of ¥714 million in cash) due to acquisitions of property, plant, and

equipment, etc. Cash flows from financial activities showed a decrease of ¥1,042 million in cash (the previous consolidated fiscal year saw a decrease of ¥674 million in cash) due to repayment of debt and other factors. As a result of these activities, the balance of cash and cash equivalents at the end of the consolidated fiscal year just ended decreased ¥4,852 million compared with the end of the previous consolidated fiscal year to ¥31,799 million.

Outlook for the Future

In the domestic construction market, it is anticipated that government investment in construction will be increased in order to carry out concentrated measures over a three-year period, from FY2018 to FY2020, with ¥7 trillion budgeted for the total project cost, aimed at maintaining the functions of key infrastructure and other facilities, in accordance with the Three-Year Emergency Response Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience (finalized by the Cabinet on December 14, 2018). In

addition, it is expected that demand will continue for work related to the Tokyo Olympic and Paralympic Games. In the overseas construction market, further development is expected to continue in social infrastructure, such as wharf facilities and cold storage warehouses, primarily in emerging countries.

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

Fiscal Year ending March 31, 2020

	Consolidated		Non-consolidated	
	Forecast	Percentage change compared with previous fiscal year	Forecast	Percentage change compared with previous fiscal year
Amount of orders received	—	—	¥177,000 million	-17.8%
Net sales	¥184,000 million	5.9%	¥177,000 million	5.8%
Operating income	¥6,300 million	58.9%	¥5,500 million	87.4%
Ordinary income	¥6,100 million	54.7%	¥5,400 million	83.4%
Net income	¥3,900 million	26.9%	¥3,500 million	41.3%

* With regard to the consolidated net income, the net income attributed to the shareholders of the parent company is indicated. (Ref.) The forecasts for the Fiscal Year ending March 31, 2020 indicated in the Mid-term Business Plan (from FY2017 to FY2019)

Fiscal Year ending March 31, 2020

	Consolidated	Non-consolidated
	Target	Target
Amount of orders received	—	¥177,000 million
Net sales	¥184,000 million	¥176,000 million
Gross profit	¥15,800 million	¥14,300 million
Operating income	¥6,000 million	¥5,500 million
Ordinary income	¥5,500 million	¥5,100 million

Issues that must be addressed

Regarding the defective work on ground improvement projects, which came to light in 2016, we, as the contractor, will endeavor to restore trust by taking full responsibility and putting every possible effort into faithfully and as quickly as possible completing work that we were ordered to carry out to repair those defects, as well as continuously carrying out initiatives to prevent any recurrence in the future.

Through “advanced technologies” and “reliable construction work,” as stated in the Company’s Corporate Philosophy, we will deliver work and services of high quality that will satisfy customers,

and through constant efforts to raise the awareness of employees regarding compliance, and by creating an honest, upstanding corporate culture, we will steadily strengthen our management base, with the aim of being a corporation capable of achieving sustainable growth and meeting the expectations of customers and society.

I would be grateful for the continued and lasting cooperation and support of all of our shareholders, our business partners with whom we have built a bond of mutual trust, and our employees.

President and Chief Executive Officer
Masaki Akiyama

MARINE CIVIL ENGINEERING

Operations

Since its foundation in 1908, TOA has engaged in reclamation and marine construction works through various projects all over the world. Among them are reclamation works for industrial areas and offshore airports; port and harbor facilities, such as wharves and breakwaters; transportation facilities, such as coastal roads and bridges; and recreational facilities, such as marinas.

In order to complete those projects safely and successfully, TOA has developed various construction methods, working vessels, and equipment to overcome severe natural conditions on and under the sea. In addition, as lifecycle management of infrastructures, environmental sustainability, and protection from natural

disasters are becoming of greater concern to society, TOA has developed new technologies for renewal and reinforcement of structures, environmental assessment and pollution control, sub-surface and sub-ground survey, disaster prevention, and so on.

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

Chubu Centrair International Airport (Aichi, Japan)



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

Throughout the construction of the 470ha artificial island, which commenced in November 2001, "Plug Magic" and "COS-NET," two of TOA's advanced technologies, played critical roles in building the 12km-long enclosing seawalls and reclaiming 56,000,000m³ of soil and earth in an economical, timely, safe, and environmentally-friendly manner. "Plug Magic" recycled the soft clayey material coming from

dredging operations of navigational channels in Ise Bay into construction material suitable for reclamation, and saved 8,630,000m³ of soil from having to be transported from on-land sources in the vicinity. "COS-NET" was adopted by contractors involved in the projects as a common system to monitor and control working vessels, and ensure their smooth and safe navigation around the working area.



TOA's "Plug Magic" dredging method was adopted in order to maximize the recycling of dredged soft materials

Tokyo International Airport (Haneda Airport) (Tokyo, Japan)



Haneda Airport started in 1931 as a small nationally run airfield with a single 300-meter runway. Subsequent extensions were continuously carried out to keep pace with the continually increasing demand of the airport. To respond to this growth, Toa

Corporation, too, moved forward with its state-of-the-art civil engineering technologies. A new artificial island was completed at the Haneda Airport site and put to use for the 4th runway (2,500 m).The construction was carried out in cooperation with multiple

construction companies under a variety of difficult conditions, including using a hybrid pier/reclamation construction, a structure rarely used anywhere in the world, short construction periods, and quick execution under restrictions by airlines. Toa Corporation's technologies were applied to nearly every part of the construction of the artificial island, including improving the weak foundation soil and producing landfill material by hardening dredged soil. Furthermore, the company dedicated itself to ensuring quality by grasping the ever-changing movements of the foundation in real-time through meticulous management of work execution that was reflected in subsequent processes.

Minami-Honmoku Container Terminal (Yokohama, Japan)



The Minami-Honmoku Pier is located at the Port of Yokohama, which is one of the ports in Keihin Port, a designated strategic international container port.

With the aim of strengthening its international competitiveness, work is currently underway to make improvements to the facilities at the Minami-Honmoku Pier to

transform it into an international container terminal capable of large-scale container ships to come alongside the quay. Columns measuring 32 meters high with a diameter of 24.5 meters constructed of steel sheet structure cellular were employed in the work to construct the earthquake-resistant quay's foundation. The quay will, in the future, have a façade that is sunk to a depth of 18 meters. Toa Corporation was involved in the project and successfully completed MC-3 phase and MC-4 phase(2007-2019).

MARINE CIVIL ENGINEERING

Operations

Manzanillo LNG Receiving Jetty (Mexico)

In June 2011, Toa Corporation completed work (design and execution) on the construction of an LNG Receiving Jetty, which was part of a construction project to build LNG Receiving and Supply Facility in Manzanillo, in the state of Colima, Mexico.

The client that placed the order for the construction was Terminal KMS de GNL, a Special Purpose Company (SPC) that was established for the purpose of

building, owning and operating this LNG project.

It comprises unloading platform of 30 meters in width, 45m in length and 15m in depth, four breasting dolphins and six mooring dolphins.

In addition to executing the work on its part of the project, Toa Corporation was also involved as an Engineering Procurement and Construction (EPC) Contractor of the LNG Receiving Jetty.



Jebel Ali Container Terminal in Design and Construction (United Arab Emirates)

A new container terminal has been completed in Dubai of United Arab Emirates in March 2015. For this construction project, an existing general cargo berth was redesigned and renovated as a state-of-the-art container terminal. Jebel Ali Port is the largest marine terminal in the Middle East and also has the largest man-made harbor in the world. With the completion of the new container terminal, Port Jebel Ali has become able to handle 19 million TEU containers a year.

This project involves renovating the

existing 1,860-meter berth at the Jebel Ali Free Zone Area (JAFZA), which is located in the United Arab Emirates and operated by DP World. Improvements were made to the existing berth (the quay has a depth of 11 meters) by constructing a container berth (1,860 meters) with a depth of 18 meters.

The work calls for the design and construction of container terminal including a 75-ha container yard behind the berth, building and Mechanical, Electrical and Plumbing (MEP) works.



Construction Work on Phase III of Container Terminal at Pasir Panjang Terminal (Singapore)

Singapore is one of the largest container handlers in the world. And the volume is increasing day by day. In order to alleviate congestion at the terminal in Singapore, and as part of an effort to increase the volume of containers to be handled, fifteen new berths were built at Pasir Panjang Container Terminal,

without disrupting the operation of the terminal. Toa Corporation built 12 of the 15 berths that were built, as well as a container yard having an area of approximately 160 ha. On the west side of this terminal, TOA has also built 14 berths and a container yard covering an area of 140 ha, all of which are currently in operation.



Newly Completed Project

The Port Vila Lapetasi International Multi-Purpose Wharf Development Project

Construction work has been completed on the Port Vila Lapetasi International Multi-Purpose Wharf Development Project on Efate Island, where the capital city of the South Pacific nation of the Republic of Vanuatu is located. This nation is made up of an archipelago of more than 80 islands stretching north to south. Many of the islands are experiencing a growing number of tourists who come to enjoy natural surroundings untouched by humans, which contributes to the nation's economic growth.

In order to handle the recent rapid increase in the volume of cargo that has resulted from this growth, a development project to improve the facility to be an international multi-purpose wharf was carried out. In this project, a new quay, with a length of 200 meters and made to a depth of 12.3 meters below sea level to handle mainly container ships, was



constructed at a location 500 meters east of the current harbor, which had been shared by both cargo ships and cruise ships.

- **Client** Ministry of Infrastructure and Public Utilities, Republic of Vanuatu
- **Construction period** October 2015 to February 2019
- **Project outline** [Civil engineering work] Quay; dredging; reclamation; revetment; paving work [Building construction work] Administration building; electrical and machinery installation work; refrigerated facility; building for unloading cargo
- **Site of construction** Efate Island, Republic of Vanuatu

Project for Upgrade of Wharf for Domestic Transport

Construction work has been completed on the Project for Upgrade of Wharf for Domestic Transport in the Kingdom of Tonga. Nuku'alofa Port, where this project was carried out, had no wharfs dedicated to large domestic inter-island ships, so ships had to share berths with large international cargo ships, causing congested conditions. To resolve this problem, the construction work for this project was carried out through Grant Aid assistance from the Japanese government, with the aim of separating international and domestic cargo by turning a different wharf that had been used for small ships into a dedicated domestic wharf that was capable of also docking large ships, in addition to improving passenger and harbor safety. Furthermore, the new terminal building that was constructed through this project was designed to be environmentally friendly, with electric power being generated by solar panels mounted on the roof, and rain on the roof being collected in underground pits and reused for such purposes as flushing toilets.



Earthquakes frequently occur in the Kingdom of Tonga, and in consideration of tsunamis generated by earthquakes, the terminal building has been equipped to serve as a tsunami countermeasure by functioning as a wave dissipating seawall and an evacuation facility. The new wharf constructed as a part of this project has been named Taufa'ahau Tupou IV Domestic Wharf (after the current King's late father), and has become accepted as a new landmark of the Kingdom of Tonga.

- **Client** Ministry of Infrastructure and Tourism, Kingdom of Tonga
- **Construction period** December 2015 to May 2018
- **Project outline** Civil engineering and construction work on ferry terminal for domestic transport; breakwater; quay; dredging; terminal building; parking lot
- **Site of construction** Tongatapu Island, Kingdom of Tonga

ON-LAND CIVIL ENGINEERING

Operations

With a century-long history as a highly-reputed, reliable contractor in marine construction and engineering, TOA also has accumulated experience and expertise in on-land civil engineering through the completion of various projects. Among the projects are roads, bridges, railways, tunnels, water dams, river dikes and water gates, water supply and drainage systems, sewage

collection and treatment facilities, land development, and environmental mitigation and rehabilitation programs. In each and every project, TOA has devoted all of its capabilities to faithfully execute its duties and responsibilities as a contractor, enhancing TOA's reputation as one of the most trustworthy contractors in Japan.

Paiton III Power Plant (Indonesia)

The construction of a supercritical pressure coal-fired power generation plant was completed in April 2012 in Paiton, which is situated in East Java Province in the Republic of Indonesia, creating the largest coal-fired power plant in the country. Construction of

the power plant was ordered by PT Paiton Energy, a company that was established as an IPP. Toa Corporation was in charge of the comprehensive civil engineering and construction work for this project.



2nd Magsaysay Bridge and Butuan City Bypass Road (Philippines)

In the Republic of the Philippines, the road network bears 90% of the passenger traffic and 50% of the cargo transportation, but many roads in various areas are unpaved or too narrow to keep up with the growing volume of traffic. Funded by an aid-loan from Japan's ODA program, the Government planned a bypass road in Butuan City to improve traffic conditions and bolster the economy in the northeastern region of Mindanao

Island. In this connection, the Philippines awarded a contract to a joint venture of TOA and Nippon Steel Corporation to build the 2nd Magsaysay Bridge, a steel cable-stayed bridge with a total length of 882m, a two-lane bypass road with a total length of 8.1km, and two link roads with a length of 1.33km and 2.9km respectively to connect the bypass road with the existing main road.



Rehabilitation of Sewage Drainage System (Tokyo, Japan)

The sewerage network in downtown Tokyo, was constructed nearly one century ago. The Tokyo Metropolitan Government started a project to rehabilitate the sewage drainage network through reconstruction and refurbishment. TOA was awarded a contract to reconstruct the drainage system for surface runoff in Chiyoda ward. Against the construction site of

narrow streets with heavy traffic and a dense concentration of buildings, TOA's highly-qualified engineers dealt with various difficulties and utilized the shield tunnel method to complete the drainage system, which measured 2,058m in length with an inner diameter of 2,200mm, on schedule without any accidents.



Newly Completed Project

Construction of Bridge Pier on National Route 45 across Kesennuma Bay in Matsuzaki District

The work has been completed in the city of Kesennuma in the Matsuzaki District of Miyagi Prefecture.

As a leading project for recovery from the Great East Japan Earthquake. Along the Sanriku Coast in the Tohoku region, repair work is being carried out at a rapid pace on the Sanriku Coast Expressway (Reconstruction Road), a 359 km stretch of a road specifically for use by automobiles that connects the three prefectures of Miyagi, Iwate, and Aomori.

Plans call for the construction of a bridge across Kesennuma Bay, which forms the main part of the Kesennuma road section of the Sanriku Coast Expressway. The bridge will have a length of 1,344 meters and cross over the Okawa River in the city of Kesennuma in Miyagi Prefecture and Kesennuma Bay. Upon completion, the span of the bridge, which is approximately half the length of the bridge (680 meters), will be the largest for a cable-stayed bridge in the Tohoku region. The JV of which the Company is the main



partner for this construction work undertook the building of the piers for this bridge across Kesennuma Bay. The completion of this bridge across

Kesennuma Bay will shorten the routes traveled, and it is also expected to contribute greatly to tourism in the Sanriku region.

- **Client** Tohoku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism
- **Construction period** April 2015 to December 2018
- **Project outline** One abutment; seven piers
- **Site of construction** Kesennuma City, Miyagi Prefecture

Ground Formation Work for Fujitrans Corporation Logistics Center

Ground formation work ordered by Fujitrans Corporation for the Fujitrans Corporation Logistics Center has been completed in the village of Tobishima in Ama-gun, Aichi Prefecture.

The area where the work was carried out is located at Nagoya Port, which handles the largest volume of cargo in Japan. Improvements are being carried out to make the Logistics Center a major distribution base. The ground formation work involved the creation of a vast site of land of approximately 200,000 m² that was raised about one meter higher than the surroundings as a countermeasure against tsunamis. At present, a portion of the site has started to be put to use as a container yard, with plans calling for the construction of a new distribution warehouse to integrate distribution functions.



- **Client** Fujitrans Corporation
- **Construction period** April 2017 to March 2019
- **Project outline** Ground formation work on an approximately 200,000 m² business site for use as Fujitrans Corporation Logistics Center
[Construction work details] Pavement demolition: L-shaped retaining wall: Formation earthwork: Paving:
- **Site of construction** Tobishima, Ama-gun, Aichi Prefecture

ARCHITECTURAL BUILDING WORKS

Operations

In 1973, TOA established the Building Department and became a full-fledged general contractor. Since then, TOA has accumulated experience and earned a reputation as a reliable and quality builder by completing various projects, including industrial buildings, such as factories, power plants, warehouses and cold storage; educational facilities, such as schools; cultural and recreational facilities, such as gymnasiums and sports centers; medical and welfare facilities, such as hospitals

and nursing care facilities for the elderly; commercial buildings, such as offices, shopping malls and hotels; and residential buildings.

In response to the social demands in this modern era, TOA has developed new technologies, such as roof gardening, energy-saving designs for environmental sustainability, earthquake-proof mechanisms for disaster prevention and HACCP food processing systems for food safety.

PT. Mitsuyoshi Manufacturing Indonesia Pressing Machine Factory (Indonesia)

Toa Corporation was engaged in building of a new pressing machine factory in Bukit Indah located nearby the automobile park in West Java, Indonesia. The area allocated for the whole factory was over 30,000m². Toa Corporation was also in charge of the project, which was the construction of new

administration building.



Cool Japan CLK Vietnam New Cold Storage Warehouse (Vietnam)

This construction work is the first stage of the Asia Cold Chain business (cold storage logistics), which is financed and carried forward by Cool Japan Fund. This project establishes the first full-scale cold storage warehouse in Vietnam, with the purpose of expanding distribution of

high quality Japanese foodstuff throughout Southeast Asia.



One's Tower (Tokyo, Japan)

In Higashi-Murayama City, located in the west part of the Tokyo Metropolitan Area, an urban renewal project was carried out in the district west of Higashi-Murayama Station of the Seibu Line. Among the projects undertaken there, TOA constructed "One's Tower," a 100-meter high-

rise building that was completed in August 2009. The building, a symbol of the city, is connected directly with the train station and has shopping areas, public spaces from the 1st through 4th floors on the 5th through 25th floors.



Newly Completed Project

Construction Work on Kanto Distribution Center Sugito Office

Construction work has been completed on the Kanto Distribution Center Sugito Office in Kita-Katsushika-gun in Saitama Prefecture. The RCS hybrid construction method, a proprietary technology of the Company that uses columns for RC construction and beams for S construction, was utilized for this construction work in the northern Kanto region, which is highly regarded for the advantages of its location due to the opening of the Metropolitan Inter-City Expressway (Ken-O Expressway). Moreover, the Company designed and constructed the building as a high-functioning warehouse capable of both constant temperature and room temperature. The warehouse takes the global environment into consideration and uses environmentally friendly refrigerant gas.



- **Client** Kawanishi Warehouse Co., Ltd.
- **Construction period** July 2017 to March 2019
- **Project outline** Warehouse; built by RCS structure with three floors above ground
- **Site of construction** Kita-Katsushika-gun, Saitama Prefecture

Thai Binh Thermal Power Plant Project

Civil engineering and construction work has been completed on the Thai Binh Thermal Power Plant in Thai Binh Province in the Socialist Republic of Vietnam.

As the site of this construction work is on an estuary, the ground is made up of soft soil. Before construction work of the plant itself could begin, it was necessary to first carry out ground improvement work (execution of work), which was accomplished by the Company based on the long years of knowledge and experience it had accumulated in improving soft ground in that area. Following the ground improvement work, work on the main structures comprising a building for the turbine and the foundation for the boiler (construction work), an offshore pier (design and construction) as well as appurtenant facilities were carried out.

This power plant is expected to contribute greatly to solving the shortage of electric power that is plaguing Vietnam, a country enjoying phenomenal economic growth.



- **Client** Marubeni Corporation
- **Construction period** March 2014 to April 2018
- **Project outline** Construction thermal power plant (2 x 300 MW)
Ground improvement work; construct building for turbine work; build foundation for boiler work; construct foundation for smoke exhaust facility work; construct building for WWT work; pier; construct foundation for conveyor work
- **Site of construction** Thai Binh Province, Socialist Republic of Vietnam

RESEARCH & DEVELOPMENT

Operations

From Yokohama Tsurumi to everywhere in Japan, to all the world, and to the future



Developing “Technologies with a Vision for the Future”

We believe that the mission of TOA CORPORATION is to respond to the needs of society, which change with the times, and contribute continuously and appropriately to society as a construction company.

In order to promote contributions to society, TOA Research and Development Center truly shoulders the responsibility of being “the foundation of TOA’s technology.”

The demands made of a construction company will change due to dramatic shifts in the consciousness of the people and in society.

“Protect people’s livelihoods from natural disasters”
“Reduce the burden on the environment, and live in harmony with nature”

“Maintain and renew the facilities in service and utilize them for a long time”

To create a sustainable society, it is essential to respond to a

wide variety of needs, including coexisting in harmony with nature, and prevention and reduction of damage from natural disasters, as well as safety and security. We are fully prepared to respond to those needs.

We will effectively activate the research and development capabilities, know-how, and skills we have accumulated from the past to today, and thoroughly grasp the ever-changing needs to determine the direction our research and development will take.

Going forward, in order to perfect “technologies with a vision for the future,” TOA Research and Development Center will continue its efforts in research and development of the technologies that will form the fundamentals of its those technologies.

Large-Scale Wave Flume, Small-Scale Wave Flume

The large-scale wave flume, equipped with a wave generator and current generator, is capable of generating various types of waves and flows. Furthermore, various types of tsunami having the desired wave profiles can be generated by using either the wave generator, the current generator, or a tsunami generator independently, as well as by coordinating the various systems together.

This large-scale wave flume makes it possible to carry out large-scale experiments in about 1/20 scale. It

can be used in the development of technologies for port and harbor structures, marine and coastal structures, floating structures, ships, coastal erosion, tsunami disaster prevention works, and other structures.

The small-scale wave flume, which is set up at the same premises, is used to conduct basic experiments and preliminary experiments in about 1/100 scale. The system is very easy to use, making it possible to conduct experiments speedily.



Tsunami generator

Deep Water Basin

This is a huge water basin, which is installed in the basement, with the capability of reproducing on a large scale various working conditions that are encountered underwater. In this water basin, it is possible to conduct various types of construction experiments underwater, and carry out work experiments using underwater construction robots or other equipment. Together we can observe the condition of the experiment from the 1st floor, and also from underwater through an observation window provided in the basement.



Large-Scale Soil Container

The large soil container makes it possible to conduct large-scale experiments similar to in-situ tests, controlling the experimental condition on model ground accurately. We can apply a pile load test to observe bearing capacity and pile friction.

In addition, we can conduct pilot tests on soil improvement work by chemical grouting and cement mixing, etc.



Large-Scale Loading Test Equipment

This is the equipment for performing loading tests of full-scale structural members such as columns, slabs, beams, as well as the joints of beam-columns, etc.

By utilizing a vertical jack in combination with a horizontal jack and/or a reaction frame, biaxial loading tests in the vertical and the horizontal directions can be performed.



Severe Environment Reproducing Chamber

This is the chamber for reproducing various environments with extremely high or low temperatures, extremely high or low humidity.

It is possible to mix concrete and conduct various quality of tests of concrete, as well as to produce test specimens in the reproduced harsh environments, because of the spacious work area in the chamber. In addition, the durability test can be performed by exposing test specimens in harsh environments for an extended period.

Therefore it is possible to conduct advanced researches and developments of materials and construction methods taking into consideration the local and harsh environment of the construction site such as freezing warehouses or foreign countries’ climate.



One-Dimensional Shaking Table Test Equipment

With this equipment, it is possible to conduct basic experiments in a gravitational field (IG gravitational field) related to liquefaction and deformation of foundation material and soil structure caused by seismic vibration. This equipment can be applied to the development of ground improvement methods and foundation materials.

The specifications of this equipment give it the capability to reproduce the maximum acceleration (approx. 1.8G) similar to the acceleration in the harbor area during the 2011 off the Pacific coast of Tohoku Earthquake. One to its small size, a large number of experiments can be conducted in a short period of time.



Fatigue Testing Machine

This testing machine is equipped with vertically-oriented high-speed actuators. This is the machine for performing bending test and fatigue test of structural members under static or dynamic load condition. By setting a hydraulic jack separately in the horizontal direction, biaxial loading can be performed.



RESEARCH & DEVELOPMENT

Operations

Environmental and energy-saving technologies implemented in the Research and Development Center

Energy-saving facilities

Solar power generation

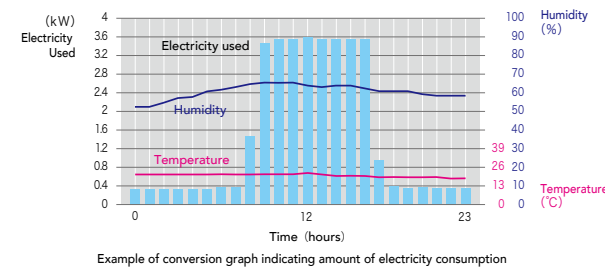
- Solar panels are installed on the spacious rooftop. Its capacity is 49.28kW.
- Its daily output can be monitored at the entrance lobby.



Rooftop solar panels

Visualization of the amount of electric power (with introduction of BEMS)

- Building Energy Management System (or BEMS) are computer-based systems that help to manage, control and monitor building technical services (HVAC, lighting etc.) and the energy consumption of devices used in the building. They provide the information and the tools that we need both to understand the energy usage of our facility and to control and improve its energy performance.



Daylight sensor, Task-ambient lighting and LED lighting

- Daylight sensor works to help using daylight energy effectively.
- Task-ambient lighting* contributes higher energy saving when compared with most general lighting strategies, because higher light levels are provided for the task areas only.

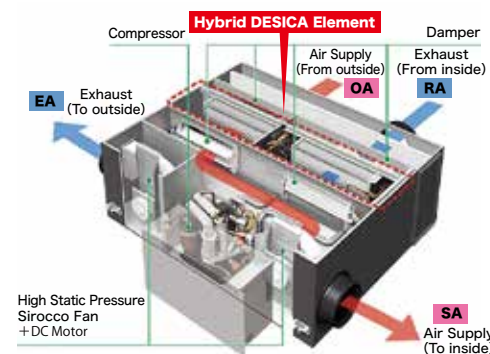


Office that actively brings in natural light

*Task ambient lighting
This is a system where the interior of a room as a whole is illuminated with a low level of lighting provided by ambient light, but a specific area where work is being performed is provided with a higher level of light by means of task (work) lighting.

A heat pump desiccant for humidity and outside air control unit without water piping

- "A heat pump desiccant humidity control outside air unit without water piping" permits individual integrated control of humidity and temperature, leading to increases in both comfort and energy saving.



Configuration and Structure of DESICA (manufactured by Daikin Industries, Ltd.)

TOA CORPORATION "CODE OF CONDUCT"

After reflection upon the misconduct related to the execution of soil improvement work and other issues, and to prevent the lessons that were learned from being forgotten, TOA CORPORATION has revised the "TOA CORPORATION CODE OF CONDUCT." Going forward, we shall thoroughly instill this conduct

in all executives and employees, and carrying forward our business activities with this as the foundation, we shall engage in efforts to realize our corporate philosophy of "developing the company's business with high-level technology and fulfilling our social responsibilities through sound management."

Article 1

Carry out fair and sincere corporate activities

1. Observe Laws and Regulations, and carry out fair and sincere corporate activities

We shall observe Laws and Regulations as well as the spirit of Laws and Regulations without exception, refrain from putting priority on our own reasons or circumstances, and follow social decency, in carrying out fair and sincere corporate activities.

2. Fair competition and proper transactions

We shall promote fair and transparent free competition, and proper transactions.

3. Shut off any relationships with anti-social

forces

We shall shut off any and all relationships with anti-social forces that pose a threat to the order and safety of society.

4. Protect intellectual property

We shall respect the intellectual property rights of others, and properly manage and protect information, including personal information, utilized in the course of conducting business activities.

5. Ensure proper disclosure of corporate information and the transparency of

management

We shall endeavor to ensure the transparency of management as an "Open Company" through the disclosure of corporate information in the proper manner and at the right time.

6. Maintain proper relationships with political and government bodies

With regard to our relationship with political and government bodies, we shall observe all relevant Laws and Regulations, and maintain a transparent and proper relationship.

Article 2

Execution of social responsibilities

1. Provide high-quality construction and services

We shall thoroughly implement measures, including the reliable sharing of information, to prevent the recurrence of misconduct related to the execution of work, and provide high-quality construction and services, by scrupulously executing work, in order to prove worthy of the client's trust.

2. Improve construction technologies

We shall endeavor to develop technologies and improve technologies in order to respond to the various needs of the client. Moreover, we shall, without fail, conduct inspections and other actions on technologies provided to the client, in order to prove worthy of trust.

3. Make every possible effort to prevent disasters to the public

We shall never forget the lessons learned

from the incident of the disaster to the public, and every possible effort shall be made to prevent disasters to the public.

4. Response to natural disasters

When a natural disaster strikes, we shall promptly and systematically carry out disaster response actions, such as rescue of inhabitants of the devastated area and secure their safety, and emergency repairs on disaster-stricken structures.

Article 3

Respect for humans

1. Realize a good working environment and enrichment for workers

We shall respect "people," who are the pillar of our corporate activities, and endeavor to establish a good working environment that is rewarding and that they can take pride in, and realize enrichment for the working people.

2. Strengthen and enhance measures for occupational safety and health

We shall promote strengthening and

enhancing our occupational safety and health measures in order to prevent work-related accidents and work-related illnesses, and ensure the safety and good health of people involved in construction work.

3. Prohibit discrimination and unfair treatment

We shall prohibit any form of discrimination and unfair treatment of employees with regard to hiring and how they are dealt with, because of nationality, gender, beliefs, or

other reasons.

4. Human resources development

We shall nurture employees who are capable of taking action by becoming aware of on their own and thinking for themselves about what action needs to be taken, by not only raising the capabilities of each individual through education and training and self-enlightenment, but also by promoting a climate that enhances dialog with superiors and subordinates.

Article 4

Coexistence with society

1. Carry out widespread communication

We shall enhance communications with our stakeholders, including stockholders, clients, and business partners, and promote mutual understanding with regard to corporate activities, with the aim of becoming a trusted "Open Company."

2. Promote CSR activities

We shall always have an awareness that we are a company involved in improving social infrastructure, and endeavor as a "good

corporate citizen" to make contributions to society.

3. Efforts to preserve the environment and other initiatives

We shall endeavor to coexist with the environment in all areas of corporate activities, and proactively carry out efforts in the preservation of the environment, renewable energy, and saving energy, in response to demands from society.

4. Be in harmony with and contribute to the

international community

In the international community, it goes without saying that we shall observe international rules as well as local Laws and Regulations, and respect the culture and customs of local communities, and promote business activities that contribute to their development.

Enacted June 2006
Revised April 2018

CONSOLIDATED BALANCE SHEET

TOA CORPORATION and its consolidated subsidiaries
As of March 31, 2019 and 2018

ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Current assets:			
Cash and bank deposits (Note 10)	¥ 31,820	¥ 36,682	\$ 289,275
Notes and accounts receivable, trade (Notes 4 and 10)	89,145	79,344	810,410
Allowance for doubtful accounts	(317)	(296)	(2,889)
Real estate for sale	2,571	3,963	23,373
Cost on construction contracts in progress and other (Note 4)	6,912	6,466	62,843
Advanced money (Note 10)	15,417	7,524	140,155
Other current assets (Notes 3 and 4)	6,910	5,945	62,822
Total current assets	152,459	139,631	1,385,991
Property, plant and equipment:			
Land (Note 4)	18,652	17,913	169,566
Buildings and structures	15,049	15,442	136,816
Machinery, vehicles and equipment	20,053	20,430	182,308
Leased assets	656	596	5,972
Construction in progress	1,412	10	12,844
Total property, plant and equipment	55,825	54,393	507,508
Less accumulated depreciation	(27,776)	(27,719)	(252,509)
Property, plant and equipment—net	28,049	26,673	254,999
Intangible fixed assets:	867	562	7,883
Investments and other assets:			
Investments in securities (Notes 4, 10 and 11)	12,415	14,609	112,864
Long-term loans (Note 4)	285	309	2,593
Deferred tax assets (Notes 3 and 14)	7,180	7,225	65,274
Other (Note 4)	1,817	1,833	16,526
Allowance for doubtful accounts	(559)	(567)	(5,089)
Total investments and other assets	21,138	23,409	192,169
Total assets	¥ 202,514	¥ 190,276	\$ 1,841,044

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

LIABILITIES AND NET ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Current liabilities:			
Short-term borrowings (Notes 3, 4 and 10)	¥ 13,997	¥ 13,928	\$ 127,252
Notes and accounts payable, trade (Notes 4 and 10)	40,090	34,351	364,456
Electronically recorded obligations, operating (Note 10)	19,324	13,556	175,673
Accrued income taxes	507	353	4,617
Advances received on construction contracts in progress	10,067	8,554	91,524
Reserve for indemnity on completed contracts	571	587	5,192
Reserve for loss on construction works (Note 4)	1,306	1,072	11,880
Deposits received (Note 10)	15,450	14,019	140,460
Reserve for loss on construction defects	4,741	10,776	43,101
Other current liabilities (Notes 3, 4 and 10)	6,245	3,678	56,776
Total current liabilities	112,302	100,878	1,020,936
Long-term liabilities:			
Long-term debt (Notes 4 and 10)	14,254	14,703	129,590
Liability for retirement benefits (Note 13)	3,246	2,889	29,511
Deferred tax liabilities on revaluation of land (Notes 3, 4 and 14)	2,321	2,348	21,102
Other long-term liabilities (Notes 3 and 10)	1,544	1,708	14,036
Total long-term liabilities	21,366	21,650	194,240
Total liabilities	133,669	122,529	1,215,177
Net assets (Note 8):			
Shareholders' equity:			
Common stock,			
Authorized—60,000,000 shares			
Issued—22,494,629 shares at March 31, 2019 and 2018	18,976	18,976	172,515
Capital surplus	18,115	18,115	164,684
Retained earnings	27,390	24,791	249,008
Treasury stock, at cost 1,594 thousand shares and 1,594 thousand shares at March 31, 2019 and 2018, respectively	(2,059)	(2,058)	(18,722)
Total shareholders' equity	62,423	59,824	567,485
Accumulated other comprehensive income:			
Net unrealized gains (losses) on securities (Note 11)	3,334	4,634	30,310
Net deferred gains (losses) on hedges (Notes 10 and 12)	(36)	(17)	(329)
Revaluation reserve for land (Note 4)	3,661	3,606	33,287
Retirement benefits liability adjustments (Note 13)	(1,166)	(857)	(10,603)
Total accumulated other comprehensive income	5,793	7,366	52,664
Non-controlling interests	628	555	5,716
Total net assets	68,845	67,747	625,866
Commitments and contingent liabilities (Note 4):			
Total liabilities and net assets	¥ 202,514	¥ 190,276	\$ 1,841,044

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

CONSOLIDATED STATEMENT OF INCOME

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2019 and 2018

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Net sales (Note 5)	¥ 173,692	¥ 161,045	\$ 1,579,021
Cost of sales (Note 5)	159,087	148,029	1,446,249
Gross profit	14,604	13,015	132,772
Selling, general and administrative expenses (Note 5)	10,624	10,135	96,588
Operating income	3,980	2,879	36,183
Other income (expenses):			
Interest and dividend income	381	314	3,470
Interest expense	(312)	(342)	(2,840)
Provision for doubtful accounts, non-trade	(16)	(16)	(146)
Loss on impairment of fixed assets (Note 5)	(74)	(59)	(677)
Gain on sale of fixed assets (Note 5)	109	81	994
Gain on sale of investment in securities (Note 3)	412	0	3,748
Guarantee fee	(85)	(62)	(780)
Loss on sale of fixed assets (Note 5)	(28)	(5)	(263)
Loss on disposal of fixed assets (Note 5)	(72)	(37)	(660)
Other, net (Note 3)	(19)	(193)	(176)
	293	(322)	2,664
Profit before income taxes	4,273	2,557	38,852
Income taxes (Note 14):			
Current	377	307	3,431
Deferred	750	476	6,824
	1,128	783	10,255
Profit	3,145	1,773	28,597
Profit attributable to:			
Non-controlling interests	¥ 73	¥ 23	\$ 666
Owners of parent	¥ 3,072	¥ 1,750	\$ 27,930

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2019 and 2018

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Profit	¥ 3,145	¥ 1,773	\$ 28,597
Other comprehensive income:			
Net unrealized gains on securities	(1,300)	441	(11,820)
Net deferred gains on hedges	(18)	(17)	(170)
Revaluation reserve for land (Note 4)	—	(1)	
Retirement benefits liability adjustments (Note 13)	(309)	594	(2,812)
Total other comprehensive income (Note 6)	(1,628)	1,016	(14,801)
Comprehensive income	¥ 1,517	¥ 2,790	\$ 13,794
Total comprehensive income attributable to (Note 6):			
Owners of parent	¥ 1,444	¥ 2,767	\$ 13,127
Non-controlling interests	¥ 73	¥ 23	\$ 666

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2019 and 2018

	Millions of Japanese Yen									
	Shareholders' equity				Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities (Note 11)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 4)	Retirement benefits liability adjustments (Note 13)		
Balance at March 31, 2017	¥ 18,976	¥ 18,115	¥23,020	¥ (2,056)	¥ 4,193	¥ —	¥ 3,629	¥ (1,452)	¥ 532	¥ 64,958
Cash dividends										—
Profit attributable to owners of parent for the period			1,750							1,750
Acquisition of treasury stock				(1)						(1)
Reversal of revaluation reserve for land			20							20
Net changes in items other than shareholders' equity					441	(17)	(22)	594	23	1,019
Balance at March 31, 2018	¥ 18,976	¥ 18,115	¥24,791	¥ (2,058)	¥ 4,634	¥ (17)	¥ 3,606	¥ (857)	¥ 555	¥ 67,747
Cash dividends			(418)							(418)
Profit attributable to owners of parent for the period			3,072							3,072
Acquisition of treasury stock				(1)						(1)
Reversal of revaluation reserve for land			(54)							(54)
Net changes in items other than shareholders' equity					(1,300)	(18)	54	(309)	73	(1,500)
Balance at March 31, 2019	¥ 18,976	¥ 18,115	¥27,390	¥ (2,059)	¥ 3,334	¥ (36)	¥ 3,661	¥ (1,166)	¥ 628	¥ 68,845

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

	Thousands of U.S. Dollars (Note 1)									
	Shareholders' equity				Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities (Note 11)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 4)	Retirement benefits liability adjustments (Note 13)		
Balance at March 31, 2018	\$172,515	\$164,684	\$225,375	\$ (18,712)	\$ 42,131	\$ (159)	\$ 32,790	\$ (7,791)	\$ 5,050	\$615,883
Cash dividends			(3,800)							(3,800)
Profit attributable to owners of parent for the period			27,930							27,930
Acquisition of treasury stock				(10)						(10)
Reversal of revaluation reserve for land			(497)							(497)
Net changes in items other than shareholders' equity					(11,820)	(170)	497	(2,812)	666	(13,639)
Balance at March 31, 2019	\$172,515	\$164,684	\$249,008	\$ (18,722)	\$ 30,310	\$ (329)	\$ 33,287	\$ (10,603)	\$ 5,716	\$625,866

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

CONSOLIDATED STATEMENT OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2019 and 2018

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Cash flows from operating activities:			
Profit before income taxes	¥ 4,273	¥ 2,557	\$ 38,852
Adjustments to reconcile income before income taxes and Non-controlling interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,786	1,771	16,244
Loss on impairment of fixed assets	74	59	677
Exchange (gain) loss, net	(44)	62	(400)
(Gain) loss on sale or disposal of fixed assets and intangible assets	(45)	(64)	(412)
(Gain) loss on sale of investment in securities (Note 3)	(412)	7	(3,748)
Increase (decrease) in liability for retirement benefits	(356)	(988)	(3,238)
Increase (decrease) in allowance for doubtful accounts	13	(262)	123
Increase (decrease) in provision for loss on construction defects	(6,035)	(3,323)	(54,866)
Changes in:			
Notes and accounts receivable, trade	(9,800)	(1,056)	(89,095)
Real estate for sale	416	229	3,784
Cost on construction contracts in progress and other	(446)	1,236	(4,060)
Notes and accounts payable, trade	11,514	8,464	104,672
Advances received on construction contracts in progress	1,513	931	13,761
Other, net (Note 3)	(4,631)	779	(42,103)
Sub-total	(2,179)	10,405	(19,810)
Interest and dividend income received	381	328	3,471
Interest paid	(310)	(378)	(2,825)
Income taxes paid	(239)	(426)	(2,180)
Net cash (used in) provided by operating activities	(2,347)	9,928	(21,345)
Cash flows from investing activities:			
Payments for acquisition of investment in securities	(126)	(33)	(1,150)
Proceeds from sale of investment in securities	830	22	7,554
Payments for acquisition of property, plant and equipment	(2,072)	(1,072)	(18,844)
Proceeds from sale of property, plant and equipment	338	483	3,077
Other, net	(466)	(114)	(4,237)
Net cash (used in) provided by investing activities	(1,496)	(714)	(13,600)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	242	52	2,207
Proceeds from long-term debt	4,790	4,920	43,545
Repayment of long-term debt	(5,412)	(5,535)	(49,201)
Acquisition of treasury stock	(1)	(1)	(10)
Cash dividends paid	(418)	(0)	(3,808)
Other, net	(243)	(109)	(2,212)
Net cash (used in) provided by financing activities	(1,042)	(674)	(9,480)
Effect of exchange rate changes on cash and cash equivalents	34	(74)	312
Net increase (decrease) in cash and cash equivalents	(4,852)	8,464	(44,113)
Cash and cash equivalents at beginning of year	36,652	28,187	333,202
Cash and cash equivalents at end of year (Note 8)	¥ 31,799	¥ 36,652	\$ 289,089

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

1. Significant Respects for the Basis of Preparing Consolidated Financial Statements:

The accompanying consolidated financial statements of TOA CORPORATION (the "Company") and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain reclassifications and rearrangements were made for the convenience of readers outside of Japan.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been rounded down to the nearest million Japanese yen.

I. Basis of consolidation

The Company has 17 majority-owned subsidiaries as of March 31, 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 (Sengeniyama 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

	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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

	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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

(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:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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 :

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 ¥(3,288) 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.
3. Segment profits or losses are adjusted to the operating income in the consolidated statements of income.
4. Assets are not described due to no allocation to the business segments.

For the year ended March 31, 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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.

Independent Auditor's Report

The Board of Directors
TOA CORPORATION

We have audited the accompanying consolidated financial statements of TOA CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOA CORPORATION and its consolidated subsidiaries as at March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

June 27, 2019
Tokyo, Japan

Ernst & Young ShinNihon LLC

Quarterly Financial Information

For the fiscal year ended March 31, 2019

Cumulative period	Millions of Japanese Yen				Thousands of U.S. Dollars			
	First quarter	Second quarter	Third quarter	Consolidated accounting period	First quarter	Second quarter	Third quarter	Consolidated accounting period
Net sales	¥34,893	¥71,203	¥118,021	¥173,692	\$317,209	\$647,307	\$1,072,921	\$1,579,021
Profit before income taxes or quarterly profit before income taxes	947	951	2,995	4,273	8,613	8,652	27,233	38,852
Profit attributable to owners of parent or quarterly profit attributable to owners of parent	¥576	¥514	¥2,189	¥3,072	\$5,242	\$4,676	\$19,901	\$27,930

Cumulative period	Japanese Yen				U.S. Dollars			
	First quarter	Second quarter	Third quarter	Consolidated accounting period	First quarter	Second quarter	Third quarter	Consolidated accounting period
Per share data on profit or per share data on quarterly profit	¥27.59	¥24.61	¥104.74	¥147.00	\$0.250	\$0.223	\$0.952	\$1.336

Accounting period	Japanese Yen				U.S. Dollars			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Per share data on quarterly profit (loss)	¥27.59	(¥2.98)	¥80.13	¥42.26	\$0.250	(\$0.027)	\$0.728	\$0.384

INFORMATION

Board of Directors

(As of July 1,2019)

President and Representative Director
Masaki Akiyama

Representative Directors

Masato Ikeda
Shigetoshi Kurosu

Directors

Yoshinobu Fukushima
Takayuki Baba
Yoshika Hirose
Kenichi Ogata

Directors-Audit & Supervisory Committee Members

Nobuyuki Ogawa

Independent Directors • Audit & Supervisory Committee Members

Masahiko Okamura
Kosei Watanabe
Michi Handa

Executive Officers

(As of July 1,2019)

President and Chief Executive Officer (CEO)
Masaki Akiyama

Executive Vice President

Masato Ikeda
Shigetoshi Kurosu

Senior Executive Officers

Motonobu Sugimoto
Seiichi Yamaguchi
Atsushi Tamaki
Seiichiro Ishii

Managing Executive Officers

Makoto Fujino
Masato Horisawa
Yoshinobu Fukushima
Seigo Suzuki
Takayuki Baba
Yoshika Hirose

Executive Officers

Tomoko Okiyama
Masaki Uematsu
Toshio Aono
Ryohei Goto
Yuko Shirakawa
Kenichi Ogata
Kazuhiko Takase
Masato Honda
Shinichi Yamashita
Takashi Sato
Isao Kaneko
Naruyuki Umakoshi

Investor Information

(As of July 1,2019)

Head Office
TOA CORPORATION
3-7-1, Nishi-shinjuku, Shinjuku-ku,
Tokyo,163-1031 Japan
TEL : +81-3-6757-3800
FAX : +81-3-6757-3830
<http://www.toa-const.co.jp/>

International Division
3-7-1, Nishi-shinjuku, Shinjuku-ku,
Tokyo,163-1031 Japan
TEL : +81-3-6367-0801
FAX : +81-3-6367-0809

Date of Incorporation
January 1920

Paid-In Capital
¥18,976 million (As of March 31, 2019)

Authorized Shares
60,000,000

Outstanding Shares
22,494,629 shares in 2019 (As of March 31, 2019)

Number of Shareholders
8,511 (As of March 31, 2019)

Number of Employees
1,459 (As of March 31, 2019)

General Meeting
The General Meeting of Shareholders was held on June 27, 2019

Stock Listing
Tokyo Stock Exchange, 1st Section
Sapporo Securities Exchanges

Transfer Agent
Mizuho Trust & Banking Co., Ltd.
2-1, Yaesu 1 chome, Chuo-ku,
Tokyo,103-8670, Japan

Auditor
Ernst & Young ShinNihon LLC
Hibiya Kokusai Building
2-3, Uchisaiwai-cho 2 chome, Chiyoda-ku,
Tokyo 100-0011, Japan

Domestic Branches

(As of July 1,2019)

Hokkaido Branch
4-1-4, Kita3-jo Nishi, Chuo-ku, Sapporo
Hokkaido, 060-0003 Japan
TEL : +81-11-231-5166

Tohoku Branch
2-8-13, Chuo, Aoba-ku, Sendai
Miyagi, 980-0021 Japan
TEL : +81-22-262-5432

Chiba Branch
1-12-3, Chuo-minato, Chuo-ku,
Chiba, 260-0024 Japan
TEL : +81-43-242-2621

Tokyo Branch
4-1-6, Nihonbashi Muromachi, Chuo-ku,
Tokyo, 103-0022 Japan
TEL : +81-3-6214-1300

Yokohama Branch
1-15, Otamachi, Naka-ku, Yokohama
Kanagawa, 231-8983 Japan
TEL : +81-45-664-1331

Hokuriku Branch
1-17-1, Tenjin, Chuo-ku, Niigata, 950-0917
Japan
TEL : +81-25-241-2030

Nagoya Branch
3-4-6, Nishiki, Naka-ku, Nagoya Aichi, 460-0003
Japan
TEL : +81-52-957-6911

Osaka Branch
1-4-12, Utsubohonmachi, Nishi-ku, Osaka,
550-0004 Japan
TEL : +81-6-6443-3061

Chugoku Branch
2-23, Tatemachi, Naka-ku Hiroshima,
730-0032 Japan
TEL : +81-82-247-1131

Shikoku Branch
4-9, Marunouchi, Takamatsu Kagawa,
760-0033 Japan
TEL : +81-87-851-8313

Kyushu Branch
1-6-16, Hakataekimae, Hakata-ku
Fukuoka, 812-0011 Japan
TEL : +81-92-472-3712

East Japan Architecture Branch
3-7-1, Nishi-Shinjuku, Shinjuku-ku Tokyo,
163-1031 Japan
TEL : +81-3-6758-2601

West Japan Architecture Branch
1-4-12, Utsubohonmachi, Nishi-ku, Osaka,
550-0004 Japan
TEL : +81-6-7175-9565
FAX : +81-6-6447-7706

Overseas Network

Head Office and Overseas Offices

HEAD OFFICE (International Division)
Shinjuku Park Tower 31F
3-7-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo,
163-1031 JAPAN
TEL : +81-3-6367-0801
FAX : +81-3-6367-0809

SINGAPORE

Singapore Office
2 Venture Drive, Vision Exchange #19-01/08
SINGAPORE 608526
TEL : +65-6775-5044
FAX : +65-6775-3542

INDONESIA

Indonesia Office
L'AVENUE Office Building, Unit F,
28th Floor, Jl. Raya Pasar Minggu Kav.
16, Pancoran, Jakarta 12780,
INDONESIA
TEL:62-21-8066-7181

VIETNAM

Hanoi Office
3rd Floor, Sky City Building,
88 Lang Ha Street, Lang Ha Ward,
Dong Da District, Hanoi
VIETNAM
TEL:84-24-3826-2606
FAX:84-24-3826-2628

VIETNAM

Ho Chi Minh Office
2nd Floor, VIPD Building,
4 Nguyen Thi Minh Khai Street
Dakao Ward, District 1, Ho Chi Minh City
VIETNAM
TEL:84-28-3820-1722
FAX:84-28-3820-1724

MYANMAR

Myanmar Office
MBIC Room, Ground Floor, No-(49),
Thidar Street
Kyauk Myaung Gyi Quarter,
Tamwe Township, Yangon
MYANMAR

SRI LANKA

Sri Lanka Office
No.182/2, Hulftsdorp Street, Colombo 12,
SRI LANKA
TEL : +94-11-2321633
FAX : +94-11-4617783

UNITED ARAB EMIRATES

Dubai Office
No.239, Sultan Business Center,
Oud Metha Dubai,
UNITED ARAB EMIRATES

KUWAIT

Kuwait Office
PO Box 22220 Safat, 13083
KUWAIT

MOZAMBIQUE

Mozambique Office
Avenida 24 de Julho, nr 129, 5° andar
direito, Cidade de Maputo, MOZAMBIQUE

Overseas Subsidiaries and Affiliates

TOA HARBOR(S) PTE., LTD.

2 Venture Drive, Vision Exchange #19-01/08
SINGAPORE 608526
TEL : +65-6775-5044
FAX : +65-6775-3542

TOA(M) SDN. BHD.

Suite 3.21, 3rd Floor, The Ampwalk, 218,
Jalan Ampang, 50450 Kuala Lumpur,
MALAYSIA
TEL : +60-3-2161-5909
FAX : +60-3-2161-5908

PT. TOA TIRTA DHARMA

L'AVENUE Office Building, Unit F,
28th Floor, Jl. Raya Pasar Minggu Kav.
16, Pancoran, Jakarta 12780,
INDONESIA
TEL:62-21-8066-7181

TOA (LUX) S.A.

4 Rue Henri Schnadt L-2530,
LUXEMBOURG
TEL : +352-403727
FAX : +352-403723

SIAM TOA CORPORATION LTD.

2 Jasmine Building, 12th Floor,
Soi Prasarnmitr (Sukhumvit 23),
Sukhumvit Road, North Klongtoey,
Wattana, Bangkok 10110,
THAILAND

TOA (PHILS.), INC.

26F, U2607, One San Miguel Avenue
Condominium, No. 1 San Miguel Avenue
cor. Shaw Boulevard, Ortigas Center, Pasig
City, 1605,
PHILIPPINES
TEL : +63-2-718-3068
FAX : +63-2-718-3071



Address : 3-7-1, Nishi-shinjuku, Shinjuku-ku, Tokyo, 163-1031 Japan