



ANNUAL  
REPORT FOR THE YEAR ENDED  
MARCH 31, 2013

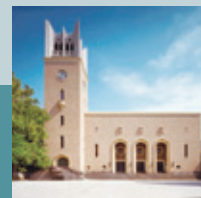
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2013

## Profile

Since its foundation in 1881, Toda Corporation has remained steadfastly committed to construction that contributes to safe, secure, and comfortable communities guided by our motto of realizing high-quality construction, safely and on time. Today, together with our Group Companies in Japan and overseas, and led by our primary segments of construction and civil engineering, we continue to grow as a business that places our priority on quality and trust.

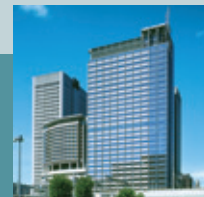
Today's business climate is one of drastic change, and our clients want more value as their needs become more diverse and complex. To give our clients what they need in this new business climate, Toda Corporation is evolving into a full-service construction firm that applies its technology and expertise to providing solutions that accurately address our client's construction issues across the entire building lifecycle. We also place a high priority on fulfilling our corporate social responsibility, and we intend to continue the efforts that maintain the trust of our clients and broader society, including addressing environmental concerns such as reducing CO<sub>2</sub> emissions and promoting reusable energy, making efficient use of social capital stock, and promoting seismic safety and recovery and reconstruction assistance.



Okuma Auditorium,  
Waseda University  
(1927)



Pacifico Yokohama  
(1991)



Marunouchi oazo  
Marunouchi Kitaguchi  
Building (2004)



Haneda Airport  
International Flight  
Passenger Terminal  
(North Wing) (2010)



Cover Photo  
Otemachi Financial City  
South Tower  
Location: Tokyo, Japan  
Client: Mitsubishi Estate Co., Ltd.

## Contents

### 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.

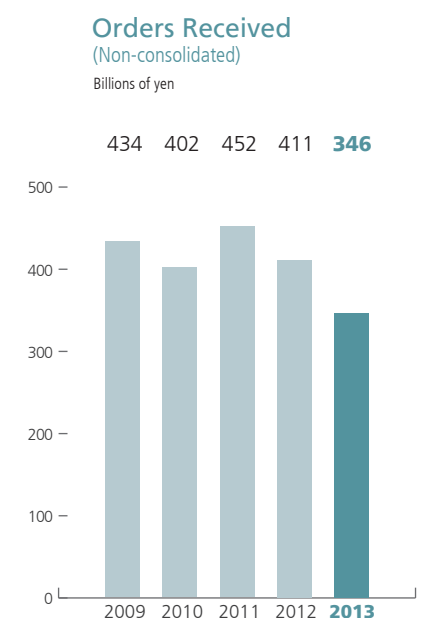
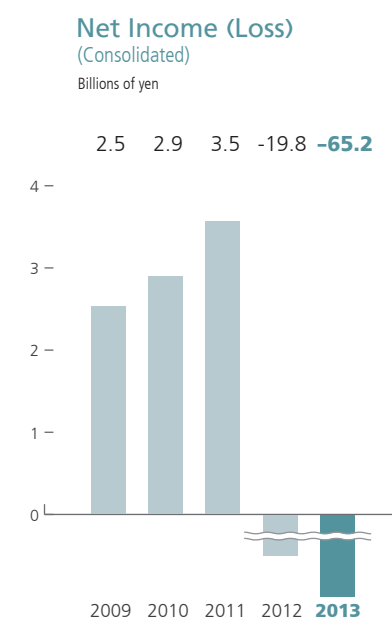
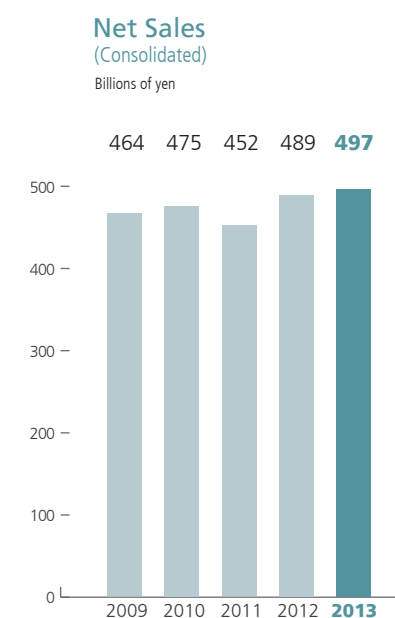
Financial Highlights .....	1
Message from Management .....	2
Focus!: Building the foundation for new revenue sources .....	6
Business Review by Segment .....	8
Corporate Governance .....	9
— Financial Section —	
Consolidated Balance Sheets .....	10
Consolidated Statements of Income .....	12
Consolidated Statements of Changes in Net Assets .....	13
Consolidated Statements of Cash Flows .....	14
Notes to Consolidated Financial Statements .....	15
Independent Auditors' Report .....	28
Corporate Information / Board of Directors, Corporate Auditors and Executive Officers .....	29

## Financial Highlights

Toda Corporation and Consolidated Subsidiaries—Years ended March 31

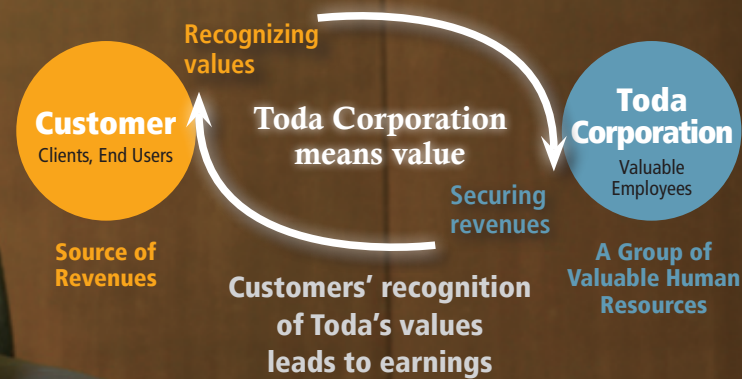
	Millions of yen				Thousands of U.S. Dollars (Note)	
	2009	2010	2011	2012	2013	2013
<i>Consolidated</i>						
Net sales	¥464,762	¥475,653	¥452,499	¥489,385	<b>¥497,048</b>	\$5,284,942
Ordinary income (loss)	5,480	7,460	7,265	(6,690)	<b>(45,581)</b>	(484,652)
Net income (loss)	2,533	2,906	3,567	(19,872)	<b>(65,285)</b>	(694,157)
Comprehensive income (loss)	—	—	(2,586)	(17,167)	<b>(41,516)</b>	(441,432)
Total net assets	179,851	194,859	189,581	171,537	<b>128,095</b>	1,361,997
Total assets	540,856	501,189	499,111	487,160	<b>500,199</b>	5,318,440
Per share of common stock: (in yen and U.S. dollars)						
Net assets	¥ 563.76	¥ 617.42	¥ 602.35	¥ 537.53	<b>¥ 397.18</b>	\$ 4.223
Net income (loss)	8.10	9.36	11.53	(64.28)	<b>(209.70)</b>	(2.229)
Cash dividends applicable to the year	7.00	7.00	7.00	6.00	<b>5.00</b>	0.053
Net cash provided by (used in) operating activities	¥ (8,577)	¥ 32,152	¥ 10,379	¥ (48)	<b>¥ (17,757)</b>	\$(188,813)
Net cash provided by (used in) investing activities	(8,478)	(7,948)	(5,278)	(7,837)	<b>(445)</b>	(4,739)
Net cash provided by (used in) financing activities	4,422	(3,089)	(3,754)	(1,557)	<b>13,834</b>	147,100
Cash and cash equivalents at end of period	39,302	60,459	61,654	52,024	<b>48,015</b>	510,535
Number of employees	4,996	5,051	5,034	5,101	<b>5,091</b>	
<i>Non-consolidated</i>						
Orders received	¥434,428	¥402,755	¥452,122	¥411,691	<b>¥346,775</b>	\$3,687,141

Note: The rate of ¥94.05=US\$1.00, the foreign exchange rate on March 31, 2013, has been used for translation.



# The Toda Group is United in Achieving its medium- to long-term management vision

**How we generate profit...**  
depends on how we become the most useful company possible for our clients



Masanori Imai, President

Career summary

- Apr. 1978** Joined Toda Corporation
- Feb. 2004** Osaka Branch Deputy Branch Manager (in charge of Architectural Construction Sales)
- Apr. 2008** Executive Officer and Osaka Branch Deputy Manager
- Aug. 2009** Managing Executive Officer and Osaka Branch Manager
- Apr. 2013** Deputy President and Executive Officer
- Jun. 2013** President and Representative Director

## Toward being a company that provides value to its customers and society

I was appointed President of Toda Corporation in June 2013. I joined Toda Corporation in April 1978, where I have mainly been in charge of construction projects.

Business conditions surrounding the construction industry have become increasingly harsh in recent years. This harsh business climate has made it an urgent priority that we undertake projects that will produce a reasonable profit. We have taken up the motto "Toda Corporation means value" to guide us in achieving consistent growth in this competitive environment. Projects currently underway will stand as records of our achievement for many years to come. We build excellent things of high quality. The Toda Group works together in a sincere effort to meet the expectations of our clients, including their expectations after a project is completed. I am convinced that establishing Toda Corporation as a company that provides value to its clients and society as a whole is linked to our clients and society recognizing just how valuable every one of our employees is to creating that value.

## Fiscal 2012 business results and medium-term management plan revision

Looking back on the business year ending March 31, 2013 (fiscal 2012), it is evident that demand stimulated by earthquake and tsunami recovery efforts has improved corporate profits and personal consumption. Nonetheless, concerns persist about a downturn in business conditions overseas, and the outlook ahead remains unclear. Amid these conditions, the Toda Group recorded 497.0 billion yen in consolidated net sales (489.3 billion yen in the previous year). For operating income and loss, however, increasingly severe cost conditions for construction business due to such factors as a very tight labor market have negatively impacted the cost performance of outstanding orders, resulting in a 46.9 billion operating loss (7.9 billion yen loss in the previous year). In addition, we recorded an ordinary loss of 45.5 billion yen (6.6 billion loss in the previous year) and a net loss of 65.2 billion yen (19.8 billion loss in the previous year), resulting in losses for two consecutive business years.

This unfavorable result was mainly due to losses in our primary business of building construction. Specifically, the volume of construction projects exceeded our labor capacity, which reduced the profit margin of orders received.

Seriously taking these circumstances to heart, we have reassessed the conditions and issues for the Toda Group and presented our reevaluated Medium-Term Management Plan in November 2012. First, we revised our business performance targets. We revised our revenue targets and the time frames for achieving them by reorganizing our construction business and resizing it to a reasonable scope. Second, we strengthened our strategic policies. While the plan announced last fiscal year remains our guide, we have supplemented it with an emergency business strategy and a medium-term strategy to further enhance plan effectiveness.

Moreover, in October 2012, we established a structural reform committee that has deliberated on such issues as employee awareness, strategy, and organization with nothing off-limits. Based on a thorough investigation and verification of the construction costs of outstanding projects and a conservative profit estimate that takes into account soaring material costs and future cost planning, we posted a 41.8 billion operating loss for the building construction business segment.

This thorough cost review has enhanced the accuracy of cost estimates for fiscal 2012 and also establishes a firm foundation for a profitable Toda Corporation for fiscal 2013 (the year ending March 31, 2014) and beyond. To further improve asset liquidity, we recorded a 1.8 billion yen special profit from the gain on the sale of investment securities for fiscal 2012. We also plan to sell investment securities during fiscal 2013, which we estimate will produce a 4 billion yen gain for the company.

Based on these efforts, we forecast consolidated net sales of 444.0 billion yen, a 3.3 billion yen operating income, a 4.6 billion yen ordinary income, and a 7.6 billion net income for fiscal 2013. Bolstered by our robust overseas business and the continuing expansion of our real estate business, we are working to rebuild our construction business.

● Revised Medium-Term Management Plan

**1. Revised business performance targets**

Achieve consolidated net sales of 400 billion yen with a domestic construction business resized for more efficient performance. Moreover, extend the target deadline by one year to the end of the 2015 business year.

**2. Strengthen focus on priorities**

Improve Construction Business Profits (Urgent priorities)  
Secure profits by improving cost efficiency through careful project selection, improving the construction management framework, and reevaluating cost structure.

A United Group Growth Strategy (Medium-term priorities)  
Get away from the project-to-project approach that values projects for their scale to a solutions-oriented approach that deepens the relationship with the client to secure sustained revenue through every stage of the building lifecycle.

● Medium-Term Management Plan Targets (FY 2012–15, consolidated)

Net sales ▶ Approx. **¥400 billion**

Operating margin ▶ **2% or higher**

**Overseas Business**



FY 2015 target Overseas sales ▶ **¥30 billion**

Medium- to long-term target Overseas sales ▶ **¥50 billion**

**Investment Business** (Real estate, PFI, PPP)



FY 2015 target Segment profit ▶ **¥4 billion**

Medium- to long-term target Segment profit ▶ **¥5 billion**

**Environment and Energy**



- ▶ Making it a source for receiving construction project orders
- ▶ Creating renewable energy business

### Outlook for fiscal 2013

Fiscal 2013 is a crucial year in terms of what we want to achieve, and we continue to move forward with the reforms needed to accomplish our goals.

First, we are improving our framework for accepting orders. This entails a major shift to selecting and accepting projects that will allow our clients to recognize the value of Toda Corporation. For those areas in which we have knowledge and expertise—medical and welfare facilities, educational facilities, production facilities, offices, and so on—we will promote projects with scales corresponding to our capacity to effectively execute them. Moreover, we are making transparent and strengthening our order approval process, price determination process, and approval decision reviews at every stage and restructuring our organization so that cost planning is more effective when taking on projects. We are especially focusing on our process for determining prices; in March 2013 we consolidated the cost estimate department and purchasing department to form the Cost Management Center and ensure that our costs are competitive and accurate.

After accepting orders as well, we are thoroughly reducing and controlling for lost costs and building a framework that both incorporates quality and achieves cost planning. We are improving our cost competitiveness by implementing construction profitability reviews and strict cost monitoring management, along with reevaluating common field expenses and coordinating with partner companies to rationalize projects. Moreover, we are re-estimating all of our general costs—labor, outsourcing, operating expenses, and so on—from a zero base. Based on this re-estimate, we are forecasting a 1.8 billion yen in selling, general and administrative expenses for the parent company, a reduction of 2.1 billion yen from the previous year's performance.

### Achieving our medium- to long-term management vision

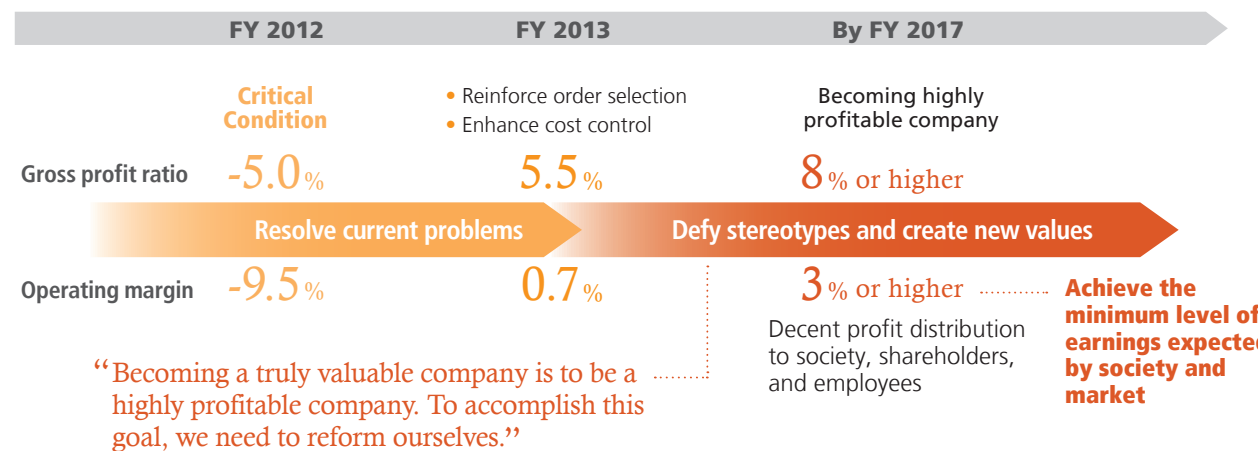
In May 2012, Toda Corporation announced its Medium- to Long-Term Management Vision. The strategy singled out the sustainable use of building stock, infrastructure redevelop-

ment, disaster preparedness, globalization, and environmental problems as social issues in need of solutions, and Toda Corporation declared its commitment to "creating new answers" that would provide optimal solutions for our clients grappling with these issues.

"Created with people. Created with people" sums up our corporate message and serves as our guide as we fulfill our commitment of always putting the client and facility users first. In our search for the best solutions, we apply our passion and wisdom to the fullest and promise a kind of construction craftsmanship that information and communications technology and machines alone cannot provide—something that only people are capable of. Ensuring that our clients recognize the value our employees provide is crucial to establishing the "Toda Corporation means value" motto, which is the basis of our brand.

For Toda Corporation, the worksite is where everything begins. Completing each and every job received from our clients with integrity is what has made our growth possible. Our history is one of growth driven by understanding the needs and expectations for buildings; ensuring safety and security; and providing excellent quality, technology, and solutions throughout the entire building lifecycle. But our history is also one of activities that bring satisfaction to our many stakeholders, including our employees, the employees of our project partners, and the local residents living in communities where our construction projects will remain for decades.

We strive to be the most useful company possible for our clients by creating new value through partnerships with diverse enterprises and in diverse regions. For example, we are creating value in the environmental field with our ventures in floating wind turbine power generation and megasolar power. Likewise, our social contribution activities create value by, for example, synthesizing disaster recovery and new technology in lightly populated smart communities such as Kawamata-cho in Fukushima Prefecture. These will form the foundation of the business model of the Toda Corporation as we chart our path forward. As we explore partnerships that move beyond the project framework, the whole group is united in making the vision laid out in the Medium- to Long-Term Management Vision a reality.



## Medium- to Long-Term Management Vision

FY 2012–17

### "Create New Answers"

Every employee of the Toda Group shares the conviction that putting our business philosophy into action is crucial to finding solutions to the increasingly urgent social problems around us.

Toda Corporation strives to enrich quality of life guided by our business philosophy of "contributing to the promotion of social welfare through construction."

In today's business environment, Toda Corporation contributes to social welfare and enhances revenue by finding solutions to problems in such areas as the sustainable use of existing building stock, globalization, and environmental issues. Moreover, with the increasing urgency of these social problems, a totally integrated and diversified business model has become essential for success.

The Medium- to Long-Term Management Vision positions Toda Group as a company that "creates new answers" intended to expand the breadth and depth of construction as a business and ensure a consolidated operating profit margin of 3% or greater. The strategy specifies following three "Total Commitments" for achieving its goals.

Total commitment to:

#1

Facility Lifecycle

Building a total business operation, from facility project proposals to operation and maintenance, that can provide our clients with long-term value.

#2

Client's Management Concern

Supporting our clients through both craftsmanship and structure creation that address issues including globalization and environmental concerns.

#3

Entire Project Cycle

Taking the initiative to create new value in such areas and structures as real estate, private finance initiative (PFI), and public-private partnerships (PPPs).

Our Principle

"Created by People. Created with People"

Our Vision

"Create New Answers"

- ▶ Give "construction" a wider and deeper significance.
- ▶ Seek the best results for our customers.

FY 2017 Growth Target

Consolidated operating profit margin of **3% or higher**

3 Challenges for Growth

Total commitment to:

#1 Facility Lifecycle

#2 Client's Management Concern

#3 Entire Project Cycle

# Building the foundation for new revenue sources

Toda Corporation is pursuing future growth by laying the groundwork for new revenue sources. In particular, we have positioned overseas markets and environment and energy for strategic development and growth, and we are enacting measures to strengthen our competitiveness in these key areas.

## OVERSEAS MARKETS

We are aiming to expand our sources of overseas revenue by energetically supporting private sector construction and the entry of Japanese firms into foreign markets, especially in the growing markets of Brazil and Asia (Thailand, Vietnam, China, and the Philippines).

Moreover, in other parts of the world, we are accumulating unique expertise by building on our track record, gaining trust on the local level through diverse ventures such as construction funded by Japanese government grants centered in Africa and the real estate business in the U.S.



**Itoh Seiko (Thailand) New Plant**  
Location: Chonburi Province, Thailand  
Client: Itoh Seiko (Thailand) Co., Ltd.

### Localizing and diversifying the business content of Construtora Toda Do Brasil

Construtora Toda Do Brasil has built a unique position as the only Japanese general construction company in Brazil to date. The company specializes

in maintenance suited to the local climate and provides outstanding solutions with a Japanese-style commitment to on-time delivery and quality control practiced in close partnership with Japan. At the same time, amid tough economic conditions that have persisted since the 1980s, a shift to localization centered on a local staff-oriented framework has won the company many projects from European, North American, and also local firms. Currently, the ratio of orders from Japanese firms to those from non-Japanese firms is about one-to-one, and we intend to continue this localization trend as we move forward.



**DENSO do Brasil Ltda. South American Technical Center**  
Location: São Paulo State, Brazil  
Client: DENSO do Brasil Ltda.

### Opening markets in Asia

In recent years, a growing number of Japanese manufacturers, including both mainstays and small- to medium-sized firms, have entered the Asian market. Given its outlook for economic growth, the region is firmly positioned as the world's growth centers. In July 2012, Toda Corporation elevated the company's Bangkok Regional Office to the Southeast Asia Regional Office and bolstered the staff with employees from Japan. This new regional office acts as a support organization for local subsidiaries in the region. In its new role, the office has improved the quality of our technical proposals and project estimate accuracy and strengthened the organizational framework and business base. In April 2013, we opened a representative office in Jakarta, Indonesia, and we have also begun exploring the possibility of a new venture in Myanmar.

## ENVIRONMENT AND ENERGY

Toda Corporation is aiming to prevent global warming by promoting the spread and working toward the commercialization of renewable energy, which is gaining increasing attention. Moreover, by advancing our environmental and energy conservation technology, we expect these ventures to positively contribute to construction orders.

### Wind power: onshore and offshore



Toda Corporation was involved from the design phase through construction in the development of the Date Wind Farm. This onshore wind power generation facility located in Date, Hokkaido has minimal impact on the surrounding environment. In particular during construction, our care toward the surrounding grasslands was

very positively received by residents of the community. We are currently performing demonstration experiments on our floating wind turbine power generation technology.

### Mega-solar power generation

By conducting construction with efficient panels that secure maximum power generation at low cost, Toda Corporation provides project planning with high commercial viability.



### Biomass energy



Toda Corporation took part in the construction of MKE BIMA Station Miura\* located in Miura, Kanagawa Prefecture. For energy to operate the facility, methane gas and heat, which are generated through processes at the facility, are converted to electricity.

\*MKE BIMA Station Miura was designed and built by Mitsui Engineering & Shipbuilding Co., Ltd., which also holds naming rights.

### Wind turbines begin operation off of the Goto Islands in August 2012

Toda Corporation and Kyoto University have been jointly developing floating wind turbine power generation technology since 2007. Floating wind turbines can be installed in waters deeper than 50 meters—where the potential for exploiting strong, steady offshore winds is greatest—and are currently undergoing demonstration experiments worldwide, with wide anticipation for their future success and expansion.

Tests started with 1/100 scale model experiments, and in 2011 the Ministry of the Environment commissioned testing. Toda Corporation represents a group comprised of itself, Kyoto University, Hitachi, Fuyo Ocean Development & Engineering, and the National Maritime Research Institute, which was formed to carry out the commission. In August of 2012, the group set up a small 1/2 scale test device off of Kaba Island, one of the Goto Islands of Nagasaki Prefecture.



## Business Review by Segment (Consolidated)

### Building Construction

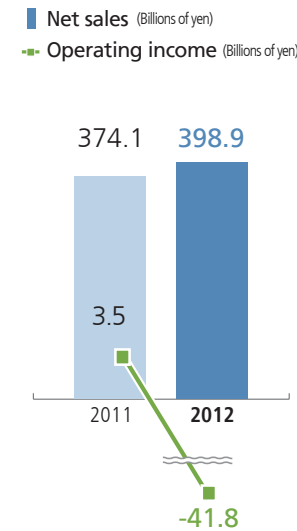
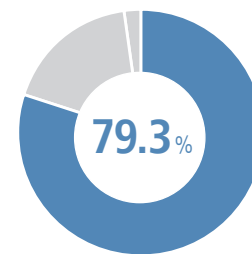
Net sales for construction were 398.9 billion yen, a 6.6% year-on-year increase. The segment recorded a 41.8 billion yen operating loss (the previous consolidated fiscal year for the segment recorded a 3.5 billion yen operating income). Revenue from orders received in all sectors—the domestic private sector, the domestic public sector, and overseas—decreased, totaling 255.8 billion yen, a 22.3% year-on-year decrease, due in part to the policy establishing profitability as a priority.



**Japanese Red Cross Society Wakayama Medical Center Main Building**  
Location: Wakayama, Japan  
Client: Japanese Red Cross Society

**Gifu Skywing 37** (Left)  
Location: Gifu, Japan  
Client: Western Toiya-machi South Block Urban Redevelopment Association

Percentage of total sales



### Civil Engineering

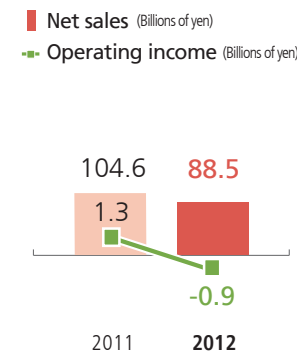
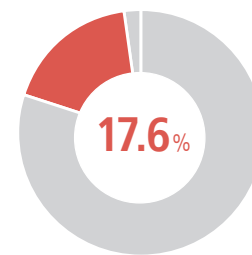
Net sales for civil engineering were 88.5 billion yen, a 15.4% year-on-year decrease. The segment recorded a 900 million yen operating loss (the previous consolidated fiscal year for the segment recorded a 1.3 billion yen operating income). For revenue from orders received, domestic private sector revenue decreased 25.2% year-on-year, while domestic public sector revenue increased 27.3% year-on-year. The overall total for the segment, including overseas, was 83.1 billion yen, a 12.7% year-on-year increase.



**Meguro Tenku Teien (Sky Garden)**  
Location: Tokyo, Japan  
Client: Metropolitan Expressway Co., Ltd. (Commissioned from Meguro City)

**Higashi-Kyushu Expressway Minamibaru Tunnel**  
Location: Fukuoka, Japan  
Client: West Nippon Expressway Co., Ltd., Kyushu Branch

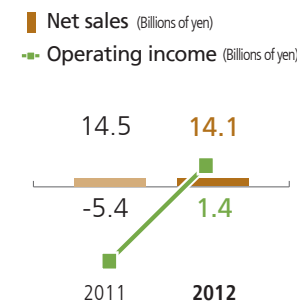
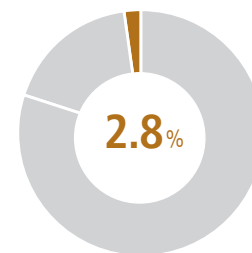
Percentage of total sales



### Real Estate

Net sales for real estate were 14.1 billion yen, a 2.9% year-on-year decrease. The segment recorded a 1.4 billion yen operating income (the previous consolidated fiscal year for the segment recorded a 5.4 billion operating loss).

Percentage of total sales



## Corporate Governance

At Toda Corporation, dynamic corporate governance that consistently raises corporate value is a top management priority. We have put in place a management structure and implemented the measures needed to ensure that we do business properly and efficiently monitored by an auditing system, practice transparent and sound management, and exercise robust compliance.

### The board of directors and stronger executive management

Toda Corporation has an executive officer system that separates decision making by the Board of Directors from business operations conducted by the Executive Officers. This clearly defines the scope of roles and responsibilities and strengthens the management and executive functions of each.

The Board of Directors has eight members (as of June 27, 2013). As a general rule, it meets once a month to deliberate on important management issues and exercise oversight of executive management. The one-year terms that directors serve both emphasize their management responsibilities and enable a prompt response to changes in the management environment.

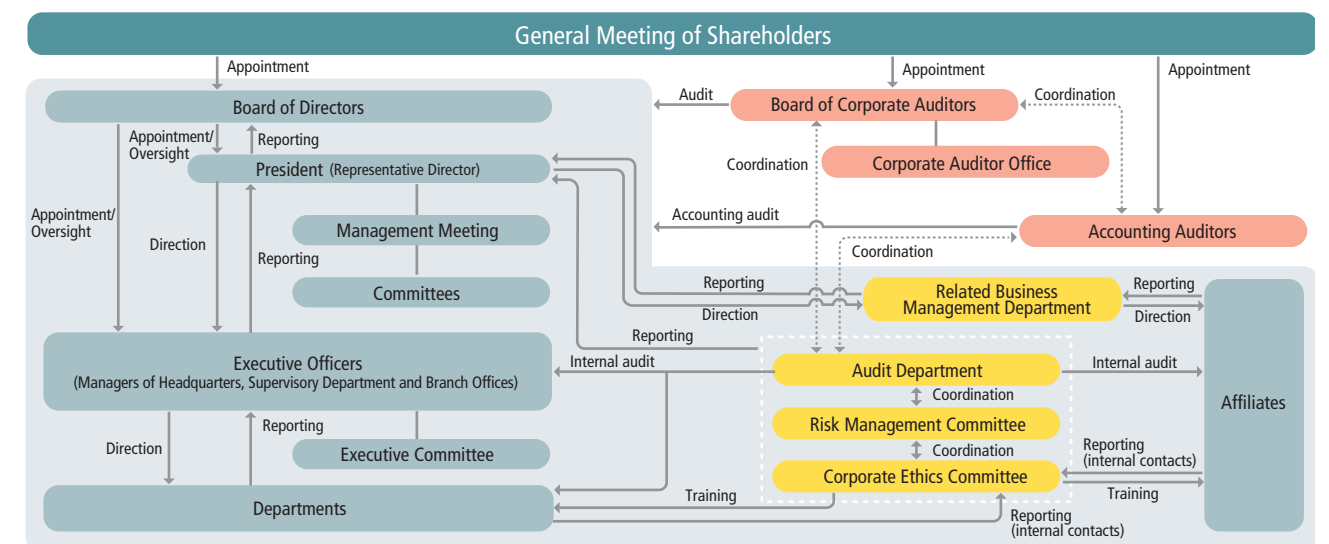
Executive Officers are appointed by the Board of Directors and execute business in accordance with the management policy set by the Board of Directors. Moreover, regularly held management and Executive Committee meetings deliberate and report on important management and company matters. At these meetings, executive management delegates responsibilities and establishes the scope of responsibility and procedures for the rules and regulations for company organization, division of duties, management authority, formal approval procedures, and other management-related matters.

### An enhanced auditing structure

Toda Corporation has a corporate auditing system. Auditor duties include seats on the Board of Directors, where they oversee auditing to ensure the legality and propriety of management operations. In June 2008, oversight of management was further bolstered by adding an additional external auditor so that there are now two internal auditors and three external auditors.

To ensure that the auditing system maintains its independence from the Board of Directors and Executive Officers, personnel and organizational changes to the Corporate Auditor Office that assists corporate auditors are determined by the Board of Corporate Auditors or according to the advice of auditors designated by the Board.

### Corporate Governance Structure



## Consolidated Balance Sheets

Toda Corporation and Consolidated Subsidiaries—As of March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note1)
	2012	2013	2013
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 8 and 10)	¥ 36,935	¥ 38,782	\$ 412,356
Notes and accounts receivable—trade (Note 10)	164,203	164,719	1,751,405
Short-term investment securities (Notes 10 and 11)	15,999	9,900	105,263
Real estate for sale (Note 4.10))	19,541	24,845	264,169
Costs on uncompleted construction contracts (Note 4.9))	30,976	20,179	214,557
Other inventories	596	463	4,925
Deferred tax assets (Note 14)	10,230	61	656
Other	3,871	13,878	147,564
Allowance for doubtful accounts	(991)	(1,018)	(10,825)
Total current assets	281,364	271,811	2,890,073
<b>Noncurrent assets:</b>			
Property, plant and equipment: (Notes 4.1) and 15)			
Buildings and structures, net (Note 4.10))	17,765	16,354	173,887
Machinery, vehicles, tools, furniture and fixtures, net	709	724	7,699
Land (Notes 4.3), 8) and 10))	66,589	60,878	647,298
Lease assets, net	134	185	1,973
Construction in progress	2,165	53	573
Total property, plant and equipment	87,365	78,196	831,433
<b>Intangible assets:</b>			
Goodwill	372	316	3,362
Other	2,640	2,721	28,932
Total intangible assets	3,012	3,037	32,295
<b>Investments and other assets:</b>			
Investment securities (Notes 4.2), 3), 10 and 11)	110,715	143,300	1,523,666
Long-term loans receivable (Notes 4.3) and 10)	1,405	1,336	14,215
Deferred tax assets (Note 14)	229	213	2,274
Other	4,623	3,786	40,257
Allowance for doubtful accounts	(1,555)	(1,483)	(15,776)
Total investments and other assets	115,418	147,154	1,564,638
Total noncurrent assets	205,796	228,387	2,428,367
<b>Total assets</b>	¥487,160	¥500,199	\$5,318,440

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note1)
	2012	2013	2013
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Notes and accounts payable—trade (Note 10)	¥132,799	¥155,148	\$1,649,642
Short-term loans payable (Note 10)	37,059	41,765	444,078
Commercial paper (Note 10)	—	11,000	116,959
Income taxes payable (Note 10)	732	607	6,461
Advances received on uncompleted construction contracts	41,270	34,341	365,145
Provision for bonuses	2,570	1,072	11,402
Provision for warranties for completed construction	940	1,471	15,646
Provision for loss on construction contracts (Note 4.9))	14,010	23,195	246,628
Provision for loss on disaster	218	—	—
Provision for loss on litigation	—	985	10,480
Deposits received	15,253	11,589	123,229
Other	10,918	12,814	136,247
Total current liabilities	255,773	293,993	3,125,923
<b>Noncurrent liabilities:</b>			
Long-term loans payable (Notes 4.7) and 10)	20,443	20,652	219,592
Deferred tax liabilities (Note 14)	3,172	22,372	237,882
Deferred tax liabilities for land revaluation (Note 14)	9,780	9,557	101,626
Provision for retirement benefits (Note 13)	22,030	21,355	227,065
Provision for directors' retirement benefits	245	181	1,931
Asset retirement obligations	156	145	1,546
Other	4,021	3,844	40,874
Total noncurrent liabilities	59,850	78,110	830,520
Total liabilities	315,623	372,103	3,956,443
<b>NET ASSETS</b>			
<b>Shareholders' equity:</b>			
Capital stock	23,001	23,001	244,567
Capital surplus	25,502	25,502	271,160
Retained earnings	103,746	36,723	390,467
Treasury stock	(5,956)	(5,987)	(63,660)
Total shareholders' equity	146,293	79,240	842,535
<b>Accumulated other comprehensive income (Note 6) :</b>			
Valuation difference on available-for-sale securities	17,007	40,046	425,795
Deferred gains on hedges	57	1	14
Revaluation reserve for land (Note 4.8))	6,073	5,940	63,162
Foreign currency translation adjustments	(2,066)	(1,611)	(17,130)
Total accumulated other comprehensive income	21,071	44,376	471,841
<b>Minority interests</b>	4,172	4,478	47,620
Total net assets	171,537	128,095	1,361,997
<b>Total liabilities and net assets</b>	¥487,160	¥500,199	\$5,318,440

## Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note1)
	2012	2013	2013
<b>Net sales:</b>			
Net sales of completed construction contracts	¥475,603	¥483,649	\$5,142,472
Net sales of real estate business and other	13,782	13,399	142,469
Total net sales	489,385	497,048	5,284,942
<b>Cost of sales:</b>			
Cost of sales of completed construction contracts (Notes 5.1) and 4))	455,982	510,774	5,430,878
Cost of sales of real estate business and other (Note 5.2))	18,256	10,917	116,084
Total cost of sales	474,239	521,691	5,546,962
<b>Gross profit:</b>			
Gross profit (loss) on completed construction contracts	19,620	(27,124)	(288,405)
Gross profit (loss) on real estate business and other	(4,474)	2,481	26,385
Total gross profit (loss)	15,146	(24,643)	(262,020)
<b>Selling, general and administrative expenses</b> (Notes 5.3) and 4))	23,140	22,354	237,683
<b>Operating income (loss)</b>	(7,994)	(46,997)	(499,704)
<b>Non-operating income:</b>			
Interest income	260	263	2,797
Dividend income	1,792	1,856	19,739
Dividend income of insurance	278	221	2,353
Other	226	317	3,370
Total non-operating income	2,557	2,657	28,260
<b>Non-operating expenses:</b>			
Interest expenses	768	785	8,350
Commission fee	170	155	1,657
Provision for allowance for doubtful accounts	173	227	2,413
Other	141	73	786
Total non-operating expenses	1,253	1,242	13,208
<b>Ordinary income (loss)</b>	(6,690)	(45,581)	(484,652)
<b>Extraordinary income:</b>			
Gain on sales of noncurrent assets (Note 5.5))	6	242	2,583
Gain on sales of investment securities	31	1,812	19,275
Gain on negative goodwill	47	—	—
Other	5	51	551
Total extraordinary income	90	2,107	22,410
<b>Extraordinary loss:</b>			
Loss on sales of noncurrent assets (Note 5.6))	254	95	1,019
Impairment loss (Note 5.7))	2,488	919	9,773
Loss on sales of investment securities	—	454	4,833
Loss on valuation of investment securities	3,355	1,822	19,372
Provision for loss on litigation	—	985	10,480
Loss on disaster (Note 5.8))	179	—	—
Other	138	125	1,333
Total extraordinary losses	6,415	4,402	46,813
<b>Income (loss) before income taxes and minority interests</b>	(13,015)	(47,876)	(509,055)
<b>Income taxes—current</b>	792	713	7,591
<b>Income taxes—deferred</b>	5,963	16,420	174,590
Total income taxes (Note 14)	6,755	17,134	182,181
<b>Net income (loss) before minority interests</b>	(19,770)	(65,010)	(691,237)
<b>Minority interests in income</b>	102	274	2,920
<b>Net income (loss)</b> (Note 18)	¥(19,872)	¥(65,285)	\$ (694,157)

See accompanying notes to consolidated financial statements.

## Consolidated Statements of Comprehensive Income

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note1)
	2012	2013	2013
<b>Income (loss) before minority interests</b>	¥(19,770)	¥(65,010)	\$(691,237)
<b>Other comprehensive income (loss)</b> (Note 6):			
Valuation difference on available-for-sale securities	1,408	23,063	245,228
Deferred gains or losses on hedges	73	(56)	(596)
Revaluation reserve for land	1,401	—	—
Foreign currency translation adjustment	(280)	486	5,172
Total other comprehensive income	2,602	23,494	249,804
<b>Comprehensive income (loss)</b>	(17,167)	(41,516)	(441,432)
<b>Comprehensive income (loss) attributable to:</b>			
Shareholders of the Company	(17,240)	(41,847)	(444,944)
Minority interests	¥ 72	¥ 330	\$ 3,511

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, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note1)
	2012	2013	2013
<b>Shareholders' equity</b>			
<b>Capital stock:</b>			
Balance at the beginning of current period	¥ 23,001	¥ 23,001	\$ 244,567
Changes of items during the period	—	—	—
Balance at the end of current period	¥ 23,001	¥ 23,001	\$ 244,567
<b>Capital surplus:</b>			
Balance at the beginning of current period	¥ 25,595	¥ 25,502	\$ 271,160
Changes of items during the period:			
Disposal of treasury stock	(92)	—	—
Total changes of items during the period	(92)	—	—
Balance at the end of current period	¥ 25,502	¥ 25,502	\$ 271,160
<b>Retained earnings:</b>			
Balance at the beginning of current period	¥ 125,893	¥103,746	\$1,103,094
Changes of items during the period:			
Dividends from surplus	(2,163)	(1,868)	(19,863)
Net income (loss)	(19,872)	(65,285)	(694,157)
Reversal of revaluation reserve for land	(111)	133	1,418
Other	—	(2)	(23)
Total changes of items during the period	(22,147)	(67,022)	(712,626)
Balance at the end of current period	¥ 103,746	¥ 36,723	\$ 390,467
<b>Treasury stock:</b>			
Balance at the beginning of current period	¥ (6,683)	¥ (5,956)	\$ (63,338)
Changes of items during the period:			
Purchase of treasury stock	(13)	(30)	(322)
Disposal of treasury stock	740	—	—
Total changes of items during the period	726	(30)	(322)
Balance at the end of current period	¥ (5,956)	¥ (5,987)	\$ (63,660)
<b>Total shareholders' equity:</b>			
Balance at the beginning of current period	¥ 167,806	¥146,293	\$1,555,484
Changes of items during the period:			
Dividends from surplus	(2,163)	(1,868)	(19,863)
Net income (loss)	(19,872)	(65,285)	(694,157)
Purchase of treasury stock	(13)	(30)	(322)
Disposal of treasury stock	647	—	—
Reversal of revaluation reserve for land	(111)	133	1,418
Other	—	(2)	(23)
Total changes of items during the period	(21,513)	(67,052)	(712,948)
Balance at the end of current period	¥ 146,293	¥ 79,240	\$ 842,535
<b>Accumulated other comprehensive income</b>			
<b>Valuation difference on available-for-sale securities:</b>			
Balance at the beginning of current period	¥ 15,594	¥ 17,007	\$ 180,830
Changes of items during the period:			
Net changes of items other than shareholders' equity	1,412	23,039	244,965
Total changes of items during the period	1,412	23,039	244,965
Balance at the end of current period	¥ 17,007	¥ 40,046	\$ 425,795
<b>Deferred gains or losses on hedges:</b>			
Balance at the beginning of current period	¥ (15)	¥ 57	\$ 611
Changes of items during the period:			
Net changes of items other than shareholders' equity	73	(56)	(596)
Total changes of items during the period	73	(56)	(596)
Balance at the end of current period	¥ 57	¥ 1	\$ 14
<b>Revaluation reserve for land:</b>			
Balance at the beginning of current period	¥ 4,561	¥ 6,073	\$ 64,580
Changes of items during the period:			
Net changes of items other than shareholders' equity	1,512	(133)	(1,418)
Total changes of items during the period	1,512	(133)	(1,418)
Balance at the end of current period	¥ 6,073	¥ 5,940	\$ 63,162
<b>Foreign currency translation adjustments:</b>			
Balance at the beginning of current period	¥ (1,812)	¥ (2,066)	\$ (21,975)
Changes of items during the period:			
Net changes of items other than shareholders' equity	(254)	455	4,844
Total changes of items during the period	(254)	455	4,844
Balance at the end of current period	¥ (2,066)	¥ (1,611)	\$ (17,130)
<b>Total accumulated other comprehensive income</b>			
Balance at the beginning of current period	¥ 18,327	¥ 21,071	\$ 224,046
Changes of items during the period:			
Net changes of items other than shareholders' equity	2,744	23,305	247,795
Changes of items during the period	2,744	23,305	247,795
Balance at the end of current period	¥ 21,071	¥ 44,376	\$ 471,841
<b>Minority interests</b>			
Balance at the beginning of current period	¥ 3,447	¥ 4,172	\$ 44,363
Changes of items during the period:			
Net changes of items other than shareholders' equity	725	306	3,257
Total changes of items during the period	725	306	3,257
Balance at the end of current period	¥ 4,172	¥ 4,478	\$ 47,620
<b>Total net assets</b>			
Balance at the beginning of current period	¥ 189,581	¥171,537	\$1,823,894
Changes of items during the period:			
Dividends from surplus	(2,163)	(1,868)	(19,863)
Net income (loss)	(19,872)	(65,285)	(694,157)
Purchase of treasury stock	(13)	(30)	(322)
Disposal of treasury stock	647	—	—
Reversal of revaluation reserve for land	(111)	133	1,418
Other	—	(2)	(23)
Net changes of items other than shareholders' equity	3,469	23,611	251,052
Total changes of items during the period	(18,044)	(43,441)	(461,896)
Balance at the end of current period	¥ 171,537	¥128,095	\$1,361,997

See accompanying notes to consolidated financial statements.



# Consolidated Statements of Cash Flows

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
<b>Net cash provided by (used in) operating activities:</b>			
Income (loss) before income taxes and minority interests	¥(13,015)	¥(47,876)	\$(509,055)
Depreciation and amortization	2,088	2,038	21,679
Loss on impairment loss	2,488	919	9,773
Amortization of goodwill	55	55	593
Increase (decrease) in allowance for doubtful accounts	(1,869)	(45)	(482)
Decrease in provision for retirement benefits	(703)	(739)	(7,866)
Increase in other provision	3,958	8,978	95,465
Gain on negative goodwill	(47)	—	—
Loss (gain) on valuation of investment securities	3,355	1,822	19,372
Loss (gain) on sales of investment securities	(31)	(1,358)	(14,441)
Loss (gain) on sales of property, plant and equipment	248	(147)	(1,563)
Interest and dividend income	(2,053)	(2,119)	(22,536)
Interest expenses	768	785	8,350
Decrease (increase) in notes and accounts receivable—trade	(31,784)	(321)	(3,414)
Decrease in costs on uncompleted construction contracts	20,063	10,811	114,950
Decrease in real estate for sale	10,574	3,256	34,625
Increase (decrease) in notes and accounts payable—trade	14,789	22,082	234,793
Decrease in advances received on uncompleted construction contracts	(14,191)	(6,965)	(74,060)
Other, net	4,627	(9,476)	(100,757)
Subtotal	(679)	(18,299)	(194,575)
Interest and dividend income received	2,051	2,120	22,551
Interest expenses paid	(766)	(771)	(8,202)
Income taxes paid	(654)	(807)	(8,586)
Net cash provided by (used in) operating activities	(48)	(17,757)	(188,813)
<b>Net cash provided by (used in) investing activities:</b>			
Payments into time deposits	(382)	(450)	(4,792)
Proceeds from withdrawal of time deposits	83	763	8,119
Proceeds from sales and redemption of securities	70	—	—
Purchase of property, plant and equipment	(3,419)	(2,934)	(31,201)
Proceeds from sales of property, plant and equipment	384	1,288	13,703
Purchase of intangible assets	(1,106)	(300)	(3,196)
Purchase of investment securities	(3,641)	(2,297)	(24,426)
Proceeds from sales and redemption of investment securities	68	3,239	34,441
Payments of loans receivable	(64)	(81)	(863)
Collection of loans receivable	81	151	1,606
Other, net	89	175	1,871
Net cash provided by (used in) investing activities	(7,837)	(445)	(4,739)
<b>Net cash provided by (used in) financing activities:</b>			
Net increase (decrease) in short-term loans payable	(2,272)	5,810	61,775
Net increase in commercial paper	—	11,000	116,959
Proceeds from long-term loans payable	10,225	3,020	32,110
Repayment of long-term loans payable	(8,573)	(3,991)	(42,439)
Cash dividends paid	(2,163)	(1,868)	(19,863)
Cash dividends paid to minority shareholders	(16)	(34)	(364)
Purchase of treasury stock	(13)	(30)	(322)
Proceeds from disposal of treasury stock	1,330	—	—
Other, net	(72)	(70)	(754)
Net cash provided by (used in) financing activities	(1,557)	13,834	147,100
<b>Effect of exchange rate change on cash and cash equivalents</b>	(186)	360	3,829
<b>Net increase (decrease) in cash and cash equivalents</b>	(9,629)	(4,008)	(42,623)
<b>Cash and cash equivalents at the beginning of current period</b>	61,654	52,024	553,158
<b>Cash and cash equivalents at the end of current period (Note 8)</b>	52,024	48,015	510,535

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 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 ¥94.05 = US\$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2013, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

## 2. Summary of Significant Accounting Policies

### 1) Scope of consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation and 16 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 Tate-mono 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., Toda Vietnam Co., Ltd., ABTD, INC. and Toda Philippines, INC. Other subsidiaries were not consolidated, as they were not significant in terms of the effect on total assets, net sales, net income or retained earnings of the consolidated financial statements.

### 2) Application of the equity method

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

### 3) Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, Toda America, Inc., Construtora Toda do Brasil S/A, Toda Construction (Shanghai) Co., Ltd., Thai Toda Corporation Ltd., Toda Vietnam Co., Ltd., ABTD, INC. and Toda Philippines, INC. close their fiscal year on December 31 each year. In preparing the consolidated financial statements, the Company used financial statements as of December 31 of all these subsidiaries.

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

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

### 4) Standards and evaluation methods for important assets

(a) Held-to-maturity debt securities  
Amortized cost method (straight-line method)

#### Available-for-sale securities

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

• *Securities with no fair value:*  
Stated at cost, determined by the moving-average method

(b) Inventories

**Costs on uncompleted construction contracts**  
Stated at cost, determined by the specific identification cost method

### Real estate for sale

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

### 5) Methods of depreciation and amortization 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.

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

(b) Intangible fixed assets (excluding lease assets)

The straight-line method is used.  
Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

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

(c) Lease assets

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

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

### 6) Allowances and provisions

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

(b) Provision for bonuses  
This is provided for the payment of bonuses for employees, based on expected payment amount.

(c) Provision for warranties for completed construction  
To cover expenses for defects claimed concerning completed work, this is provided based on the estimated amount of compensation in the future for the work completed during the consolidated fiscal year.

(d) Provision for loss on construction contracts  
The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the fiscal year-end which will be probably incurred and which can be reasonably estimated.

(e) Provision for retirement benefits  
The provision for retirement benefits for employees is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the consolidated fiscal year-end.

Actuarial differences are amortized commencing the following year after the difference is recognized primarily by the straight-line method over a period of five years.

Prior service cost is amortized by the straight-line method over a period of five years.

(f) Provision for directors' retirement benefits

To prepare for the payment of retirement benefits for executive officers and subsidiaries' directors, the provision is provided at the amount to be paid according to internal regulations if they had retired at the consolidated fiscal year-end.

(g) Provision for loss on litigation

The provision for loss on litigation is provided at the estimated amount for a possible future loss arising from litigation.

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

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

8) Translation of foreign currency assets and liabilities

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

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

Income and expense accounts of foreign consolidated subsidiaries are translated into Japanese yen at the average annual exchange rate.

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

9) Hedge accounting

The Companies apply hedge accounting as follows:

(a) Method of hedge accounting adopted

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) Measure and objects

1. Measures: Forward foreign exchange contracts

Objects: Transactions to be paid in foreign currencies in cases of overseas construction

2. Measures: Interest rate swap

Objects: Borrowings

(c) Hedging principles:

Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Companies utilize hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.

(d) Evaluation method of effectiveness of hedging:

During the period from the time when the hedging first started until the consolidated fiscal year-end, the Companies have been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1) cumulative cash flow changes or exchange rate changes of the hedge objects and (2) cumulative cash flow changes or exchange rate changes of the hedge measures.

However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the exceptional treatment.

10) 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.

7) Financial restrictive covenants

Commitment line agreement and Term loan agreement are respectively set the financial restrictive covenant.

(a) Commitment line agreement

Although the Company's financial situation of the end of this consolidated fiscal year is contrary to the covenant, the Company has in advance received the waiver of forfeiture of benefit of time from the correspondent financial institutions. The Company and the correspondent financial institutions have reached the understanding to amend the covenant and have already revised the agreement. After the end of this consolidated fiscal year, there is no fact that the Company's financial situation is contrary to the covenant.

(b) Term loan agreement

Although the Company's financial situation of the end of this consolidated fiscal year is contrary to the covenant, the Company has in advance received the waiver of forfeiture of benefit of time from the correspondent financial institutions. The Company and the correspondent financial institutions have reached the understanding to amend the covenant and have already revised the agreement. After the end of this consolidated fiscal year, there is no fact that the Company's financial situation is contrary to the covenant.

8) Land revaluation

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

9) Provision for loss on construction contracts included in costs on uncompleted construction contracts

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
As of March 31			
Costs on uncompleted construction contracts	¥1,849	¥2,149	\$22,859

10) Change in holding purpose of assets

The following real estate held for sale was reclassified as noncurrent assets due to change in holding purpose.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
As of March 31			
Buildings and structures	–	¥157	\$1,678
Land	–	¥360	\$3,830

The following noncurrent assets were reclassified as real estate held for sale due to change in holding purpose.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
As of March 31			
Buildings and structures	–	¥2,344	\$24,925
Land	–	¥6,721	\$71,463

### 3. Change in accounting method

The Company and the domestic subsidiaries have changed the depreciation method regarding property, plant and equipment obtained after April 1, 2012 based on the latest Corporate Income Tax Law, from this consolidated fiscal

year. Due to this change, operating loss, ordinary loss and loss before income taxes and minority interests were respectively declined by ¥33 million (US\$359 thousand), compared to the previous method.

### 4. Notes to Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
As of March 31			
1) Accumulated depreciation of property, plant and equipment	¥ 34,961	¥ 32,436	\$344,885
2) Investments in non-consolidated subsidiaries and affiliates included in investment securities	¥ 1,386	¥ 1,386	\$ 14,745
3) Assets pledged as collateral:			
Land	¥ 9	–	–
Investment securities	488	558	5,938
Long-term loans receivable	656	652	6,942
Total	¥ 1,154	¥ 1,211	\$ 12,881
4) Contingent liabilities	¥ 552	¥ 356	\$ 3,785
5) Discounts on notes receivable	¥ 603	¥ 421	\$ 4,485
6) Loan commitment agreement:			
Maximum limit under the agreement	¥ 40,000	¥ 30,000	\$318,979
Loan balance outstanding	–	–	–
Difference (unused portion)	¥ 40,000	¥ 30,000	\$318,979

### 5. Notes to Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
For the years ended March 31			
1) Provision for loss on construction contracts included in costs of sales	¥ 10,017	¥ 19,205	\$204,209
2) Valuation loss on real estate for sale included in costs of sales	¥ 7,387	¥ 516	\$ 5,490
3) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances	¥ 10,612	¥ 10,891	\$115,807
Provision for bonuses	1,314	344	3,664
Retirement benefit expenses	1,031	984	10,466
Provision (reversal) of allowance for doubtful accounts	(388)	(163)	(1,733)
4) Research and development expenditures included in selling, general and administrative expenses and construction costs	¥ 1,903	¥ 1,346	\$ 14,314
5) Gain on sales of noncurrent assets:			
Land	¥ 0	¥ 235	\$ 2,499
Other	5	7	83
Total	¥ 6	¥ 242	\$ 2,583
6) Loss on sales of noncurrent assets:			
Buildings and structures	¥ 26	¥ 56	\$ 600
Land	228	39	418
Other	0	0	0
Total	¥ 254	¥ 95	\$ 1,019

**7) Impairment loss on fixed assets**

The group puts its assets for business purposes, primarily into main office and branch office. And other assets are put each properties. Impairment loss on fixed assets was as follows.

For the fiscal year ended March 31, 2012

Location	Purpose	Type	Impairment loss (Millions of yen)
Kiyota-ku, Sapporo City, and other	Idle assets	Buildings, structures and land	¥2,488

The recoverable value of assets or assets group is primarily estimated from the net sale value based on real estate appraisal standards.

**For the fiscal year ended March 31, 2013**

Location	Purpose	Type	Impairment loss (Millions of yen)	Impairment loss (Thousands of U.S. dollars)
Chuo-ku, Kumamoto City, and other	Rental locations	Buildings, structures and land	¥919	\$9,773

The recoverable value of assets or assets group is primarily estimated from the net sale value based on real estate appraisal standards.

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
<b>8) Loss on disaster</b>			
The Company recorded an extraordinary loss as a result of the Great East Japan Earthquake. This is comprised of estimated costs to restore real-estate holdings, inventories and others. The figure includes the estimated amount of loss to be incurred.	¥179	—	—

**6. Notes to Consolidated Statements of Comprehensive Income**

Reclassification and tax effect of comprehensive income for the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Valuation difference on available-for-sale securities:			
Accrual	¥ (128)	¥35,402	\$ 376,420
Reclassification	233	412	4,386
Before adjust tax effect	104	35,814	380,806
Tax effect	1,304	(12,751)	(135,577)
Valuation difference on available-for-sale securities	¥ 1,408	¥23,063	\$ 245,228
Deferred gains (losses) on hedges:			
Accrual	¥ 92	¥ (36)	\$ (390)
Reclassification	26	(53)	(572)
Before adjust tax effect	119	(90)	(962)
Tax effect	(46)	34	365
Deferred gains (losses) on hedges	¥ 73	¥ (56)	\$ (596)
Revaluation reserve for land:			
Tax effect	¥ 1,401	—	—
Revaluation reserve for land	¥ 1,401	—	—
Foreign currency translation adjustments:			
Accrual	¥ (280)	¥ 486	\$ 5,172
Total of other comprehensive income	¥ 2,602	¥23,494	\$ 249,804

**7. Notes to Consolidated Statements of Changes in Net Assets**

For the fiscal year ended March 31, 2012	Class of shares	Number of shares			March 31, 2012
		April 1, 2011	Increase	Decrease	
Issued stock	Common stock	322,656,796	—	—	322,656,796
Treasury stock	Common stock	13,642,948	47,083	2,391,354	11,298,677

For the fiscal year ended March 31, 2013	Class of shares	Number of shares			March 31, 2013
		April 1, 2012	Increase	Decrease	
Issued stock	<b>Common stock</b>	<b>322,656,796</b>	—	—	<b>322,656,796</b>
Treasury stock	<b>Common stock</b>	<b>11,298,677</b>	<b>120,057</b>	—	<b>11,418,734</b>

For the fiscal year ended March 31, 2012	Class of shares	Number of shares			Effective date
		Total dividends	Dividends per share	Record date	
June 29, 2011 resolution by annual general meeting of shareholders	Common stock	¥2,179 million	¥7.00	March 31, 2011	June 30, 2011
June 28, 2012 resolution by annual general meeting of shareholders	Common stock	¥1,868 million	¥6.00	March 31, 2012	June 29, 2012

For the fiscal year ended March 31, 2013	Class of shares	Number of shares			Effective date
		Total dividends	Dividends per share	Record date	
June 28, 2012 resolution by annual general meeting of shareholders	<b>Common stock</b>	<b>¥1,868 million</b> (\$19,863 thousand)	<b>¥6.00</b>	<b>March 31, 2012</b>	<b>June 29, 2012</b>
June 27, 2013 resolution by annual general meeting of shareholders	<b>Common stock</b>	<b>¥1,556 million</b> (\$16,546 thousand)	<b>¥5.00</b>	<b>March 31, 2013</b>	<b>June 28, 2013</b>

**8. 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:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Cash and deposits of the consolidated balance sheets	¥36,935	¥ 38,782	\$412,356
(Less) time deposits with maturities of more than three months	(911)	(666)	(7,083)
Short-term investment securities	15,999	9,900	105,263
Cash and cash equivalents of the consolidated statements of cash flows	¥52,024	¥ 48,015	\$510,535

**9. Lease Transactions**

As of March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Future minimum lease payments under non-cancelable operating leases:			
Due within one year	¥ 107	¥ 139	\$ 1,478
Due after one year	187	110	1,173
Total	¥ 294	¥ 249	\$ 2,652
Future minimum lease income under non-cancelable operating leases:			
Due within one year	¥1,666	¥ 1,495	\$15,903
Due after one year	6,465	5,905	62,793
Total	¥8,131	¥7,401	\$78,697

## 10. Fair Value of Financial Instruments

As of March 31, 2012	Millions of yen		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 36,935	¥ 36,935	¥ –
(2) Notes and accounts receivable—trade	164,203	164,172	(31)
(3) Short-term investment securities, investment securities (Note)	117,746	117,747	0
(4) Long-term loans receivable	1,255	1,280	24
Assets total	¥320,141	¥320,135	¥ (6)
(1) Notes and accounts payable—trade	¥132,799	¥132,799	¥ –
(2) Short-term loans payable	37,059	37,059	–
(3) Income taxes payable	732	732	–
(4) Long-term loans payable	20,443	20,463	20
Liabilities total	¥191,034	¥191,055	¥20
Derivative transactions	¥ 92	¥ 92	¥ –

## Notes:

- The fair value of unlisted stocks is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flow. Therefore, these stocks are not included in "Short-term investment securities and investment securities."
- The value of assets and liabilities arising from derivative is shown at net value and with the amount in parentheses representing net liability position.
- Long-term loans receivable are equivalent to the carrying amount after deduction of allowance for doubtful accounts.

## Unlisted stocks:

As of March 31, 2012 (stated at book value)	Millions of yen
Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for by the equity method:	
Stocks of subsidiaries	¥ 114
Stocks of affiliated companies	217
Unlisted preferred equity securities	1,055
Other investment securities:	
Unlisted stocks	¥5,856
Unlisted preferred equity securities	1,716
Others	9

As of March 31, 2013	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and deposits	¥ 38,782	¥ 38,782	¥ –	\$ 412,356	\$ 412,356	\$ –
(2) Notes and accounts receivable—trade	164,719	164,692	(27)	1,751,405	1,751,112	(293)
(3) Short-term investment securities, investment securities (Note)	143,577	143,690	112	1,526,610	1,527,811	1,201
(4) Long-term loans receivable	948	998	49	10,087	10,615	527
Assets total	¥348,028	¥348,163	¥135	\$3,700,460	\$3,701,896	\$1,435
(1) Notes and accounts payable—trade	155,148	155,148	–	1,649,642	1,649,642	–
(2) Short-term loans payable and commercial papers	52,765	52,765	–	561,037	561,037	–
(3) Income taxes payable	607	607	–	6,461	6,461	–
(4) Long-term loans payable	20,652	20,673	20	219,592	219,813	220
Liabilities total	¥229,174	¥229,195	¥ 20	\$2,436,735	\$2,436,955	\$ 220
Derivative transactions	¥ 0	¥ 0	¥ –	\$ 9	\$ 9	\$ –

## Notes:

- The fair value of unlisted stocks is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flow. Therefore, these stocks are not included in "Short-term investment securities and investment securities."
- The value of assets and liabilities arising from derivative is shown at net value and with the amount in parentheses representing net liability position.
- Long-term loans receivable are equivalent to the carrying amount after deduction of allowance for doubtful accounts.

## Unlisted stocks:

As of March 31, 2013 (stated at book value)	Millions of yen	Thousands of U.S. dollars
Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for by the equity method:		
Stocks of subsidiaries	¥ 114	\$ 1,213
Stocks of affiliated companies	217	2,314
Unlisted preferred equity securities	1,055	11,217
Other investment securities:		
Unlisted stocks	¥5,840	\$62,102
Unlisted preferred equity securities	2,386	25,370
Others	9	102

## 11. Marketable Securities and Investment Securities

## Held-to-maturity debt securities:

As of March 31, 2012	Millions of yen		
	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥1,731	¥1,737	¥6
Securities with a fair value that does not exceed the book value	791	786	(5)
Total	¥2,523	¥2,524	¥0

## Available-for-sale securities with a fair value:

As of March 31, 2012	Millions of yen		
	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:			
Stocks	¥ 76,258	¥ 43,640	¥32,618
Subtotal	76,258	43,640	32,618
Securities with a book value that does not exceed the acquisition cost:			
Stocks	21,751	27,978	(6,227)
Bonds	209	250	(40)
Others	17,002	17,002	–
Subtotal	38,964	45,231	(6,267)
Total	¥115,222	¥ 88,871	¥26,350

Note: The Companies recognized losses on write-down of ¥264 million for available-for-sale securities.

For the year ended March 31, 2012	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥68	¥31	–

## Held-to-maturity debt securities:

As of March 31, 2013	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥2,434	¥2,558	¥124	\$25,888	\$27,208	\$1,320
Securities with a fair value that does not exceed the book value	639	628	(11)	6,804	6,684	(119)
Total	¥3,074	¥3,187	¥112	\$32,692	\$33,893	\$1,201

## Available-for-sale securities with a fair value:

As of March 31, 2013	Millions of yen			Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:						
Stocks	¥113,256	¥50,016	¥63,239	\$1,204,212	\$531,806	\$672,405
Bonds	102	100	2	1,087	1,063	23
Others	1,035	1,002	32	11,010	10,660	350
Subtotal	114,394	51,119	63,274	1,216,310	543,530	672,779
Securities with a book value that does not exceed the acquisition cost:						
Stocks	16,086	17,152	(1,066)	171,038	182,381	(11,342)
Bonds	122	150	(27)	1,305	1,594	(289)
Others	9,900	9,900	–	105,263	105,263	–
Subtotal	26,108	27,202	(1,094)	277,607	289,239	(11,632)
Total	¥140,502	¥78,322	¥62,180	\$1,493,917	\$832,770	\$661,147

Note: The Companies recognized losses on write-down of ¥1,812 million (US\$19,273 thousand) for available-for-sale securities.

Write-down losses are recognized in each of following cases.

Case of securities with a fair value

- Fair value of fiscal year end and quarter settlement day in a row decline more than 30% compared to book value in succession.
- Fair value declined more than 50% compared to book value.

Case of securities without a fair value

- Net worth of equivalent of Equity declines more than 50% compared to acquisition cost.

For the fiscal year ended March 31, 2013	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	¥4,053	¥1,812	¥454	\$43,097	\$19,275	\$4,833

## 12. Derivative Transactions

For the year ended March 31, 2012

Derivative transactions to which the hedge accounting method is not applied:  
None.

Derivative transactions to which the hedge accounting method is applied:

## (1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	More than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts				
	Buy EUR	Forecasted purchasing transaction	¥1,306	¥89	¥54
	Buy USD	Forecasted purchasing transaction	673	–	37
Total			¥1,980	¥89	¥92

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

## (2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	More than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps				
	Payment fixed, Receive floating	Long-term loans payable	¥3,960	¥1,960	*

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

## For the year ended March 31, 2013

Derivative transactions to which the hedge accounting method is not applied:  
None.

Derivative transactions to which the hedge accounting method is applied:

## (1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	More than 1 year	Estimated fair value	Contract amount	More than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts							
	Buy EUR	Forecasted purchasing transaction	¥290	–	¥0	\$3,090	–	\$9

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

## (2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	More than 1 year	Estimated fair value	Contract amount	More than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps							
	Payment fixed, Receive floating	Long-term loans payable	¥1,960	¥1,960	*	\$20,839	\$20,839	*

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

### 13. Retirement Benefits

The Company had a defined benefit plan that consists of a defined benefit pension plan and a lump-sum benefit plan. Some of the foreign consolidated subsidiaries have defined contribution plans. And the other consolidated subsidiaries have lump-sum benefit plans.

As of March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Retirement benefit obligation	¥(44,425)	¥(45,602)	\$(484,873)
Pension assets	22,549	22,342	237,563
Unfunded retirement benefit obligation	(21,876)	(23,259)	(247,309)
Unrecognized actuarial differences	737	2,497	26,559
Unrecognized prior service costs	(890)	(593)	(6,315)
Provision for retirement benefits	¥(22,030)	¥(21,355)	\$(227,065)

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Service cost	¥1,810	¥1,672	\$17,783
Interest cost	907	861	9,160
Expected return on pension assets	(281)	(269)	(2,861)
Amortization of actuarial differences	712	691	7,353
Amortization of prior service costs	(296)	(296)	(3,157)
Retirement benefit costs	¥2,852	¥2,659	\$28,277

For the years ended March 31	2012	2013
	Basis of calculating retirement benefit obligation:	
Periodic allocation method of projected retirement benefit obligation	Straight-line method	Straight-line method
Discount rate	2.00%	1.20%
Expected return on pension assets	1.20%	1.20%
Amortization period of prior service costs	5 years	5 years
Amortization period of actuarial differences	5 years	5 years

### 14. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2012 and 2013 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Deferred tax assets:			
Real estate for sale	¥ 2,982	¥ 80	\$ 858
Buildings and structures	1,774	860	9,147
Investment securities	1,088	1,812	19,269
Allowance for doubtful receivables	901	1,034	10,997
Provision for bonuses	965	402	4,276
Provision for loss on construction contracts	5,222	8,715	92,668
Provision for retirement benefits	7,957	7,718	82,072
Tax loss carryforwards	5,789	21,323	226,720
Other	2,509	3,631	38,616
Subtotal	29,190	45,579	484,628
Less: valuation allowance	(9,963)	(45,232)	(480,935)
Deferred tax assets	¥19,227	¥ 347	\$ 3,692
Deferred tax liabilities:			
Reserve for advanced depreciation of noncurrent assets	(2,152)	–	–
Valuation difference on available-for-sale securities	(9,409)	(22,146)	(235,475)
Other	(377)	(298)	(3,176)
Deferred tax liabilities	(11,939)	(22,445)	(238,652)
Net deferred tax assets (liabilities)	¥ 7,287	¥(22,097)	\$(234,959)

In addition to the above, the Companies recognized deferred tax liabilities of ¥9,780 million and ¥9,557 million (US\$101,626 thousand) related to revaluation reserve for land at March 31, 2012 and 2013, respectively.

### 15. Investment and Rental Properties

As of March 31, 2012	Millions of yen		Thousands of U.S. dollars	
	Book value	Fair value	Book value	Fair value
Real estate for rent	¥54,522	¥74,005		

As of March 31, 2013	Millions of yen		Thousands of U.S. dollars	
	Book value	Fair value	Book value	Fair value
Real estate for rent	¥50,596	¥65,787	\$537,977	\$699,495

### 16. Segment Information

For the year ended March 31, 2012	Reporting segments				Total	Adjustments	Consolidated
	Building construction	Civil engineering	Real estate	Other			
Net sales:							
Customers	¥371,871	¥103,731	¥13,216	¥ 565	¥489,385	¥ –	¥489,385
Inter-segment	2,285	878	1,376	750	5,290	(5,290)	–
Total	374,156	104,609	14,593	1,315	494,675	(5,290)	489,385
Segment profit (loss)	¥ 3,544	¥ 1,371	(5,483)	¥ 99	¥ (467)	¥ (7,526)	¥ (7,994)
Depreciation and amortization	¥ 380	¥ 39	¥ 968	¥ 9	¥ 1,397	¥ 691	¥ 2,088
Amortization of goodwill	¥ 55	¥ –	¥ –	¥ –	¥ 55	¥ –	¥ 55

For the year ended March 31, 2013	Reporting segments				Total	Adjustments	Consolidated
	Building construction	Civil engineering	Real estate	Other			
Net sales:							
Customers	¥396,553	¥87,096	¥12,845	¥ 554	¥497,048	¥ –	¥497,048
Inter-segment	2,413	1,411	1,327	685	5,838	(5,838)	–
Total	398,967	88,507	14,172	1,239	502,887	(5,838)	497,048
Segment profit (loss)	¥ (41,877)	¥ (919)	¥ 1,498	¥ (36)	¥ (41,334)	¥ (5,662)	¥ (46,997)
Depreciation and amortization	¥ 348	¥ 39	¥ 1,018	¥ 13	¥ 1,419	¥ 619	¥ 2,038
Amortization of goodwill	¥ 55	¥ –	¥ –	¥ –	¥ 55	¥ –	¥ 55

For the year ended March 31, 2013	Reporting segments				Total	Adjustments	Consolidated
	Building construction	Civil engineering	Real estate	Other			
Net sales:							
Customers	\$4,216,409	\$926,063	\$136,578	\$ 5,891	\$5,284,942	\$ –	\$5,284,942
Inter-segment	25,667	15,009	14,116	7,289	62,082	(62,082)	–
Total	4,242,076	941,072	150,695	13,180	5,347,024	(62,082)	5,284,942
Segment profit (loss)	\$ (445,264)	\$ (9,777)	\$ 15,934	\$ (392)	\$ (439,499)	\$ (60,204)	\$ (499,704)
Depreciation and amortization	\$ 3,700	\$ 423	\$ 10,829	\$ 141	\$ 15,095	\$ 6,583	\$ 21,679
Amortization of goodwill	\$ 593	\$ –	\$ –	\$ –	\$ 593	\$ –	\$ 593

- Adjustments of segment profit (loss) includes negative ¥200 million and negative ¥46 million (US\$493 thousand) elimination of intersegment transactions and negative ¥7,326 million and negative ¥5,615 million (US\$59,710 thousand) corporate expenses which are not allocated to the reporting segments for the years ended March 31, 2012 and 2013, respectively. The corporate expenses mainly consist of selling, general and administrative expenses which do not belong to the reporting segments.
- Segment profit (loss) is adjusted in accordance with operating income as recorded in the consolidated statements of income.

The Companies operate in the following four reporting segments:

Building construction .....	Research, planning, design, management and execution of building construction work, and architectural and comprehensive engineering and consulting related thereto.
Civil engineering .....	Research, planning, design, management and execution of civil engineering work, such as tunnel construction, and architectural and comprehensive engineering and consulting related thereto.
Real estate .....	Resale, rent and intermediating of real estate and building management.
Other business .....	Worker dispatching and hotel business, and financing and leasing mainly for the group companies.

## 17. Related Party Transactions

### 1. Related party transactions between the Corporation and related parties

Parent Company and major shareholders (Company, etc. only), etc., of the Corporation

For the year ended March 31, 2012

Category	Related party	Address	Capital or investment (Millions of yen)	Type of business	Percentage of voting rights held (Held by others)	Relationship
Main shareholder	Daichi-Shokusan Co.,Ltd. <sup>*1</sup>	Chuo-ku, Tokyo	12	Real estate business	Direct: (11.77%)	Interlocking directors

Nature of transaction	Amounts of transaction (Millions of yen)	Account	Balance at the end of the year (Millions of yen)
Rental of land <sup>*2</sup>	¥21	—	—

\*1. 50.4% of voting rights are held by our four board members, chairman Junosuke Toda, and the other three board members.

\*2. About rental lands, the rental charge is decided by vicinal state.

For the year ended March 31, 2013

Category	Related party	Address	Capital or investment (Millions of yen)	Type of business	Percentage of voting rights held (Held by others)	Relationship
Main shareholder	Daichi-Shokusan Co.,Ltd. <sup>*1</sup>	Chuo-ku, Tokyo	12	Real estate business	Direct: (11.77%)	Interlocking directors

Nature of transaction	Amounts of transaction		Account	Balance at the end of the year	
	Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Rental of land <sup>*2</sup>	¥21	\$231	—	—	—

\*1. 50.4% of voting rights are held by our four board members, chairman (including any equivalent person) Junosuke Toda, and the other three board members.

\*2. About rental lands, the rental charge is decided by vicinal state.

### 2. Related party transactions between subsidiaries and related parties

Parent Company and major shareholders (Company, etc. only), etc., of the Corporation

For the year ended March 31, 2012

Category	Related party	Address	Capital or investment (Millions of yen)	Type of business	Percentage of voting rights held (Held by others)	Relationship
Main shareholder	Daichi-Shokusan Co.,Ltd. <sup>*1</sup>	Chuo-ku, Tokyo	12	Real estate business	Direct: (11.77%)	Interlocking directors

Nature of transaction	Amounts of transaction	Account	Balance at the end of the year
	Millions of yen		Millions of yen
Borrowing funds <sup>*2</sup>	¥ 300	—	—
Payment for interests <sup>*2</sup>	¥ 3	—	—
Parent company's stock acquisition that held by consolidated subsidiary <sup>*3</sup>	¥ 796	—	—

\*1. 50.4% of voting rights are held by our four board members, chairman Junosuke Toda, and the other three board members.

\*2. Conditions for deals were decided by taking into consideration the circumstances of market interest rate.

\*3. Trading price is decided by accordance with marketing price of Tokyo Stock Exchange.

For the year ended March 31, 2013

Not applicable.

## 18. Per Share Information

As of March 31	Yen		U.S. dollars
	2012	2013	2013
Net assets per share of common stock	¥537.53	<b>397.18</b>	\$4.223
Net income (loss) per share of common stock	(64.28)	<b>(209.70)</b>	(2.229)

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Basis for calculation of net assets per share:			
Total net assets	¥171,537	<b>¥128,095</b>	\$1,361,997
Amount attributable to items other than common stock	4,172	<b>4,478</b>	47,620
Net assets attributable to common stock	¥167,364	<b>¥123,617</b>	\$1,314,377
Number of shares of common stock outstanding at fiscal year-end	311,358,119 shares	<b>311,238,062 shares</b>	
Basis for calculation of net income (loss) per share:			
Net income (loss)	¥ (19,872)	<b>¥ (65,285)</b>	\$ (694,157)
Net income (loss) attributable to common stock	¥ (19,872)	<b>¥ (65,285)</b>	\$ (694,157)
Average number of shares of common stock outstanding during the fiscal year	309,180,409 shares	<b>311,323,066 shares</b>	

# Independent Auditors' Report

Toda Corporation and Consolidated Subsidiaries

## Independent Auditor's Report

The Board of Directors  
Toda Corporation

We have audited the accompanying consolidated financial statements of Toda Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toda Corporation and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### Convenience Translation

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

*Seinan Audit Corporation*

June 27, 2013  
Tokyo, Japan

# Corporate Information

As of June 27, 2013

Company Name:  
TODA CORPORATION

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

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

Founded:  
January 5, 1881

Stock Listings:  
Tokyo Stock Exchange and  
Osaka Securities Exchange

Capital Stock:  
¥23.0 billion (as of March 31, 2013)

Number of Employees:  
5,091 (Consolidated)  
4,028 (Non-Consolidated)  
(as of March 31, 2013)

## Board Of Directors, Corporate Auditors and Executive Officers

As of June 27, 2013

### Directors

President and Representative Director  
Masanori Imai

Representative Directors  
Noboru Nomura  
Yushi Kikutani  
Yasushi Miyazaki

Directors  
Hideshige Toda  
Makoto Hayakawa  
Noboru Yamaki  
Yutaka Nishizawa

### Executive Officers

President and Chief Executive Officer  
Masanori Imai

Senior Managing Executive Officers  
Noboru Nomura  
Yushi Kikutani  
Yasushi Miyazaki

Managing Executive Officers  
Makoto Hayakawa  
Noboru Yamaki  
Yutaka Nishizawa  
Katsuaki Fukushima  
Kazuo Yamane  
Shunichi Akiba  
Tetsunaga Yamaguchi

Executive Officers  
Teruo Sahashi  
Koji Tada  
Takeshi Nishimaki  
Hiroyuki Miyazaki  
Keiichi Ebihara  
Yuji Yokomizo  
Toshihiro Otomo  
Tetsuo Ota  
Toshio Hirata  
Kenichi Okabe  
Hiroshi Uekusa  
Takao Fukushima  
Hideo Takamasu  
Yoshihiko Yamamoto  
Kouichi Takahashi  
Kaoru Mitsumochi  
Takanori Matsushima  
Yoshinori Shibuya  
Atsushi Oouchi

### Corporate Auditors

Standing Corporate Auditors  
Morimichi Toda  
Etsuo Nonoguchi

Corporate Auditors  
Yoshiaki Kaji  
Katsutoshi Suzuki  
Fumiyuki Akikusa





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