



Annual Report 2011

Year ended March 31, 2011



Profile

Toda Corporation Celebrates its 130th Anniversary in July 2011.

Since its founding in 1881, we have worked ceaselessly to win a high degree of trust from our stakeholders, by delivering solutions based on superior knowhow and technology.

In addition to its existing business—centered on hospitals, medical facilities and schools—Toda has been demonstrating its strengths in such key fields as the construction of production facilities and office buildings in recent years. At the same time, Toda is focusing on the development and provision of superior technology in such fields as environmentally friendly and earthquake-resistant technology in order to meet heightened social awareness of such issues as CO₂ reduction.

As a general contractor, Toda Corporation will strive to offer customized solutions that accurately respond to increasingly diverse and complex customer needs throughout the long life cycles of its buildings.

Toda, along with its Group companies, will aim for sustainable growth by exercising its unique strengths and providing comprehensive solutions to its customers in the construction industry, thereby creating deeper and stronger long-term relationships.

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Cover Photo



Toda Building Aoyama
Location: Tokyo, Japan

Forward-Looking Statements

This report contains forward-looking statements regarding Toda Corporation's corporate plans, strategies, forecasts and other statements that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which Toda Corporation operates. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, including and without limitation, changes in economic conditions; fluctuations in currency exchange rates; changes in the competitive environment; the outcome of pending and future litigation; and the continued availability of financing, financial instruments and financial resources, actual results may differ materially from those presented in these forward-looking statements. Toda Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements and, further, that Toda Corporation undertakes no obligation to update any forward-looking statements as a result of new information, or other future developments.

Financial Highlights

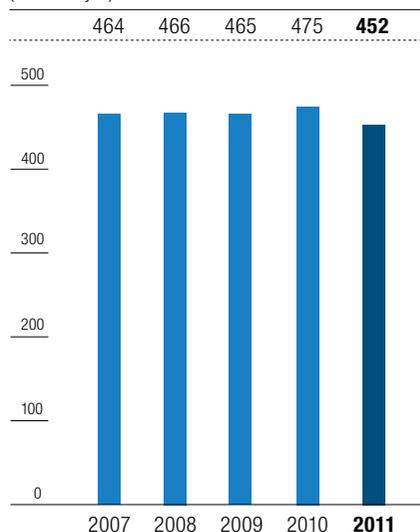
Toda Corporation and Consolidated Subsidiaries—Years ended March 31

	Millions of yen					Thousands of U.S. dollars (Note)	
	2007	2008	2009	2010	2011	2011	
Consolidated:							
Net sales	¥464,041	¥466,285	¥465,893	¥475,055	¥452,762	\$5,445,126	
Ordinary income	9,241	6,817	5,780	7,724	7,478	89,935	
Net income	3,928	3,733	2,817	3,175	3,774	45,394	
Comprehensive income	—	—	—	—	(2,371)	(28,517)	
Total net assets	255,005	216,214	181,546	196,821	191,758	2,306,179	
Total assets	672,890	608,899	541,495	502,405	500,831	6,023,223	
Per share of common stock: (in yen and U.S. dollars)							
Net assets	¥ 786.47	¥ 678.20	¥ 567.37	¥ 621.93	¥ 607.54	\$ 7.306	
Net income	12.29	11.82	9.01	10.23	12.20	0.146	
Cash dividends applicable to the year	7.00	7.00	7.00	7.00	7.00	0.084	
Net cash provided by (used in) operating activities	¥ 1,093	¥ 6,669	¥ (8,577)	¥ 32,152	¥ 10,379	\$ 124,823	
Net cash provided by (used in) investing activities	(8,509)	(2,171)	(8,478)	(7,948)	(5,278)	(63,479)	
Net cash provided by (used in) financing activities	(7,504)	(6,525)	4,422	(3,089)	(3,754)	(45,158)	
Cash and cash equivalents at end of period	54,280	52,258	39,302	60,459	61,654	741,483	
Number of employees	4,733	4,866	4,996	5,051	5,034		
Non-Consolidated:							
Orders received	¥414,337	¥440,785	¥434,428	¥402,755	¥452,122	\$5,437,430	

Note: The rate of ¥83.15=US\$1.00, the foreign exchange rate on March 31, 2011, has been used for translation.

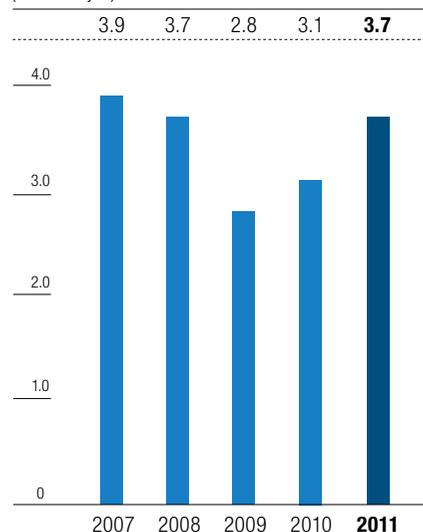
Net Sales (Consolidated)

(Billions of yen)



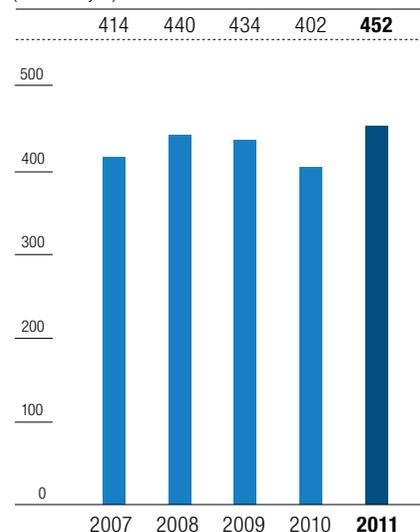
Net Income (Consolidated)

(Billions of yen)



Orders Received (Non-Consolidated)

(Billions of yen)



Message from the President



“In spite of severe business conditions, we will focus on building a foundation for future growth.”

Shunzo Inoue
President

Consolidated Business Performance in FY2010 (Ended March 31, 2011)

The Japanese economy in the consolidated fiscal year under review remained harsh and extremely uncertain, despite indications of a gradual recovery as sluggishness subsided mainly on the back of improved corporate earnings. These difficulties were attributable to the Great East Japan Earthquake on March 11, 2011. Fortunately, Toda sustained minimal direct damage to its facilities despite disruptions to business infrastructure in stricken and other areas.

Amidst these conditions, the Group's consolidated net sales in FY2010 decreased 4.7 percent from the previous fiscal year, to ¥452.7 billion. In spite of generally progressing according to

plan, the result reflects a 5.1 percent decline in completed work due to the one-time effect from the adoption of the percentage of completion method in fiscal 2009. In terms of profit, although gross profit margin improved from 6.6 to 6.8 percent, operating income fell 6.3 percent to ¥6.0 billion due to the decrease in net sales. Ordinary income dipped 3.2 percent to ¥7.4 billion compared with the previous fiscal year. Net income increased 18.9 percent to ¥3.7 billion year on year owing to a reduction in other extraordinary loss compared with the previous fiscal year. This rise occurred despite the recording of a loss of ¥0.3 billion stemming from the recent disaster.

Medium- and Long-Term Growth Strategies

In light of curtailed capital investments for new construction, the construction industry has been required to shift to business models that emphasize existing stock. With this shift in mind, Toda established its Medium-Term Management Plan in April 2009 and is rebuilding its earnings structure with efforts addressing the entire construction life cycle.

In the Medium-Term Management Plan, Toda and each member of the Group will take advantage of its unique strengths—based on expertise as solutions providers—to make deeper and more sustained contributions to customers in the construction field. We will establish and undertake measures to attain the performance goals on an annual rolling basis in line with the basic concept of realizing continual growth.

Specifically, we promoted initiatives to secure earnings by capturing demand throughout the entire construction lifecycle.

This was achieved by strengthening relationships among clients, Group companies and sectors.

In particular, we restructured systems related to architectural remodeling construction primarily by establishing the Real Estate Division and Environmental Business Promotion Office while aiming to increase architectural remodeling construction to a 25 percent share of completed work in FY2011 by promoting the expansion of affiliates.

We are continuing to strengthen measures that focus on the priority areas of production, training and medical/welfare in the building construction segment and urban infrastructure in the civil engineering segment. In FY2010, Toda's building construction and civil engineering segments, which cover these priority areas, recorded a combined ratio of orders received of 76 percent, an increase from 74 percent year on year, exceeding the Company's 70 percent target.

Progress of the Medium-Term Management Plan

Index	FY2009 (Actual)	FY2010 (Actual)	FY2011 Target
Ratio of renovations to completions	16%	15%	25%
Ratio of orders in priority areas (total amount of business construction and civil engineering)	74%	76%	70%
Overseas orders received (consolidated)	¥6.1 billion	¥14.9 billion	¥20.0 billion
Real estate investment amount (cumulative total for the period of the plan)	¥6.8 billion	¥13.3 billion	¥23.0 billion+α
Ratio of Tokyo metropolitan area sales	57%	57%	60%

In terms of strengthening overseas business, we are taking steps to reinforce sales in growth markets, particularly China and Brazil. Toda will also bolster its efforts to capture demand in the high growth markets of Thailand, Vietnam and the rest of Southeast Asia. In FY2010, overseas orders received totaled ¥14.9 billion, compared with ¥6.1 billion for the previous fiscal year. We are steadily expanding sales in order to achieve overseas orders received of ¥20.0 billion by FY2011.

In addition, Toda aims to establish a stable foundation to supplement the construction business by promoting highly profitable real estate investments. In FY2010, we invested ¥6.5 billion (cumulative total of ¥13.3 billion) in this area and will continue

investing over ¥23.0 billion (cumulative total for the period) by FY2011.

Along with raising our share of domestic sales in the Tokyo metropolitan area to 60 percent (57 percent in FY2010), we will further promote appropriate and effective business operations through the flexible placement of personnel.

Through the aforementioned initiatives, we aim to achieve consolidated net sales of ¥463.5 billion and ordinary income of ¥10.0 billion in FY2011, despite facing harsh operating conditions likely to be hampered by a sluggish economic recovery in the aftermath of the recent disaster.

CSR Initiatives

Positioning CSR as a high-priority management issue, Toda is undertaking various measures outlined in the Medium-Term Management Plan with the goal of raising the profile of the Toda brand.

In particular, we are strengthening our efforts on environmental and energy fields. We are formulating an environmental action plan and expanding proposals in the area of environmental technology. In terms of numerical targets, Toda aims to reduce CO₂ emissions to 40 percent* of the 1990 level by 2020.

In advance of these initiatives, we completed construction of the state-of-the-art, environment-friendly tenant building, Toda Building Aoyama. The building incorporates cutting-edge environmental technologies, reducing CO₂ emissions by 40 percent. Positioning Toda Building Aoyama as a pilot project for its environmental business, we will promote our environmental technologies and aggressively expand sales activities related to this building.

* Compared with conventional buildings average calculated by The Energy Conservation Center, Japan.

Profit Sharing

To furnish each of its shareholders with stable dividend payments over the long term, the Company ensures that there are sufficient internal reserves for strengthening its competitiveness and financial position. Based on this policy, the full-year dividend for the year under review remained at ¥7 per share.

To continue to be the trusted company that stakeholders in Japan and overseas expect it to be, Toda Corporation will create true value through its construction business and endeavor to provide complete customer satisfaction.

Under the slogan of “connecting expectations,” we will strive to undertake high-quality construction and civil engineering activities that provide even greater satisfaction.

We thank our stakeholders, including our shareholders, for their continued support and understanding of Toda Corporation’s business operations.

Review of Operations

The following section explains net sales by segment and a breakdown of completions by project in FY2010.

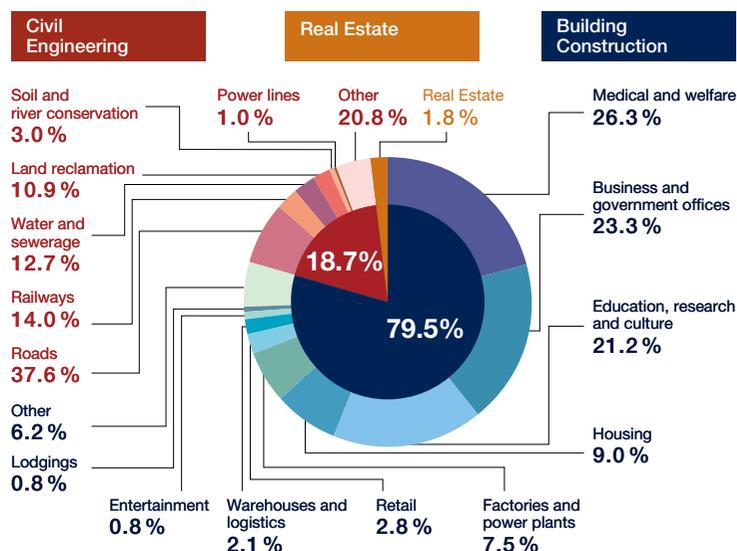
Consolidated Net Sales (Millions of yen)

	FY2009	FY2010
Construction Contracts	¥463,369	¥439,964
Real Estate Business and Other	11,686	12,797
Total Net Sales	¥475,055	¥452,762

Non-Consolidated Net Sales (Millions of yen)

	FY2009	FY2010
Construction Contracts	¥446,380	¥421,311
Real Estate Business and Other	6,210	7,548
Total Net Sales	¥452,590	¥428,859

Breakdown of Completions by Project (Non-Consolidated)



Principal Completed Construction Contracts

No.	Client	Construction Name	Location
①	Ariake Minami A TMK.	Ariake Central Tower	Tokyo, Japan
②	Shinagawa City, Tokyo	Shinagawa City Unified Elementary Through Junior High School Ebara Hiratsuka Gakuen	Tokyo, Japan
③	Tokyo International Air Terminal Corporation	International Flight Passenger Terminal Building (North Wing)	Tokyo, Japan
④	Ministry of Land, Infrastructure, Transport and Tourism Chugoku Regional Development Bureau	Tsukagaharayama-Tunnel	Shimane Prefecture, Japan
⑤	Hiroshima Expressway Public Corporation	Hiroshima Expressway Route 3 (Hiroshima Minami Road) Stage III Lower section Construction	Hiroshima Prefecture, Japan



Corporate Governance

Toda Corporation aims to continue to raise its corporate value through the efficient execution of business operations and by building a monitoring structure, securing the transparency and integrity of management and strengthening compliance.

Strengthening the Functions of the Board of Directors and Business Execution

In addition to company bodies required under the Corporation Law, such as shareholders' meetings, the Board of Directors and the Board of Corporate Auditors, the Company has built its own control systems, including an executive officer system and internal audits.

The Board of Directors is currently composed of nine directors who conduct management decision making and supervise the execution of business. In order to clarify management responsibilities, strengthen the management structure and enable a swift response to changes in

the management environment, the term of office is set at one year for directors, so that they must face a vote at the annual general meeting of shareholders.

The Company has also adopted an executive system in its aim to ensure a prompt and efficient business execution structure. Executive officers selected by the Board of Directors execute the duties of the Company under the direction of the President and in accordance with the basic policies of management determined by the Board of Directors.

An Enhanced Auditing Structure

Toda maintains a Board of Corporate Auditors, which is composed of five corporate auditors, including three external corporate auditors. Corporate auditors conduct audits for the legality and appropriateness of business execution by attending board of directors' meetings and other important company meetings. With regard to personnel matters and organizational changes within or involving the Corporate Auditor Office (the department that assists the activities of the corporate auditors), the Company stipulates that opinions rendered by the Board of Corporate Auditors or by a corporate auditor (who has been designated

in advance by the Board of Corporate Auditors) be sought or asked for, thereby ensuring the independence of corporate auditors and the staff assisting them from directors and executive officers.

The Company established the Audit Office as an internal audit authority, and this department periodically conducts internal audits of the business status of each business division in the Company. In addition, corporate auditors ensure mutual cooperation by receiving audit result reports and other documents from, and exchanging views with, the Audit Office and the accounting auditors.

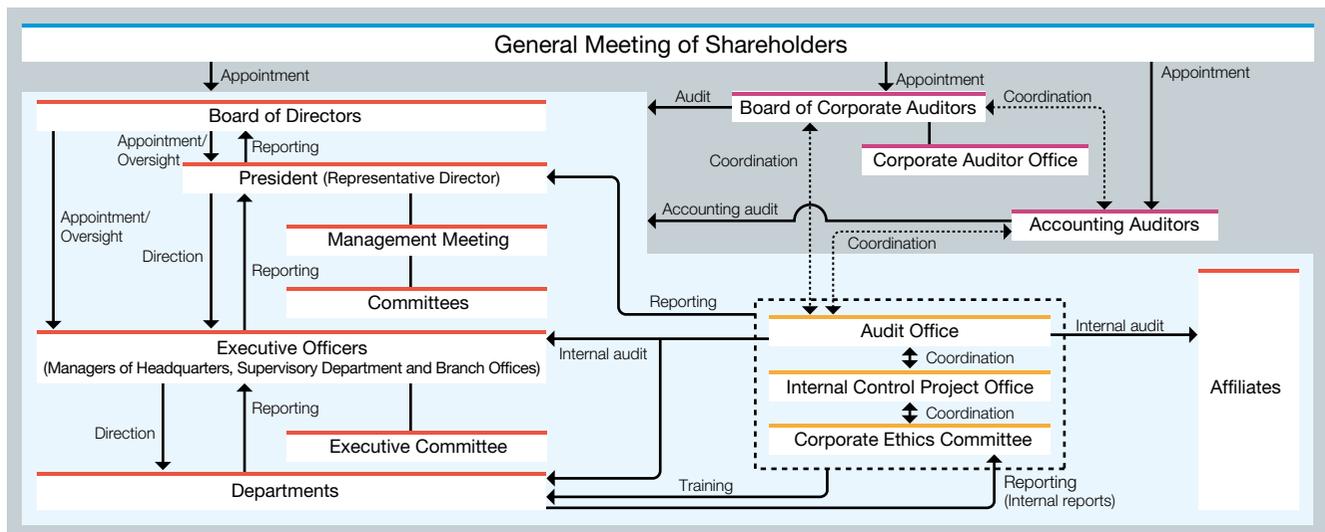
Building an Internal Control Structure

In accordance with the Corporation Law, Toda stipulates the maintenance of an effective internal control system in its basic policy. This system encompasses such key areas as compliance and risk management. In addition, the Company maintains internal controls over financial reporting in compliance with the Internal Control Reporting System under the Financial Instruments and Exchange Law, which came into effect from April 2008. Toda's Internal Control Project Office has been the main department responsible building and for maintain-

ing an internal control structure for financial reporting. In each year since FY2008, Toda's management has evaluated and confirmed that the Company's internal control over financial reporting has functioned effectively and, with the audit and verification by the independent accounting auditors, submitted an Internal Control Report stating to that effect.

Toda Corporation aims to maintain the reliability of financial reporting and will continue making efforts to realize improvement.

Diagram of Corporate Governance



Consolidated Balance Sheets

Toda Corporation and Consolidated Subsidiaries—As of March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
ASSETS			
Current assets:			
Cash and deposits (Note 10)	¥ 44,334	¥ 42,268	\$ 508,339
Notes receivable, accounts receivable from completed construction contracts and other	98,160	133,474	1,605,229
Short-term investment securities	17,000	20,069	241,367
Real estate for sale	30,417	28,631	344,340
Costs on uncompleted construction contracts	77,567	51,756	622,450
Other inventories	1,589	2,033	24,453
Deferred tax assets	17,018	7,333	88,201
Other	2,808	3,550	42,699
Allowance for doubtful accounts	(585)	(918)	(11,048)
Total current assets	288,310	288,200	3,466,033
Noncurrent assets:			
Property, plant and equipment:			
Buildings and structures, net	17,741	18,170	218,523
Machinery, vehicles, tools, furniture and fixtures, net	940	799	9,615
Land (Note 6. 3) and 7)	64,879	69,145	831,574
Lease assets, net	203	140	1,686
Construction in progress	643	895	10,772
Total property, plant and equipment	84,408	89,151	1,072,171
Intangible assets:			
Goodwill	483	427	5,145
Other (Note 6. 7)	3,642	1,843	22,165
Total intangible assets	4,125	2,270	27,311
Investments and other assets:			
Investment securities (Note 6. 2) and 3)	119,615	110,251	1,325,940
Long-term loans receivable (Note 6. 3)	1,433	1,422	17,113
Deferred tax assets	—	5,618	67,573
Other	7,840	7,413	89,155
Allowance for doubtful accounts	(3,328)	(3,498)	(42,075)
Total investments and other assets	125,561	121,208	1,457,707
Total noncurrent assets	214,095	212,630	2,557,190
Total assets	¥502,405	¥500,831	\$6,023,223

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
LIABILITIES			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other	¥100,630	¥118,134	\$1,420,734
Short-term loans payable (Note 6. 6)	40,819	43,913	528,120
Income taxes payable	594	620	7,457
Advances received on uncompleted construction contracts	62,168	54,980	661,223
Deferred tax liabilities	—	39	478
Provision for bonuses	3,352	3,286	39,530
Provision for warranties for completed construction	1,007	926	11,141
Provision for loss on construction contracts	6,434	9,271	111,503
Provision for loss on disaster	—	297	3,580
Deposits received	15,353	15,844	190,547
Other	9,713	8,176	98,338
Total current liabilities	240,074	255,491	3,072,657
Noncurrent liabilities:			
Long-term loans payable	18,770	14,209	170,895
Deferred tax liabilities	5,775	251	3,024
Deferred tax liabilities for land revaluation (Note 6. 7)	11,926	11,888	142,971
Provision for retirement benefits	24,567	22,738	273,464
Provision for directors' retirement benefits	143	241	2,904
Asset retirement obligations	—	155	1,871
Other	4,326	4,095	49,254
Total noncurrent liabilities	65,509	53,580	644,386
Total liabilities	305,583	309,072	3,717,043
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	276,627
Capital surplus	25,595	25,595	307,819
Retained earnings	126,052	127,496	1,533,329
Treasury stock	(6,478)	(6,683)	(80,377)
Total shareholders' equity	168,170	169,409	2,037,398
Accumulated other comprehensive income (Note 5):			
Valuation difference on available-for-sale securities	21,334	15,594	187,545
Deferred losses on hedges	(28)	(15)	(189)
Revaluation reserve for land (Note 6. 7)	4,397	4,561	54,854
Foreign currency translation adjustment	(1,318)	(1,812)	(21,797)
Total accumulated other comprehensive income (Note 5)	24,384	18,327	220,412
Minority interests			
	4,266	4,021	48,367
Total net assets	196,821	191,758	2,306,179
Total liabilities and net assets	¥502,405	¥500,831	\$6,023,223

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries—For the year ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Net sales:			
Net sales of completed construction contracts	¥463,369	¥439,964	\$5,291,219
Net sales of real estate business and other	11,686	12,797	153,907
Total net sales	475,055	452,762	5,445,126
Cost of sales:			
Cost of sales of completed construction contracts (Note 7. 1))	434,998	411,682	4,951,085
Cost of sales on real estate business and other (Note 7. 2))	8,736	10,306	123,953
Total cost of sales	443,734	421,989	5,075,038
Gross profit:			
Gross profit on completed construction contracts	28,371	28,282	340,134
Gross profit on real estate business and other	2,950	2,490	29,954
Total gross profit	31,321	30,772	370,088
Selling, general and administrative expenses (Note 7. 3) and 4))	24,912	24,768	297,871
Operating income	6,408	6,004	72,216
Non-operating income:			
Interest income	216	191	2,299
Dividend income	1,535	1,691	20,342
Dividend income of insurance	282	270	3,251
Foreign exchange gains	38	—	—
Other	324	406	4,885
Total non-operating income	2,397	2,559	30,779
Non-operating expenses:			
Interest expenses	870	794	9,554
Commission fee	—	160	1,926
Other	211	131	1,579
Total non-operating expenses	1,081	1,085	13,060
Ordinary income	7,724	7,478	89,935
Extraordinary income:			
Reversal of allowance for doubtful accounts	205	77	931
Gain on sales of noncurrent assets (Note 7. 5))	161	11	140
Gain on sales of investment securities	12	1	12
Gain of negative goodwill	—	386	4,647
Other	19	—	—
Total extraordinary income	399	476	5,731
Extraordinary loss:			
Impairment loss	317	172	2,078
Loss on sales of investment securities	294	30	369
Loss on valuation of investment securities	190	203	2,450
Provision for allowance for doubtful accounts	1,051	—	—
Loss on disaster (Note 7. 6))	—	364	4,386
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	109	1,315
Other	104	63	766
Total extraordinary losses	1,959	945	11,365
Income before income taxes and minority interests	6,164	7,009	84,301
Income taxes—current	733	665	8,001
Income taxes—deferred	2,247	2,495	30,009
Total income taxes	2,981	3,160	38,010
Net income before minority interests	3,183	3,849	46,291
Minority interests in income	8	74	897
Net income	¥ 3,175	¥ 3,774	\$ 45,394

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Toda Corporation and Consolidated Subsidiaries—For the year ended March 31, 2011

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2011	2011
Income before minority interests	¥3,849	\$46,291
Other comprehensive income (loss) (Note 8):		
Valuation difference on available-for-sale securities	(5,734)	(68,960)
Deferred gains or losses on hedges	12	155
Foreign currency translation adjustment	(499)	(6,004)
Total other comprehensive income (loss)	(6,220)	(74,808)
Comprehensive income (loss) (Note 8)	(2,371)	(28,517)
Comprehensive income attributable to:		
Owners of the parent	(2,446)	(29,421)
Minority interests	75	904

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Shareholders' equity			
Capital stock:			
Balance at the end of previous period	¥ 23,001	¥ 23,001	\$ 276,627
Changes of items during the period	—	—	—
Balance at the end of current period	¥ 23,001	¥ 23,001	\$ 276,627
Capital surplus:			
Balance at the end of previous period	¥ 25,595	¥ 25,595	\$ 307,819
Changes of items during the period	—	—	—
Balance at the end of current period	¥ 25,595	¥ 25,595	\$ 307,819
Retained earnings:			
Balance at the end of previous period	¥124,965	¥126,052	\$1,515,964
Changes of items during the period:			
Dividends from surplus	(2,187)	(2,167)	(26,064)
Net income	3,175	3,774	45,394
Reversal of revaluation reserve for land	99	(163)	(1,965)
Total changes of items during the period	1,086	1,443	17,364
Balance at the end of current period	¥126,052	¥127,496	\$1,533,329
Treasury stock:			
Balance at the end of previous period	¥ (5,360)	¥ (6,478)	\$ (77,913)
Changes of items during the period:			
Purchase of treasury stock	(1,118)	(204)	(2,463)
Total changes of items during the period	(1,118)	(204)	(2,463)
Balance at the end of current period	¥ (6,478)	¥ (6,683)	\$ (80,377)
Total shareholders' equity:			
Balance at the end of previous period	¥168,201	¥168,170	\$2,022,498
Changes of items during the period:			
Dividends from surplus	(2,187)	(2,167)	(26,064)
Net income	3,175	3,774	45,394
Purchase of treasury stock	(1,118)	(204)	(2,463)
Reversal of revaluation reserve for land	99	(163)	(1,965)
Total changes of items during the period	(31)	1,238	14,900
Balance at the end of current period	¥168,170	¥169,409	\$2,037,398
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities:			
Balance at the end of previous period	¥ 6,021	¥ 21,334	\$ 256,576
Changes of items during the period:			
Net changes of items other than shareholders' equity	15,313	(5,739)	(69,030)
Total changes of items during the period	15,313	(5,739)	(69,030)
Balance at the end of current period	¥ 21,334	¥ 15,594	\$ 187,545
Deferred gains or losses on hedges:			
Balance at the end of previous period	¥ 20	¥ (28)	\$ (345)
Changes of items during the period:			
Net changes of items other than shareholders' equity	(49)	12	155
Total changes of items during the period	(49)	12	155
Balance at the end of current period	¥ (28)	¥ (15)	\$ (189)
Revaluation reserve for land:			
Balance at the end of previous period	¥ 4,497	¥ 4,397	\$ 52,888
Changes of items during the period:			
Net changes of items other than shareholders' equity	(99)	163	1,965
Total changes of items during the period	(99)	163	1,965
Balance at the end of current period	¥ 4,397	¥ 4,561	\$ 54,854
Foreign currency translation adjustments:			
Balance at the end of previous period	¥ (1,425)	¥ (1,318)	\$ (15,856)
Changes of items during the period:			
Net changes of items other than shareholders' equity	106	(493)	(5,940)
Total changes of items during the period	106	(493)	(5,940)
Balance at the end of current period	¥ (1,318)	¥ (1,812)	\$ (21,797)
Minority interests			
Balance at the end of previous period	¥ 4,230	¥ 4,266	\$ 51,306
Changes of items during the period:			
Net changes of items other than shareholders' equity	35	(244)	(2,939)
Total changes of items during the period	35	(244)	(2,939)
Balance at the end of current period	¥ 4,266	¥ 4,021	\$ 48,367
Total net assets			
Balance at the end of previous period	¥181,546	¥196,821	\$2,367,068
Changes of items during the period:			
Dividends from surplus	(2,187)	(2,167)	(26,064)
Net income	3,175	3,774	45,394
Purchase of treasury stock	(1,118)	(204)	(2,463)
Reversal of revaluation reserve for land	99	(163)	(1,965)
Net changes of items other than shareholders' equity	15,306	(6,301)	(75,789)
Total changes of items during the period	15,275	(5,062)	(60,889)
Balance at the end of current period	¥196,821	¥191,758	\$2,306,179

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Net cash provided by (used in) operating activities:			
Income before income taxes	¥ 6,164	¥ 7,009	\$ 84,301
Depreciation and amortization	2,087	2,016	24,250
Loss on impairment of assets	317	172	2,078
Amortization of goodwill	55	55	671
Increase in allowance for doubtful accounts	864	502	6,042
Decrease in provision for retirement benefits	(1,229)	(1,828)	(21,992)
Increase in other provision	2,830	3,085	37,112
Gain of negative goodwill	—	(386)	(4,647)
Loss on valuation of short-term and long-term investment securities	190	203	2,450
Loss on sales of short-term and long-term investment securities	282	29	357
Gain on sales of property, plant and equipment	(161)	(11)	(140)
Interest and dividend income	(1,752)	(1,882)	(22,641)
Interest expenses	870	794	9,554
Decrease (increase) in notes and accounts receivable—trade	2,148	(35,196)	(423,288)
Decrease in costs on uncompleted construction contracts	79,512	25,810	310,408
Decrease in real estate for sale	1,284	1,119	13,461
Increase (decrease) in notes and accounts payable—trade	(6,425)	17,503	210,505
Decrease in advances received on uncompleted construction contracts	(52,354)	(7,187)	(86,441)
Other, net	(2,792)	(1,831)	(22,027)
Subtotal	31,893	9,979	120,014
Interest and dividend income received	1,749	1,878	22,586
Interest expenses paid	(963)	(789)	(9,491)
Income taxes paid	(527)	(689)	(8,286)
Net cash provided by operating activities	32,152	10,379	124,823
Net cash provided by (used in) investing activities:			
Payments into time deposits	(842)	(197)	(2,373)
Proceeds from withdrawal of time deposits	1,034	407	4,901
Proceeds from sales and redemption of securities	80	—	—
Purchase of property, plant and equipment	(3,460)	(4,782)	(57,518)
Proceeds from sales of property, plant and equipment	381	19	239
Purchase of intangible assets	(2,381)	(325)	(3,911)
Purchase of investment securities	(3,288)	(855)	(10,292)
Proceeds from sales and redemption of investment securities	263	241	2,900
Payments of loans receivable	(217)	(88)	(1,065)
Collection of loans receivable	464	191	2,300
Other, net	16	111	1,340
Net cash used in investing activities	(7,948)	(5,278)	(63,479)
Net cash provided by (used in) financing activities:			
Net decrease in short-term loans payable	(7,027)	(3,532)	(42,478)
Proceeds from long-term loans payable	8,730	4,030	48,466
Repayment of long-term loans payable	(1,376)	(1,965)	(23,632)
Cash dividends paid	(2,187)	(2,167)	(26,064)
Cash dividends paid to minority shareholders	(17)	(17)	(207)
Purchase of treasury stock	(1,118)	(27)	(330)
Other, net	(92)	(75)	(911)
Net cash used in financing activities	(3,089)	(3,754)	(45,158)
Effect of exchange rate change on cash and cash equivalents	42	(150)	(1,814)
Net increase in cash and cash equivalents	21,156	1,194	14,371
Cash and cash equivalents at the end of previous period	39,302	60,459	727,112
Cash and cash equivalents at end of period (Note 10)	¥60,459	¥61,654	\$741,483

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Toda Corporation and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements presented herein of Toda Corporation (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared in accordance with the provisions set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan.

These consolidated financial statements incorporate certain modifications in format so as to make the financial statements more meaningful to readers outside Japan.

These modifications have no effect on total assets, net sales, retained earnings or net income.

(U.S. Dollar Amounts)

The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥83.15=US\$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2011, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

2. Summary of Significant Accounting Policies

1) Scope of consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation and 15 subsidiaries, namely Toda Road Co., Ltd., Toda Reform Co., Ltd., Chiyoda Kenkou Co., Ltd., Chiyoda Staff Service Co., Ltd., Sipco Industries Co., Ltd., APEC Engineering Co., Ltd., Chiyoda Tochi Tatemono Co., Ltd., Yachiyo Urban Co., Ltd., Toda Finance Co., Ltd., Towa Kanko Kaihatsu Co., Ltd., Toda America, Inc., Construtora Toda do Brasil S/A, Toda Construction (Shanghai) Co., Ltd., Thai Toda Corporation Ltd. and Toda Vietnam Co., Ltd.

Other subsidiaries were not consolidated, as they were not significant in terms of the effect on total assets, net sales, net income or retained earnings of the consolidated financial statements.

2) Application of the equity method

All non-consolidated subsidiaries and affiliates were not accounted for using the equity method, as these companies were not significant in terms of the effect on net income or retained earnings of the consolidated financial statements.

3) Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, Toda America, Inc., Construtora Toda do Brasil S/A, Toda Construction (Shanghai) Co., Ltd., Thai Toda Corporation Ltd. and Toda Vietnam Co., Ltd. close their fiscal year on December 31 each year.

In preparing the consolidated financial statements, the Company used financial statements as of December 31 of all these subsidiaries.

However, adjustments necessary for the purpose of consolidation have been made for fiscal year-end.

The fiscal year-end of all other consolidated subsidiaries is the same as the consolidated fiscal year-end.

4) Standards and evaluation methods for important assets

(a) Held-to-maturity debt securities

Amortized cost method (straight-line method)

Available-for-sale securities

Securities with a fair value:

Stated at fair value, determined by the market price at the consolidated fiscal year-end (the difference between the book value and the fair value is recorded as a component of net assets, while the cost of securities sold is computed using the moving-average method)

Securities with no fair value:

Stated at cost, determined by the moving-average method

(b) Derivatives

Stated at fair value

(c) Inventories

Costs on uncompleted construction contracts:

Stated at cost, determined by the specific identification cost method

Real estate for sale:

Stated at cost, determined by the specific identification cost method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)

5) Methods of depreciation and amortization

(a) Property, plant and equipment (excluding lease assets)

The declining-balance method is primarily used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on and after April 1, 1998.

Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

(b) Intangible fixed assets (excluding lease assets)

The straight-line method is used.

Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

However, the amortization of software used by each company is computed using the straight-line method based on the estimated useful life.

(c) Lease assets

Leased assets under finance leases other than those that are deemed to transfer ownership to lessees:

Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

6) Allowances and provisions

(a) Allowance for doubtful accounts

The allowance for doubtful trade receivables and loans has been provided based on historic loss experience for general accounts and also includes the aggregate amount of the estimated loss for the accounts for which concern actually exists for collectibility.

(b) Provision for bonuses

This is provided for the payment of bonuses for employees, based on expected payment amount.

- (c) Provision for warranties for completed construction
To cover expenses for defects claimed concerning completed work, this is provided based on the estimated amount of compensation in the future for the work completed during the consolidated fiscal year.
- (d) Provision for loss on construction contracts
The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the fiscal year-end which will be probably incurred and which can be reasonably estimated.
- (e) Provision for retirement benefits
The provision for retirement benefits for employees is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the consolidated fiscal year-end.
Actuarial differences are amortized commencing the following year after the difference is recognized primarily by the straight-line method over a period of five years.
Prior service cost is amortized by the straight-line method over a period of five years.
- (f) Provision for directors' retirement benefits
To prepare for the payment of retirement benefits for executive officers and subsidiaries' directors, the provision is provided at the amount to be paid according to internal regulations if they had retired at the consolidated fiscal year-end.
- (g) Provision for loss on disaster
The provision for loss on disaster is provided at the estimated amount for the cost for restoration of property or the loss caused by the Great East Japan Earthquake which struck on March 11, 2011.

7) Recognition of net sales from construction contracts and related costs

The Companies apply the percentage of completion method to those contracts in which the percentage of completion at the consolidated fiscal year-end can be reliably estimated, and other contracts are recorded under the completed contract method.

8) Translation of foreign currency assets and liabilities

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the consolidated fiscal year-end. The resulting gains and losses are included in net income or loss for the consolidated fiscal year.

Assets and liabilities accounts of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at the consolidated fiscal year-end. Income and expense accounts of

foreign consolidated subsidiaries are translated into Japanese yen at the average annual exchange rate.

The resulting translation adjustments are included in foreign currency translation adjustment and minority interests in the net assets of the consolidated balance sheets.

9) Hedge accounting

The Companies apply hedge accounting as follows:

- (a) Method of hedge accounting employed
Deferral hedge accounting
If the interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest or liabilities for which the swap contract were executed.
- (b) Measures and objects
1. Measures: Forward foreign exchange contracts
Objects: Transactions to be paid in foreign currencies in cases of overseas work and overseas procurement of materials
2. Measures: Interest rate swap
Objects: Borrowings
- (c) Hedging principles
Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Companies utilize hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.
- (d) Evaluation method of effectiveness of hedging
During the period from the time when the hedging first started until the consolidated fiscal year-end, the Companies have been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1) cumulative cash flow changes or exchange rate changes of the hedge objects and (2) cumulative cash flow changes or exchange rate changes of the hedge measures.
However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the exceptional treatment.

10) Amortization of goodwill and negative goodwill

As a general rule, goodwill is amortized over a period of 10 years.

11) Cash and cash equivalents

For the consolidated statements of cash flows, cash and cash equivalents are defined as cash on hand, deposits that can be withdrawn at any time, and highly liquid short-term investments with a maturity date within three months after acquisition.

3. Change in accounting method

Accounting standard for asset retirement obligations

The "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008) have been applied from

the fiscal year ended March 31, 2011. This change had the effect of reducing both operating income and ordinary income by ¥16 million, and income before income taxes and minority interests by ¥125 million.

4. Changes in Presentation

Consolidated Statement of Income

From the fiscal year ended March 31, 2011, the Company and its domestic subsidiaries adopted the "Cabinet Office Ordinance Amending Part of Regulations Concerning Terminology, Forms and Preparation Method of Financial Statements" (Cabinet Office

Ordinance No. 5 issued on March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued on December 26, 2008), whereby the new account item "Net income before minority interests" is presented.

5. Additional Information

Comprehensive Income

Effective the fiscal year ended March 31, 2011, the Company and its domestic subsidiaries adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 issued on June 30, 2010). As a transitional treatment, the amounts of

"Valuation and translation adjustments" and "Total valuation and translation adjustments" are presented as "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" for the previous fiscal year.

6. Notes to Consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
1) Accumulated depreciation of property, plant and equipment	¥32,533	¥33,921	\$407,956
2) Investments in non-consolidated subsidiaries and affiliates included in investment securities	¥ 1,325	¥ 1,332	\$ 16,030
3) Assets pledged as collateral:			
Land	¥ 9	¥ 9	\$ 113
Investment securities	261	385	4,635
Long-term loans receivable	615	692	8,333
Total	¥ 886	¥ 1,087	\$ 13,082
4) Contingent liabilities	¥ 2,974	¥ 2,928	\$ 35,221
5) Discounts on notes receivable	¥ 38	¥ 380	\$ 4,578
6) Loan commitment agreement:			
Maximum limit under the agreement	¥40,000	¥40,000	\$481,058
Loan balance outstanding	—	—	—
Difference (unused portion)	¥40,000	¥40,000	\$481,058

7) Land revaluation

Based on the Land Revaluation Law, the Company has revaluated land held for business use and has recorded any discrepancies in the consolidated balance sheets as revaluation reserve for land.

Method of revaluation

In accordance with Item 3 of Article 2 of the Land Revaluation Law,

revaluation is calculated by making rational adjustments to values listed in the tax register book or supplementary land tax register book.

Date of revaluation: March 31, 2002

In the fiscal year ended March 31, 2011, the fair value of revaluated land exceeded the book value after the revaluation.

7. Notes to Consolidated Statements of Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
1) Provision for loss on construction contracts	¥ 6,109	¥ 5,893	\$ 70,874
2) Valuation loss on real estate for sale	¥ 759	¥ 786	\$ 9,453
3) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances	¥11,517	¥11,400	\$137,103
Provision for bonuses	1,215	1,187	14,280
Retirement benefit expenses	1,032	832	10,010
Provision of allowance for doubtful accounts	18	617	7,430
4) Research and development expenditures included in selling, general and administrative expenses and manufacturing costs	¥ 2,146	¥ 1,906	\$ 22,922
5) Gain on sales of noncurrent assets:			
Land	¥ 159	¥ 9	\$ 112
Machinery, vehicles, tools, furniture and fixtures	2	2	28
Total	¥ 161	¥ 11	\$ 140

6) Loss on disaster

The Company recorded an extraordinary loss of ¥364 million as a result of the Great East Japan Earthquake. This is comprised of estimated costs to restore real-estate holdings, inventories and others. The figure includes the estimated amount of loss to be incurred.

8. Notes to Consolidated Statement of Comprehensive Income

Comprehensive income for the fiscal year ended March 31, 2010:	Millions of yen
Comprehensive income attributable to owners of the parent	¥18,545
Comprehensive income attributable to minority interests	(34)
Total	¥18,511

Other comprehensive income for the fiscal year ended March 31, 2010:	Millions of yen
Valuation difference on available-for-sale securities	¥15,308
Deferred losses on hedges	(49)
Foreign currency translation adjustment	68
Total	¥15,327

(Additional Information)

The "Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25 issued on June 30, 2010) has been applied from the fiscal year ended March 31, 2011.

9. Notes to Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2010	Class of shares	Number of shares			March 31, 2010
		March 31, 2009	Increase	Decrease	
Issued stock	Common stock	322,656,796	—	—	322,656,796
Treasury stock	Common stock	10,131,949	2,914,497	—	13,046,446

For the year ended March 31, 2011	Class of shares	Number of shares			March 31, 2011
		March 31, 2010	Increase	Decrease	
Issued stock	Common stock	322,656,796	—	—	322,656,796
Treasury stock	Common stock	13,046,446	596,502	—	13,642,948

For the year ended March 31, 2010	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 26, 2009 resolution by annual general meeting of shareholders	Common stock	¥2,202 million	¥7.00	March 31, 2009	June 29, 2009
June 29, 2010 resolution by annual general meeting of shareholders	Common stock	¥2,181 million	¥7.00	March 31, 2010	June 30, 2010

Note: Total dividends include dividends to consolidated subsidiaries (an amount that corresponds to their equity holding).

For the year ended March 31, 2011

	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 29, 2010 resolution by annual general meeting of shareholders	Common stock	¥2,181 million (\$26,240 thousand)	¥7.00	March 31, 2010	June 30, 2010
June 29, 2011 resolution by annual general meeting of shareholders	Common stock	¥2,179 million (\$26,215 thousand)	¥7.00	March 31, 2011	June 30, 2011

Note: Total dividends include dividends to consolidated subsidiaries (an amount that corresponds to their equity holding).

10. Notes to Consolidated Statements of Cash Flows

Reconciliation between cash and deposits on the consolidated balance sheets and cash and cash equivalents at the fiscal year-end:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
As of March 31			
Cash and deposits on the consolidated balance sheets	¥44,334	¥42,268	\$508,339
(Less) time deposits with maturities of more than three months	(874)	(614)	(7,384)
Cash equivalents	17,000	20,000	240,529
Cash and cash equivalents on the consolidated statements of cash flows	¥60,459	¥61,654	\$741,483

11. Lease Transactions

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
As of March 31			
Future minimum lease payments under noncancellable operating leases:			
Due within one year	¥ 56	¥ 55	\$ 669
Due after one year	93	74	896
Total	¥ 149	¥ 130	\$ 1,566
Future minimum lease income under noncancellable operating leases:			
Due within one year	¥1,420	¥1,348	\$ 16,219
Due after one year	7,940	7,227	86,917
Total	¥9,361	¥8,575	\$103,137

12. Fair Value of Financial Instruments

	Millions of yen		
	Book value	Fair value	Difference
March 31, 2010			
1) Cash and deposits	¥ 44,334	¥ 44,334	¥—
2) Notes receivable, accounts receivable from completed construction contracts and other	98,160	98,149	(11)
3) Short-term investment securities and investment securities (Note)	125,774	125,809	35
4) Long-term loans receivable	1,433	1,428	(4)
Assets total	¥269,702	¥269,722	¥19
1) Notes payable, accounts payable for construction contracts and other	100,630	100,630	—
2) Short-term loans payable	40,819	40,819	—
3) Income taxes payable	594	594	—
4) Long-term loans payable	18,770	18,787	17
Liabilities total	¥160,815	¥160,832	17
Derivative financial instruments	¥ 46	¥ 46	¥—

Note: The fair value of unlisted stocks is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flow. Therefore, these stocks are not included in "Short-term investment securities and investment securities."

Non-listed stocks:

As of March 31, 2010 (stated at book value)

Millions of yen

Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for by the equity method:

Stocks of subsidiaries	¥ 89
Stocks of affiliated companies	181
Non-listed preferred equity securities	1,055
Other investment securities:	
Non-listed stocks	¥6,281
Investment in capital of investment business partnerships	9
Non-listed preferred equity securities	3,225

As of March 31, 2011	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
1) Cash and deposits	¥ 42,268	¥ 42,268	¥—	\$ 508,339	\$ 508,339	\$ —
2) Notes receivable, accounts receivable from completed construction contracts and other	133,474	133,469	(5)	1,605,229	1,605,163	(65)
3) Short-term investment securities and investment securities (Note)	118,811	118,836	25	1,428,879	1,429,182	302
4) Long-term loans receivable	1,422	1,423	0	17,113	17,116	3
Assets total	¥295,977	¥295,997	¥20	\$3,559,561	\$3,559,802	\$240
1) Notes payable, accounts payable for construction contracts and other	118,134	118,134	—	1,420,734	1,420,734	—
2) Short-term loans payable	43,913	43,913	—	528,120	528,120	—
3) Income taxes payable	620	620	—	7,457	7,457	—
4) Long-term loans payable	14,209	14,259	49	170,895	171,488	592
Liabilities total	¥176,877	¥176,926	¥49	\$2,127,209	\$2,127,801	\$592
Derivative transactions	¥ 26	¥ 26	¥—	\$ 317	\$ 317	\$ —

Note: The fair value of unlisted stocks is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flows. Therefore, these stocks are not included in "Short-term investment securities and investment securities."

Non-listed stocks:

As of March 31, 2011 (stated at book value)

Millions of yen

Thousands of U.S. dollars

Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for by the equity method:

Stocks of subsidiaries	¥ 89	\$ 1,071
Stocks of affiliated companies	188	2,271
Non-listed preferred equity securities	1,055	12,687
Other investment securities:		
Non-listed stocks	¥6,245	\$75,106
Non-listed preferred equity securities	3,427	41,215
Others	505	6,074

13. Marketable Securities and Investment Securities

As of March 31, 2010	Millions of yen		
	Book value	Fair value	Difference
Held-to-maturity debt securities:			
Securities with a fair value that exceeds the book value	¥1,298	¥1,334	¥36
Securities with a fair value that does not exceed the book value	116	115	(0)
Total	¥1,414	¥1,450	¥35

As of March 31, 2010	Millions of yen		
	Acquisition cost	Book value	Difference
Available-for-sale securities with a fair value:			
Securities with a book value that exceeds the acquisition cost:			
Stocks	¥44,572	¥ 83,939	¥39,367
Bonds	—	—	—
Others	—	—	—
Subtotal	44,572	83,939	39,367
Securities with a book value that does not exceed the acquisition cost:			
Stocks	26,470	23,072	(3,397)
Bonds	234	234	—
Others	17,150	17,112	(37)
Subtotal	43,854	40,419	(3,435)
Total	¥88,426	¥124,359	¥35,932

Note: The Companies recognized losses on write-down of ¥190 million for available-for-sale securities.

For the year ended March 31, 2010	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥263	¥12	¥294

As of March 31, 2011	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Held-to-maturity debt securities:						
Securities with a fair value that exceeds the book value	¥1,415	¥1,441	¥25	\$17,029	\$17,339	\$310
Securities with a fair value that does not exceed the book value	113	113	(0)	1,370	1,362	(7)
Total	¥1,529	¥1,555	¥25	\$18,399	\$18,702	\$302

As of March 31, 2011	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Available-for-sale securities with a fair value:						
Securities with a book value that exceeds the acquisition cost:						
Stocks	¥44,204	¥77,140	¥32,936	\$ 531,621	\$ 927,728	\$396,107
Bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Subtotal	44,204	77,140	32,936	531,621	927,728	396,107
Securities with a book value that does not exceed the acquisition cost:						
Stocks	26,681	20,032	(6,649)	320,888	240,914	(79,974)
Bonds	—	—	—	—	—	—
Others	20,150	20,108	(41)	242,333	241,836	(496)
Subtotal	46,831	40,140	(6,691)	563,222	482,751	(80,470)
Total	¥91,036	¥117,281	¥26,245	\$1,094,843	\$1,410,479	\$315,636

Note: The Companies recognized losses on write-down of ¥203 million for available-for-sale securities.

As of March 31, 2011	Millions of yen			Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥36	¥1	¥30	\$438	\$12	\$369

14. Derivative Transactions

For the year ended March 31, 2010

Derivative transactions to which the hedge accounting method is not applied:

None

Derivative transactions to which the hedge accounting method is applied:

(1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts				
	Buy EUR	Trade payables	¥668	¥—	¥(46)

Estimated fair value was calculated based on price information provided by the counterparty financial institution.

(2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps				
	Payment fixed, receive floating	Long-term loans payable	¥2,000	¥2,000	*

* These interest rate swaps, subject to the exceptional treatment, are treated en bloc with the relevant long-term loans payable. Therefore, the fair value of the contracts are included in the fair value of the relevant long-term loans payable.

For the year ended March 31, 2011

Derivative transactions to which the hedge accounting method is not applied:

None

Derivative transactions to which the hedge accounting method is applied:

(1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts							
	Buy EUR	Forecasted purchasing transaction	¥399	¥—	¥(22)	\$4,805	\$—	\$(272)
	Buy USD	Forecasted purchasing transaction	322	—	(3)	3,875	—	(38)
Total			¥721	¥—	¥(25)	\$8,680	\$—	\$(311)

Estimated fair value was calculated based on price information provided by the counterparty financial institution.

(2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps							
	Payment fixed, receive floating	Long-term loans payable	¥3,500	¥3,500	*	\$42,092	\$42,092	*

* These interest rate swaps, subject to the exceptional treatment, are treated en bloc with the relevant long-term loans payable. Therefore, the fair value of the contracts are included in the fair value of the relevant long-term loans payable.

15. Retirement Benefits

The Company had a defined benefit plan that consists of a defined benefit pension plan and a lump-sum benefit plan. Additional retirement benefits are paid in certain circumstances. Domestic consolidated subsidiaries have lump-sum benefit plans.

As of March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Retirement benefit obligation	¥(49,441)	¥(46,763)	\$(562,395)
Pension assets	24,573	23,611	283,960
Unfunded retirement benefit obligation	(24,868)	(23,151)	(278,435)
Unrecognized actuarial differences	1,785	1,601	19,256
Unrecognized prior service costs	(1,484)	(1,187)	(14,286)
Provision for retirement benefits	¥(24,567)	¥(22,738)	\$(273,464)

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Service cost	¥1,885	¥1,771	\$21,299
Interest cost	1,028	961	11,558
Expected return on pension assets	(280)	(292)	(3,522)
Amortization of actuarial differences	274	184	2,221
Amortization of prior service costs	(49)	(296)	(3,571)
Retirement benefit costs	¥2,858	¥2,326	\$27,985

For the years ended March 31	2010	2011
Basis of calculating retirement benefit obligation:		
Periodic allocation method of projected retirement benefit obligation	Straight-line method	Straight-line method
Discount rate	2.00%	2.00%
Expected return on pension assets	1.20%	1.20%
Amortization period of prior service costs	5 years	5 years
Amortization period of actuarial differences	5 years	5 years

16. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2010 and 2011 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Deferred tax assets:			
Real estate for sale	¥11,062	¥ 666	\$ 8,017
Buildings and structures	905	966	11,627
Allowance for doubtful receivables	1,242	1,474	17,735
Provision for bonuses	1,365	1,334	16,054
Provision for loss on construction contracts	2,618	3,773	45,381
Provision for retirement benefits	9,924	9,190	110,530
Tax loss carryforwards	614	8,248	99,195
Other	2,892	2,498	30,052
Subtotal	30,625	28,154	338,594
Less: valuation allowance	(1,765)	(1,784)	(21,458)
Deferred tax assets	¥28,859	26,369	317,135
Deferred tax liabilities:			
Reserve for advanced depreciation of noncurrent assets	(2,740)	(2,725)	(32,775)
Valuation difference on available-for-sale securities	(14,647)	(10,709)	(128,793)
Other	(229)	(273)	(3,294)
Deferred tax liabilities	(17,616)	(13,708)	(164,863)
Net deferred tax assets (liabilities)	¥11,242	¥12,661	\$152,272

In addition to the above, the Companies recognized deferred tax liabilities of ¥11,926 million and ¥11,888 million related to revaluation reserve for land at March 31, 2010 and 2011, respectively.

	2010	2011
Reconciliation between the statutory tax rate and the effective tax rate:		
Statutory tax rate	40.7%	40.7%
Expenses not deductible for income tax purposes	8.3	7.2
Non-taxable income	(5.0)	(4.9)
Gain of negative goodwill	—	(2.2)
Inhabitant taxes (per capita levy)	5.0	4.4
Valuation allowance	4.5	0.5
Other	(5.0)	(0.6)
Effective tax rate	48.4%	45.1%

17. Fair Value of Real Estate for Rent

As of March 31, 2010	Millions of yen	
	Book Value	Fair Value
Real estate for rent	¥52,355	¥75,046

As of March 31, 2011	Millions of yen		Thousands of U.S. dollars	
	Book Value	Fair Value	Book Value	Fair Value
Real estate for rent	¥54,527	¥76,238	\$655,766	\$916,884

18. Segment Information

For the year ended March 31, 2010	Millions of yen						
	Building construction	Civil engineering	Real estate	Other	Total	Reconciliations	Consolidated
Net sales:							
Customers	¥362,548	¥100,821	¥11,087	¥ 598	¥475,055	¥ —	¥475,055
Inter-segment	1,909	150	1,441	711	4,212	(4,212)	—
Total	364,457	100,971	12,529	1,310	479,268	(4,212)	475,055
Segment profit or loss	11,300	853	1,564	68	13,786	(7,378)	6,408
Depreciation and amortization	377	51	992	15	1,437	650	2,087
Amortization of goodwill	55	—	—	—	55	—	55

Reconciliation of segment profit or loss includes negative ¥94 million elimination of intersegment transactions and negative ¥7,283 million corporate expenses which are not allocated to the reporting segments.

The corporate expenses mainly consist of selling, general and administrative expenses which do not belong to the reporting segments.

Segment profit or loss is adjusted in accordance with operating income as recorded in the consolidated statements of income.

For the year ended March 31, 2011	Millions of yen						
	Building construction	Civil engineering	Real estate	Other	Total	Reconciliations	Consolidated
Net sales:							
Customers	¥356,780	¥83,142	¥12,299	¥ 540	¥452,762	¥ —	¥452,762
Inter-segment	2,722	1,142	1,426	714	6,006	(6,006)	—
Total	359,502	84,284	13,726	1,255	458,768	(6,006)	452,762
Segment profit or loss	12,518	(7)	1,836	97	14,445	(8,440)	6,004
Depreciation and amortization	340	42	945	16	1,344	672	2,016
Amortization of goodwill	55	—	—	—	55	—	55

Reconciliation of segment profit or loss includes negative ¥197 million elimination of intersegment transactions and negative ¥8,243 million corporate expenses which are not allocated to the reporting segments.

The corporate expenses mainly consist of selling, general and administrative expenses which do not belong to the reporting segments.

Segment profit or loss is adjusted in accordance with operating income as recorded in the consolidated statements of income.

Thousands of U.S. dollars

For the year ended March 31, 2011	Building construction	Civil engineering	Real estate	Other	Total	Reconciliations	Consolidated
Net sales:							
Customers	\$4,290,801	\$ 999,906	\$147,918	\$ 6,500	\$5,445,126	\$ —	\$5,445,126
Inter-segment	32,736	13,743	17,160	8,593	72,232	(72,232)	
Total	4,323,538	1,013,649	165,078	15,093	5,517,359	(72,232)	5,445,126
Segment profit or loss	150,552	(86)	22,086	1,176	173,728	(101,512)	72,216
Depreciation and amortization	4,089	512	11,366	197	16,166	8,084	24,250
Amortization of goodwill	671	—	—	—	671	—	671

Reconciliation of segment profit or loss includes negative \$2,373 thousand elimination of intersegment transactions and negative \$99,138 thousand corporate expenses which are not allocated to the reporting segments.

The corporate expenses mainly consist of selling, general and administrative expenses which do not belong to the reporting segments.

Segment profit or loss is adjusted in accordance with operating income as recorded in the consolidated statements of income.

The Companies operate in the following four reporting segments:

Building construction Research, planning, design, management and execution of building construction work, and architectural and comprehensive engineering and consulting related thereto

Civil engineering Research, planning, design, management and execution of civil engineering work, such as tunnel construction, and architectural and comprehensive engineering and consulting related thereto

Real estate Resale, rent and intermediary of real estate and building management

Other business Worker dispatching and hotel businesses, and financing and leasing mainly for the group companies.

(Additional Information)

The "Accounting Standard for Disclosure about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008) have been applied from the fiscal year ended March 31, 2011.

19. Per Share Information

	Yen		U.S. dollars
	2010	2011	2011
As of March 31			
Net assets per share of common stock	¥621.93	607.54	7.306
Net income per share of common stock	10.23	12.20	0.146

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Years ended March 31			
Basis for calculation of net assets per share:			
Total net assets	¥196,821	¥191,758	\$2,306,179
Amount attributable to items other than common stock	4,266	4,021	48,367
Net assets attributable to common stock	¥192,555	¥187,737	\$2,257,811
Number of shares of common stock outstanding at fiscal year-end	309,610,350 shares	309,013,848 shares	
Basis for calculation of net income per share:			
Net income	¥ 3,175	¥ 3,774	\$ 45,394
Net income attributable to common stock	¥ 3,175	¥ 3,774	\$ 45,394
Average number of shares of common stock outstanding during fiscal year	310,455,346 shares	309,427,740 shares	

Independent Auditors' Report

Toda Corporation and Consolidated Subsidiaries

Independent Auditors' Report

To the Board of Directors

Toda Corporation

We have audited the accompanying consolidated balance sheets of Toda Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toda Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Tokyo, Japan

June 29, 2011



Seinan Audit Corporation

Corporate Information

As of June 29, 2011

Company Name:

TODA CORPORATION

Founded:

January 5, 1881

Company Headquarters:

7-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8388, Japan

Stock Listings:

Tokyo Stock Exchange and
Osaka Securities Exchange

Areas of Business:

1. Research, planning, design, management and execution associated with all aspects of architectural and civil engineering together with related comprehensive engineering and consulting
2. Research, planning, design, management and execution associated with local development, urban development and other comprehensive engineering and consulting
3. Real estate sale and purchase, rental, intermediary services, management and appraisal

Capital Stock:

¥23.0 billion (as of March 31, 2011)

Number of Employees:

5,034 (Consolidated)
4,110 (Non-Consolidated)
(as of March 31, 2011)

Board Of Directors, Corporate Auditors and Executive Officers

As of July 1, 2011

Directors**Director and Honorary Chairman**

Junnosuke Toda

Director and Senior Adviser

Moriji Toda

Chairman and Representative Director

Hisao Kato

President and Representative Director

Shunzo Inoue

Representative Directors

Masayuki Shirai

Toshiro Oka

Noboru Nomura

Directors

Hideshige Toda

Masami Yamashita

Corporate Auditors**Standing Corporate Auditors**

Morimichi Toda

Hiroyuki Naito

Corporate Auditors

Yoshiaki Kaji

Kenichi Masuda

Katsutoshi Suzuki

Executive Officers**President and Chief Executive Officer**

Shunzo Inoue

Senior Managing Executive Officers

Masayuki Shirai

Toshiro Oka

Noboru Nomura

Masami Yamashita

Kuniaki Ishimaru

Managing Executive Officers

Michio Suzuki

Hatsuaki Matsumoto

Katsuaki Fukushima

Kazuo Yamane

Etsuo Nonoguchi

Masanori Imai

Yushi Kikutani

Yutaka Nishizawa

Executive Officers

Kikuo Sumi

Norimasa Togami

Takashi Doi

Toshihiro Abe

Yasushi Miyazaki

Tetsunaga Yamaguchi

Koichi Iwamori

Masashi Nishimura

Teruo Sahashi

Koji Tada

Hiroaki Inoue

Noboru Yamaki

Hideo Inagaki

Shunichi Akiba

Takeshi Nishimaki

Hiroyuki Miyazaki

Keiichi Ebihara

Yuji Yokomizo

Toshihiro Otomo

Creation by people. Created with people.

Picture a place where people start to live in harmony.

Creation from ideas. Created with passion.

Let's create by connecting wills.

We are to build with wisdom and spirit.

Creation by people. Created with people.

We believe it's the Toda way.

 **TODA CORPORATION**
SINCE 1881

www.toda.co.jp





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