

ANNUAL
REPORT FOR THE YEAR ENDED
MARCH 31, 2014

2014





FEATURED PROJECT OF 2014 KYOBASHI TRUST TOWER

Kyobashi Trust Tower is a building complex containing offices and a hotel as well as restaurants, cafes and bars. With plenty of open space and places to walk, it was built to blend in with the local historic buildings and scenery. Created with the aim of promoting multi-generational community building, it is an ideal place to live for people of all ages. In addition, it offers high structural anti-disaster performance through the utilization of hybrid vibration-control construction and high strength construction materials to ensure greater seismic performance. Kyobashi Trust Towers contributes to the local community by both offering a space to relax and for serving as a crucial neighborhood disaster shelter.

Ensuring greater seismic performance

In order to achieve highly efficient seismic vibration control, Toda utilizes hybrid vibration-control mechanism based on viscous dampers and high strength construction materials to maintain adequate building strength and rigidity. This will enable our buildings to not just withstand a major earthquake but also to remain in use even after undergoing an earthquake.

Supporting customers' BCP by providing a simplified monitoring system for building safety

Toda has improved its existing simplified building monitoring diagnosis system to include a building wellness system, which enables users to monitor information relating to building soundness and safety at the time of a disaster. In this way, Toda is supporting its customers' business continuity planning (BCP).

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: The creation of new values	4
Business Review by Segment	6
Overseas Businesses	7
Corporate Governance	8
Board of Directors, Corporate Auditors and Executive Officers	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 Auditor's Report	28
Corporate Information / History	29

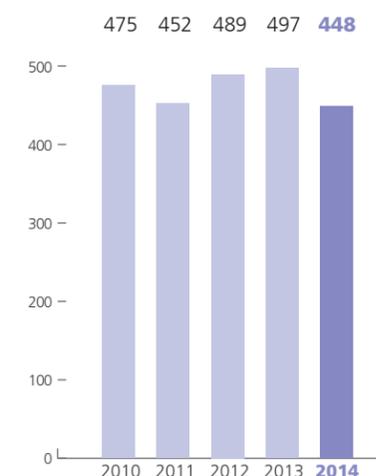
► Financial Highlights

Toda Corporation and Consolidated Subsidiaries—Years ended March 31

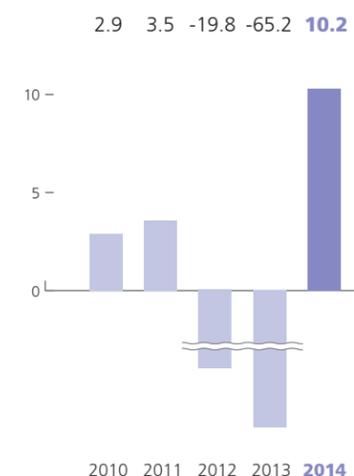
	Millions of yen				Thousands of U.S. dollars (Note)	
	2010	2011	2012	2013	2014	2014
<i>Consolidated</i>						
Net sales	¥475,653	¥452,499	¥489,385	¥497,048	¥448,987	\$4,362,485
Ordinary income (loss)	7,460	7,265	(6,690)	(45,581)	6,584	63,976
Net income (loss)	2,906	3,567	(19,872)	(65,285)	10,228	99,385
Comprehensive income (loss)	—	(2,586)	(17,167)	(41,516)	16,874	163,954
Total net assets	194,859	189,581	171,537	128,095	141,880	1,378,548
Total assets	501,189	499,111	487,160	500,199	473,510	4,600,758
Per share of common stock: (in yen and U.S. dollars)						
Net assets	¥ 617.42	¥ 602.35	¥ 537.53	¥ 397.18	¥ 443.32	\$ 4.307
Net income (loss)	9.36	11.53	(64.28)	(209.70)	32.87	0.319
Cash dividends applicable to the year	7.00	7.00	6.00	5.00	5.00	0.048
Net cash provided by (used in) operating activities	¥ 32,152	¥ 10,379	¥ (48)	¥ (17,757)	¥ 12,171	\$118,262
Net cash provided by (used in) investing activities	(7,948)	(5,278)	(7,837)	(445)	11,441	111,169
Net cash provided by (used in) financing activities	(3,089)	(3,754)	(1,557)	13,834	(10,248)	(99,573)
Cash and cash equivalents at end of period	60,459	61,654	52,024	48,015	62,061	603,007
Number of employees	5,051	5,034	5,101	5,091	4,912	
<i>Non-consolidated</i>						
Orders received	¥402,755	¥452,122	¥411,691	¥346,775	¥462,626	\$4,495,007

Note: The rate of ¥102.92=US\$1.00, the foreign exchange rate on March 31, 2014, has been used for translation.

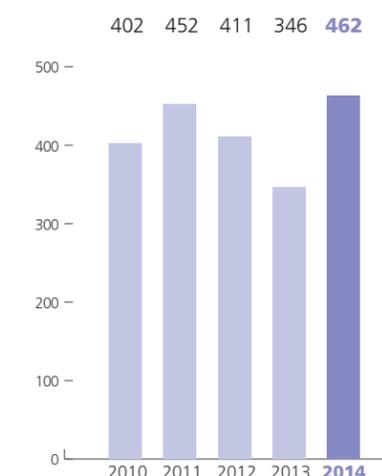
► Net sales (Consolidated) (Billions of yen)



► Net income (loss) (Consolidated) (Billions of yen)



► Orders received (Non-consolidated) (Billions of yen)



▶▶ New reforms making Toda Corporation stronger than ever



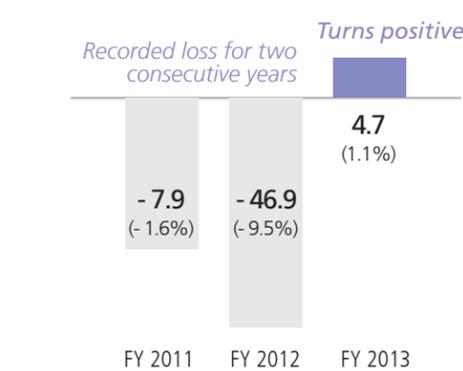
Masanori Imai
President

Profits secured through the implementation of thorough measures for improvement

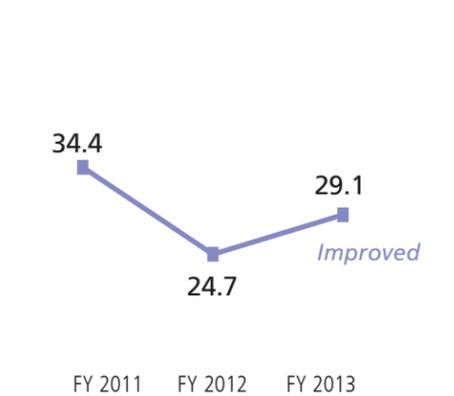
The Japanese economy underwent a gradual recovery during the fiscal year ended March 31, 2014 (fiscal 2013), as evidenced by improvements in areas such as capital investments, the employment environment, and personal consumption. In the construction industry, there was a significant increase in both public sector construction and private sector construction as a result of factors including reconstruction demand from the Great East Japan earthquake and the last-minute rise in demand before the increase in the consumption tax. Nonetheless, the operating environment remains difficult overall as a result of deepening concerns towards soaring prices for materials and shortage of construction workers.

Under these circumstances, the results for the Toda Corporation Group on a consolidated basis were as follows. Consolidated net sales decreased 9.7% year on year to 448.9 billion yen mainly due to the decrease in completed construction contracts by the Company and domestic subsidiaries. In terms of operating income and loss, while the business environment for the Group's core construction business remained challenging, the Group recorded operating income of 4.7 billion yen (compared to an operating loss of 46.9 billion yen during the previous fiscal year). This is mainly a result of an improvement in the gross profit margin on completed construction contracts achieved through a shift to a policy of focusing on getting profitable orders and making careful estimates to ensure profitable construction. In addition, cutbacks in selling, general and administrative expenses contributed to the profit. Consequently, the Group recorded net income of 10.2 billion yen (compared to a net loss of 65.2 billion yen during the previous fiscal year) on account of the posting of 4.1 billion yen in gains on sales of investment securities as extraordinary income as a result of sales of investment securities after a review of holdings. Our equity ratio rose to 29.1%, which was an increase of 4.4% from the previous fiscal year.

▶ Operating income (loss) (Billions of yen)



▶ Equity ratio (%)



Structural reforms and group company realignment for the creation of new values

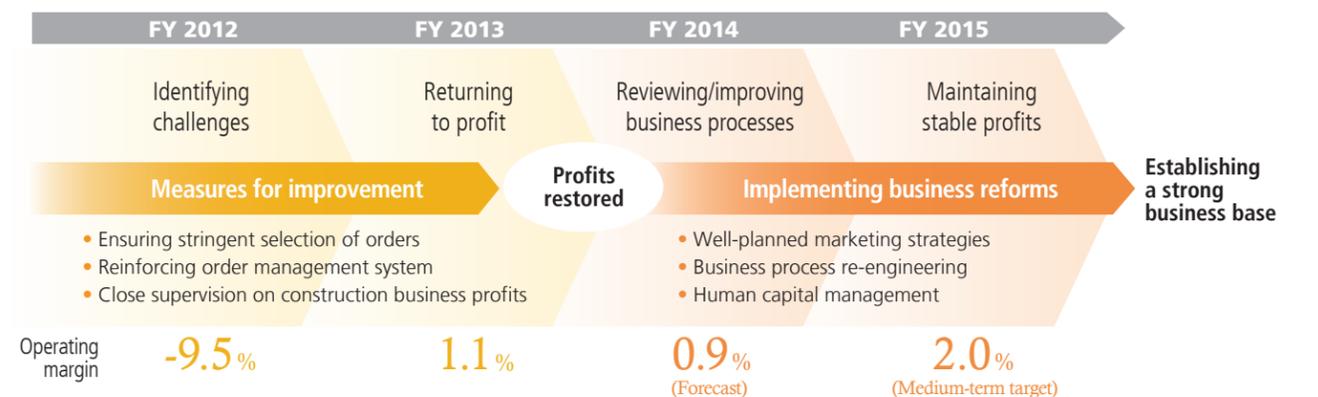
Settings its Medium-Term Management Plan with a target of 400 billion yen in consolidated net sales and a minimum 2.0% operating margin for the fiscal year ending March 31, 2016, the Toda Group is working to strengthen its overall revenue base, which includes an improvement in its construction revenues. To realize this strategy, the Group has implemented a group-wide reorganization as well as reforms to its parent company structures.

To begin with, reforms to parent company operations were implemented through the establishment of the following new divisions in January 2014: the Values Creation Promotion Office, the Investment and Development Project Office, and the Group Control Office. In addition, a new Overseas Business Department was established in April 2014. These new divisions were established to put in place a system for promoting strategic business development, such as strengthening overseas business, investment projects, and environment and energy issues; as well as to promote better group-wide operations.

Toda Corporation initiated further group-wide reorganization through the merger of Toda Reform Co., Ltd. and

Chiyoda Tochi Tatemono Co., Ltd.; establishing Toda Bldg. Partners Co. in April 2014. This will thereby enable the company to offer a fully integrated service to customers from building management and maintenance to building renovation. Pursuing better group synergy by promoting cooperation with the sales divisions of the group companies, Toda Corporation aims to create new values in all stages of construction industry services.

Through the implementation of these reforms, Toda Corporation aims to be stronger than ever starting from the current fiscal year (ending March 31, 2015). Despite the backlash felt against the rapid increase in demand before the consumption tax hike in April 2014, its effects are not expected to gain momentum and a gradual recovery is on the horizon. However, issues surrounding material prices and labor continue to negatively affect the construction industry, having become even more serious. In light of this situation, the Toda Group is anticipating the following numbers during the fiscal year ending March 31, 2015 (fiscal 2014): 427 billion yen in consolidated net sales (down 4.9% from the previous year); 3.9 billion yen in operating income (down 18.5%); 5.3 billion yen in ordinary income (down 19.5%), and a 4.6 billion yen net income (down 54.1%).



Developing strategic areas and enacting business reforms to enhance corporate value

Aiming to enhance our corporate value (both in terms of social responsibility and for performance improvements), Toda is currently promoting a variety of initiatives under the following three banners: "boosting customer value," "productivity," and "human capital management." For the fiscal year ending March 31, 2015 (fiscal 2014), we will focus on the further development of strategic areas and streamlining business reforms toward improved earnings as quickly as possible. At the same time, we will be focusing on the creation of new values.

Our Future Direction = Creating New Values

Enhancing Corporate Value (CSR; business performance improvement)



Implementing BPR

Toda is engaged in vigorous business process re-engineering (BPR) to realize a management resources shift that will enable new growth.

Our BPR project

Established in January 2014, the Value Creation Promotion Office is playing a central role in Toda's BPR project, which was started to help streamline the business process and help rebuild the company's information and communication technologies (ICT). The project is being conducted with the following three themes in mind: "Realizing visualization in management," "Avoid risk, avoid waste," and "Promoting more active communication." Set for completion in three years, the project is aiming to shift more than 20% of Toda Group administrative staff, comprising over 200 personnel, to construction, sales, design, and solutions; as well as to such strategic areas as overseas business and real estate, to realize business opportunities and reduce costs, as well as to see a profit contribution equivalent to 2 billion yen or more.

- ▶ **Toda's BPR project**
Reviewing the business process and further streamlining it by ICT



To be completed in **3 years**

Development of Strategic Areas

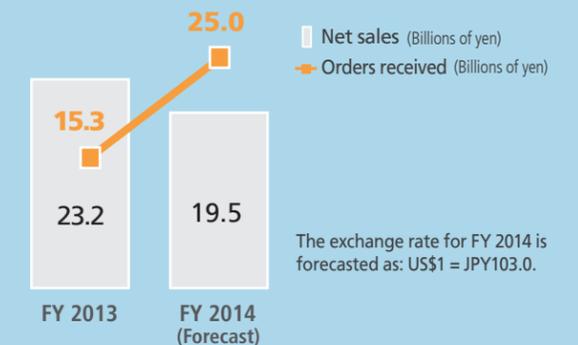
In order to generate growth, Toda will continue to focus management resources on overseas business opportunities, investment opportunities and environment and energy businesses.

OVERSEAS BUSINESS

Working to increase business in Brazil and Southeast Asia

Aiming to expand overseas sales, Toda is working to increase its activities in Southeast Asia (Thailand, Vietnam, China, and the Philippines) and Brazil. In Brazil, until recently our activities were mainly to support the needs of Japanese companies' overseas facilities construction. Now, however, we are working on local projects in Brazil, such as new hospital and school construction for local companies and production facilities for non-Japanese companies. With a view toward M&A, we are also planning to expand into civil engineering in the medium-term. In addition, in Southeast Asia, Toda is working to tap the potential needs of Japanese companies expanding in that part of the world.

▶ Net sales of overseas construction business (Consolidated)



INVESTMENT BUSINESS

Working to promote new investments and PPP as well as more effective use of existing assets

Along with the useful utilization of assets, Toda is engaging regularly in new real estate investments under strict investment parameters. In addition, the company will continue to actively participate in private financial initiatives as well as public-private partnerships.

▶ Income from real estate, etc. (Consolidated)



ENVIRONMENT AND ENERGY

Providing Toda expertise for the spread and commercialization of renewable energy

Toda is working to promote the spread and commercialization of renewable energy, which is gaining attention amidst rising worldwide concerns over global warming. For example, from 2007 we have been working on the development of floating offshore wind turbine power generation technology. In October 2013, the installation of the demonstration model mounting 2,000-kW wind turbine was completed and power generation has started off Kabashima Island, in Goto City (Nagasaki Prefecture). This is the first grind-connected floating offshore wind turbine in Japan.



Floating offshore wind turbine demonstration project
Ministry of the Environment, Government of Japan

▶▶▶ Building Construction

Net sales for the construction business were 347.0 billion yen (down 13.0% year on year). The segment recorded operating income of 5.8 billion yen (compared to an operating loss of 41.8 billion yen during the previous fiscal year). On a non-consolidated basis, revenues from domestic private-sector orders received increased by 46.3% year on year, which was largely contributed by a large-scale urban redevelopment project. Overall revenues from orders received (including overseas) grew by 39.6% year on year to 357.2 billion yen.

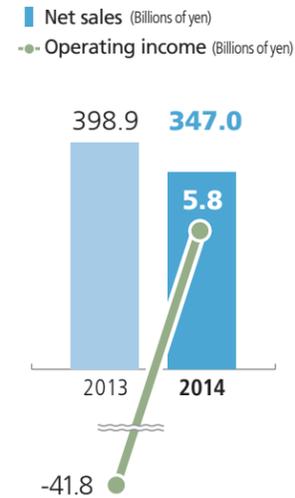
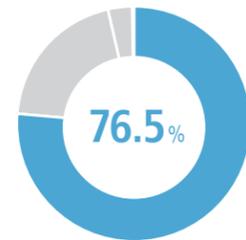


Saitama Cancer Center New Hospital
Location: Saitama, Japan
Client: Saitama Prefecture



Osaka Psychiatric Medical Center Renewal PFI Project
Location: Osaka, Japan
Client: Osaka Heart Care Partners

Percentage of total sales



▶▶▶ Civil Engineering

Net sales for the civil engineering business were 90.6 billion yen (up 2.4% year on year). The segment recorded operating income of 3.9 billion yen (compared to an operating loss of 0.9 billion yen during the previous fiscal year). On a non-consolidated basis, the segment had steady orders from both the domestic private and the public sectors, resulting in an increase in overall revenues (including overseas) by 16.8% year on year to 97.1 billion yen.

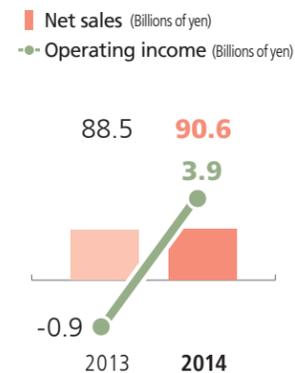
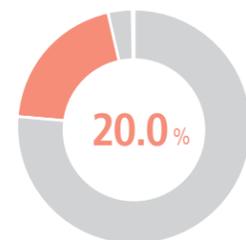


Chubu Odan Expressway Daigoyama Tunnel
Location: Minobu-cho, Yamanashi, Japan
Client: Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism



Shichiyama Bypass Fukube Sakyu Tunnel
Location: Tottori, Japan
Client: Chugoku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism

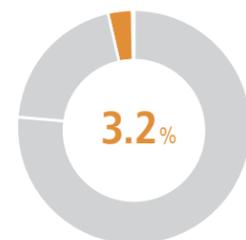
Percentage of total sales



▶▶▶ Real Estate

The segment recorded net sales of 14.6 billion yen (up 3.5% year on year) and operating income of 2.4 billion yen (up 60.4% year on year).

Percentage of total sales



Toda's overseas business activities were kicked off in earnest in 1972, with the founding of Construtora Toda do Brasil in Sao Paulo, Brazil and Toda America Inc. in New York City. This was followed by a variety of business activities in Asia, South America, and Africa. The company's overseas business is now one of its strategic business areas, and in April 2014 a new Overseas Business Department was established to further strengthen Toda's overseas businesses.



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.

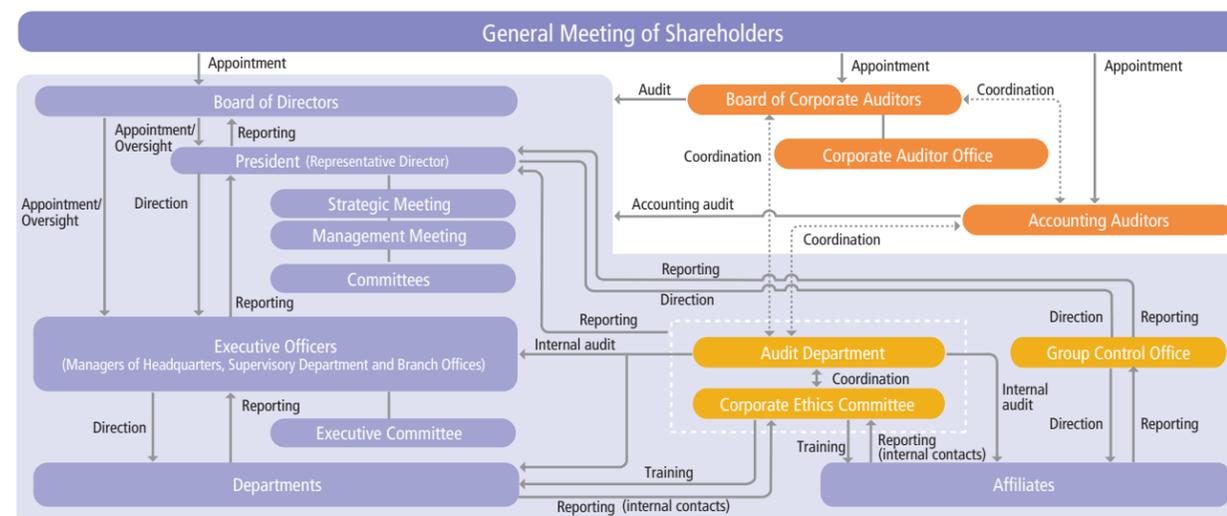
Executive Officers are appointed by the Board of Directors and execute business in accordance with the management policy set by the Board of Directors. Moreover, regularly held management and Executive Committee meetings deliberate and report on important management and company matters. At these meetings, 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



Directors

President and Representative Director
Masanori Imai

Representative Directors
Yushi Kikutani
Yasushi Miyazaki
Shunichi Akiba

Directors
Morimichi Toda
Makoto Hayakawa
Yutaka Nishizawa
Toshihiro Otomo
Hiroshi Uekusa
Setsuhiro Shimomura
Shunsuke Amiya

Corporate Auditors

Standing Corporate Auditors
Etsuo Nonoguchi
Takeshi Nishimaki

Corporate Auditors
Yoshiaki Kaji
Katsutoshi Suzuki
Fumiyuki Akikusa

Executive Officers

President and Chief Executive Officer
Masanori Imai

Senior Managing Executive Officers
Yushi Kikutani
Yasushi Miyazaki
Shunichi Akiba
Morimichi Toda

Managing Executive Officers
Makoto Hayakawa
Yutaka Nishizawa
Toshihiro Otomo
Hiroshi Uekusa
Katsuaki Fukushima
Kaoru Mitsumochi

Executive Officers
Hiroyuki Yamada
Teruo Sahashi
Koji Tada
Hiroyuki Miyazaki
Keiichi Ebihara
Yuji Yokomizo
Tetsuo Ota
Toshio Hirata
Kenichi Okabe
Takao Fukashiro
Hideo Takamasu
Yoshihiko Yamamoto
Kouichi Takahashi
Takanori Matsushima
Yoshinori Shibuya
Atsushi Ouchi
Noriaki Isemoto
Toshiaki Gunji
Masato Miyake
Kouichi Kubota
Hitoshi Asano

Consolidated Balance Sheets

Toda Corporation and Consolidated Subsidiaries—As of March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note1)
	2013	2014	2014
ASSETS			
Current assets:			
Cash and deposits (Notes 8 and 10)	¥ 38,782	¥ 44,296	\$ 430,399
Notes and accounts receivable-trade (Note 10)	164,719	124,056	1,205,365
Short-term investment securities (Notes 10 and 11)	9,900	18,050	175,378
Real estate for sale	24,845	21,385	207,788
Costs on uncompleted construction contracts (Note4.8))	20,179	22,629	219,877
Other inventories	463	801	7,788
Deferred tax assets (Note 14)	61	72	706
Other	13,878	13,517	131,340
Allowance for doubtful accounts	(1,018)	(795)	(7,733)
Total current assets	271,811	244,014	2,370,912
Noncurrent assets:			
Property, plant and equipment: (Notes 4.1) and 15)			
Buildings and structures, net	16,354	14,022	136,245
Machinery, vehicles, tools, furniture and fixtures, net	724	765	7,437
Land (Note 4.7))	60,878	60,613	588,935
Lease assets, net	185	191	1,858
Construction in progress	53	10	99
Total property, plant and equipment	78,196	75,602	734,576
Intangible assets:			
Goodwill	316	-	-
Other (Note 4.7))	2,721	2,868	27,875
Total intangible assets	3,037	2,868	27,875
Investments and other assets:			
Investment securities (Notes 4.2), 3) , 10 and 11)	143,300	147,572	1,433,860
Long-term loans receivable (Notes 4.3) and 10)	1,336	1,325	12,877
Deferred tax assets (Note 14)	213	169	1,643
Other	3,786	3,184	30,942
Allowance for doubtful accounts	(1,483)	(1,227)	(11,928)
Total investments and other assets	147,154	151,024	1,467,394
Total noncurrent assets	228,387	229,495	2,229,846
Total assets	¥500,199	¥473,510	\$4,600,758

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note1)
	2013	2014	2014
LIABILITIES			
Current liabilities:			
Notes and accounts payable-trade (Note 10)	¥155,148	¥117,656	\$1,143,185
Short-term loans payable (Note 10)	41,765	52,353	508,679
Commercial paper (Note 10)	11,000	-	-
Income taxes payable (Note 10)	607	798	7,756
Advances received on uncompleted construction contracts	34,341	37,455	363,929
Provision for bonuses	1,072	2,863	27,824
Provision for warranties for completed construction	1,471	2,773	26,946
Provision for loss on construction contracts (Note 4.8))	23,195	15,545	151,047
Provision for loss on litigation	985	435	4,233
Deposits received	11,589	15,936	154,843
Other	12,814	12,933	125,661
Total current liabilities	293,993	258,752	2,514,108
Noncurrent liabilities:			
Long-term loans payable (Note 10)	20,652	13,206	128,320
Deferred tax liabilities (Note 14)	22,372	25,102	243,899
Deferred tax liabilities for land revaluation (Note 14)	9,557	9,418	91,514
Provision for retirement benefits (Note 13)	21,355	-	-
Provision for directors' retirement benefits	181	172	1,673
Net defined benefit liability (Note 13)	-	21,824	212,048
Asset retirement obligations	145	149	1,452
Other	3,844	3,004	29,191
Total noncurrent liabilities	78,110	72,877	708,100
Total liabilities	372,103	331,629	3,222,209
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	223,490
Capital surplus	25,502	25,504	247,808
Retained earnings	36,723	45,472	441,826
Treasury stock	(5,987)	(6,007)	(58,366)
Total shareholders' equity	79,240	87,971	854,758
Accumulated other comprehensive income (Note 6) :			
Valuation difference on available-for-sale securities	40,046	45,477	441,870
Deferred gains on hedges	1	-	-
Revaluation reserve for land (Note 4.7))	5,940	5,722	55,606
Foreign currency translation adjustments	(1,611)	(700)	(6,808)
Remeasurements of defined benefit plans (Note 13)	-	(522)	(5,072)
Total accumulated other comprehensive income	44,376	49,977	485,596
Minority interests	4,478	3,930	38,194
Total net assets	128,095	141,880	1,378,548
Total liabilities and net assets	¥500,199	¥473,510	\$4,600,758

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note1)
	2013	2014	2014
Net sales:			
Net sales of completed construction contracts	¥483,649	¥434,958	\$4,226,180
Net sales of real estate business and other	13,399	14,028	136,304
Total net sales	497,048	448,987	4,362,485
Cost of sales:			
Cost of sales of completed construction contracts (Notes 5.1) and 4))	510,774	412,916	4,012,014
Cost of sales of real estate business and other (Note 5.2))	10,917	10,644	103,426
Total cost of sales	521,691	423,561	4,115,440
Gross profit:			
Gross profit (loss) on completed construction contracts	(27,124)	22,042	214,166
Gross profit (loss) on real estate business and other	2,481	3,383	32,878
Total gross profit (loss)	(24,643)	25,425	247,045
Selling, general and administrative expenses (Notes 5.3) and 4))	22,354	20,643	200,577
Operating income (loss)	(46,997)	4,782	46,467
Non-operating income:			
Interest income	263	272	2,645
Dividend income	1,856	1,928	18,742
Dividend income of insurance	221	269	2,615
Other	317	426	4,147
Total non-operating income	2,657	2,897	28,151
Non-operating expenses:			
Interest expenses	785	855	8,310
Commission fee	155	188	1,832
Provision for allowance for doubtful accounts	227	—	—
Other	73	51	498
Total non-operating expenses	1,242	1,095	10,642
Ordinary income (loss)	(45,581)	6,584	63,976
Extraordinary income:			
Gain on sales of noncurrent assets (Note 5.5))	242	490	4,766
Gain on sales of investment securities (Note 11)	1,812	4,161	40,433
Gain on negative goodwill	—	133	1,294
Reversal of provision for loss on litigation	—	550	5,343
Other	51	1	14
Total extraordinary income	2,107	5,336	51,853
Extraordinary loss:			
Loss on sales of noncurrent assets (Note 5.6))	95	15	155
Impairment loss (Note 5.7))	919	684	6,653
Loss on sales of investment securities (Note 11)	454	2	19
Loss on valuation of investment securities (Note 11)	1,822	139	1,358
Provision for loss on litigation	985	—	—
Other	125	36	359
Total extraordinary losses	4,402	879	8,546
Income (loss) before income taxes and minority interests	(47,876)	11,041	107,283
Income taxes—current	713	732	7,120
Income taxes—deferred	16,420	(194)	(1,892)
Total income taxes (Note 14)	17,134	538	5,227
Net income (loss) before minority interests	(65,010)	10,503	102,055
Minority interests in income	274	274	2,669
Net income (loss) (Note 18)	¥ (65,285)	¥ 10,228	\$ 99,385

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note1)
	2013	2014	2014
Income (loss) before minority interests	¥(65,010)	¥10,503	\$ 102,055
Other comprehensive income (loss) (Note 6):			
Valuation difference on available-for-sale securities	23,063	5,423	52,694
Deferred gains or losses on hedges	(56)	(1)	(13)
Foreign currency translation adjustment	486	948	9,217
Total other comprehensive income	23,494	6,370	61,898
Comprehensive income (loss)	(41,516)	16,874	163,954
Comprehensive income (loss) attributable to:			
Shareholders of the Company	(41,847)	16,569	160,990
Minority interests	¥ 330	¥ 305	\$ 2,964

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, 2013 and 2014

	Millions of yen												
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2012	¥23,001	¥25,502	¥103,746	¥(5,956)	¥146,293	¥17,007	¥57	¥6,073	¥(2,066)	¥ —	¥21,071	¥4,172	¥171,537
Dividends from surplus	—	—	(1,868)	—	(1,868)	—	—	—	—	—	—	—	(1,868)
Net loss	—	—	(65,285)	—	(65,285)	—	—	—	—	—	—	—	(65,285)
Purchase of treasury stock	—	—	—	(30)	(30)	—	—	—	—	—	—	—	(30)
Reversal of revaluation reserve for land	—	—	133	—	133	—	—	—	—	—	—	—	133
Other	—	—	(2)	—	(2)	—	—	—	—	—	—	—	(2)
Net changes of items other than shareholders' equity	—	—	—	—	—	23,039	(56)	(133)	455	—	23,305	306	23,611
Total changes of items during the period	—	—	(67,022)	(30)	(67,052)	23,039	(56)	(133)	455	—	23,305	306	(43,441)
Balance at March 31, 2013	¥23,001	¥25,502	¥36,723	¥(5,987)	¥79,240	¥40,046	¥ 1	¥5,940	¥(1,611)	¥ —	¥44,376	¥4,478	¥128,095
Dividends from surplus	—	—	(1,556)	—	(1,556)	—	—	—	—	—	—	—	(1,556)
Net income	—	—	10,228	—	10,228	—	—	—	—	—	—	—	10,228
Purchase of treasury stock	—	—	—	(19)	(19)	—	—	—	—	—	—	—	(19)
Reversal of revaluation reserve for land	—	—	217	—	217	—	—	—	—	—	—	—	217
Other	—	1	(140)	—	(138)	—	—	—	—	—	—	—	(138)
Net changes of items other than shareholders' equity	—	—	—	—	—	5,431	(1)	(217)	910	(522)	5,600	(547)	5,053
Total changes of items during the period	—	1	8,749	(19)	8,731	5,431	(1)	(217)	910	(522)	5,600	(547)	13,784
Balance at March 31, 2014	¥23,001	¥25,504	¥45,472	¥(6,007)	¥87,971	¥45,477	¥ —	¥5,722	¥(700)	¥(522)	¥49,977	¥3,930	¥141,880

Thousands of U.S. dollars (Note1)

	Thousands of U.S. dollars (Note1)												
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2013	\$223,490	\$247,790	\$356,815	\$(58,173)	\$769,922	\$389,099	\$ 13	\$57,718	\$(15,654)	\$ —	\$431,176	\$43,516	\$1,244,615
Dividends from surplus	—	—	(15,120)	—	(15,120)	—	—	—	—	—	—	—	(15,120)
Net income	—	—	99,385	—	99,385	—	—	—	—	—	—	—	99,385
Purchase of treasury stock	—	—	—	(193)	(193)	—	—	—	—	—	—	—	(193)
Reversal of revaluation reserve for land	—	—	2,112	—	2,112	—	—	—	—	—	—	—	2,112
Other	—	18	(1,368)	—	(1,349)	—	—	—	—	—	—	—	(1,349)
Net changes of items other than shareholders' equity	—	—	—	—	—	52,771	(13)	(2,112)	8,846	(5,072)	54,419	(5,322)	49,097
Total changes of items during the period	—	18	85,010	(193)	84,835	52,771	(13)	(2,112)	8,846	(5,072)	54,419	(5,322)	133,932
Balance at March 31, 2014	\$223,490	\$247,808	\$441,826	\$(58,366)	\$854,758	\$441,870	\$ —	\$55,606	\$(6,808)	\$(5,072)	\$485,596	\$38,194	\$1,378,548

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Toda Corporation and Consolidated Subsidiaries—For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note1)
	2013	2014	2014
Net cash provided by (used in) operating activities:			
Income (loss) before income taxes and minority interests	¥(47,876)	¥11,041	\$107,283
Depreciation and amortization	2,038	1,875	18,227
Impairment loss	919	684	6,653
Amortization of goodwill	55	27	271
Increase (decrease) in allowance for doubtful accounts	(45)	(478)	(4,647)
Decrease in provision for retirement benefits	(739)	(21,356)	(207,509)
Increase in net defined benefit liability	—	21,824	212,048
Increase (decrease) in other provision	8,978	(5,128)	(49,826)
Gain on negative goodwill	—	(133)	(1,294)
Loss on valuation of investment securities	1,822	139	1,358
Loss (gain) on sales of investment securities	(1,358)	(4,159)	(40,413)
Loss (gain) on sales of property, plant and equipment	(147)	(474)	(4,611)
Interest and dividend income	(2,119)	(2,201)	(21,387)
Interest expenses	785	855	8,310
Decrease (increase) in notes and accounts receivable—trade	(321)	41,009	398,456
Decrease (increase) in costs on uncompleted construction contracts	10,811	(2,445)	(23,763)
Decrease in real estate for sale	3,256	3,470	33,723
Increase (decrease) in notes and accounts payable—trade	22,082	(37,952)	(368,759)
Increase (decrease) in advances received on uncompleted construction contracts	(6,965)	3,078	29,906
Other, net	(9,476)	1,739	16,898
Subtotal	(18,299)	11,416	110,924
Interest and dividend income received	2,120	2,204	21,419
Interest expenses paid	(771)	(863)	(8,385)
Income taxes paid	(807)	(586)	(5,697)
Net cash provided by (used in) operating activities	(17,757)	12,171	118,262
Net cash provided by (used in) investing activities:			
Payments into time deposits	(450)	(193)	(1,884)
Proceeds from withdrawal of time deposits	763	707	6,874
Purchase of property, plant and equipment	(2,934)	(1,626)	(15,802)
Proceeds from sales of property, plant and equipment	1,288	3,119	30,310
Purchase of intangible assets	(300)	(411)	(3,998)
Purchase of investment securities	(2,297)	(475)	(4,617)
Proceeds from sales and redemption of investment securities	3,239	10,117	98,306
Payments of loans receivable	(81)	(71)	(689)
Collection of loans receivable	151	78	763
Other, net	175	196	1,909
Net cash provided by (used in) investing activities	(445)	11,441	111,169
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	5,810	(2,812)	(27,330)
Net increase (decrease) in commercial paper	11,000	(11,000)	(106,879)
Proceeds from long-term loans payable	3,020	8,865	86,134
Repayment of long-term loans payable	(3,991)	(2,910)	(28,278)
Cash dividends paid	(1,868)	(1,556)	(15,120)
Cash dividends paid to minority shareholders	(34)	(19)	(189)
Purchase of treasury stock	(30)	(19)	(193)
Payment for purchase of treasury stock by consolidated subsidiaries	—	(715)	(6,947)
Other, net	(70)	(79)	(770)
Net cash provided by (used in) financing activities	13,834	(10,248)	(99,573)
Effect of exchange rate change on cash and cash equivalents	360	680	6,612
Net increase (decrease) in cash and cash equivalents	(4,008)	14,045	136,471
Cash and cash equivalents at the beginning of current period	52,024	48,015	466,536
Cash and cash equivalents at the end of current period (Note 8)	48,015	62,061	603,007

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 ¥102.92 = US\$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2014, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

2. Summary of Significant Accounting Policies

1) Scope of consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation and 15 subsidiaries, namely Toda Road Co., Ltd., Toda Reform Co., Ltd., Chiyoda Kenkou Co., Ltd., Chiyoda Staff Service Co., Ltd., APEC Engineering Co., Ltd., Chiyoda Tochi Tatemono 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) Short term investment securities and investment securities

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 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.

(f) 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) Accounting policies of 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.

Regarding lump-sum severance indemnity plan for the consolidated subsidiaries, the amount is calculated based on simplified method (method to assume required payment amount based on voluntary termination of employment on the closing date as retirement benefit obligations).

The estimated amount of retirement benefit is allocated to periods of service according to straight-line allocation.

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.

8) 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.

9) 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.

3. Change in Accounting Method

On May 17, 2012 ASBJ issued ASBJ Statement No.26 "Accounting Standard for Retirement Benefits" and ASBJ Guidance No.25 "Guidance on Accounting Standard for Retirement Benefits" have been applied from the beginning of fiscal year ended March 31, 2014 except as Accounting Standard for Retirement Benefits 35th term and Guidance on Accounting Standard for Retirement Benefits 67th term. It follows that actuarial differences, prior service costs and transitional obligation that are yet to be recognized in profit or loss

4. Notes to Consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
1) Accumulated depreciation of property, plant and equipment	¥ 32,436	¥ 33,317	\$323,724
2) Investments in non-consolidated subsidiaries and affiliates included in investment securities	¥ 1,386	¥ 1,390	\$ 13,515
3) Assets pledged as collateral:			
Investment securities	558	637	6,196
Long-term loans receivable	652	597	5,804
Total	¥ 1,211	¥ 1,235	\$ 12,001
4) Contingent liabilities (guarantee liabilities)	¥ 356	¥ 210	\$ 2,040
5) Discounts on notes receivable	¥ 421	—	—
6) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	¥ 30,000	\$291,488
Loan balance outstanding	—	—	—
Difference (unused portion)	¥ 30,000	¥ 30,000	\$291,488

10) 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 of work and overseas procurement of materials

2. Measures: Interest rate swap

Objects: Borrowings

(c) Hedging principles:

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

(d) Evaluation method of effectiveness of hedging:

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

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

11) Cash and cash equivalents

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

are not recognized in the balance sheet, and the difference between retirement benefit obligation and pension assets, adjusted by such unrecognized amounts, is recognized as a net defined benefit liability.

The effects of applying the standard was appropriated in accumulated other comprehensive income as remeasurement of defined benefit plans.

As a result, accumulated other comprehensive income decreased ¥522 million (US\$50,720thousand) for the year ended March 31, 2014.

7) Land revaluation

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

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Costs on uncompleted construction contracts	¥2,149	¥4,136	\$40,191

5. Notes to Consolidated Statements of Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
1) Provision for loss on construction contracts included in costs of sales	¥ 19,205	¥ 8,808	\$85,585
2) Valuation loss on real estate for sale included in costs of sales	¥ 516	¥ 16	\$ 164
3) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances	¥ 10,891	¥ 9,546	\$92,757
Provision for bonuses	344	1,609	15,642
Retirement benefit expenses	984	996	9,680
Provision (reversal) of allowance for doubtful accounts	(163)	(453)	(4,408)
4) Research and development expenditures included in selling, general and administrative expenses and construction costs	¥ 1,346	¥ 1,201	\$11,678
5) Gain on sales of noncurrent assets:			
Buildings and structures	¥ 1	¥ 153	\$ 1,489
Land	235	335	3,256
Other	6	2	21
Total	¥ 242	¥ 490	\$ 4,766
6) Loss on sales of noncurrent assets:			
Buildings and structures	¥ 56	¥ 10	98
Land	39	5	56
Other	0	0	0
Total	¥ 95	¥ 15	\$ 155

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, 2013			
Location	Purpose	Type	Impairment loss (Millions of yen)
Chuo-ku, Kumamoto City, and other	Rental locations	Buildings, structures and land	¥919

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, 2014				
Location	Purpose	Type	Impairment loss (Millions of yen)	Impairment loss (Thousands of U.S. dollars)
Kasukabe City, and other	Business property	Buildings, structures and land	¥396	\$3,851
—	—	Goodwill	¥288	\$2,801

The recoverable value is mainly the net sale value. The net sale value is computed by withholding the cost of disposal from the sale value. Impairment of goodwill is caused by business environment and yieldability of APEC Engineering Co., Ltd.

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
	2013	2014	2014
Valuation difference on available-for-sale securities:			
Accrual	¥ 35,402	¥12,344	\$ 119,945
Reclassification	412	(4,126)	(40,097)
Before adjust tax effect	35,814	8,217	79,848
Tax effect	(12,751)	(2,794)	(27,153)
Valuation difference on available-for-sale securities	¥ 23,063	¥ 5,423	\$ 52,694
Deferred gains (losses) on hedges:			
Accrual	¥ (36)	¥ 15	\$ 149
Reclassification	(53)	(17)	(170)
Before adjust tax effect	(90)	(2)	(21)
Tax effect	34	0	7
Deferred gains (losses) on hedges	¥ (56)	¥ (1)	\$ (13)
Foreign currency translation adjustments:			
Accrual	¥ 486	¥ 948	\$ 9,217
Total of other comprehensive income	¥ 23,494	¥ 6,370	\$ 61,898

7. Notes to Consolidated Statements of Changes in Net Assets

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

For the fiscal year ended March 31, 2014	Class of shares	Number of shares			
		April 1, 2013	Increase	Decrease	March 31, 2014
Issued stock	Common stock	322,656,796	—	—	322,656,796
Treasury stock	Common stock	11,418,734	63,355	—	11,482,089

For the fiscal year ended March 31, 2013	Class of shares	Number of shares			
		Total dividends	Dividends per share	Record date	Effective date
June 28, 2012 resolution by annual general meeting of shareholders	Common stock	¥1,868 million	¥6.00	March 31, 2012	June 29, 2012
June 27, 2013 resolution by annual general meeting of shareholders	Common stock	¥1,556 million	¥5.00	March 31, 2013	June 28, 2013

For the fiscal year ended March 31, 2014	Class of shares	Number of shares			
		Total dividends	Dividends per share	Record date	Effective date
June 27, 2013 resolution by annual general meeting of shareholders	Common stock	¥1,556 million (\$15,120 thousand)	¥5.00	March 31, 2013	June 28, 2013
June 27, 2014 resolution by annual general meeting of shareholders	Common stock	¥1,555 million (\$15,117 thousand)	¥5.00	March 31, 2014	June 30, 2014

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
	2013	2014	2014
Cash and deposits of the consolidated balance sheets	¥38,782	¥44,296	\$430,399
(Less) time deposits with maturities of more than three months	(666)	(235)	(2,285)
Short-term investment securities	9,900	18,000	174,893
Cash and cash equivalents of the consolidated statements of cash flows	¥48,015	¥62,061	\$603,007

9. Lease Transactions

As of March 31	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Future minimum lease payments under non-cancelable operating leases:			
Due within one year	¥ 139	¥ 128	\$ 1,247
Due after one year	110	173	1,687
Total	¥ 249	¥ 302	\$ 2,935
Future minimum lease income under non-cancelable operating leases:			
Due within one year	¥1,495	¥ 1,869	\$18,166
Due after one year	5,905	5,724	55,622
Total	¥7,401	¥7,594	\$73,789

10. Fair Value of Financial Instruments

As of March 31, 2013	Millions of yen		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 38,782	¥ 38,782	¥ —
(2) Notes and accounts receivable—trade	164,719	164,692	(27)
(3) Short-term investment securities, investment securities (Note)	143,577	143,690	112
(4) Long-term loans receivable	948	998	49
Assets total	¥348,028	¥348,163	¥135
(1) Notes and accounts payable—trade	¥155,148	¥155,148	¥ —
(2) Short-term loans payable and commercial papers	52,765	52,765	—
(3) Income taxes payable	607	607	—
(4) Long-term loans payable	20,652	20,673	20
Liabilities total	¥229,174	¥229,195	¥20
Derivative transactions	¥ 0	¥ 0	¥ —

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
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	¥5,840
Unlisted preferred equity securities	2,386
Others	9

As of March 31, 2014	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and deposits	¥ 44,296	¥ 44,296	¥ –	\$ 430,399	\$ 430,399	\$ –
(2) Notes and accounts receivable—trade	124,056	124,035	(20)	1,205,365	1,205,166	(199)
(3) Short-term investment securities, investment securities (Note)	156,532	156,693	160	1,520,918	1,522,475	1,557
(4) Long-term loans receivable	935	983	48	9,091	9,558	466
Assets total	¥325,821	¥326,009	¥187	\$3,165,776	\$3,167,600	\$1,824
(1) Notes and accounts payable—trade	117,656	117,656	–	1,143,185	1,143,185	–
(2) Short-term loans payable	52,353	52,353	–	508,679	508,679	–
(3) Income taxes payable	798	798	–	7,756	7,756	–
(4) Long-term loans payable	13,206	13,214	7	128,320	128,395	75
Liabilities total	¥184,015	¥184,022	¥ 7	\$1,787,942	\$1,788,017	\$ 75
Derivative transactions	¥ –	¥ –	¥ –	\$ –	\$ –	\$ –

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."
- Long-term loans receivable are equivalent to the carrying amount after deduction of allowance for doubtful accounts.

Unlisted stocks:

As of March 31, 2014 (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	¥ 109	\$ 1,060
Stocks of affiliated companies	221	2,155
Unlisted preferred equity securities	1,055	10,250
Other investment securities:		
Unlisted stocks	¥5,385	\$52,326
Unlisted preferred equity securities	2,303	22,384
Others	9	94

11. Marketable Securities and Investment Securities

Held-to-maturity debt securities:

As of March 31, 2013	Millions of yen		
	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥2,434	¥2,558	¥124
Securities with a fair value that does not exceed the book value	639	628	(11)
Total	¥3,074	¥3,187	¥112

Available-for-sale securities with a fair value:

As of March 31, 2013	Millions of yen		
	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:			
Stocks	¥113,256	¥50,016	¥63,239
Bonds	102	100	2
Others	1,035	1,002	32
Subtotal	114,394	51,119	63,274
Securities with a book value that does not exceed the acquisition cost:			
Stocks	16,086	17,152	(1,066)
Bonds	122	150	(27)
Others	9,900	9,900	–
Subtotal	26,108	27,202	(1,094)
Total	¥140,502	¥78,322	¥62,180

Note: The Companies recognized losses on write-down of ¥1,812 million for available-for-sale securities.

For the year ended March 31, 2013	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥4,053	¥1,812	¥454

Held-to-maturity debt securities:

As of March 31, 2014	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	¥2,761	¥2,921	¥160	\$26,827	\$28,387	\$1,560
Securities with a fair value that does not exceed the book value	339	339	(0)	3,302	3,299	(3)
Total	¥3,101	¥3,261	¥160	\$30,130	\$31,687	\$1,557

Available-for-sale securities with a fair value:

As of March 31, 2014	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	¥123,145	¥52,236	¥70,909	\$1,196,517	\$507,543	\$688,973
Bonds	–	–	–	–	–	–
Others	1,065	1,002	62	10,353	9,741	611
Subtotal	124,211	53,239	70,972	1,206,870	517,285	689,584
Securities with a book value that does not exceed the acquisition cost:						
Stocks	11,170	11,718	(547)	108,538	113,860	(5,322)
Bonds	50	50	–	485	485	–
Others	18,000	18,000	–	174,893	174,893	–
Subtotal	29,220	29,768	(547)	283,917	289,239	(5,322)
Total	¥153,431	¥83,007	¥70,424	\$1,490,787	\$806,525	\$684,262

Note: The Companies recognized losses on write-down of ¥139 million (US\$1,358 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, 2014	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	¥8,096	¥4,161	¥2	\$78,667	\$40,433	\$19

12. Derivative Transactions

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		
			Contract amount	More than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts				
	Buy EUR	Forecasted purchasing transaction	¥290	–	¥0
Total			¥290	–	¥0

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	¥1,960	¥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, 2014

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

None.

(2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	More than 1 year	Estimated fair value	Contract amount	More than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps							
	Payment fixed, Receive floating	Long-term loans payable	¥3,960	¥1,800	*	\$38,476	\$17,489	*

* 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

For the year ended March 31, 2013

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.

	Millions of yen
Retirement benefit obligation	¥(45,602)
Pension assets	22,342
Unfunded retirement benefit obligation	(23,259)
Unrecognized actuarial differences	2,497
Unrecognized prior service costs	(593)
Provision for retirement benefits	¥(21,355)

	Millions of yen
Service cost	¥1,672
Interest cost	861
Expected return on pension assets	(269)
Amortization of actuarial differences	691
Amortization of prior service costs	(296)
Retirement benefit costs	¥2,659

Basis of calculating retirement benefit obligation:

	Method
Periodic allocation method of projected retirement benefit obligation	Straight-line method
Discount rate	1.20%
Expected return on pension assets	1.20%
Amortization period of prior service costs	5 years
Amortization period of actuarial differences	5 years

For the year ended March 31, 2014

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.

The schedule of the defined benefit obligation	Millions of yen	Thousands of U.S. dollars
As of April 1, 2013	¥45,602	\$443,085
Service cost	1,856	18,037
Interest cost	531	5,168
Actuarial losses	(177)	(1,725)
Benefit paid	(3,696)	(35,915)
Other	1	12
As of March 31, 2014	¥44,118	\$428,663

The schedule of the pension assets	Millions of yen	Thousands of U.S. dollars
As of April 1, 2013	¥22,342	\$217,089
Expected return on pension assets	267	2,595
Actuarial losses	569	5,533
Contributions by the employer	1,182	11,488
Benefit paid	(2,067)	(20,092)
As of March 31, 2014	¥22,293	\$216,614

The reconciliation of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefits recognized in the consolidated balance sheet

	Millions of yen	Thousands of U.S. dollars
Funded defined benefit obligations	¥44,118	\$428,663
Pension assets	(22,293)	(216,614)
	21,824	212,048
Net amount of liabilities and assets recognized in consolidated balance sheet	21,824	212,048
Net defined benefit liability	21,824	212,048
Net amount of liabilities and assets recognized in consolidated balance sheet	¥21,824	\$212,048

The breakdown of items in retirement benefit costs	Millions of yen	Thousands of U.S. dollars
Service cost	¥1,856	\$18,037
Interest cost	531	5,168
Expected return on pension assets	(267)	(2,595)
Amortization of actuarial differences	931	9,054
Amortization of prior service costs	(296)	(2,885)
Retirement benefit costs	¥2,756	\$26,778

Remeasurements of defined benefit plans	Millions of yen	Thousands of U.S. dollars
Unrecognized prior service cost	¥(296)	\$(2,885)
Unrecognized actuarial loss	818	7,957
Total	¥ 522	\$5,072

The breakdown of pension assets by major category	
Bonds	21%
Equities	12%
General account	64%
Other	3%
Total	100%

The items of actuarial assumptions	
Discount rate	1.20%
Expected long-term return on pension assets	1.20%

14. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2013	2014	2014
Deferred tax assets:			
Real estate for sale	¥ 80	¥ 296	\$ 2,883
Buildings and structures	860	1,378	13,395
Investment securities	1,812	2,187	21,254
Allowance for doubtful receivables	1,034	727	7,073
Provision for bonuses	402	1,019	9,908
Provision for loss on construction contracts	8,715	5,523	53,665
Provision for retirement benefits	7,718	—	—
Net defined benefit liability	—	7,593	73,782
Tax loss carryforwards	21,323	20,493	199,117
Other	3,631	2,946	28,631
Subtotal	45,579	42,167	409,712
Less: valuation allowance	(45,232)	(41,885)	(406,966)
Deferred tax assets	¥ 347	282	2,746
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(22,146)	(24,940)	(242,331)
Other	(298)	(202)	(1,964)
Deferred tax liabilities	(22,445)	(25,142)	(244,295)
Net deferred tax assets (liabilities)	¥(22,097)	¥(24,860)	\$(241,549)

In addition to the above, the Companies recognized deferred tax liabilities of ¥9,557 million and ¥9,418 million (US\$91,514 thousand) related to revaluation reserve for land at March 31, 2013 and 2014, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2013	2014
Statutory tax rate	—	38.0%
Expenses not deductible for income tax purposes	—	4.5%
Non-taxable income	—	-8.4%
Gain on negative goodwill	—	-0.5%
Inhabitant taxes (per capita levy)	—	2.3%
Valuation allowance	—	-30.5%
Other	—	-0.5%
Effective tax rate	—	4.9%

Note: The difference between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2013 is not disclosed because of the loss before income taxes and minority interests.

15. Investment and Rental Properties

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		

As of March 31, 2014	Millions of yen		Thousands of U.S. dollars	
	Book value	Fair value	Book value	Fair value
Real estate for rent	¥49,103	¥69,437	\$477,101	\$674,671

16. Segment Information

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, 2014	Reporting segments				Total	Adjustments	Consolidated
	Building construction	Civil engineering	Real estate	Other			
Net sales:							
Customers	¥345,812	¥89,145	¥13,471	¥ 557	¥448,987	¥ —	¥448,987
Inter-segment	1,281	1,523	1,203	525	4,534	(4,534)	—
Total	347,094	90,669	14,674	1,082	453,521	(4,534)	448,987
Segment profit (loss)	¥ 5,864	¥ 3,905	¥ 2,404	¥ 6	¥ 12,180	¥(7,398)	¥ 4,782
Depreciation and amortization	¥ 364	¥ 47	¥ 999	¥ 13	¥ 1,425	¥ 450	¥ 1,875
Amortization of goodwill	¥ 27	¥ —	¥ —	¥ —	¥ 27	¥ —	¥ 27

For the year ended March 31, 2014	Reporting segments				Total	Adjustments	Consolidated
	Building construction	Civil engineering	Real estate	Other			
Net sales:							
Customers	\$3,360,013	\$866,167	\$130,889	\$ 5,415	\$4,362,485	\$ —	\$4,362,485
Inter-segment	12,456	14,804	11,693	5,101	44,054	(44,054)	—
Total	3,372,469	880,971	142,583	10,516	4,406,540	(44,054)	4,362,485
Segment profit (loss)	\$ 56,982	\$ 37,948	\$ 23,359	\$ 62	\$ 118,352	\$(71,884)	\$ 46,467
Depreciation and amortization	\$ 3,542	\$ 459	\$ 9,713	\$ 132	\$ 13,846	\$ 4,380	\$ 18,227
Amortization of goodwill	\$ 271	\$ —	\$ —	\$ —	\$ 271	\$ —	\$ 271

- Adjustments of segment profit (loss) includes negative ¥46million and negative ¥24million (US\$240 thousand) elimination of intersegment transactions and negative ¥5,615million and negative ¥7,373million (US\$71,644thousand) corporate expenses which are not allocated to the reporting segments for the years ended March 31, 2013 and 2014, 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, 2013

Category	Related party	Address	Capital or investment (Millions of yen)	Type of business	Percentage of voting rights held (Held by others)	Relationship	Nature of transaction	Amounts of transaction		Account	Balance at the end of the year	
								Millions of yen	Millions of yen		Millions of yen	Millions of yen
Main share-holder	Daichi-Shokusan Co., Ltd. ^{*1}	Chuo-ku, Tokyo	12	Real estate business	Direct: (11.77%)	Interlocking directors	Rental of land ^{*2}	¥21	—	—	—	—

*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.

For the year ended March 31, 2014

Category	Related party	Address	Capital or investment (Millions of yen)	Type of business	Percentage of voting rights held (Held by others)	Relationship	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
Main share-holder	Daichi-Shokusan Co., Ltd. ^{*1}	Chuo-ku, Tokyo	12	Real estate business	Direct: (11.77%)	Interlocking directors	Rental of land ^{*2}	¥21	\$211	—	—	—
							Purchase of golf membership	¥55	\$534	—	—	—

*1. 51.4% of voting rights are held by our director and his close family.

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

3. About accept golf membership, trading price is decided by trader's quoting prices and considering normal market prices.

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, 2013

Not applicable.

For the year ended March 31, 2014

Category	Related party	Address	Capital or investment (Millions of yen)	Type of business	Percentage of voting rights held (Held by others)	Relationship	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
Main share-holder	Daichi-Shokusan Co., Ltd. ^{*1}	Chuo-ku, Tokyo	12	Real estate business	Direct: (11.77%)	Interlocking directors	Consolidated subsidiary's stock acquisition ^{*2}	¥715	\$6,947	—	—	—
							Acquisition price	¥133	\$1,294	—	—	—

*1. 51.4% of voting rights are held by our director and his close family.

*2. Trading price is decided by fair appraisal prices and consultation between both parties.

18. Per Share Information

As of March 31	Yen		U.S. dollars
	2013	2014	2014
Net assets per share of common stock	¥397.18	¥443.32	\$4.307
Net income (loss) per share of common stock	(209.70)	32.87	0.319

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Basis for calculation of net assets per share:			
Total net assets	¥128,095	¥141,880	\$1,378,548
Amount attributable to items other than common stock	4,478	3,930	38,194
Net assets attributable to common stock	¥123,617	¥137,949	\$1,340,354
Number of shares of common stock outstanding at fiscal year-end	311,238,062 shares	311,174,707 shares	
Basis for calculation of net income (loss) per share:			
Net income (loss)	¥(65,285)	¥10,228	\$99,385
Net income (loss) attributable to common stock	¥(65,285)	¥10,228	\$99,385
Average number of shares of common stock outstanding during the fiscal year	311,323,066 shares	311,205,385 shares	

19. Subsequent Events

1. Transaction under common control

The Board of Directors of the Company resolved at its meeting held on November 26, 2013 matters concerning the business combination of consolidated subsidiaries Chiyoda Tochi Tatemono Co., Ltd. and Toda Reform Co., Ltd. The consolidated subsidiaries made a merger contract on January 31, 2014.

(1) Purpose of the business combination

To improve general building management technology by enhancement of business competitiveness and management foundation, while the Companies aim to enhance building aftercare management business which accompanies our construction business.

(2) Outline of the business combination

(a) Date of the business combination

April 1, 2014

(b) Scheme of the business combination

Absorption-type Merger: Chiyoda Tochi Tatemono Co., Ltd. is the continuing company and Toda Reform Co., Ltd. is the merged company.

(c) Name of the company after transaction

Toda Bldg. Partners Co., Ltd.

(3) Accounting for the transaction

The transaction will be accounted as transaction under common control in accordance with ASBJ Statement No.21, "Accounting Standard for Business Combinations" and ASBJ Guidance No.10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"(both issued by ASBJ on December 26, 2008).

2. Purchase of treasury stock

The Board of Directors of the Company resolved at its meeting held on June 25, 2014 matters concerning the Company's purchase of treasury stock pursuant to Article 156 of the Business Corporation Law as applied pursuant to Article 165, Paragraph 3 thereof, as detailed below.

(1) Reason for purchase of treasury stock

To improve capital flexibility in response to the business environment.

(2) Class of shares to be purchased

Common stock

(3) Total number of shares that may be purchased

8,000,000 shares (maximum) (2.57% of issued shares (excluding treasury stock))

(4) Aggregate purchase price

¥3,000 million (\$29,148 thousand) (maximum)

(5) Period of purchase

From July 1, 2014 to August 29, 2014.

(6) Method of purchase

Market Purchases on Tokyo Stock Exchange

Independent Auditor's 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, 2014, 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, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As described in Note 19, the Company resolved to acquire treasury stock at the Board of Directors meeting on June 25, 2014. Our opinion is not qualified in respect of this matter.

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, 2014
Tokyo, Japan

Corporate Information

As of June 27, 2014

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, 2014)

Number of Employees:
4,912 (Consolidated)
3,918 (Non-consolidated)
(as of March 31, 2014)

History

- 1881 Foundation: Toda-kata Construction was founded by Rihei Toda, who became the first president.
- 1908 Company renames itself from Toda-kata to Toda-gumi.
- 1909 Toda participates in the building of facilities for the Anglo-Japanese Fair in London.
- 1914 Company participates in the construction of facilities for the Taisho Exhibition (Tokyo) and for the Panama-Pacific Exhibition (San Francisco).
- 1936 Incorporation: Company is reorganized as Toda-Gumi Co., Ltd.
- 1958 Technology Research Dept. (now Toda Institute of Construction Technology) is established.
- 1962 Company is renamed Toda Corporation.
- 1963 The company's stock is listed on the Second Section of the Tokyo Stock Exchange.
- 1969 Company builds nine pavilions, including the Swiss pavilion, for Expo '70 in Osaka.
- 1970 The company's stock is transferred to the First Section of the Tokyo Stock Exchange.
- 1971 Construtora Toda do Brasil and Toda America, Inc., is established.
- 1972 Company celebrates its 100th anniversary and fully introduces TQC for corporate improvements through quality control.
- 1981 Toda Construction (Shanghai), Ltd. is established.
- 1987 Company participates in the construction of the Pacific Convention Plaza Yokohama, Japan's first building project involving foreign contractors (completed in 1991).
- 1988 Thai Toda Corporation Ltd. is established.
- 1991 Toda announces its policy of providing the best quality in Japan for the same price.
- 1993 The Hanoi Representative Office opens in Hanoi, Vietnam.
- 1994 Toda announces its Global Environment Charter.
- 1995 Toda becomes Japan's first general contractor to acquire ISO 9001 certification.
- 1999 Toda acquires ISO 14001 certification.
- 2000 Toda agrees to form a business alliance with Nishimatsu Construction Co. Ltd.
- 2006 Toda becomes Japan's first company to achieve zero emissions at construction sites.
- 2009 The Overseas Division is established.



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