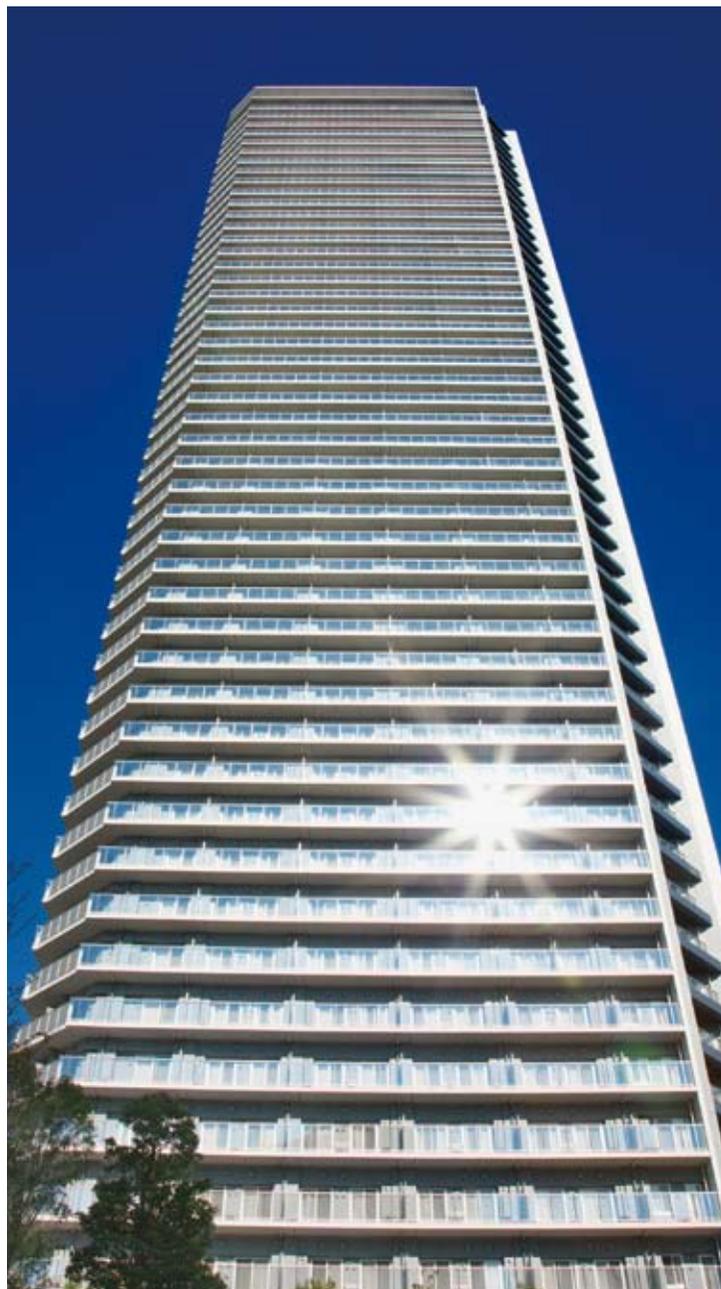


Annual Report 2010

Year ended March 31, 2010



Profile

Under its corporate motto of “Realizing high-quality construction, safely and on time,” TODA CORPORATION has continued to expand its business based on sound management and the ongoing development of customer trust since its founding in 1881.

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 construction in order to meet heightened social awareness of such issues as CO₂ reduction.

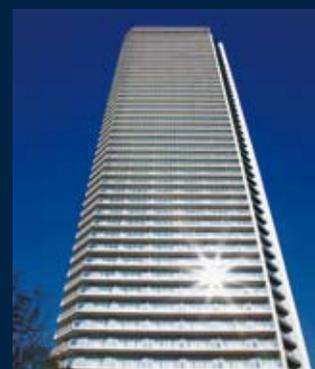
In order to accurately respond to increasingly diverse and complex customer needs, Toda will strive to further leverage its longstanding experience and technologies to offer unique solution services throughout the long life cycles of its buildings.

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

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Cover Photo



Bay City Harumi Sky Link Tower
Location: Tokyo, Japan
Client: Urban Renaissance Agency

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.

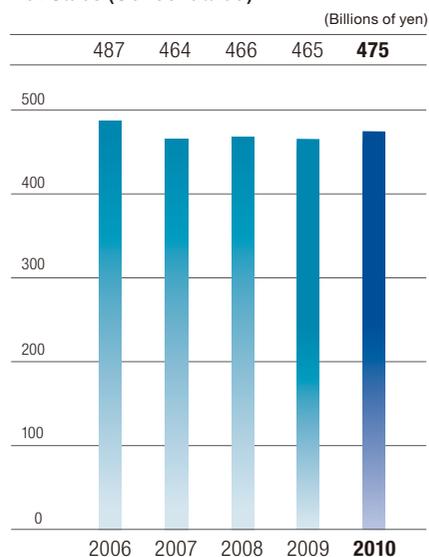
Financial Highlights

Toda Corporation and Consolidated Subsidiaries—Years ended March 31

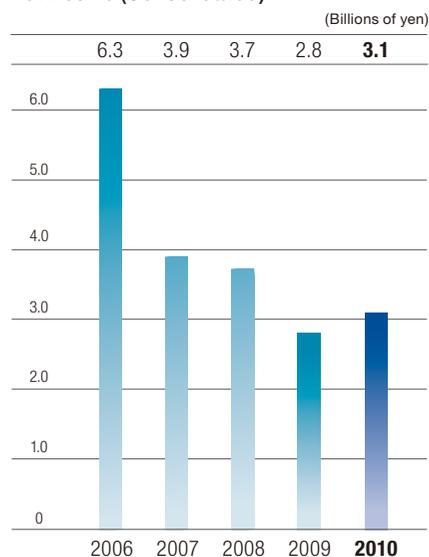
	Millions of yen				Thousands of U.S. dollars (Note)	
	2006	2007	2008	2009	2010	2010
Consolidated:						
Net sales	¥487,044	¥464,041	¥466,285	¥465,893	¥475,055	\$5,105,932
Ordinary income	10,460	9,241	6,817	5,780	7,724	83,022
Net income	6,321	3,928	3,733	2,817	3,175	34,125
Total net assets	244,323	255,005	216,214	181,546	196,821	2,115,453
Total assets	653,770	672,890	608,899	541,495	502,405	5,399,888
Per share of common stock: (in yen and U.S. dollars)						
Net assets	¥ 764.26	¥ 786.47	¥ 678.20	¥ 567.37	¥ 621.93	\$ 6.684
Net income	19.75	12.29	11.82	9.01	10.23	0.109
Cash dividends applicable to the year	7.00	7.00	7.00	7.00	7.00	0.075
Net cash provided by (used in) operating activities	¥ 8,269	¥ 1,093	¥ 6,669	¥ (8,577)	¥ 32,152	\$ 345,577
Net cash provided by (used in) investing activities	(6,625)	(8,509)	(2,171)	(8,478)	(7,948)	(85,428)
Net cash provided by (used in) financing activities	(6,620)	(7,504)	(6,525)	4,422	(3,089)	(33,207)
Cash and cash equivalents at end of period	69,168	54,280	52,258	39,302	60,459	649,821
Number of employees	4,523	4,733	4,866	4,996	5,051	
Non-Consolidated:						
Orders received	¥457,278	¥414,337	¥440,785	¥434,428	¥402,755	\$4,328,846

Note: The rate of ¥93.04=US\$1.00, the foreign exchange rate on March 31, 2010, has been used for translation.

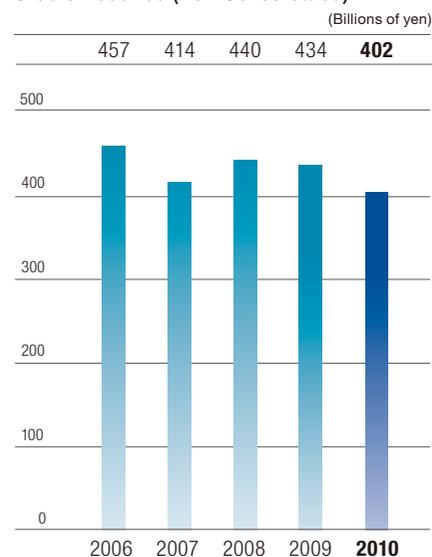
Net Sales (Consolidated)



Net Income (Consolidated)



Orders Received (Non-Consolidated)



Message from the President



Shunzo Inoue
President

Despite the current challenges in the business environment, we aim to rebuild our earnings structure through sound management.

Consolidated Business Performance in FY2009 (Ended March 31, 2010)

The Japanese economy in the consolidated fiscal year under review remained harsh overall, despite a recovery in personal consumption and exports, due primarily to ongoing difficulties in the employment situation.

In particular, the domestic construction market continued to be impacted by an extremely dire business environment stemming mainly from a decrease in private-sector construction on the back of a curtailment of new capital investments.

Amidst these conditions, the Group's consolidated net sales in FY2009 rose 2.0 percent from the previous fiscal year, to

¥475.0 billion. This was primarily the result of an increase in completed work following the full application of the percentage of completion method. In terms of profit, higher sales and an improvement of the gross profit margin resulting from such factors as a drop in raw materials costs led to a 49.0 percent year-on-year increase in operating income to ¥6.4 billion. Ordinary income increased 33.6 percent to ¥7.7 billion compared with the previous fiscal year. Net income increased 12.7 percent to ¥3.1 billion year on year, despite the recording of an extraordinary loss that included the provision of an allowance for doubtful receivables.

Rebuilding Toda's Earnings Structure

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 New Medium-Term Management Plan in April 2009 and is rebuilding its earnings structure with efforts centered on that addressing the entire construction life cycle.

In the New 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 set for the following three years on an annual rolling basis in line with the basic concept of realizing ongoing growth.

Specifically, we are promoting efforts to address the entire construction life cycle by strengthening relationships among clients, Group companies and sectors.

In particular, architectural remodeling construction experienced

a 50.6 percent rise in orders received year on year, to ¥54.8 billion in FY2009. This was attributable to Toda's introduction of the Remodeling Planning System and a sales structure bolstered by the establishment of the Remodeling Sales Technology Division. We aim to increase architectural remodeling construction to a 25 percent share of completed work in FY2011 by strengthening sales under the separate themes of renovations for resistance to earthquakes and the updating of energy-conserving facilities.

We are continuing to strengthen measures that focus on priority areas: medical/welfare facilities, educational facilities, office buildings, production facilities and urban infrastructure. In FY2009, Toda's building construction and civil engineering segments, which cover these priority areas, recorded a combined ratio of orders received of 74 percent, exceeding the Company's 70 percent target.

In terms of strengthening overseas business, we are taking steps to reinforce sales in growth markets, particularly of China and Brazil. With our superior positioning as the only Japanese

Progress of the Medium-Term Management Plan

(Millions of yen)

Index	FY2008 Actual	FY2009 Actual	FY2011 Target
Ratio of renovations to completions	15%	16%	25%
Ratio of orders in priority areas (total amount of business construction and civil engineering)	68%	74%	70%
Overseas orders received (consolidated)	¥9.7 billion	¥6.1 billion	¥20.0 billion
Real estate investment amount (cumulative total for the period of the plan)	—	¥6.8 billion	¥23.0 billion+α
Ratio of Tokyo metropolitan area sales	51%	57%	60%

general contractor in these areas, we aim to expand sales from overseas orders received of ¥6.1 billion, as recorded in FY2009, to ¥20.0 billion by FY2011. This will be achieved by taking advantage of an increase in orders involving capital investment along with rising internal demand in China and by meeting the special demand for capital investment and economic expansion taking place in Brazil as that country prepares for such events as the upcoming Olympics.

In addition, Toda aims to establish a stable foundation to supplement the construction business by promoting highly profitable real estate investments. In FY2009, we have already invested

¥6.8 billion in this area and will invest over ¥23.0 billion by FY2011 (cumulative total for the period of the plan).

Along with raising our share of domestic sales in the Tokyo metropolitan area to 60 percent (57 percent in FY2009), 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 approximately ¥500.0 billion and ordinary income of approximately ¥12.0 billion in FY2011, despite facing increasingly difficult operating conditions characterized by slumping capital investments and fierce competition.

CSR Initiatives

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

In particular, we are focusing our efforts on environmental and energy fields and 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 conjunction with this, we have begun construction of state-of-the-art, environment-friendly tenant buildings on Company land. By handling both design and construction of the buildings, we have been able to incorporate cutting-edge environmental technologies, reducing CO₂ emissions by 40 percent.* These pioneering medium-sized buildings are a clear indication of our accurate determination of customers' environmental needs.

* 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 was ¥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.

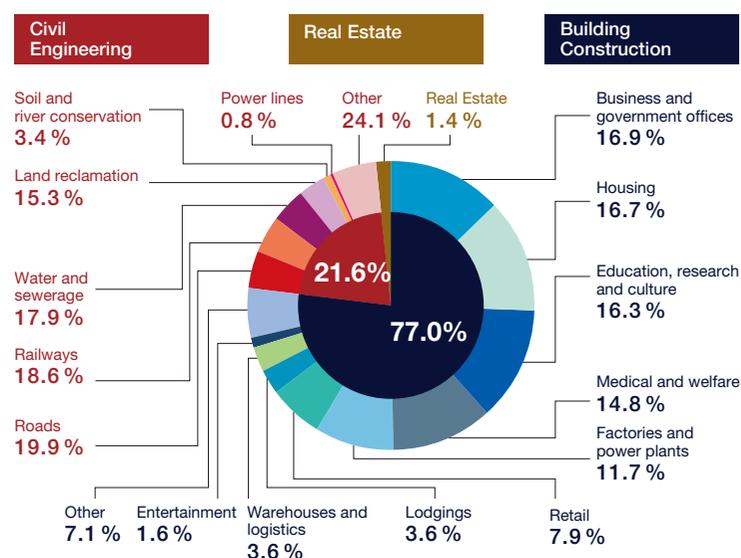
Review of Operations

The following section explains net sales by segment and a breakdown of completions by project in FY2009.

Consolidated Net Sales	(Millions of yen)	
	FY2008	FY2009
Completed Construction Contracts	¥452,604	¥463,369
Real Estate Business and Other	13,289	11,686
Total Net Sales	¥465,893	¥475,055

Non-Consolidated Net Sales	(Millions of yen)	
	FY2008	FY2009
Completed Construction Contracts	¥431,272	¥446,380
Real Estate Business and Other	7,724	6,210
Total Net Sales	¥438,997	¥452,590

Breakdown of Completions by Project (Non-Consolidated)



Principal Completed Construction Contracts

Client	Construction Name	Location	
Tachikawa City, Tokyo	Tachikawa City Hall	Tokyo, Japan	①
Sumitomo Realty & Development Co., Ltd.	Higashi Shinagawa 4-chome Area Redevelopment Project	Tokyo, Japan	②
TC1 Special Purpose Company, SUZUKEN CO., LTD.	Suzuken Kanagawa Distribution Center	Kanagawa Prefecture, Japan	③
Sincere., Ltd.	Yokohama-Kanazawa Sincere R/C Center	Kanagawa Prefecture, Japan	④
Hiroshima Expressway Public Corporation	Hiroshima Expressway Nukushina JCT	Hiroshima Prefecture, Japan	⑤



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 Act, such as shareholders' meetings, the Board of Directors and the Board of Corporate Auditors, the Company has built its own monitoring systems, including an executive officer system and internal audits.

The Board of Directors' Meeting is composed of eight 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, directors serve a term of one year, and an inquiry into the level of confidence the shareholders have in each director takes place each year at the 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 has established a Board of Corporate Auditors, which is composed of five corporate auditors, including three external corporate auditors. Corporate auditors conduct audits for legality and appropriateness by attending board of directors' meetings and other important company meetings. In addition, 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 the staff of the Corporate Auditor Office) from directors and executive officers.

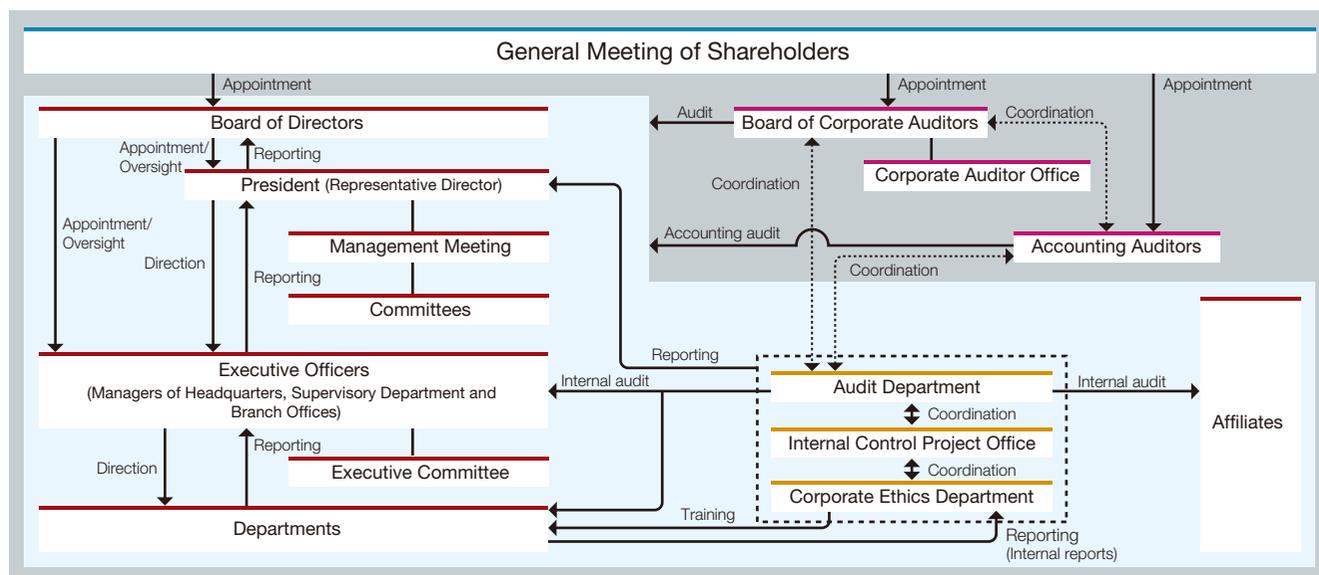
The Company established the Audit Department as an internal audit authority, and this department periodically conducts internal audits of the business status of each business division in the Company. In addition, corporate auditors ensure mutual cooperation by receiving audit-result reports and other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

Building an Internal Control Structure

In accordance with 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 to conducting maintenance and implementing internal controls in compliance with the Internal Control Reporting System based on the Financial Instruments and Exchange Law, which came into effect from March 2008, Toda's Internal Control Project Office

has been the main department responsible for maintaining an internal control structure for financial reporting. As a result, Toda's management evaluated and confirmed that the Company's internal control over financial reporting functioned effectively during FY2008 and FY2009. Accordingly, accounting auditors audited the Company and have submitted an Internal Control Report.

Diagram of Corporate Governance



Consolidated Balance Sheets

Toda Corporation and Consolidated Subsidiaries—As of March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
ASSETS			
Current assets:			
Cash and deposits (Notes 3. 2) and 6.)	¥ 40,369	¥ 44,334	\$ 476,508
Notes receivable, accounts receivable from completed construction contracts and other	101,309	98,160	1,055,038
Short-term investment securities	160	17,000	182,717
Real estate for sale	32,643	30,417	326,933
Costs on uncompleted construction contracts	157,079	77,567	833,697
Other inventories	858	1,589	17,086
Deferred tax assets	18,404	17,018	182,910
Other	3,098	2,808	30,184
Allowance for doubtful accounts	(514)	(585)	(6,297)
Total current assets	353,408	288,310	3,098,780
Noncurrent assets:			
Property, plant and equipment:			
Buildings and structures	40,256	40,836	438,909
Machinery, vehicles, tools, furniture and fixtures	10,467	10,378	111,546
Land (Note 3. 2) and 6))	63,236	64,879	697,328
Lease assets	293	203	2,191
Construction in progress	201	643	6,916
Accumulated depreciation	(31,112)	(32,533)	(349,668)
Total property, plant and equipment	83,343	84,408	907,225
Intangible assets:			
Goodwill	539	483	5,198
Other (Note 3. 6))	1,436	3,642	39,147
Total intangible assets	1,975	4,125	44,345
Investments and other assets:			
Investment securities (Note 3. 1) and 2))	91,180	119,615	1,285,637
Long-term loans receivable (Note 3. 2))	1,761	1,433	15,403
Deferred tax assets	5,640	—	—
Other	6,720	7,840	84,275
Allowance for doubtful accounts	(2,535)	(3,328)	(35,778)
Total investments and other assets	102,767	125,561	1,349,538
Total noncurrent assets	188,086	214,095	2,301,108
Total assets	¥541,495	¥502,405	\$5,399,888

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
LIABILITIES			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other	¥107,055	¥100,630	\$1,081,583
Short-term loans payable (Note 3. 5))	47,677	40,819	438,733
Income taxes payable	387	594	6,385
Advances received on uncompleted construction contracts	114,522	62,168	668,189
Provision for bonuses	3,831	3,352	36,036
Provision for warranties for completed construction	938	1,007	10,830
Provision for loss on construction contracts	3,212	6,434	69,155
Deposits received	15,637	15,353	165,025
Other	12,971	9,713	104,396
Total current liabilities	306,235	240,074	2,580,337
Noncurrent liabilities:			
Long-term loans payable	11,586	18,770	201,747
Deferred tax liabilities	—	5,775	62,073
Deferred tax liabilities for land revaluation (Note 3. 6))	11,998	11,926	128,184
Provision for retirement benefits	25,796	24,567	264,049
Provision for directors' retirement benefits	125	143	1,540
Other	4,206	4,326	46,502
Total noncurrent liabilities	53,713	65,509	704,098
Total liabilities	359,948	305,583	3,284,435
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	247,222
Capital surplus	25,595	25,595	275,098
Retained earnings	124,965	126,052	1,354,820
Treasury stock	(5,360)	(6,478)	(69,631)
Total shareholders' equity	168,201	168,170	1,807,510
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	6,021	21,334	229,302
Deferred gains or losses on hedges	20	(28)	(308)
Revaluation reserve for land (Note 3. 6))	4,497	4,397	47,266
Foreign currency translation adjustments	(1,425)	(1,318)	(14,171)
Total valuation and translation adjustments	9,114	24,384	262,090
Minority interests			
	4,230	4,266	45,853
Total net assets	181,546	196,821	2,115,453
Total liabilities and net assets	¥541,495	¥502,405	\$5,399,888

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Net sales:			
Net sales of completed construction contracts	¥452,604	¥463,369	\$4,980,327
Net sales of real estate business and other	13,289	11,686	125,605
Total net sales	465,893	475,055	5,105,932
Cost of sales:			
Cost of sales of completed construction contracts	426,675	434,998	4,675,391
Cost of sales on real estate business and other (Note 4. 2)	9,363	8,736	93,898
Total cost of sales	436,039	443,734	4,769,289
Gross profit:			
Gross profit on completed construction contracts	25,928	28,371	304,936
Gross profit on real estate business and other	3,926	2,950	31,707
Total gross profit	29,854	31,321	336,643
Selling, general and administrative expenses (Note 4. 3) and 4)	25,552	24,912	267,762
Operating income	4,302	6,408	68,881
Non-operating income:			
Interest income	259	216	2,328
Dividend income	2,052	1,535	16,502
Dividend income of insurance	333	282	3,037
Foreign exchange gains	—	38	411
Other	281	324	3,490
Total non-operating income	2,926	2,397	25,770
Non-operating expenses:			
Interest expenses	1,076	870	9,351
Foreign exchange losses	188	—	—
Other	182	211	2,277
Total non-operating expenses	1,447	1,081	11,628
Ordinary income	5,780	7,724	83,022
Extraordinary income:			
Reversal of allowance for doubtful accounts	29	205	2,204
Gain on sales of noncurrent assets (Note 4. 5)	394	161	1,740
Gain on sales of investment securities	222	12	135
Other	1	19	212
Total extraordinary income	648	399	4,293
Extraordinary loss:			
Loss on sales of noncurrent assets	4	—	—
Loss on abandonment of noncurrent assets	788	20	221
Impairment loss	—	317	3,410
Loss on sales of investment securities	—	294	3,170
Loss on valuation of investment securities	240	190	2,051
Loss on valuation of golf club membership	31	0	7
Surcharges	16	13	150
Provision for allowance for doubtful accounts	—	1,051	11,305
Other	170	68	739
Total extraordinary losses	1,251	1,959	21,056
Income before income taxes	5,177	6,164	66,259
Income taxes—current	564	733	7,883
Refund of income taxes for prior periods	(1,695)	—	—
Income taxes—deferred	3,313	2,247	24,157
Total income taxes	2,182	2,981	32,040
Minority interests in income	177	8	94
Net income	¥ 2,817	¥ 3,175	\$ 34,125

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, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Shareholders' equity			
Capital stock:			
Balance at the end of previous period	¥ 23,001	¥ 23,001	\$ 247,222
Changes of items during the period	—	—	—
Balance at the end of current period	¥ 23,001	¥ 23,001	\$ 247,222
Capital surplus:			
Balance at the end of previous period	¥ 25,595	¥ 25,595	\$ 275,098
Changes of items during the period	—	—	—
Balance at the end of current period	¥ 25,595	¥ 25,595	\$ 275,098
Retained earnings:			
Balance at the end of previous period	¥128,902	¥124,965	\$1,343,137
Changes of items during the period:			
Dividends from surplus	(2,188)	(2,187)	(23,513)
Net income	2,817	3,175	34,125
Reversal of revaluation reserve for land	(4,566)	99	1,070
Total changes of items during the period	(3,937)	1,086	11,682
Balance at the end of current period	¥124,965	¥126,052	\$1,354,820
Treasury stock:			
Balance at the end of previous period	¥ (5,300)	¥ (5,360)	\$ (57,613)
Changes of items during the period:			
Purchase of treasury stock	(59)	(1,118)	(12,017)
Total changes of items during the period	(59)	(1,118)	(12,017)
Balance at the end of current period	¥ (5,360)	¥ (6,478)	\$ (69,631)
Total shareholders' equity:			
Balance at the end of previous period	¥172,198	¥168,201	\$1,807,845
Changes of items during the period:			
Dividends from surplus	(2,188)	(2,187)	(23,513)
Net income	2,817	3,175	34,125
Purchase of treasury stock	(59)	(1,118)	(12,017)
Reversal of revaluation reserve for land	(4,566)	99	1,070
Total changes of items during the period	(3,996)	(31)	(335)
Balance at the end of current period	¥168,201	¥168,170	\$1,807,510
Valuation and translation adjustments			
Valuation difference on available-for-sale securities:			
Balance at the end of previous period	¥ 35,072	¥ 6,021	\$ 64,716
Changes of items during the period:			
Net changes of items other than shareholders' equity	(29,050)	15,313	164,586
Total changes of items during the period	(29,050)	15,313	164,586
Balance at the end of current period	¥ 6,021	¥ 21,334	\$ 229,302
Deferred gains or losses on hedges:			
Balance at the end of previous period	¥ (5)	¥ 20	\$ 225
Changes of items during the period:			
Net changes of items other than shareholders' equity	26	(49)	(534)
Total changes of items during the period	26	(49)	(534)
Balance at the end of current period	¥ 20	¥ (28)	\$ (308)
Revaluation reserve for land:			
Balance at the end of previous period	¥ 5,215	¥ 4,497	\$ 48,337
Changes of items during the period:			
Net changes of items other than shareholders' equity	(718)	(99)	(1,070)
Total changes of items during the period	(718)	(99)	(1,070)
Balance at the end of current period	¥ 4,497	¥ 4,397	\$ 47,266
Foreign currency translation adjustments:			
Balance at the end of previous period	¥ (410)	¥ (1,425)	\$ (15,320)
Changes of items during the period:			
Net changes of items other than shareholders' equity	(1,014)	106	1,149
Total changes of items during the period	(1,014)	106	1,149
Balance at the end of current period	¥ (1,425)	¥ (1,318)	\$ (14,171)
Minority interests			
Balance at the end of previous period	¥ 4,143	¥ 4,230	\$ 45,468
Changes of items during the period:			
Net changes of items other than shareholders' equity	86	35	384
Total changes of items during the period	86	35	384
Balance at the end of current period	¥ 4,230	¥ 4,266	\$ 45,853
Total net assets			
Balance at the end of previous period	¥216,214	¥181,546	\$1,951,273
Changes of items during the period:			
Dividends from surplus	(2,188)	(2,187)	(23,513)
Net income	2,817	3,175	34,125
Purchase of treasury stock	(59)	(1,118)	(12,017)
Reversal of revaluation reserve for land	(4,566)	99	1,070
Net changes of items other than shareholders' equity	(30,671)	15,306	164,515
Total changes of items during the period	(34,668)	15,275	164,179
Balance at the end of current period	¥181,546	¥196,821	\$2,115,453

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2009 and 2010

	Millions of yen	Thousands of U.S. dollars (Note 1)	
	2009	2010	2010
Net cash provided by (used in) operating activities:			
Income before income taxes	¥ 5,177	¥ 6,164	\$ 66,259
Depreciation and amortization	1,981	2,087	22,441
Impairment loss	—	317	3,410
Amortization of goodwill	18	55	599
Increase in allowance for doubtful accounts	10	864	9,290
Decrease in provision for retirement benefits	(1,034)	(1,229)	(13,212)
Increase in other provision	33	2,830	30,424
Loss on valuation of short-term and long-term investment securities	240	190	2,051
Loss (gain) on sales of short-term and long-term investment securities	(222)	282	3,034
Gain on sales of property, plant and equipment	(390)	(161)	(1,740)
Interest and dividend income	(2,310)	(1,752)	(18,831)
Interest expenses	1,076	870	9,351
Decrease (increase) in notes and accounts receivable—trade	(4,872)	2,148	23,092
Decrease in costs on uncompleted construction contracts	24,636	79,512	854,603
Decrease in real estate for sale	1,225	1,284	13,803
Decrease in notes and accounts payable—trade	(4,283)	(6,425)	(69,059)
Decrease in advances received on uncompleted construction contracts	(25,811)	(52,354)	(562,705)
Other, net	(4,412)	(2,792)	(30,014)
Subtotal	(8,937)	31,893	342,798
Interest and dividend income received	2,299	1,749	18,804
Interest expenses paid	(1,076)	(963)	(10,360)
Income taxes paid	(862)	(527)	(5,665)
Net cash provided by (used in) operating activities	(8,577)	32,152	345,577
Net cash provided by (used in) investing activities:			
Payments into time deposits	(644)	(842)	(9,051)
Proceeds from withdrawal of time deposits	908	1,034	11,117
Purchase of short-term investment securities	(161)	—	—
Proceeds from sales and redemption of securities	50	80	862
Purchase of property, plant and equipment	(6,029)	(3,460)	(37,194)
Proceeds from sales of property, plant and equipment	1,064	381	4,105
Purchase of intangible assets	—	(2,381)	(25,594)
Purchase of investment securities	(3,848)	(3,288)	(35,340)
Proceeds from sales and redemption of investment securities	388	263	2,827
Payments for transfer of business	(101)	—	—
Payments of loans receivable	(518)	(217)	(2,333)
Collection of loans receivable	608	464	4,993
Other, net	(194)	16	179
Net cash used in investing activities	(8,478)	(7,948)	(85,428)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	1,530	(7,027)	(75,536)
Proceeds from long-term loans payable	8,690	8,730	93,830
Repayment of long-term loans payable	(3,531)	(1,376)	(14,790)
Cash dividends paid	(2,188)	(2,187)	(23,513)
Cash dividends paid to minority shareholders	(17)	(17)	(185)
Purchase of treasury stock	(59)	(1,118)	(12,017)
Other, net	—	(92)	(994)
Net cash provided by (used in) financing activities	4,422	(3,089)	(33,207)
Effect of exchange rate change on cash and cash equivalents	(322)	42	451
Net increase (decrease) in cash and cash equivalents	(12,956)	21,156	227,393
Cash and cash equivalents at the end of previous period	52,258	39,302	422,428
Cash and cash equivalents at end of period (Note 6)	¥39,302	¥60,459	\$649,821

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 ¥93.04=US\$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2010, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represented, 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.

As from the consolidated fiscal year ended March 31, 2010, Toda Vietnam Co., Ltd. has been newly included in consolidation as it was newly established.

Other subsidiaries were not consolidated, as they were not significant in terms of total assets, net sales, retained earnings or net income 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 earnings or net income 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 valuation method on the consolidated fiscal year-end (the difference

between the book value and the fair value is included in 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 for depreciating and amortizing depreciable assets

(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.

Identical standards 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.

Identical standards 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

Lease assets under finance leases other than those that are deemed to transfer ownership of the leased assets 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 in 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 provide for the payment of directors' retirement benefits, an amount is allocated which have been required to be paid according to internal regulations if directors had retired at the consolidated fiscal year-end.

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

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

(Changes in accounting principles)

Up until the consolidated fiscal year ended March 31, 2009, the Company and its domestic subsidiaries had adopted the percentage-of-completion method to those contracts that exceed ¥1.0 billion contract amount and extend for a period of over two years, and the completed contract method to other contracts.

Effective the consolidated fiscal year ended March 31, 2010, the Company and its domestic subsidiaries adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15 issued on December 27, 2007) and "Guidance for the Application of Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18 issued on December 27, 2007). Accordingly, the Companies adopted the percentage-of-completion method to construction contracts by which construction started on or after April 1, 2009 and where the cost incurred by the end of the period under review can be reasonably and with certainty assessed; whereas the Companies adopted the completed contract method the rest of the contracts by which construction started on or after April 1, 2009.

As a result, net sales increased by ¥48,356 million, and operating income, ordinary income and income before income taxes and minority interests each increased by ¥2,766 million from what they would have been if the former method was used.

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. The assets, liabilities, income and expense accounts of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at their fiscal year-end. The resulting translation adjustments are included in foreign currency translation adjustment and minority interests in the net assets of the consolidated balance sheet.

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 construction of materials

2. Measures: Interest rate swap

Objects: Borrowings

(c) Hedging principles

Based on the authoritative/legal regulation on derivative transactions and the internal regulation which determines transaction limit, the Companies utilized 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 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 under the exceptional treatment.

10) Valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are evaluated at fair value.

11) Amortization of goodwill and negative goodwill

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

12) 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. Notes to Consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
1) Non-consolidated subsidiaries and affiliates included in investment securities	¥ 503	¥ 1,325	\$ 14,245
2) Assets pledged as collateral:			
Time deposits	¥ 500	¥ —	\$ —
Land	9	9	101
Investment securities	145	261	2,814
Long-term loans receivable	655	615	6,616
Total	¥ 1,309	¥ 886	\$ 9,532
3) Contingent liabilities	¥ 2,760	¥ 2,974	\$ 31,971
4) Discounts on notes receivable	¥ 484	¥ 38	\$ 411
5) Loan commitment agreement:			
Maximum limit under the agreement	¥43,000	¥40,000	\$429,922
Balance outstanding	3,000	—	—
Difference (unused portion)	¥40,000	¥40,000	\$429,922

6) 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 sheet 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 consolidated fiscal year ended March 31, 2010, the fair value of revaluated land exceeds the book value following revaluation.

4. Notes to Consolidated Statements of Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
1) Provision for loss on construction contracts		¥ 6,109	\$ 65,662
2) Valuation loss on real estate for sale	¥ 273	¥ 759	\$ 8,160
3) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances	¥11,587	¥11,517	\$123,789
Provision for bonuses	1,214	1,215	13,066
Retirement benefit expenses	956	1,032	11,098
Provision of allowance for doubtful accounts	464	18	202
4) Research and development expenditures included in selling, general and administrative expenses and manufacturing costs	¥ 2,253	¥ 2,146	\$ 23,072
5) Gain on sales of noncurrent assets:			
Land	¥ 341	¥ 159	\$ 1,718
Machinery, vehicles, tools, furniture and fixtures	53	2	22
Total	¥ 394	¥ 161	\$ 1,740

5. Notes to Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2009	Class of shares	Number of shares			March 31, 2009
		March 31, 2008	Increase	Decrease	
Issued stock	Common Stock	322,656,796	—	—	322,656,796
Treasury stock	Common Stock	9,961,827	170,122	—	10,131,949

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, 2009	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 27, 2008 Resolution by Annual General Meeting of Shareholders	Common Stock	¥2,188 million	¥7.00	March 31, 2008	June 30, 2008
June 26, 2009 Resolution by Annual General Meeting of Shareholders	Common Stock	¥2,202 million	¥7.00	March 31, 2009	June 29, 2009

Note 1: Total dividends of June 27, 2008 exclude dividends (an equivalent amount of equity) to consolidated subsidiaries.

Note 2: Total dividends of June 26, 2009 include dividends (an equivalent amount of equity) to consolidated subsidiaries.

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 1: Total dividends of June 26, 2009 include dividends (an equivalent amount of equity) to consolidated subsidiaries.

Note 2: Total dividends of June 29, 2010 include dividends (an equivalent amount of equity) to consolidated subsidiaries.

6. 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
	2009	2010	2010
As of March 31			
Cash and deposits on the consolidated balance sheets	¥40,369	¥44,334	\$476,508
(Less) time deposits with maturities of more than three months	(1,067)	(874)	(9,404)
Cash equivalents	—	17,000	182,717
Cash and cash equivalents on the consolidated statements of cash flows	¥39,302	¥60,459	\$649,821

7. Lease Transactions

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
As of March 31			
Future minimum lease payments under noncancellable operating leases:			
Due within one year	¥ 32	¥ 56	\$ 606
Due after one year	39	93	1,005
Total	¥ 71	¥ 149	\$ 1,611
Future minimum lease income under noncancellable operating leases:			
Due within one year	¥ 1,260	¥1,420	\$ 15,271
Due after one year	9,347	7,940	85,345
Total	¥10,607	¥9,361	\$100,617

8. Fair Value of Financial Instruments

As of March 31, 2010	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
1) Cash and deposits	¥ 44,334	¥ 44,334	¥ —	\$ 476,508	\$ 476,508	\$ —
2) Notes receivable, accounts receivable from completed construction contracts and other	98,160	98,149	(11)	1,055,038	1,054,915	(123)
3) Short-term investment securities and investment securities (Note)	125,774	125,809	35	1,351,827	1,352,208	380
4) Long-term loans receivable	1,433	1,428	(4)	15,403	15,357	(46)
Total assets	¥269,702	¥269,722	¥19	\$2,898,779	\$2,898,990	\$211
1) Notes payable, accounts payable for construction contracts and other	¥100,630	¥100,630	¥ —	\$1,081,583	\$1,081,583	\$ —
2) Short-term loans payable	40,819	40,819	—	438,733	438,733	—
3) Income taxes payable	594	594	—	6,385	6,385	—
4) Long-term loans payable	18,770	18,787	17	201,747	201,930	183
Total liabilities	¥160,815	¥160,832	¥17	\$1,728,450	\$1,728,633	\$183
Derivative financial instruments	¥ 46	¥ 46	¥ —	\$ 500	\$ 500	\$ —

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, 2010 (stated at book value)

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

	Millions of yen	Thousands of U.S. dollars
Stocks of subsidiaries	¥ 89	\$ 957
Stocks of affiliated companies	181	1,949
Non-listed preferred equity securities	1,055	11,339
Other investment securities:		
Non-listed stocks	¥6,281	\$67,513
Investments in capital of investment business partnerships	9	103
Non-listed preferred equity securities	3,225	34,664

(Additional Information)

The "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 issued on March 19, 2008) have been applied from the fiscal year ended March 31, 2010.

9. Marketable Securities and Investment Securities

As of March 31, 2009	Millions of yen		
	Book value	Fair value	Difference
Held-to-maturity debt securities:			
Securities with a fair value that exceeds the book value	¥ 78	¥ 80	¥ 2
Securities with a fair value that does not exceed the book value	1,200	1,195	(4)
Total	¥1,278	¥1,276	¥(1)

As of March 31, 2009	Millions of yen		
	Acquisition cost	Book value	Difference
Available-for-sale securities with a fair value:			
Securities with the book value that exceeds the acquisition cost			
Stocks	¥40,135	¥58,100	¥17,965
Bonds	—	—	—
Others	—	—	—
Subtotal	40,135	58,100	17,965
Securities with the book value that does not exceed the acquisition cost			
Stocks	30,590	22,779	(7,811)
Bonds	—	—	—
Others	—	—	—
Subtotal	30,590	22,779	(7,811)
Total	¥70,726	¥80,880	¥10,153

Note: The Companies recognized losses on write-down of ¥240 million.

For the year ended March 31, 2009	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥375	¥222	¥—

As of March 31, 2009	Millions of yen		
	Book value		
Available-for-sale securities with no fair value	¥9,182		

As of March 31, 2009	Millions of yen		
	Less than 1 year	Over 1 year Less than 5 years	Over 5 years
Redemption schedule of available-for-sale securities with maturities and held-to-maturity debt securities	¥160	¥70	¥1,310

As of March 31, 2010	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	¥1,298	¥1,334	¥36	\$13,958	\$14,346	\$388
Securities with a fair value that does not exceed the book value	116	115	(0)	1,247	1,239	(7)
Total	¥1,414	¥1,450	¥35	\$15,205	\$15,586	\$380

As of March 31, 2010	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 the book value that exceeds the acquisition cost:						
Stocks	¥44,572	¥ 83,939	¥39,367	\$479,063	\$ 902,189	\$423,126
Bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Subtotal	44,572	83,939	39,367	479,063	902,189	423,126
Securities with the book value that does not exceed the acquisition cost:						
Stocks	26,470	23,072	(3,397)	284,507	247,986	(36,520)
Bonds	234	234	—	2,516	2,516	—
Others	17,150	17,112	(37)	184,329	183,929	(399)
Subtotal	43,854	40,419	(3,435)	471,352	434,432	(36,920)
Total	¥88,426	¥124,359	¥35,932	\$950,416	\$1,336,622	\$386,205

Note: The Companies recognized losses on write-down of ¥190 million.

As of March 31, 2010	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	¥263	¥12	¥294	\$2,827	\$135	\$3,170

10. Retirement Benefits

Up until the consolidated fiscal year ended March 31, 2009, the Company had a defined benefit plan that consists of a qualified pension plan and a lump-sum benefit plan.

As for a qualified pension plan, the Company has adopted a defined benefit pension plan from the consolidated fiscal year ended March 31, 2010.

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
	2009	2010	2010
Retirement benefit obligation	¥(52,844)	¥(49,441)	\$(531,401)
Qualified pension plan assets	23,520	—	—
Pension assets	—	24,573	264,116
Unfunded retirement benefit obligation	(29,324)	(24,868)	(267,285)
Unrecognized actuarial differences	3,527	1,785	19,195
Unrecognized past service obligation	—	(1,484)	(15,959)
Allowance for retirement benefits	¥(25,796)	¥(24,567)	\$(264,049)

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Service cost	¥1,849	¥1,885	\$20,262
Interest cost	1,272	1,028	11,056
Expected return on plan assets	(310)	(280)	(3,017)
Amortization of actuarial differences	(194)	274	2,949
Amortization of prior service cost	—	(49)	(531)
Retirement benefit cost	¥2,616	¥2,858	\$30,719

For the years ended March 31	2009	2010
	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 plan assets	1.20%	1.20%
Amortization periods for prior service cost	—	5 years
Amortization periods for actuarial differences	5 years	5 years

11. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
For the years ended March 31			
Deferred tax assets:			
Real estate for sale	¥11,998	¥ 11,062	\$ 118,899
Buildings and structures	563	905	9,731
Investment securities	692	—	—
Allowance for doubtful receivables	790	1,242	13,355
Provision for bonuses	1,559	1,365	14,671
Provision for loss on construction contracts	1,307	2,618	28,146
Provision for retirement benefits	10,499	9,924	106,673
Tax loss carryforwards	1,834	614	6,604
Other	3,054	2,892	31,084
Subtotal	32,300	30,625	329,166
Less: valuation allowance	(1,478)	(1,765)	(18,980)
Deferred tax assets	¥30,822	¥ 28,859	310,185
Deferred tax liabilities:			
Reserve for advanced depreciation of noncurrent assets	(2,630)	(2,740)	(29,453)
Valuation difference on available-for-sale securities	(4,132)	(14,647)	(157,429)
Deferred gains or losses on hedges	(14)	—	—
Other	—	(229)	(2,465)
Deferred tax liabilities	(6,777)	(17,616)	(189,348)
Net deferred tax assets (liabilities)	¥24,045	¥ 11,242	\$ 120,837

	2009	2010
Reconciliation between the statutory tax rate and the effective tax rate:		
Statutory tax rate	—%	40.7%
Expenses not deductible for income tax purposes	—	8.3
Non-taxable income	—	(5.0)
Inhabitant taxes (per capita levy)	—	5.0
Valuation allowance	—	4.5
Other	—	(5.0)
Effective tax rate	—%	48.4%

Note: The difference between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2009 is not disclosed because the difference is less than 5% of the statutory tax rate.

12. Fair Value of Investment and Rental Property

	Millions of yen		Thousands of U.S. dollars	
	Book Value	Fair Value	Book Value	Fair Value
March 31, 2010				
Real estate for rent	¥52,355	¥75,046	\$562,715	\$806,600

(Additional Information)

The "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No. 20 issued on November 28, 2008) and "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23 issued on November 28, 2008) have been applied from the fiscal year ended March 31, 2010.

13. Segment Information

	Millions of yen					Eliminations and/or corporate	Consolidated
	Construction	Real estate	Other	Total			
For the year ended March 31, 2009							
Net sales:							
Customers	¥452,604	¥12,722	¥ 567	¥465,893	¥ —	¥465,893	
Inter-segment	52	1,183	314	1,551	(1,551)	—	
Total	452,656	13,906	882	467,445	(1,551)	465,893	
Operating costs and expenses	450,934	11,295	831	463,060	(1,469)	461,591	
Operating income	¥ 1,721	¥ 2,611	¥ 50	¥ 4,384	¥ (82)	¥ 4,302	
Assets	¥328,626	¥88,017	¥9,493	¥426,137	¥115,357	¥541,495	
Depreciation and amortization	1,039	905	37	1,981	—	1,981	
Capital expenditures	2,955	8,073	53	11,082	—	11,082	

Millions of yen						
For the year ended March 31, 2010	Construction	Real estate	Other	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Customers	¥463,369	¥11,087	¥ 598	¥475,055	¥ —	¥475,055
Inter-segment	47	1,441	711	2,200	(2,200)	—
Total	463,416	12,529	1,310	477,256	(2,200)	475,055
Operating costs and expenses	458,782	10,720	1,241	470,744	(2,097)	468,647
Operating income	¥ 4,634	¥ 1,808	¥ 68	¥ 6,511	¥ (103)	¥ 6,408
Assets	¥238,949	¥91,196	¥9,233	¥339,378	¥163,026	¥502,405
Depreciation and amortization	1,104	942	40	2,087	—	2,087
Capital expenditures	2,181	3,739	40	5,961	—	5,961

Thousands of U.S. dollars						
For the year ended March 31, 2010	Construction	Real estate	Other	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Customers	\$4,980,327	\$119,172	\$ 6,432	\$5,105,932	\$ —	\$5,105,932
Inter-segment	508	15,491	7,651	23,651	(23,651)	—
Total	4,980,835	134,664	14,084	5,129,584	(23,651)	5,105,932
Operating costs and expenses	4,931,020	115,224	13,348	5,059,593	(22,541)	5,037,051
Operating income	\$ 49,815	\$ 19,439	\$ 735	\$ 69,990	\$ (1,109)	\$ 68,881
Assets	\$2,568,240	\$980,181	\$99,245	\$3,647,666	\$1,752,221	\$5,399,888
Depreciation and amortization	11,874	10,127	439	22,441	—	22,441
Capital expenditures	23,444	40,189	437	64,072	—	64,072

The Companies operate in the following three business segments:
Construction Building construction, civil engineering, etc.
Real estate Resale, rent, etc., of land, buildings and other real estate
Other business Financing, leasing, staff agency and hotel business

14. Per Share Information

As of March 31	Yen		U.S. dollars
	2009	2010	2010
Net assets per share of common stock	¥567.37	¥621.93	\$6.684
Net income per share of common stock	9.01	10.23	0.109

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Basis of calculation for net assets per share:			
Total net assets	¥181,546	¥196,821	\$2,115,453
Amount attributable to items other than common stock	4,230	4,266	45,853
Net assets attributable to common stock	¥177,316	¥192,555	\$2,069,600
Number of shares outstanding at period-end	312,524,847 shares	309,610,350 shares	
Basis of calculation for net income per share:			
Net income	¥ 2,817	¥ 3,175	\$ 34,125
Net income attributable to common stock	¥ 2,817	¥ 3,175	\$ 34,125
Average number of shares outstanding	312,613,467 shares	310,455,346 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, 2010 and 2009, and the related consolidated statements of income, 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, 2010 and 2009, 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.

Supplemental Information:

As described in Note 2 7), before the year ended March 31, 2009, the completed contract method had been used for revenue recognition for all construction work projects. However, the Company had changed to applying the percentage of completion method for large long-term construction work projects that newly started on or after April 1, 2008.

In addition, effective from the year ended March 31, 2010, the Company and domestic consolidated subsidiaries adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18)

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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, 2010



Seinan Audit Corporation

Corporate Information

As of June 29, 2010

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, 2010)

Number of Employees:

5,051 (Consolidated)
4,163 (Non-Consolidated)
(as of March 31, 2010)

Board Of Directors, Corporate Auditors and Managing Officers

As Of June 29, 2010

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

Corporate Auditors**Standing Corporate Auditors**

Morimichi Toda

Hiroyuki Naito

Corporate Auditors

Yoshiaki Kaji

Kenichi Masuda

Katsutoshi Suzuki

Managing Officers**President and Chief Executive Officer**

Shunzo Inoue

Senior Executive Managing Officers

Masayuki Shirai

Toshiro Oka

Noboru Nomura

Michio Suzuki

Kuniaki Ishimaru

Masami Yamashita

Hiroshi Onishi

Executive Managing Officers

Hatsuaki Matsumoto

Kazuo Yamane

Etsuo Nonoguchi

Katsuaki Fukushima

Masanori Imai

Hirofumi Takayama

Managing Officers

Kikuo Sumi

Norimasa Togami

Morihiro Wada

Takashi Doi

Toshihiro Abe

Yushi Kikutani

Yasushi Miyazaki

Tetsunaga Yamaguchi

Koichi Iwamori

Masatoshi Murayama

Masashi Nishimura

Teruo Sahashi

Koji Tada

Hiroaki Inoue

Noboru Yamaki

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