ANNUAL REPORT 2003

TODA
TODA CORPORATION

Profile

Established in 1881, Toda Corporation has accumulated industry-leading technical capabilities and realized numerous achievements in its history of more than 120 years, as a result of consistently focusing on construction quality, safety and on-time delivery.

We demonstrate our strengths across a wide range of fields, not only those areas in which we excel (e.g., hospitals, medical facilities and schools), but also in high-rise apartment buildings, urban redevelopment projects, mountain tunneling, shield-tunnel construction, and even the development of environment-related proprietary technologies.

Our steady efforts in building a track record, both domestically and internationally, have earned us an enviable reputation.

Toda Corporation will continue to offer you the highest quality and services in construction and related activities.

Index

Aoyama Gakuin University Sagamihara Campus Block B Media Center

Location:	5-10-1 Fuchinobe, Sagamihara City, Kanagawa Prefecture
Owner:	Aoyama Gakuin
Architect:	Nikken Sekkei Co., Ltd.
Project duration:	July 2001 to January 2003
Lot area:	161,162m^2
Building area:	4,643m^2
Total floor area:	31,275m^2
Structure and Floors:	Steel (CFT columns), 9 aboveground, 1 underground

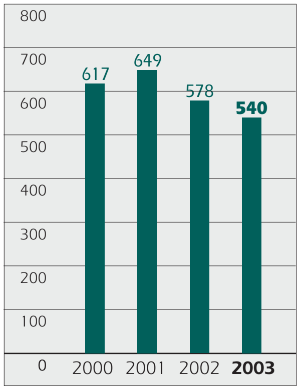
Financial Highlights

Toda Corporation and Consolidated Subsidiaries Years ended March 31

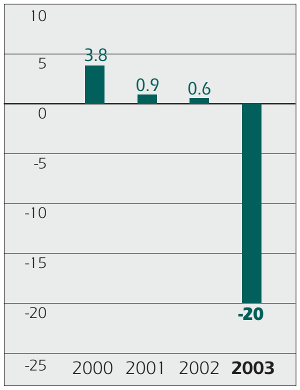
	Millions of yen				Thousands of U.S. dollars
	2003	**2002**	**2001**	**2000**	**2003**
Consolidated					
Total net revenues	**539,784**	578,120	648,840	617,403	**4,490,718**
Operating income	**2,997**	11,811	26,860	30,190	**24,937**
Net income (loss)	**(20,027)**	577	915	3,821	**(166,614)**
Total shareholders' equity	**171,791**	203,937	213,304	189,524	**1,429,209**
Total assets	**606,492**	704,818	785,312	742,835	**5,045,693**
Per share of common stock (in yen and U.S. dollars):					
Net income (loss)	**(62.68)**	1.82	2.88	12.03	**(0.521)**
Cash dividends applicable to the year	**5.00**	9.00	9.00	9.00	**0.042**
Net cash (used in) provided by operating activities	**14,559**	(9,379)	4,872	17,039	**121,125**
Net cash (used in) provided by investing activities	**(3,059)**	1,478	698	1,134	**(25,447)**
Net cash used in financing activities	**(7,042)**	(11,394)	(15,150)	(13,231)	**(58,589)**
Cash and cash equivalents at end of year	**76,876**	72,668	91,729	100,348	**639,569**
Number of employees	**4,977**	5,289	5,406	5,578	
Non-Consolidated					
Orders received	**448,013**	421,249	563,871	596,322	**3,727,231**

Note: U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥120.20 = US$1.00, the approximate exchange rate as at March 31, 2003.

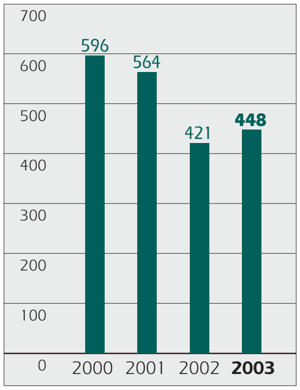
Total net revenues (Consolidated)
(Billions of yen)



Net income (Consolidated)
(Billions of yen)



Orders received (Non-Consolidated)
(Billions of yen)



Message from the Management

Faced with the challenges of an ailing domestic economy and an adverse industrial climate, Toda eliminated management uncertainties, especially in the financial area, and set out to build an organizational framework with the aim of winning more contracts to reinforce its foundations for future progress.

Business Performance in Fiscal Year 2002

In the year ended March 31, 2003, despite signs of improvement in corporate earnings, the Japanese economy was driven further into recession by weak personal consumption, worsening deflation and falling stock prices, compounded by tough employment and income conditions.

The construction industry was not spared from this downturn. It experienced an extremely harsh year, suffering the effects of the continued decline in public works due to stringent public financial policies, and a dramatic decrease in private-sector apartment building projects, which previously had been relatively steady. There were also new developments in the reorganization of enterprises, in the form of demergers, mergers and business alliances, as financial institutions' efforts to dispose of non-performing loans swung into full gear.

Hisao Kato, President

In light of these circumstances, the Company implemented a range of managerial measures across the whole group. However, net revenues fell short of the amount posted in the previous year, on both consolidated and non-consolidated bases.

Current profits also decreased from the previous year, due to a fall in the profitability of construction projects, attributable to intensified price competition. In consideration of the tough business environment presently surrounding the construction industry, we totally wrote off real estate and accounts in arrears, in an effort to eliminate factors with the potential to put pressure on management in the future.

Accordingly, we declared the loss on development projects and losses on the sale of real estate as extraordinary losses. We also incurred a loss from the valuation of investment securities, associated with the sharp fall in stock prices. As a result, we posted a consolidated net loss of ¥20 billion, and a non-consolidated net loss of ¥19.3 billion.

These results marked the first time that the Company has gone "into the red" since it went public. As the posted losses were a consequence of our efforts to eliminate management uncertainties in order to make a significant leap forward, we regard FY2002 as a "watershed year," in which we developed the platform from which to make a fresh start.

Progress of Medium-Term Management Plan and Future Measures and Efforts

The Company is implementing a medium-term management plan, devised to cover the three-year period between FY2003 and FY2005. It aims at generating reasonable profits and making social contributions through construction that will earn and justify the confidence of interested parties, even in such a harsh business environment.

The plan proposes various measures based on three policies: (1) win contracts and generate profits by improving customer satisfaction; (2) promote organizational/structural reform to boost employees' morale and maximize the Company's strengths; and (3) reestablish public confidence and further improve reliability. The measures are explained below in concrete terms:

(1) Win contracts and generate profits by improving customer satisfaction

- Develop a sound engineering framework tailored to each stage in the construction life cycle, and build expertise to meet customers' needs, flexibly and promptly.
- Actively promote proposal-oriented marketing, in order to add more value in fields where we excel, including construction of educational and medical facilities.
- Create a division dedicated to establishing a business model for refurbishing work, a business area which is expected to experience further growth; and boost efforts to achieve better coordination between marketing, execution and technology sections.
- Direct efforts into the development of new technologies and construction techniques, in order to fully satisfy customers' demands. Also, actively participate in new business arrangements, such as public finance initiatives (PFI).
- Enhance efforts to reduce project durations and costs, and review the execution-management framework, including establishment of a "VE* Examination Office," expansion of the range of items purchased in bulk, and investigation into the possibility of overseas procurement.

* VE: Value Engineering
A method of calculating the minimum cost of products and components required to fulfill essential functions. Functions, in this context, are not limited to those regarding use, but include appearance, appeal and other factors demanded by the customer.

(2) Promote organizational/structural reform to boost employees' morale and maximize the Company's strengths

- Endeavor to develop a functional and efficient organization, including establishing a Metropolitan Administration Center, and radically revising the marketing organization.
- Hire individuals with a higher level of competency, and optimize staffing. There were 4,393 employees as at the end of March, 2003. The plan is to reduce the number of employees to around 4,100 by the end of March, 2005.

(3) Reestablish public confidence and further improve reliability

- Rigorously enforce compliance with laws and ordinances, and further enhance the administrative framework with respect to quality, environment, safety, technology and other considerations, to attain a higher level of customer

confidence and satisfaction.

- In the year ended March 2003, we established an Audit Department, and conducted an education program on corporate ethics, targeting all employees involved in marketing and execution tasks.

Outlook for Next Year

The current economic climate is marked by a slowdown of the U.S. economy, challenges in the reconstruction of postwar Iraq, the impact of severe acute respiratory syndrome (SARS) and other uncertainties that continue to mount worldwide. In Japan, full-fledged economic recovery is not expected to take place any time soon, due to the disposal of nonperforming loans, falling stock prices and other concerns.

In the construction industry, we expect the market to continue shrinking, due to further cutbacks in public works, and continued suppression of capital investment in the private sector.

Given the above factors, conditions are likely to remain difficult in the coming year. The Company aims to post ¥490 billion in total orders received, consisting of, by segment, ¥360 billion in construction, ¥120 billion in civil engineering and ¥10 billion in real estate. To achieve these targets, fulfilling the above-mentioned medium-term management plan is deemed to be indispensable. We will revise the organization of head office and branch functions, and will work at building a

more efficient marketing framework, in order to capitalize on the strengths we have derived from having a base in the Kanto region -

Japan's largest market in terms of construction investment, accounting for approximately 35 percent of the national total.

The New President's Aspirations

I became the President of Toda Corporation following the meeting of the Board of Directors on June 27, 2003. In order to fulfill the medium-term management plan, whose term finishes next year, it will be important to differentiate ourselves from the competition by enhancing our greatest asset, our technological capabilities.

In our mission to survive the current tough business environment, we will promote the development of an organization and framework designed to recruit young, capable individuals, and to train them to become the next generation of responsible executives at Toda Corporation.

Toda Corporation will continue developing and enhancing its internal structure, pursue further improvements in quality, and uphold its commitment to earning and justifying customers' confidence, based on the technologies and track record that the Company has built up over its history of more than 120 years. We look forward to your further support and guidance.

Hisao Kato, President

Board of Directors and Auditors

Chairman
Junnosuke Toda

Director and Advisor
Moriji Toda

President
Hisao Kato

Deputy President
Morimichi Toda

Deputy President
Tsunehiro Yoshizawa

Deputy President
Satoshi Kosai

Chairman
Junnosuke Toda

Director - Advisor
Moriji Toda

President
Hisao Kato

Deputy Presidents
Morimichi Toda
Tsunehiro Yoshizawa
Satoshi Kosai

Senior Managing Directors
Seiji Tachibana
Tatsuya Ando
Shunzo Inoue
Michio Suzuki

Managing Directors
Yasuo Konishi
Yojiro Ishizaka
Tomotaro Ito
Hiroshi Kuwahara
Noriyuki Tanaka
Kaichi Naruse
Akira Shimizu
Hiroyuki Kikuchi
Kakushi Hamabe
Hiroshi Ohnishi

Directors
Hideshige Toda

Director - Advisors
Tadataka Yamada
Shigeaki Shimizu

Directors
Takaya Endo
Masaaki Kawaguchi
Takashi Nakahara
Shigeru Tanimoto
Tomiya Aoki
Yasuaki Kiyoura
Taichi Ishige
Hiroyuki Ushijima
Shunichiro Hanazono

Standing Corporate Auditors
Fumio Tsukahara
Yasuo Inaba

Corporate Auditors
Yoshiaki Kaji
Takashi Kobayashi

(As of June 27, 2003)

Domestic

Construction Work in Fukudai-mae Zone for Fukuoka City Subway's 3rd Line

Location: Nanakuma, Jyonan-ku, Fukuoka City, Fukuoka Prefecture
Outsourcer: Fukuoka City Transportation Bureau
Project duration: December 1998 to March 2003
Length: 601,734m
Road surface covered: 9,024m^2

Ishikawa Prefectural Office Building [Police Headquarters]

Location: Minamishinbo, Kanazawa City, Ishikawa Prefecture
Owner: Ishikawa Prefectural Government
Architects: Design Management Consortium, consisting of Yamashita Sekkei Inc. and Construction & Design Association of Ishikawa Prefecture
Project duration: October 1999 to December 2002
Total floor area: 23,868m^2
Structure and Floors: Steel frame construction (partly steel frame and RC composite construction, RC construction), 8 aboveground, 1 underground

Roppongi Hills Residences A & B

Location: 6-chome, Roppongi, Minato-ku, Tokyo
Owner: Roppongi 6-chome Urban Redevelopment Association
Architects: Mori Building Co., Ltd.; Nikken-HS Co., Ltd.; Conran & Partners; The Jerde Partnership International, Inc.
Project duration: September 2000 to March 2003
Total floor area: 73,854m^2
Structure and Floors: Steel frame construction, steel frame and RC composite construction, RC construction 43 aboveground, 2 underground

Keisei Hotel "Miramare"

Location: 15-1 Honchiba-cho, Chuo-ku, Chiba City, Chiba Prefecture
Owner: Keisei Electric Railway Co.,Ltd.
Architect: Toda Corporation
Project duration: June 2000 to June 2002
Total floor area: 31,932m^2
Structure and Floors: Steel frame construction, 16 aboveground, 2 underground

Construction Work on Substructure of Fujikawa Bridge (elevated) in Dai-ni Tomei Expressway

Location: Minami-Matsuno, Fujikawa-Cho, Ihara-gun, Shizuoka Prefecture
Outsourcer: Shizuoka Construction Bureau, Japan Highway Public Corporation
Project duration: October 1999 to March 2003
Length: Inbound 720m, outbound 562m
22 bridge piers (maximum height: 48m), 2 abutments

Shanghai Plant of Shanghai Sunshine Copper Products, Co., Ltd.

Location: Shanghai City, China
Owner: Shanghai Sunshine Copper Products Co., Ltd.
Architect: Toda Corporation
Project duration: August 2001 to May 2002
Total floor area: 33,399m^2
Structure and Floors: Steel frame construction, 1-story building

Overseas

Humboldt High School

Location: Sao Paulo City, Brazil
Owner: Humboldt High School
Architect: AIC Architects & Consultants
Project duration: February 2002 to August 2002
Total floor area: 2,991m^2
Structure and Floors: Steel frame and RC composite construction, 2 aboveground, 1 underground

Technology

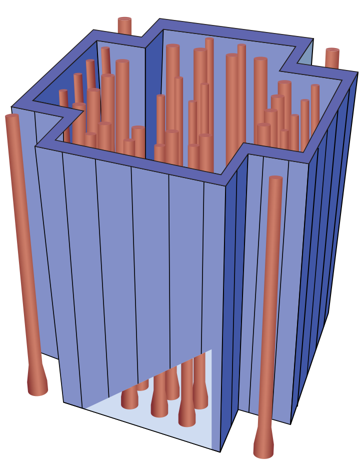
1) Toda begins constructing high-rise residential buildings on reclaimed land
Implementation of Boxed Concrete Wall Structure for Large Sections

Toda Corporation has developed the "boxed concrete wall structure for large sections," in which thick concrete walls in a box configuration are used in the subsurface structure and the pile foundations. We applied this structure to W Comfort Towers, which are currently under construction at Shinonome, Koto-ku, Tokyo (owners: Mitsubishi Estate Co., Ltd., Mitsubishi Corporation and Ryoshin Urban Development Co., Ltd.). "W Comfort Towers" comprises a pair of tower blocks, 54 stories and 45 stories high, and will be one of the tallest skyscraper residential buildings in Japan, when completed. The diaphragm walls structure features an outer frame in which posts and beams of the basement and the outer walls are embedded, and functions as a large wall pile. By adopting this structure, we managed to prevent the subsurface layers from amplifying seismic input to the superstructure during earthquakes, shortened the duration of underground work by about 30 percent, and cut costs by approximately 20 percent, compared to the conventional sheathing method.

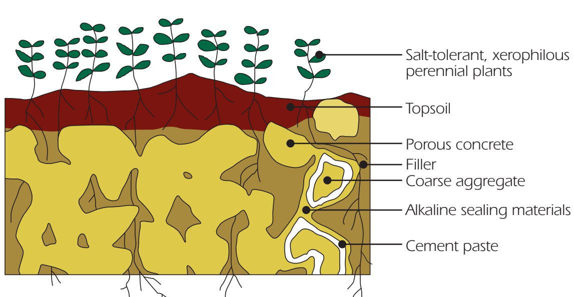
Our aim for the future is to enhance antiseismic analysis systems for foundation structures, by building on our experience in the Toda Substructure System of Diaphragm walls (TO-SDD), and by making ongoing improvements, in order to offer high-quality foundation structures with superior functionality.

2) First Step towards Greener Coasts and Shorelines
Successful Experiment with "Vege-crete" Greening Technology on Coasts and Shorelines

Toda Corporation established the technology for growing vegetation on concrete structures along coasts and shorelines, with the use of "Vege-crete" (vegetation-growing concrete) and salt-tolerant plants. This was the first instance in Japan of utilizing vegetation-growing concrete in concrete structures in riparian situations. Vege-crete is a vegetation-growing concrete technology which employs porous concrete as the bed for vegetation. We filled the pores with soil, and on the surface, installed plants of limited height in a thin layer of topsoil. We chose perennial plants from the sedum family and planted them along the coast of the Hokuriku region, where winter brings strong, salt-laden winds. The two-year exposure experiment verified that three types of plants could flourish in concrete blocks in a coastal environment. We plan to market this technology to public institutions and construction consultants.



Example of box-shaped diaphragm walls with wide thickness



Cross-sectional view of Vege-crete

Organization

Toda Corporation is developing an organization to accurately identify and promptly meet the increasingly diverse needs of customers. The following are new divisions established during the year as part of such efforts:

Renewal Center:
A New Division Dedicated to Undertaking an Increasing Number of Renewal Projects

The demand is growing for refurbishment of buildings, including repair and maintenance, whereas the demand for new construction work has been dampened by the recent fall in construction investment. Focusing on these market trends, we established at head office in March 2002, a Renewal Center dedicated to the refurbishing business. The Center has its own marketing, design, technology and project departments, and realizes higher business value and improved efficiency by making proposals specializing in renewal work, based on the centralized management of information. It also aims to increase market share, in terms of orders received, by introducing the contemporary approach of reducing the environmental burden.

Energy-Saving Business Promotion Office:
Helping Slash Costs through Energy-Saving Measures

There is an urgent requirement for energy-saving measures in office buildings, driven by cost-cutting efforts among client companies, and amendments to various laws and regulations. Against this backdrop, in January 2003 we established the Energy-Saving Business Promotion Office within the Renewal Center. This unit not only makes suggestions on conservation based on energy-use assessments of existing buildings, but also implements Energy Service Company (ESCO) businesses that seek to reduce customers' lighting, heating and other energy-related costs. Where appropriate, the office proactively recommends refurbishment work for energy-saving purposes.

VE Examination Office:
Increasing the Efficiency of VE Proposals through Centralized Management of Information

In January 2003, we established a "VE Examination Office" under the Construction Marketing Supervision Department at head office, in an effort to boost the number of Value Engineering (VE) proposals being made at the time of receiving orders. Through this arrangement, we will improve the quality of our proposals on plan alterations, structure/facility designs, and laws/regulations in small- and medium-sized projects, and will endeavor to both increase the number of orders received by branches and improve profitability at the estimation stage (time of receiving orders). Further, we will consolidate and categorize the data prepared individually by branches in the VE Support System, which is currently under development. This system aims at accurately and promptly offering VE proposals tailored to each project.

Overseas Procurement Section:
Reducing Cost of Work through Solid Support and Adaptability

The Overseas Procurement Section, established in February 2003 within the Purchasing Department of the Tokyo branch, aims to reduce costs by purchasing in bulk exterior tiles, ceiling boards, flooring materials, and interior items such as integrated kitchen systems and modular furniture. The section is steadily developing a track record in streamlining the procurement process, by clarifying the specifications and quality of materials required for site-oriented activities, and by introducing consistency through all stages of the procurement process, from selection to fine-tuning at the time of delivery.

Environmental Solution Project:
Tapping New Businesses in the Civil Engineering Field

In October 2002, we launched the Environmental Solution Project under the Civil Engineering Marketing Supervision Department at head office. The project is divided into two teams, "Environment" and "Civil Engineering Renewal," both dedicated to expanding business while pursuing the development of new technologies in their respective fields.

The Enviroment team is actively engaged in marketing based on new technologies currently under development, including technology for eliminating dioxin associated with the demolition of waste incinerators. In the area of soil decontamination, we are enhancing our coordination efforts with external suppliers who have decontamination technologies, while promoting the development of proprietary technologies. We are also working to accelerate the rate at which we make proposals on decontamination techniques optimized for individual projects, by establishing, within the Group, a firm dedicated to conducting soil contamination surveys.

The Civil Engineering Renewal team specializes in civil engineering renewal projects, and works on improving the level of civil engineering renewal technologies by building up daily marketing activities and execution-management technologies, and by developing new technologies tailored to customers' needs. We are promoting these activities vigorously, with a view to establishing a subsidiary company to drive future expansion of this business.

Financial Review

Performance Overview for FY2003 (April 1, 2002 - March 31, 2003)

During the year ended March 31, 2003, the economic climate in Japan was extremely harsh, marked by sluggish personal consumption attributable to concerns over employment and income, the reduction in capital investment by businesses, and the continued fall in stock prices.

Under these circumstances, the Group implemented a range of managerial measures, including a drive to boost productivity. In consideration of the tough business environment surrounding the construction industry, we totally wrote off real estate and accounts in arrears, so as to eliminate factors with the potential to put future pressure on management, and we declared extraordinary losses in relation to these actions. Further, we incurred a loss from the valuation of investment securities, due to the sharp fall in stock prices. As a result, the Group's consolidated net revenues were ¥539.8 billion (down 6.6% from the previous fiscal year), consolidated operating income totaled ¥3.0 billion (down 74.6%), and consolidated net loss amounted to ¥20.0 billion (down ¥20.6 billion).

■ Segment Overview for Fiscal 2003

Business performance by segment during the fiscal year was as follows:

■ Construction

The construction segment suffered not only from the reduction of work in the private sector, attributable to suppressed capital investment especially in the manufacturing industry, but also from the cutback in public works by national and local governments due to stringent public financial policies. The size of the market has continued to shrink rapidly. Under these circumstances, and despite the series of efforts made by our consolidated companies–including, but not limited to cost-cutting–non-consolidated orders received totaled ¥443.1 billion (up 6.4% from the previous fiscal year); consolidated construction revenue, ¥528.6 billion (down 6.7%); and consolidated operating income, ¥1.5 billion (down 83.4%).

Business Performance by Segment

	Billions of yen			
	2003	2002	2001	2000
Consolidated construction revenue	**528.6**	566.8	635.7	602.9
Consolidated operating income	**1.5**	8.9	24.3	26.5

■ Real Estate

In the real estate segment, consolidated real estate revenues amounted to ¥10.6 billion (down 1.0% from the previous fiscal year), and consolidated operating income totaled ¥1.5 billion (down 47.0%).

Business Performance by Segment

	Billions of yen			
	2003	2002	2001	2000
Consolidated real estate revenue	**10.6**	10.7	12.7	13.8
Consolidated operating income	**1.5**	2.8	2.6	3.7

■ Other Business

Consolidated net revenues amounted to ¥552 million (up 1.7% from the previous fiscal year) and consolidated operating income totaled ¥50 million (up 41.2%), driven by our subsidiary's hotel business and other businesses.

Business Performance by Segment

	Millions of yen			
	2003	2002	2001	2000
Consolidated net revenue	**552**	542	527	727
Consolidated operating income	**50**	35	(16)	39

Cash Flow Status

For cash and cash equivalents (hereinafter referred to as "funds") during the consolidated fiscal year under review, there was an outflow of ¥3.1 billion due to such investing activities as the acquisition of property and equipment; an outflow of ¥7.0 billion due to financing activities, including repayment of debt; and an inflow of ¥14.6 billion due to operating activities. As a result, the closing balance of funds increased by ¥4.2 billion (up 5.8%) on a year-on-year basis, to ¥76.9 billion.

■ Cash Flow Trends

	Billions of yen			
	2003	2002	2001	2000
Net cash (used in) provided by operating activities	**14.6**	(9.4)	4.9	17.0
Net cash (used in) provided by investing activities	**(3.1)**	1.5	0.7	1.1
Net cash used in financing activities	**(7.0)**	(11.4)	(15.2)	(13.2)

■ Cash Flows from Operating Activities

Cash flows from operating activities produced a net inflow of ¥14.6 billion, an increase of ¥23.9 billion over the previous consolidated fiscal year. This was attributable to an inflow of funds in the amount of ¥26.0 billion resulting from the collection of notes and accounts receivable; an inflow of ¥40.5 billion from a decrease in costs on uncompleted construction contracts; an outflow of ¥10.4 billion for the settlement of notes and accounts payable; and an outflow of ¥33.1 billion due to a decrease in advances received on uncompleted construction contracts.

■ Cash Flows from Investing Activities

Cash flows from investing activities produced a net outflow of ¥3.1 billion, attributable to an inflow in the amount of ¥1.9 billion due to a net increase in time deposits; an outflow in the amount of ¥3.1 billion due to acquisition of property and equipment; an outflow of ¥2.1 billion due to acquisition of investment securities; and an outflow of ¥2.3 billion due to loans advanced.

■ Cash Flows from Financing Activities

Cash flows from financing activities produced a net outflow of ¥7.0 billion, attributable to a decrease in interest-bearing liabilities in the amount of ¥4.0 billion, and cash dividends paid in the amount of ¥2.9 billion.

The consolidated cash flow indexes are as follows:

	2003	2002	2001	2000
Capital adequacy ratio	**28.3%**	28.9%	27.2%	25.5%
Capital adequacy ratio based on market value	**10. 9%**	13.0%	22.4%	16.5%
Years of debt redemption	**5.8 years**	—	19.8 years	5.8 years
Interest coverage ratio	**12.9 times**	—	3.0 times	8.0 times

Capital adequacy ratio: Shareholders' equity / Total assets
Capital adequacy ratio based on market value: Market capitalization of shares / Total assets
Years of debt redemption: Interest-bearing liabilities / Operating cash flow
Interest coverage ratio: Operating cash flow / Amount of interest paid

1. All indexes are calculated on the basis of consolidated figures.
2. Market capitalization of shares is calculated by multiplying the closing price of shares at year-end with the number of outstanding shares at year-end (excluding treasury stock).
3. Interest-bearing liabilities refer to borrowings and loans declared in the balance sheet.

Consolidated Balance Sheets

Toda Corporation and Consolidated Subsidiaries March 31, 2003 and 2002

Assets	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars (Note 2) 2003
Current assets:			
Cash and time deposits (Note 6)	**¥ 71,134**	¥ 68,142	**$ 591,801**
Notes and accounts receivable	**103,719**	130,286	**862,891**
Marketable securities (Note 7)	**5,534**	100	**46,037**
Inventories:			
Construction work in progress	**172,638**	214,027	**1,436,260**
Real estate for sale and others	**44,283**	57,177	**368,414**
Deferred income taxes (Note 9)	**32,383**	21,808	**269,413**
Other current assets	**14,419**	17,750	**119,947**
Allowance for doubtful receivables	**(5,310)**	(4,768)	**(44,178)**
Total current assets	**438,800**	504,522	**3,650,585**
Property and equipment:			
Buildings and structures	**39,951**	38,993	**332,375**
Machinery and equipment	**13,132**	13,774	**109,249**
Land (Note 4)	**52,026**	51,256	**432,828**
Construction in progress	**46**	2	**381**
Accumulated depreciation	**(31,975)**	(31,458)	**(266,014)**
Net property and equipment	**73,180**	72,567	**608,819**
Investments and other assets:			
Investment securities (Note 7)	**72,911**	103,495	**606,577**
Long-term loans receivable	**15,470**	13,547	**128,702**
Deferred income taxes (Note 9)	**5,752**	1,192	**47,856**
Others	**14,434**	22,362	**120,086**
Allowance for doubtful receivables	**(14,055)**	(12,867)	**(116,932)**
Total investments and non-current receivables	**94,512**	127,729	**786,289**
Total assets	**¥ 606,492**	¥ 704,818	**$5,045,693**

See accompanying notes to consolidated financial statements.

Liabilities and Shareholders' Equity	Millions of yen 2003	2002	Thousands of U.S. dollars (Note 2) 2003
Current liabilities:			
Notes and accounts payable	**¥ 100,616**	¥ 111,053	**$ 837,075**
Short-term bank loans			
and current portion of long-term debt (Note 11)	**75,917**	79,190	**631,590**
Accrued income taxes	**386**	3,028	**3,214**
Advance payments received on contracts	**151,253**	184,317	**1,258,344**
Accrued expenses	**3,863**	4,347	**32,141**
Deposits received	**31,455**	43,855	**261,689**
Other current liabilities	**23,142**	20,659	**192,519**
Total current liabilities	**386,632**	446,449	**3,216,572**
Long-term liabilities:			
Long-term debt less current portion (Note 11)	**8,196**	8,972	**68,190**
Deferred income taxes (Note 9)	**1,862**	1,878	**15,491**
Allowance for retirement benefits (Note 8)	**28,839**	30,655	**239,923**
Allowance for officers' retirement benefits	**1,002**	975	**8,340**
Allowance for loss on repurchase of land	**492**	—	**4,093**
Rental security deposits for real estate	**4,206**	7,610	**34,986**
Total long-term liabilities	**44,597**	50,090	**371,023**
Minority interest	**3,472**	4,342	**28,889**
Contingent liabilities (Note 5)			
Shareholders' equity:			
Common stock:			
Authorized —759,000,000 shares			
Issued —322,656,796 shares (2003)			
—322,656,796 shares (2002)	**23,001**	23,001	**191,361**
Additional paid-in capital	**25,573**	25,573	**212,755**
Retained earnings	**115,770**	138,837	**963,141**
Land revaluation difference (Note 4)	**2,736**	2,593	**22,758**
Unrealized gain on available-for-sale securities	**6,016**	15,398	**50,053**
Translation adjustments	**(537)**	68	**(4,469)**
Treasury stock, at cost	**(768)**	(1,533)	**(6,390)**
Total shareholders' equity	**171,791**	203,937	**1,429,209**
Total liabilities and shareholders'equity	**¥ 606,492**	¥ 704,818	**$5,045,693**

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2002	**2003**
Revenues:			
Net sales:			
Construction business	**¥528,602**	¥566,839	**$4,397,691**
Real estate business (including other)	**11,182**	11,281	**93,027**
Total net revenues	**539,784**	578,120	**4,490,718**
Costs and expenses:			
Cost of sales	**510,935**	540,144	**4,250,704**
Selling, general and administrative	**25,852**	26,165	**215,077**
Total costs and expenses	**536,787**	566,309	**4,465,781**
Operating income	**2,997**	11,811	**24,937**
Other income (expenses):			
Interest income	**299**	295	**2,489**
Dividend income	**815**	995	**6,780**
Interest expenses	**(1,133)**	(1,283)	**(9,423)**
Gain on disposal of property and equipment	**35**	100	**289**
Gain on sale of investment securities	**120**	708	**1,000**
Reversal of allowance for loss on investment in affiliates	**558**	268	**4,642**
Loss due to prior-period adjustments	**(732)**	—	**(6,090)**
Loss on sale of real estate for sale	**—**	(1,901)	**—**
Loss from valuation of real estate for sale	**(4,240)**	(3,581)	**(35,276)**
Loss from valuation of investment securities	**(10,584)**	(1,239)	**(88,051)**
Loss from valuation of golf club memberships	**(84)**	(344)	**(703)**
Loss from development projects	**(12,683)**	(500)	**(105,518)**
Provision for allowance of doubtful receivables	**(2,965)**	—	**(24,667)**
Early job-switching incentives	**(1,495)**	(410)	**(12,440)**
Others, net	**(71)**	(14)	**(586)**
Total other income (expenses)	**(32,160)**	(6,906)	**(267,554)**
Income (loss) before income taxes	**(29,163)**	4,905	**(242,617)**
Income taxes (Note 9):			
Current	**797**	3,855	**6,637**
Deferred	**(9,983)**	285	**(83,054)**
Total income taxes	**(9,186)**	4,140	**(76,417)**
Minority interest	**50**	188	**414**
Net income (loss)	**¥ (20,027)**	¥ 577	**$ (166,614)**

	Yen		U.S. dollars (Note 2)
Net income (loss) per share	**¥ (62.68)**	¥ 1.82	**$ (0.521)**
Cash dividends per share applicable to the year	**5.00**	9.00	**0.042**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Toda Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2003 and 2002

Millions of yen

	Number of shares of common stock (Thousands)	Common stock	Additional paid-in capital	Retained earnings
Balance at March 31, 2001	322,656	¥ 23,001	¥ 25,573	¥ 141,192
Increase in surpluses due to decrease in number of subsidiaries	—	—	—	58
Cash dividends paid	—	—	—	(2,859)
Bonuses to directors and corporate auditors	—	—	—	(131)
Net income for the year	—	—	—	577
Balance at March 31, 2002	**322,656**	**¥ 23,001**	**¥ 25,573**	**¥ 138,837**
Cash dividends paid	**—**	**—**	**—**	**(2,859)**
Bonuses to directors and corporate auditors	**—**	**—**	**—**	**(108)**
Net loss for the year	**—**	**—**	**—**	**(20,027)**
Reversal of land revaluation difference	**—**	**—**	**—**	**(73)**
Balance at March 31, 2003	**322,656**	**¥ 23,001**	**¥ 25,573**	**¥ 115,770**

Thousands of U.S. dollars (Note 2)

	Common stock	Additional paid-in capital	Retained earnings
Balance at March 31, 2002	**$ 191,361**	**$ 212,755**	**$1,155,052**
Cash dividends paid	**—**	**—**	**(23,784)**
Bonuses to directors and corporate auditors	**—**	**—**	**(901)**
Net loss for the year	**—**	**—**	**(166,614)**
Reversal of land revaluation difference	**—**	**—**	**(612)**
Balance at March 31, 2003	**$ 191,361**	**$ 212,755**	**$ 963,141**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Toda Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2002	**2003**
Cash flows from operating activities:			
Income (loss) before income taxes	**¥ (29,163)**	¥ 4,905	**$ (242,617)**
Depreciation and amortization	**1,947**	1,826	**16,199**
(Reversal) provision for doubtful accounts	**2,447**	(961)	**20,356**
Reversal provision for retirement benefits	**(1,817)**	(501)	**(15,113)**
Reversal provision for other reserves	**(390)**	(1,887)	**(3,243)**
Loss from valuation of real estate for sale	**4,240**	—	**35,276**
Loss from valuation of investment securities	**10,584**	1,239	**88,051**
Gain on sale of investment securities	**(118)**	(708)	**(980)**
Loss from development projects	**12,683**	—	**105,518**
Gain on disposal of property and equipment	**(34)**	(100)	**(286)**
Interest and dividend income	**(1,115)**	(1,290)	**(9,275)**
Interest expenses	**1,133**	1,283	**9,423**
Bonuses to directors and corporate auditors	**(131)**	(154)	**(1,089)**
Decrease in notes and accounts receivable	**25,985**	24,503	**216,185**
Decrease in costs on uncompleted construction contracts	**40,468**	14,423	**336,676**
Decrease in real estate and uncompleted real estate development projects	**1,733**	5,233	**14,417**
Decrease in notes and accounts payable	**(10,437)**	(40,567)	**(86,827)**
Decrease in advances received on uncompleted construction contracts	**(33,064)**	(5,910)	**(275,078)**
Others, net	**(8,868)**	10,399	**(73,790)**
Subtotal	**16,083**	11,733	**133,803**
Interest and dividends received	**1,093**	1,262	**9,091**
Interest paid	**(1,133)**	(1,283)	**(9,423)**
Income taxes paid	**(1,484)**	(21,091)	**(12,346)**
Net cash (used in) provided by operating activities	**14,559**	(9,379)	**121,125**
Cash flows from investing activities:			
Net increase in time deposits	**1,884**	1,782	**15,675**
Acquisition of marketable securities	**(100)**	(300)	**(832)**
Proceeds from sales of marketable securities	**100**	300	**831**
Acquisition of property and equipment	**(3,090)**	(2,585)	**(25,710)**
Proceeds from disposal of property and equipment	**119**	689	**987**
Acquisition of investment securities	**(2,087)**	(602)	**(17,363)**
Proceeds from sales of investment securities	**332**	2,850	**2,764**
Loans advanced	**(2,298)**	(1,551)	**(19,120)**
Proceeds from collection of loans	**862**	651	**7,168**
Others, net	**1,219**	244	**10,153**
Net cash (used in) provided by investing activities	**(3,059)**	1,478	**(25,447)**
Cash flows from financing activities:			
Net decrease in short-term borrowings	**(4,506)**	(9,117)	**(37,486)**
Proceeds from long-term borrowings	**3,960**	2,080	**32,945**
Repayments of long-term borrowings	**(3,503)**	(1,426)	**(29,140)**
Cash dividends paid	**(2,859)**	(2,859)	**(23,784)**
Others, net	**(134)**	(72)	**(1,124)**
Net cash used in financing activities	**(7,042)**	(11,394)	**(58,589)**
Effect of exchange rate changes on cash and cash equivalents	**(250)**	234	**(2,081)**
Net increase (decrease) in cash and cash equivalents	**4,208**	(19,061)	**35,008**
Cash and cash equivalents at beginning of year	**72,668**	91,729	**604,561**
Cash and cash equivalents at end of year (Note 6)	**¥ 76,876**	¥ 72,668	**$ 639,569**

See accompanying notes to consolidated financial statements.

1. Basis of Presenting Consolidated Financial Statements

Toda Corporation (the "Company") and its consolidated subsidiaries (together, the"Companies") prepared their consolidated financial statements in accordance with accounting principles generally accepted in Japan.
The accompanying 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 net income or shareholders' equity.

2. 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 ¥120.20=US$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2003. 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.

3. Summary of Significant Accounting Policies

1) Consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation, Toda Road Co., Ltd., Chiyoda Reform Co., Ltd., Chiyoda Kenko Co., Ltd., Sipco Industries Co., Ltd., Seiken Construction Co., Ltd., Chiyoda Tochi Tatemono Co., Ltd., Toda Real Estate Development Co., Ltd., Yachiyo Urban Co., Ltd., Toda Finance Co., Ltd., Towa Kanko Kaihatsu Co., Ltd., Toda America, Inc., Toda Development, Inc., Construtora Toda do Brasil S/A and Shanghai Zhuyi Toda Construction Co., Ltd.
Other subsidiaries were not consolidated, as they were not significant in terms of total assets, net sales, retained earnings or net income.
All unconsolidated subsidiaries and affiliates were not accounted for using the equity method, as these companies were not significant in terms of retained earnings or net income of the consolidated financial statements.
The number of consolidated subsidiaries and companies which are stated at cost is summarized below:

Consolidated subsidiaries	14
Stated at cost:	
Unconsolidated subsidiaries	2
Affiliates	0

2) Marketable securities and investment securities

Held-to-maturity securities are stated at amortized cost based on the straight-line method. Available-for-sale securities are stated at fair value with changes in unrealized holding gains or losses recorded as capital, using the moving average method to calculate the selling price. Non-marketable equity securities are stated at cost based on the moving average method.

3) Depreciation and amortization

Property and equipment are stated at cost. Depreciation of property and equipment is principally computed by the straight-line method for buildings acquired from April 1, 1998 (with the exception of building fixtures) and by the declining-balance method for all other items.
The amortization of intangible assets is computed by the straight-line method.
The amortization of software used by the Company is computed using the straight-line method based on an estimated useful life of five years.

4) Allowance for doubtful receivables

An allowance for doubtful receivables has been provided for by the Companies at the aggregate amount of the estimated loss for doubtful receivables and a general reserve for other receivables calculated based on historical loss experience.

5) Allowance for retirement benefits

Funds for retirement benefits for employees were based on estimates of unfunded retirement benefit obligations and pension assets in the fiscal year.

6) Allowance for loss on repurchase of land

We declared the loss expected to be incurred in the event of buying back the land sold to the Organization for Promoting Urban Development, considering that the right to sell it back is likely to be exercised.

7) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen using the prevailing exchange rate on the balance sheet date, and exchange rate discrepancies are recorded as loss (income).
Assets, liabilities, income, and expenses of overseas subsidiaries are translated into yen using the prevailing exchange rate on the balance sheet date, and exchange rate discrepancies are charged to minority interest and shareholders' equity as translation adjustments.

8) Leases
Finance leases, other than those where ownership of the lease assets is transferred to the lessee, are accounted for as operating leases.

9) Construction contracts
All short- and long-term construction contracts are accounted for using the completed contract method. Accordingly, the consolidated statements of income reflect sales prices and costs of contracts completed during each year.
Expenditures in connection with uncompleted contracts to be charged to cost of contracts at the time of completion are included in current assets. These expenditures are not offset against advances received and progress billings on uncompleted contracts, which are instead included in current liabilities. No profits or losses, therefore, are recognized before the completion of the work.

10) Cash and cash equivalents
For the Statements of Consolidated 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 of acquisition.

11) Net income per share
The computation of the net income per share of common stock is based on the weighted average number of shares of common stock outstanding during the period.

4. Revaluation of Land for Business Use

Based on the Land Revaluation Law, we have revaluated land for business use, and have recorded any discrepancies in the Consolidated Balance Sheets.
▪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 land tax book or supplementary land tax book.
▪Date of revaluation: March 31, 2002
▪Difference between year-end fair value and post-revaluation book value ¥(2,071million) $(17,237thousand)

5. Contingent Liabilities

Contingent liabilities at March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Guarantees of loans	**¥ 93**	¥ 109	**$ 777**
Guarantees of advances	**240**	812	**1,996**
Contingent liabilities	**¥ 333**	¥ 921	**$ 2,774**

6. Components of Cash and Cash Equivalents

Components of cash and cash equivalents at March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Cash and time deposits	**¥ 71,134**	¥ 68,142	**$ 591,801**
Without time deposits with maturities of more than three months	**(1,457)**	(3,373)	**(12,127)**
Cash equivalents	**7,199**	7,899	**59,895**
Cash and cash equivalents	**¥ 76,876**	¥ 72,668	**$ 639,569**

7. Marketable Securities and Investment Securities

Millions of yen

March 31, 2003	Amount recorded in the consolidated balance sheets	Market value	Difference
Held-to-maturity debt securities:			
Items with a fair value that exceeds the amount recorded in the consolidated balance sheets	**¥ 194**	**¥ 194**	**¥ 0**
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets	**—**	**—**	**—**
Total	**¥ 194**	**¥ 194**	**¥ 0**

Millions of yen

March 31, 2003	Acquisition cost	Amount recorded in the consolidated balance sheets	Difference
Other securities with a fair value:			
Items with a fair value that exceeds the amount recorded in the consolidated balance sheets			
Stocks	**¥ 26,671**	**¥ 43,685**	**¥ 17,014**
Bonds	**5,364**	**5,378**	**14**
Others	**9**	**9**	**—**
Subtotal	**32,044**	**49,072**	**17,028**
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets			
Stocks	**32,042**	**25,126**	**(6,916)**
Bonds	**5**	**5**	**(0)**
Others	**—**	**—**	**—**
Subtotal	**32,047**	**25,131**	**(6,916)**
Total	**¥ 64,091**	**¥ 74,203**	**¥ 10,112**

Millions of yen

March 31, 2002	Amount recorded in the consolidated balance sheets	Market value	Difference
Held-to-maturity debt securities:			
Items with a fair value that exceeds the amount recorded in the consolidated balance sheets	¥ 94	¥ 95	¥ 1
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets	100	100	(0)
Total	¥ 194	¥ 195	¥ 1

Millions of yen

March 31, 2002	Acquisition cost	Amount recorded in the consolidated balance sheets	Difference
Other securities with a fair value:			
Items with a fair value that exceeds the amount recorded in the consolidated balance sheets			
Stocks	¥ 33,353	¥ 65,743	¥ 32,390
Bonds	560	586	26
Others	—	—	—
Subtotal	33,913	66,329	32,416
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets			
Stocks	33,407	27,556	(5,851)
Bonds	5,005	4,995	(10)
Others	20	12	(8)
Subtotal	38,432	32,563	(5,869)
Total	¥ 72,345	¥ 98,892	¥ 26,547

Thousands of U.S. dollars

March 31, 2003	Amount recorded in the consolidated balance sheets	Market value	Difference
Held-to-maturity debt securities:			
Items with a fair value that exceeds the amount recorded in the consolidated balance sheets	$ 1,615	$ 1,618	$ 3
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets	—	—	—
Total	$ 1,615	$ 1,618	$ 3

Thousands of U.S. dollars

March 31, 2003	Acquisition cost	Amount recorded in the consolidated balance sheets	Difference
Other securities with a fair value:			
Items with a fair value that exceeds the amount recorded in the consolidated balance sheets			
Stocks	$221,890	$363,434	$141,544
Bonds	44,625	44,745	120
Others	78	78	—
Subtotal	266,593	408,257	141,664
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets			
Stocks	266,576	209,037	(57,539)
Bonds	42	41	(1)
Others	—	—	—
Subtotal	266,618	209,078	(57,540)
Total	$533,211	$617,335	$ 84,124

8. Retirement Benefits

The Company has a defined benefit plan that consists of a qualified pension plan and a lump-sum benefit plan. When employees take advantage of the Company's early retirement incentive scheme, additional retirement benefits may be paid.

Domestic consolidated subsidiaries have lump-sum benefit plans.

Projected benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Retirement benefit obligation	**¥(53,737)**	¥(53,024)	**$(447,063)**
Eligible retirement pension assets	**21,569**	21,736	**179,443**
Unfunded retirement benefit obligation	**(32,168)**	(31,288)	**(267,620)**
Unrecognized actuarial differences	**3,329**	633	**27,697**
Retirement benefit reserves	**¥(28,839)**	¥(30,655)	**$(239,923)**

Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Service costs	**¥ 2,027**	¥ 2,049	**$ 16,867**
Interest costs	**1,804**	1,777	**15,006**
Expected return on plan assets	**—**	71	**—**
Amount of actuarial differences	**140**	69	**1,169**
Retirement benefit expenses	**¥ 3,971**	¥ 3,966	**$ 33,042**

Basis of calculating retirement benefit obligation

	2003	2002
Periodic allocation method of projected retirement benefit obligation	**Straight-line method**	Straight-line method
Discount rate	**3.00%**	3.50%
Expected return rate on plan assets	**1.20%**	1.20%
Amortized period of unrecognized actuarial differences	**5 years**	5 years

9. Income Taxes

Taxes on income applicable to the Companies resulted in a statutory tax rate of approximately 42 percent in 2003 and 2002.

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Deferred tax assets:			
Loss from valuation of real estate	**¥ 18,195**	¥ 14,757	**$ 151,374**
Allowance for retirement benefits	**9,321**	9,187	**77,546**
Allowance for doubtful receivables	**4,121**	4,202	**34,286**
Accrued bonuses	**1,165**	833	**9,693**
Loss from valuation of investment securities	**1,053**	984	**8,763**
Accrued enterprise taxes	**—**	263	**—**
Others	**4,101**	6,957	**34,117**
Tax loss carryforwards	**7,326**	—	**60,950**
Less: valuation allowance	**(765)**	(613)	**(6,363)**
Deferred tax assets	**44,517**	36,570	**370,366**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(4,095)**	(11,150)	**(34,068)**
Property and equipment	**(2,172)**	(2,253)	**(18,069)**
Land revaluation difference	**(1,862)**	(1,878)	**(15,491)**
Others	**(115)**	(167)	**(959)**
Deferred tax liabilities	**(8,244)**	(15,448)	**(68,587)**
Net deferred tax assets	**¥ 36,273**	¥ 21,122	**$ 301,779**

The reconciliation between the normal effective statutory tax rate for the years ended March 31, 2002 and the actual effective tax rate reflected in the accompanying consolidated statements of income is as follows:

	2003	2002
Normal effective statutory tax rate	**—**	42.0%
Expenses not deductible for income tax purposes	**—**	42.0
Non-taxable income	**—**	(5.3)
Others	**—**	5.6
Actual effective tax rate	**—**	84.4%

This information was omitted because loss before income taxes was declared in fiscal 2003.

10. Segment Information

The Companies are primarily engaged in the following three major industry segments:

Construction............Building construction and civil engineering, etc.

Real estate ....Resale and rental of land, houses and buildings, etc.

Other business ....Financing, leasing and hotel business

Information by industry segment for the years ended March 31, 2003 and 2002 is summarized as follows:

Millions of yen

March 31, 2003	Construction	Real estate	Other	Total	Elimination and/or corporate	Consolidated
Net sales:						
Customers	¥ 528,602	¥ 10,630	¥ 552	¥ 539,784	¥ —	¥ 539,784
Inter-segment	33	792	239	1,064	(1,064)	—
Total	528,635	11,422	791	540,848	(1,064)	539,784
Costs and expenses	527,149	9,912	741	537,802	(1,015)	536,787
Operating income	¥ 1,486	¥ 1,510	¥ 50	¥ 3,046	¥ (49)	¥ 2,997
Assets	¥ 362,654	¥ 93,226	¥ 12,849	¥ 468,729	¥ 137,763	¥ 606,492
Depreciation	1,009	871	67	1,947	—	1,947
Capital expenditures	623	2,583	2	3,208	—	3,208

Millions of yen

March 31, 2002	Construction	Real estate	Other	Total	Elimination and/or corporate	Consolidated
Net sales:						
Customers	¥ 566,839	¥ 10,739	¥ 542	¥ 578,120	¥ —	¥ 578,120
Inter-segment	244	1,272	245	1,761	(1,761)	—
Total	567,083	12,011	787	579,881	(1,761)	578,120
Costs and expenses	558,137	9,162	752	568,051	(1,742)	566,309
Operating income	¥ 8,946	¥ 2,849	¥ 35	¥ 11,830	¥ (19)	¥ 11,811
Assets	¥ 428,462	¥ 107,243	¥ 13,676	¥ 549,381	¥ 155,437	¥ 704,818
Depreciation	1,087	661	78	1,826	—	1,826
Capital expenditures	1,473	1,162	1	2,636	—	2,636

Thousands of U.S. dollars

March 31, 2003	Construction	Real estate	Other	Total	Elimination and/or corporate	Consolidated
Net sales:						
Customers	$4,397,691	$ 88,436	$ 4,591	$4,490,718	$ —	$4,490,718
Inter-segment	275	6,587	1,988	8,850	(8,850)	—
Total	4,397,966	95,023	6,579	4,499,568	(8,850)	4,490,718
Costs and expenses	4,385,598	82,460	6,164	4,474,222	(8,441)	4,465,781
Operating income	$ 12,368	$ 12,563	$ 415	$ 25,346	$ (409)	$ 24,937
Assets	$3,017,089	$ 775,593	$ 106,899	$3,899,581	$1,146,112	$5,045,693
Depreciation	8,397	7,245	557	16,199	—	16,199
Capital expenditures	5,186	21,489	16	26,691	—	26,691

11. Short-Term Bank Loans and Long-Term Debt

	Average interest rate (%)	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars 2003
Short-term bank loans	**1.17**	**¥ 71,416**	¥ 75,922	**$ 594,146**
Current portion of long-term debt	**1.40**	**4,501**	3,268	**37,443**
Long-term debt less current portion	**1.47**	**8,196**	8,972	**68,190**
	1.21	**¥ 84,113**	¥ 88,162	**$ 699,779**

The annual maturities of long-term debt are as follows:

Millions of yen

Year ending March 31,	2005	2006	2007	2008
Long-term debt	¥ 2,732	¥ 3,825	¥ 1,007	¥ 525

Thousands of U.S. Dollars

Year ending March 31,	2005	2006	2007	2008
Long-term debt	$ 22,728	$ 31,825	$ 8,375	$ 4,370

The interest rate and balance at year-end are used in the calculation of the average interest rate.

Report of Independent Certified Public Accountants

To the Board of Directors
Toda Corporation

We have audited the consolidated balance sheets of Toda Corporation at March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with auditing standards generally accepted in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Toda Corporation at March 31, 2003 and 2002, and the consolidated results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

We have also reviewed the translation of the 2003 consolidated financial statements into United States dollars on the basis described in Note 2. In our opinion, such statements have been properly translated on such basis.

Seinan Audit Corporation

Tokyo, Japan
June 27, 2003

Seinan Audit Corporation

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Branch Offices

Tokyo/Chiba/Kanto/
Yokohama/Osaka/
Hokuriku/Nagoya/
Sapporo/Tohoku/Hiroshima/
Shikoku/Kyushu

Laboratory

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315, Kaname, Tsukuba City,
Ibaraki 300-2622, Japan

Subsidiaries and Affiliates

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Chuo-ku, Tokyo 104-0031, Japan

Chiyoda Reform Co., Ltd.
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Chiyoda-ku, Tokyo 101-0041,
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Chuo-ku, Tokyo 103-0004, Japan

Sipco Industries Co., Ltd.
28, Sanbancho
Chiyoda-ku, Tokyo 102-0075, Japan

Seiken Construction Co., Ltd.
4, Shimomiyahi-machi 1-chome,
Shinjuku-ku, Tokyo 162-0822,
Japan

Chiyoda Tochi Tatemono Co., Ltd.
1-10, Nihonbashi Kayabacho
2-chome, Chuo-ku,
Tokyo 103-0025, Japan

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3-3, Kyobashi 1-chome,
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7-1, Kyobashi 1-chome,
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Towa Kanko Kaihatsu Co., Ltd.
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(As of June 27, 2003)

TODA CORPORATION

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