

ANNUAL REPORT
2007

Year ended March 31, 2007

Profile

Toda Corporation, under its company credo of “Realization of high-quality construction, safely and on time,” has accumulated exceptional technical capabilities and numerous achievements in its history spanning more than 125 years.

In recent years we have been demonstrating our strengths across a wide range of fields, not only in those areas in which we excel - hospitals, medical facilities and schools, but also in the construction of production facilities and office buildings in urban areas.

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

Toda Corporation will continue to offer superior quality and services best suited to our customer’s needs through our construction business.

History

- 1881** Toda-kata Construction was founded by Rihei Toda, who became its first president.
- 1909** Toda participates in building of facilities for Anglo-Japanese Fair in London.
- 1914** Tomita, who becomes Rihei Toda’s adoptive heir, completes construction of facilities for Taisho Exhibition and goes to United States to construct Panama Exhibition facilities.
- 1936** Company is reorganized as Toda-Gumi Co., Ltd.
- 1962** Overseas scholarship program is established.
- 1963** Company name is changed to Toda Corporation.
- 1971** Company is listed on the first Section of the Tokyo Stock Exchange.
- 1987** Toda merges with Shimato Corporation.
- 1988** Contract awarded for construction of Japan’s first building project involving foreign contractors. Construction starts on Yokohama Grand Intercontinental Hotel and Convention Center.
- 1997** First comprehensive construction company in Japan to acquire ISO 9001 certification.
- 1999** Toda acquires ISO 14001 certification.
- 2002** Brazil Toda enters its 30th year.
- 2006** 125th anniversary since establishment.



Cover Photo



DNP Gotanda Building

Location : Tokyo
Client : Dai Nippon Printing Co., Ltd.

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Financial Highlights

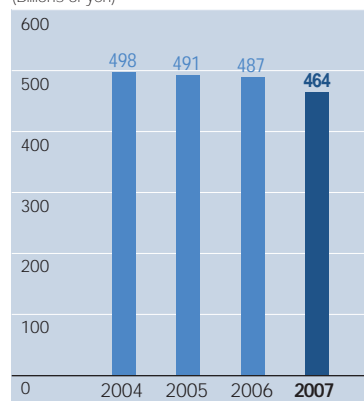
Toda Corporation and Consolidated Subsidiaries Years ended March 31

	Millions of yen				Thousands of U.S. dollars
	2004	2005	2006	2007	2007
Consolidated					
Total net sales	498,205	491,060	487,044	464,041	3,930,891
Ordinary income	12,456	14,912	10,460	9,241	78,288
Net income	5,585	6,302	6,321	3,928	33,280
Total net asset	198,455	201,481	244,323	255,005	2,160,148
Total assets	600,019	588,883	653,770	672,890	5,700,042
Per share of common stock (in yen and U.S. dollars):					
Net income	17.10	19.41	19.75	12.29	0.104
Cash dividends applicable to the year	5.00	6.00	7.00	7.00	0.059
Net cash (used in) provided by operating activities	1,014	22,223	8,269	1,093	9,259
Net cash (used in) provided by investing activities	4,723	(5,793)	(6,625)	(8,509)	(72,086)
Net cash used in financing activities	(12,060)	(12,727)	(6,620)	(7,504)	(63,570)
Cash and cash equivalents at end of year	70,293	73,909	69,168	54,280	459,808
Number of employees	4,779	4,611	4,523	4,733	
Non-Consolidated					
Orders received	427,773	455,805	457,278	414,337	3,509,845

Note: U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥118.05=US\$1.00, the approximate exchange rate as at March 31, 2007.

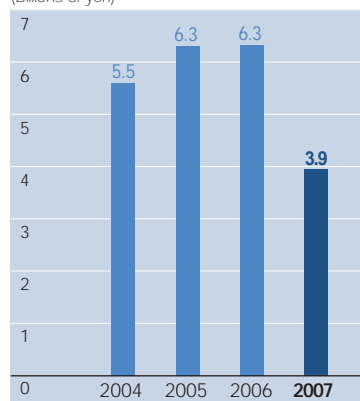
Total net sales (Consolidated)

(Billions of yen)



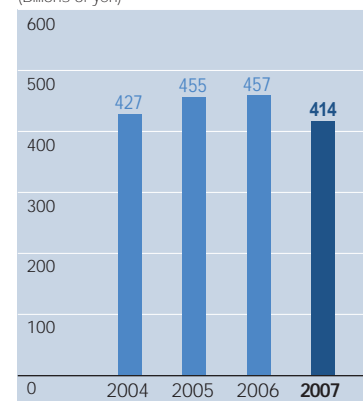
Net income (Consolidated)

(Billions of yen)



Orders received (Non-Consolidated)

(Billions of yen)



Aiming for “Profit through Growth”



Shunzo Inoue, President

In front of one of the most recent projects.

Transition to a New Management Structure

I, Shunzo Inoue, with the respective approval of the General Meeting of Shareholders held on June 28, 2007 and the Board of Directors Meeting held thereafter, have effectively taken over from Hisao Kato and assumed the position of president. I intend to carry on the strategies initiated by the former president, while undertaking reforms with the aim of attaining a profit structure that is readily adaptable to the changing environment. I would also like to take this opportunity to report that former president, Hisao Kato, has assumed the position of chairman.

The Management Environment and Business Performance in 2007

The Japanese economy during the fiscal year ended March 2007 continued its gradual recovery as seen in the increase in private sector capital investments against the backdrop of strong corporate earnings, as well as improvements in personal consumption and the employment conditions. In the construction industry, however, despite a certain optimism in private sector works centered around the manufacturing industry, public works continued to decline and with the brewing controversy surrounding low-price bidding (*1), the severe business environment generally deteriorated even further compared to the previous period.

Under such circumstances, the Company, in May 2006 drastically revised its former medium-term management plan and based on the newly formulated medium-term management plan, has been making a concerted effort with its employees to achieve “profit through growth.”

Nevertheless the climate surrounding the construction industry has become even more

austere, especially in the construction market for the Tokyo Metropolitan area, which is the main area of competition for the Company. Moreover, in terms of public works, following the review of bidding systems including the overall evaluation and bidding method ^(*), competition on both the technology and pricing fronts has further intensified. As a result, the Group recorded consolidated sales of ¥464.041 billion (a decrease of 4.7% compared to the previous year), an ordinary income of ¥9.241 billion (a decrease of 11.6% compared to the previous year) and a net income of ¥3.928 billion (a 37.9% decrease compared to the previous year).

(*) The issue of low price bidding and the revision of the bidding system, including the "overall evaluation and bidding system"

The recent spate of "low price bids" in competition for public works, which substantially fall below the estimated prices is becoming a social problem. Consequently government agencies from the central government down to local municipalities have adopted a new bidding system, which assumes standard levels of technology and construction method and comprehensively considers elements other than prices such as new technology and know-how in evaluating the bids.

Outline and State of Progress of the Medium-term Management Plan

The main theme of the "Medium-term Management Plan," which covers the three years starting from 2007, is "profit through growth." To this end the Company has been reconstructing and strengthening its business platform by selection and concentration, while at the same time thoroughly focusing on its customers and utilizing its strengths as a solutions company throughout the entire lifecycle of a building.

During the current year, which is the initial year of the plan, the Company has been engaged in efforts to improve its profitability, mainly in the review of its profit management and production structures in order to establish a strong profit platform, while reinforcing undertakings in the peripheral areas of construction including the Development and PFI divisions. We also reinforced our purchasing functions in our overseas procurements and have undertaken effective cost reduction measures.

We have also identified the areas of "manufacturing facilities," "super high-rise buildings," "urban redevelopment projects," "energy-related projects," etc. as priority areas and are making efforts to further expand and upgrade our know-how and technology in these areas. Major completions during the current period in these priority areas include the Komaki Plant No. 14 of NGK SPARK PLUG Co., Ltd. in the manufacturing facilities area, which includes factories and power plants. As a result of the above, of the building orders received by segment for the current term "manufacturing facilities" made up 22.8% of all accounts. The medical segment includes the Cancer/Infectious Diseases Center, which will be operated as a Private Finance Initiative (PFI) and this segment accounts for 18.5% of the total building orders received. The education segment includes the Development Project of the site of Shibaura Campus of the Shibaura Institute of Technology and this segment accounts for 12.1% of the total.

These three areas of manufacturing, medical and educational combined account for approximately 53% of the total building orders received. Furthermore, as part of these efforts, a building project sales division to increase the number of orders received for office construction projects in the metropolitan area was established in April 2007 at the Tokyo Head Office.

Promotion of CSR Activities

In recent years the issue of CSR (Corporate Social Responsibility) as a major concern in corporate management has become a topic of heated social debate.

The Company in executing its Medium-term Management Plan, intends to not only transform its profit structure into one that is readily adaptable to changes in the environment but to recognize the promotion of CSR as one of the major measures of the

Main Measures in the Medium-term Management Plan

1. Rebuild the profit structure

- Review the profit management and production structures
- Reinforce undertakings in the peripheral fields of construction such as PFI and investment projects
- Reinforce purchasing functions in overseas procurements and implementing effective cost reduction measures

2. Improve customer satisfaction (CS) based on project proposals and quality assurance

- Anticipate the needs of the customers and promote "tsukurikomi sales" (built-in sales) backed by our technical capabilities
- Thoroughly implement quality management during construction and after delivery

3. Deepen involvement in the priority areas

- Identify the priority areas of "manufacturing facilities," "the medical field," "the education field," "skyscrapers" "urban redevelopment projects," "energy-related projects," etc. and upgrade and expand our know-how and technology in these areas.

4. Reinforce the consolidated management structure

- Include M&A in our field of vision; maximize the Group's internal synergies to strengthen the consolidated management structure

5. Boost employee morale

- While handing down technology, maximize the motivation and potential of the employees

6. Promotion of corporate social responsibility (CSR)

- Promote and embed CSR activities
- Construct and upgrade business continuation plan (BCP)



Medium-term Management Plan and concentrate on the reinforcement of corporate governance and the thorough enforcement of compliance in particular.

Corporate governance

The Company believes that striving for a fair, highly transparent and efficient management and making continuous efforts toward the improvement of its enterprise value through its proactive initiatives aimed at reinforcing corporate governance are its most important management tasks.

The Company has been making efforts to thoroughly enforce corporate governance by conducting shareholders' meetings, board of directors meetings and corporate auditors (meetings) in accordance with the Companies Act, in addition to building its own systems including the Executive Officer system and the internal audit systems. As part of these initiatives, the Company established in February 2007 the Internal Control Promotion Division.

Compliance

The Company recognizes that "in order to engage in sound business activities, it is imperative that every member of the Company, management as well as each employee, make compliance their first priority and take actions that are oriented toward the interests of the stakeholders."

Moreover we have defined compliance as the act of "not only complying with laws but of taking actions based on social ethics and the management philosophy of the Company; and the development of rules/codes of conduct and systems that ensure such actions." And by developing these systems and through education and training, we are striving to make compliance thoroughly known by management and the employees.



Outlook for Next Year

Regarding the economic climate in the future, despite persistent concerns regarding for fluctuations in crude oil prices and interest rates, on the whole, the solid recovery trend is expected to continue, backed by domestic private sector demand. In the construction industry, however, we expect that severe conditions will continue, due to cutbacks in public works as well as intensified competition in private works, caused by high construction costs and the general decline in gross profit margins on construction.

In this harsh business climate the Company will continue to uphold its priority measures of improving CS through business/construction engineering proposals and quality assurance and reconstructing its profit structure and strive to accomplish the goals of the Medium-term Management Plan. In specific terms, in our effort to improve CS, we will maintain and enhance the trust of our customers by thoroughly implementing quality management during construction and after delivery, in addition to building sound and long-term partnerships with our customers. In the reconstruction of our profit structure, we will continue to promote efforts leading to improved profitability, while at the same time engage in business activities that take advantage of every opportunity including effective use of retained assets and operation of service businesses related to building as well as gaining profits such as construction profits.

Given the factors above, the Company together with its employees will implement effective measures and make a concerted effort to steadily but surely achieve every one of the goals set in terms of the orders and profits for the Company. As performance targets for 2008 the Company aims for net sales of ¥466.0 billion, an operating income of ¥8.7 billion, an ordinary income of ¥9.5 billion and a net income of ¥5.3 billion.

We look forward to your further support and guidance.

Shunzo Inoue

Performance targets (Non-consolidated)

(Billions of yen)

	2007 (results)	2008	2010
Orders received	414.3	470.0	Approx. 470.0
Net sales	438.5	440.0	Approx. 470.0
Ordinary income	8.5	8.5	Approx. 10.0

*Performance targets will be rolled over

Topics

TECHNOLOGIES

“Yurekaiteru” Local Earthquake Alert System

In April 2007, the Company developed the “Yurekaiteru” local earthquake alert system, which sends an earthquake alarm to construction sites and facilities throughout Japan. Yurekaiteru enables us to transmit the seismic strength and estimated arrival time to work sites that are threatened with damage through the Intranet several seconds or tens of seconds before the arrival of the earthquake. This system was realized by receiving emergent earthquake alerts using a special server and instantly verifying it with a database containing the locations



of work sites and information on ground conditions. Even a mere 10 seconds of preparation time will allow workers to take measures such as staying away from dangerous overhead objects and stepping off of unstable scaffolds and stepladders. The Company is gradually installing Yurekaiteru at work sites nationwide as a safety assurance measure for construction workers. We are the first general contractor that has developed such a structure nationwide. We use the system as a business continuity management (BCM) tool. In addition, we assist our clients in implementing earthquake measures at their facilities by utilizing the know-how of the system. Introducing Yurekaiteru allows production facilities to shut down their production lines for an emergency and helps medical facilities prevent accidents during operation and allows them to secure evacuation routes for patients.

THE ENVIRONMENT

Developed an Environmentally friendly housing complex, which received the S rank in its CASBEE evaluation

In June 2007, Toda Corporation developed a housing complex with the aim of creating an “environmentally friendly, healthy and comfortable habitation.”

The five concepts of the development are as follows:

- Effectively use of sunshine and natural energy, such as natural light and wind
- Control global warming by promoting energy conservation
- Increase the life of buildings by introducing SI (skeleton-infill) housing, which ensures changeability and renewability
- Build habitations that ensure the basic safety, health and amenity of buildings
- Create beautiful habitations and municipalities that have an affinity with the climate, local cultures and ecology

A test design was built in October 2006 and an environmental evaluation of the details was performed based on the simplified version of CASBEE (Comprehensive Assessment System for Building Environmental Efficiency) for new construction^(*). As a result, it received the S rank^(**) in the BEE (Building Environmental Efficiency) evaluation.

Toda endeavors to reduce CO₂ emissions and promote resource recycling by way of energy conservation by actively incorporating the technologies it develops into the design of actual housing complexes in the future.



^(*) CASBEE (Comprehensive Assessment System for Building Environmental Efficiency) This is a scheme of evaluating and rating buildings based on environmental performance. CASBEE provides assessment of comprehensive environmental performance, such as indoor amenities and consideration for the landscape, as well as recycling performance, energy and resource conservation.

^(**) S Rank in the BEE evaluation
BEE (Building Environmental Efficiency) refers to an indicator calculated by defining the “environmental quality and performance of the building” as the numerator and the “external environmental load of the building” as the denominator. Assessment results of the building are determined by providing a rating of rank C (inferior), rank B-, rank B+, rank A and rank S (excellent) as the BEE value increases.

SOCIAL CONTRIBUTION ACTIVITIES

Contributing to the early restoration of roads damaged by an earthquake

In the former Yamakoshi Village (currently, Yamakoshi district, Nagaoka City, Niigata Prefecture), all the roads leading to the village were blocked due to the Niigata Chuetsu Earthquake, which occurred on October 23, 2004. Among these roads, Toda Corporation took



charge of restoration work for National Highway 291, the major lifeline road for the former Yamakoshi Village. Although this is one of the heaviest snowfall areas in Japan, where the amount of snow accumulation exceeds 4 m, in consideration of reopening the Highway as soon as possible, we proceeded with restoration work around the clock, and Highway 291 was reopened on September 3, 2006. In December 2006, we received a letter of appreciation for our commitment to the rehabilitation of the area from the Ministry of Land, Infrastructure and Transport, Hokuriku Regional Development Bureau.

Domestic



Hakodate Kyokai Hospital

Location : Hokkaido

Client : Hokkaido Shakaijigyo Kyoukai



East Commons Kiyosumishirakawa Central Tower

Location : Tokyo

Client : Kiyosumi-Shirakawa Area Urban Dedevelopment Association



Hitachi Transport System Metropolitan East Distribution Center

Location : Chiba

Client : Hitachi Transport System, Ltd.



Tokyo College of Music Centenary Hall

Location : Tokyo

Client : Tokyo College of Music



Improvement works on Uchiage Section of No. 2 Keihan Expressway (Osaka Kita Doro)

Location : Osaka
 Client : Ministry of Land, Infrastructure and Transport Japan



Yokohama Municipal Subway Line 4 Kawawa Rail Yard civil engineering project

Location : Kanagawa
 Client : Transportation Bureau, City of Yokohama



Nihonbashi Maruzen Tokyu Building

Location : Tokyo
 Client : Mitsubishi UFJ Trust and Banking Corporation
 (PM: Tokyu Land Corporation)



Hoa Binh General Hospital

Location : Hoa Binh, Viet Nam
 Client : Hoa Binh General Hospital



Training School For Teachers

Location : Dakar, Senegal
 Client : Republic Of Senegal

Overseas

Network of Companies

As of June 28, 2007



Head Office

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Tokyo 104-8388, Japan
Phone: 03-3535-1591 Fax: 03-3561-5745

Branch Offices

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

Laboratory

Toda Institute of Construction
Technology
315, Kaname, Tsukuba City,
Ibaraki 300-2622, Japan

Subsidiaries and Affiliates

Toda Road Co., Ltd.
Chiyoda Reform Co., Ltd.
Chiyoda Kenkou Co., Ltd.
Sipco Industries Co., Ltd.
Chiyoda Tochi Tatemono Co., Ltd.
Yachiyo Urban Co., Ltd.
Toda Finance Co., Ltd.
Towa Kanko Kaihatsu Co., Ltd.
Chiyoda Staff Service Co., Ltd.

Overseas Offices

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Phone: 714-220-3141 Fax: 714-220-1360

Toda Development, Inc.

5816 Corporate Avenue, Suite 160,
Cypress, CA 90630, U.S.A.
Phone: 714-220-3141 Fax: 714-220-1360

Construtora Toda do Brasil S/A

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Phone: 11-3886-5844 Fax: 11-3885-0705

Toda Construction (Shanghai) Co., Ltd.

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Phone: 21-6471-5870 Fax: 21-6433-3065

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Management Performance for the Current Period

The Japanese economy in this period continued its gradual recovery as seen in the increase in private sector capital investments against the backdrop of strong corporate earnings, as well as improvements in personal consumption and the employment conditions. In the construction industry, however, despite a certain optimism in private sector works centered on the manufacturing industry, public works continued to decline and with the brewing controversy surrounding low-price bidding, the severe business environment generally deteriorated even further compared to the previous period.

In light of these circumstances, the Group achieved the following performance.

Consolidated sales decreased by 4.7% compared to the previous year to ¥464.0 billion. In terms of profit, operating income decreased by 13.9% to ¥7.6 billion and ordinary income by 11.6% to ¥9.2 billion as a result of the decline in the ratio of gross profit to sales.

Note that beginning from the current period, the Company has adopted early on the "Accounting standards relating to the valuation of inventory," in order to further improve the soundness and transparency of its finances. As a result, valuation losses were recorded on real estate for sales, etc., and accordingly net income decreased by 37.9% compared to the previous year to ¥3.9 billion.

The segment performance categorized by type of business was as follows:

Construction Businesses

Due to the decrease in the amount of backlog, the sales of completed works declined to ¥452.5 billion, a 5.0% decrease compared to the previous year. In terms of profit, as a result of intensified competition, the gross profit of completed works was ¥29.5 billion, a decrease of 7.7% compared to the previous year and the gross profit ratio of completed works was 6.5%, a decline of 0.2 point.

On a non-consolidated basis, orders received for private works (domestic) totaled ¥282.7 billion, while orders received for public works (domestic) were ¥121.7 billion, for a total (including overseas operations) of ¥407.7 billion (¥325.5 billion for construction works and ¥82.1 billion for civil engineering), a 9.7% decrease compared to the previous year.

Real Estate and Other Businesses

In addition to its construction activities, the Companies are engaged in the real estate and other businesses. Net sales for this segment totaled ¥11.4 billion and gross profit was ¥3.5 billion.

Cash Flow Status

Cash and cash equivalents (hereinafter referred to as "capital") at the end of this period decreased by ¥14.8 billion to ¥54.2 billion (a 21.5% increase).

Cash Flows from Operating Activities

Our cash flows from operating activities produced a net inflow of ¥1.0 billion. This can be attributed to an inflow of capital of the amount of ¥8.3 billion as income before taxes, ¥7.6 billion due to an increase in advances received on uncompleted construction contracts and ¥3.9 billion due to an increase of purchase debts, while there was an outflow of capital amounting to ¥16.6 billion due to an increase in costs on uncompleted construction contracts and ¥4.5 billion due to a decrease in allowance for doubtful receivables.

Cash Flows from Investing Activities

Our cash flows from investing activities produced a net outflow of ¥8.5 billion. This can be attributed to an inflow of ¥4.8 billion through the sales of marketable and investment securities and ¥1.2 billion due to sales of property and equipment, while ¥8.3 billion was spent on the acquisition of marketable and investment securities and ¥5.3 billion was spent on the acquisition of property and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥7.5 billion. Major components were repayments of debt of ¥5.1 billion and cash dividends paid of ¥2.2 billion.

Cash Flow Trends

	2004	2005	2006	2007
Capital adequacy ratio	33.1%	34.2%	37.4%	37.3%
Capital adequacy ratio based on market value	22.3%	28.9%	26.0%	27.0%
Years of debt redemption	72.7 years	2.8 years	7.0 years	48.1 years
Interest coverage ratio (Times)	1.1 times	27.1 times	10.4 times	1.3 times

Notes:

Capital adequacy ratio: Shareholders' equity / Total assets

Capital adequacy ratio based on market value: Market capitalization of shares (Closing price at the end of the fiscal period × Number of issued shares at the end of the fiscal period) / Total assets

Years of debt redemption: Interest-bearing liabilities / Operating cash flow

Interest coverage ratio: Operating cash flow / Amount of interest paid

1. All indicators are calculated on the basis of consolidated financial figures.

2. Cash flows from operating activities are used for cash flow. Interest-bearing liabilities refer to all items recorded on the balance sheet that attract interest payments.

Consolidated Balance Sheets

Toda Corporation and Consolidated Subsidiaries For the years ended March 31, 2006 and 2007

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2006	2007	2007
Current assets:			
Cash and time deposits	¥ 64,648	¥ 50,560	\$ 428,296
Note and accounts receivable	106,428	108,750	921,224
Marketable securities	149	69	590
Costs on construction work in progress	152,688	169,347	1,434,537
Real estate for sale and others	42,910	38,872	329,285
Deferred income taxes	17,063	18,232	154,448
Other current assets	8,964	8,374	70,940
Allowance for doubtful receivables	(2,623)	(570)	(4,835)
Total current assets	390,230	393,636	3,334,488
Non-current assets:			
Tangible fixed assets:			
Building and structures	37,265	38,693	327,772
Machinery and equipment	12,600	12,223	103,545
Land	59,462	61,387	520,012
Construction in progress	189	53	452
Accumulated depreciation	(31,101)	(31,627)	(267,917)
Total tangible fixed assets	78,416	80,730	683,865
Intangible fixed assets	631	1,213	10,280
Investments and other assets:			
Investment securities	179,106	192,476	1,630,469
Long-term loans receivable	3,078	1,964	16,637
Others	7,848	5,954	50,436
Allowance for doubtful receivables	(5,542)	(3,085)	(26,136)
Total investments and other assets	184,491	197,309	1,671,407
Total non-current assets	263,539	279,253	2,365,553
Total assets	¥653,770	¥672,890	\$5,700,042

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSET	Millions of yen		Thousands of U.S. dollars (Note 2)
	2006	2007	2007
LIABILITIES			
Current liabilities:			
Notes and accounts payable	¥116,074	¥120,011	\$1,016,616
Short-term bank loans and current portion of long-term debt	50,107	46,730	395,853
Accrued income taxes	3,140	5,677	48,094
Advance payments received on contracts	119,040	126,711	1,073,370
Allowance for bonuses	4,718	4,519	38,285
Allowance for compensation for completed works	631	996	8,443
Allowance for losses on construction contracts	1,733	1,897	16,075
Deposits received	22,407	23,835	201,913
Other current liabilities	12,923	10,983	93,042
Total current liabilities	330,777	341,364	2,891,696
Non-current liabilities:			
Long-term debt less current portion	7,642	5,830	49,386
Deferred income taxes	33,091	37,347	316,370
Deferred income taxes following land revaluation	1,746	1,515	12,838
Allowance for retirement benefits	28,105	27,444	232,483
Allowance for directors' and corporate auditors' retirement benefits	812	95	805
Long-term accounts payable	—	761	6,454
Rental security deposits for real estate	3,670	3,524	29,857
Total non-current liabilities	75,067	76,519	648,197
Total liabilities	405,844	417,884	3,539,893
NET ASSET			
Shareholders' equity:			
Common stock	23,001	23,001	194,846
Additional paid-in capital	25,595	25,595	216,816
Retained earnings	128,565	130,595	1,106,273
Treasury stock, at cost	(939)	(1,016)	(8,611)
Total shareholders' equity	176,222	178,175	1,509,323
Valuation and translation adjustments:			
Unrealized gain on available-for-sale securities	65,991	71,218	603,294
Deferred gain (loss) on derivatives under hedge accounting	—	(1)	(11)
Land revaluation difference	2,544	2,208	18,705
Translation adjustments	(434)	(292)	(2,476)
Total valuation and translation adjustments	68,101	73,133	619,512
Minority interest	3,601	3,696	31,312
Total net asset	247,925	255,005	2,160,148
Total liabilities and net asset	¥653,770	¥672,890	\$5,700,042

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries For the years ended March 31, 2006 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2006	2007	2007
Net sales:			
Construction business	¥476,213	¥452,572	\$3,833,734
Real estate and other businesses	10,830	11,469	97,156
Total net sales	487,044	464,041	3,930,891
Cost of sales:			
Construction business	444,165	422,981	3,583,066
Real estate and other businesses	7,382	7,914	67,044
Total cost of sales	451,548	430,895	3,650,110
Gross profit:			
Construction business	32,047	29,591	250,668
Real estate and other businesses	3,448	3,554	30,112
Total gross profit	35,495	33,146	280,780
Selling, general and administrative expenses	26,590	25,477	215,818
Operating income	8,905	7,668	64,962
Non-operating revenue:			
Interest income	519	173	1,468
Dividend income	1,244	1,631	13,822
Others	797	779	6,604
Total non-operating revenue	2,561	2,584	21,895
Non-operating expenses:			
Interest expense	795	832	7,049
Others	211	179	1,519
Total non-operating expenses	1,006	1,011	8,568
Ordinary income	10,460	9,241	78,288
Extraordinary gains:			
Reversal of allowance for doubtful receivables	58	1,145	9,706
Gain on sale of property and equipment	1,224	78	664
Gain on sale of investment securities	1,093	1,031	8,736
Others	46	3	28
Total extraordinary gains	2,422	2,258	19,135
Extraordinary losses:			
Prior year adjustments	100	197	1,673
Loss from sale of property and equipment	15	30	256
Loss from valuation of investment securities	28	52	441
Impairment loss of property and equipment	48	34	291
Loss from valuation of real estate for sale and others	19	2,805	23,766
Loss from valuation of golf course membership	131	41	352
Others	12	3	30
Total extraordinary losses	356	3,165	26,810
Income before income taxes and minority interests	12,526	8,335	70,613
Income taxes:			
Current	3,258	5,032	42,630
Deferred	2,709	(730)	(6,185)
Total income taxes	5,967	4,302	36,444
Minority interests	237	104	888
Net income	¥ 6,321	¥ 3,928	\$ 33,280

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, 2006 and 2007

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2006	¥23,001	¥25,595	¥128,565	¥(939)	¥176,222
Net changes during the consolidated fiscal year					
Cash dividends paid			(2,220)		(2,220)
Bonuses to directors and corporate auditors			(13)		(13)
Net income for the year			3,928		3,928
Acquisition of treasury stock				(77)	(77)
Land revaluation difference withdrawal			336		336
Other, net					
Net changes during the consolidated fiscal year	—	—	2,030	(77)	1,953
Balance at March 31, 2007	¥23,001	¥25,595	¥130,595	¥(1,016)	¥178,175

	Millions of yen					
	Valuation and translation adjustments					
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Translation adjustments	Minority interest	Total net asset
Balance at March 31, 2006	¥65,991	—	¥2,544	¥(434)	¥3,601	¥247,925
Net changes during the consolidated fiscal year						
Cash dividends paid						(2,220)
Bonuses to directors and corporate auditors						(13)
Net income for the year						3,928
Acquisition of treasury stock						(77)
Land revaluation difference withdrawal						336
Other, net	5,227	(1)	(336)	142	94	5,126
Net changes during the consolidated fiscal year	5,227	(1)	(336)	142	94	7,079
Balance at March 31, 2007	¥71,218	¥(1)	¥2,208	¥(292)	¥3,696	¥255,005

	Thousands of U.S. dollars (Note 2)				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2006	\$194,846	\$216,816	\$1,089,073	\$(7,957)	\$1,492,778
Net changes during the consolidated fiscal year					
Cash dividends paid			(18,807)		(18,807)
Bonuses to directors and corporate auditors			(117)		(117)
Net income for the year			33,277		33,277
Acquisition of treasury stock				(654)	(654)
Land revaluation difference withdrawal			2,847		2,847
Other, net					
Net changes during the consolidated fiscal year	—	—	17,199	(654)	16,545
Balance at March 31, 2007	\$194,846	\$216,816	\$1,106,273	\$(8,611)	\$1,509,323

	Thousands of U.S. dollars (Note 2)					
	Valuation and translation adjustments					
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Translation adjustments	Minority interest	Total net asset
Balance at March 31, 2006	\$559,013	—	\$21,553	\$(3,683)	\$30,512	\$2,100,174
Net changes during the consolidated fiscal year						
Cash dividends paid						(18,807)
Bonuses to directors and corporate auditors						(117)
Net income for the year						33,277
Acquisition of treasury stock						(654)
Land revaluation difference withdrawal						2,847
Other, net	44,281	(11)	(2,847)	1,206	799	43,429
Net changes during the consolidated fiscal year	44,281	(11)	(2,847)	1,206	799	59,974
Balance at March 31, 2007	\$603,294	\$(11)	\$18,705	\$(2,476)	\$31,312	\$2,160,148

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Toda Corporation and Consolidated Subsidiaries For the years ended March 31, 2006 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2006	2007	2007
Cash flows from operating activities:			
Income before income taxes	¥12,526	• 8,335	\$ 70,614
Depreciation and amortization	1,655	1,610	13,646
Increase (decrease) in allowance for doubtful receivables	(259)	(4,509)	(38,203)
Increase (decrease) in allowance for retirement benefits	(16)	(660)	(5,598)
Increase (decrease) in other reserves	(878)	(386)	(3,275)
Loss from valuation of real estate for sale and others	19	2,805	23,766
Loss from valuation of marketable securities and investment securities	28	52	441
Loss (gain) on sale of marketable securities and investment securities	(1,093)	(1,031)	(8,736)
Loss (gain) on sale of property and equipment	(1,215)	(48)	(408)
Interest and dividend income	(1,763)	(1,805)	(15,290)
Interest expense	795	832	7,049
Bonuses paid to directors and corporate auditors	(14)	(23)	(196)
Decrease (increase) in notes and accounts receivable	(15,624)	(2,322)	(19,672)
Decrease (increase) in costs on construction work in progress	11,977	(16,658)	(141,111)
Decrease (increase) in real estate for sale	1,864	1,107	9,381
Increase (decrease) in notes and accounts payable	69	3,937	33,353
Increase (decrease) in advances received on construction work in progress	(1,070)	7,671	64,983
Other, net	2,910	3,699	31,337
Subtotal	9,910	2,606	22,079
Interest and dividends received	1,354	1,813	15,358
Interest paid	(795)	(830)	(7,036)
Income taxes paid	(2,200)	(2,495)	(21,141)
Net cash provided by operating activities	8,269	1,093	9,259
Cash flows from investing activities:			
Increase in time deposits	(258)	(474)	(4,015)
Decrease in time deposits	22	282	2,394
Acquisition of marketable securities	(1,300)	(2,879)	(24,394)
Proceeds from sale of marketable securities	1,250	2,999	25,412
Acquisition of property and equipment	(4,793)	(5,329)	(45,148)
Proceeds from disposal of property and equipment	2,195	1,294	10,965
Acquisition of investment securities	(5,868)	(5,436)	(46,048)
Proceeds from sales of investment securities	2,289	1,824	15,455
Loans provided	(110)	(391)	(3,318)
Proceeds from collection of loans	207	363	3,079
Other, net	(259)	(763)	(6,468)
Net cash used in investing activities	(6,625)	(8,509)	(72,086)
Cash flows from financing activities:			
Increase in short-term borrowings	20,517	12,870	109,021
Decrease in short-term borrowings	(24,492)	(17,360)	(147,056)
Proceeds from long-term debt	3,310	1,020	8,640
Repayments of long-term debt	(4,016)	(1,719)	(14,561)
Cash dividends paid by the parent company	(1,902)	(2,220)	(18,807)
Cash dividends paid to minority shareholders	(36)	(18)	(153)
Other, net	—	(77)	(654)
Net cash used in financing activities	(6,620)	(7,504)	(63,570)
Effect of exchange rate changes on cash and cash equivalents	235	34	293
Net increase (decrease) in cash and cash equivalents	(4,740)	(14,888)	(126,118)
Cash and Cash equivalents at beginning of year	73,909	69,168	585,926
Cash and cash equivalents at end of year	¥69,168	•54,280	\$459,808

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Toda Corporation and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements presented herein of Toda Corporation (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared in accordance with the provisions set forth in the Corporation Law of Japan and Securities 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.

2. U.S. Dollar Amounts

The U.S. dollar amounts are included solely for convenience and have been translated as a matter of arithmetical computation only at the rate of ¥118.05=US\$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2007, 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.

3. Scope of Consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation and 14 subsidiaries, namely Toda Road Co., Ltd., Chiyoda Reform Co., Ltd., Chiyoda Kenko Co., Ltd., Sipco Industries Co., Ltd., Chiyoda Tochi Tatemono Co., Ltd., Yachiyo Urban Co., Ltd., Toda Finance Co., Ltd., Towa Kanko Kaihatsu Co., Ltd., Chiyoda Staff Service Co., Ltd., Toda America,

Inc., Toda Development, Inc., Construtora Toda do Brasil S/A, Toda Construction (Shanghai) Co., Ltd., Thai Toda Corporation Ltd.

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

4. Application of the Equity Method

All unconsolidated subsidiaries and affiliates were not accounted for using the equity method, as these companies were not significant in

terms of retained earnings or net income of the consolidated financial statements.

5. Fiscal Period of Consolidated Subsidiaries

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

In preparing its consolidated financial statements, the Company used financial statements as of December 31 of all the above-named

subsidiaries. However, adjustments necessary for the purpose of consolidation have been made for significant transactions that arose during the period from January 1 to March 31, the consolidated fiscal year-end.

The fiscal period of all other consolidated subsidiaries is the same as that of the Company.

6. Summary of Significant Accounting Policies

1) Basis of valuation of important assets

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

Inventories are stated at cost. For real estate for sale and other which lost profitability, the carrying amount has been written down.

2) Depreciation and amortization

Depreciation of property and equipment is principally computed by the straight-line method for buildings acquired on and after April 1, 1998 (with the exception of building fixtures) and by the declining-balance method for all other items.

Amortization of intangible assets is computed by the straight-line method.

Amortization of software used by the Companies are computed using the straight-line method based on an estimated useful life.

3) Allowance

(a) Allowance for doubtful receivables

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

(b) Allowance for bonuses

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

(c) Allowance for compensation for completed works

To cover expenses for defects claimed concerning completed works, the allowance is provided based on the estimated amount of compensation in the future for the works completed during the current fiscal year (year ended March 31, 2007; hereinafter the same).

(d) Allowance for losses on construction contracts

To cover losses which have a high probability of occurring at the future time of work completion, the allowance for estimated losses are provided based on the amount of orders received and the estimated cost.

(e) Allowance for retirement benefits

The allowance for retirement benefits for employees are calculated based on estimated amounts of retirement benefit obligations and pension assets as of the end of the current fiscal year.

(f) Allowance for directors' and corporate auditors' retirement benefits

To provide for the payment of directors' and corporate auditors' retirement benefits, an amount is allocated which is required to be paid at the end of the fiscal year according to internal regulations.

4) Leases

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

5) Hedge accounting (derivative financial instruments)

The Companies apply hedge accounting as follows:

(a) Method of hedge accounting employed:

Deferral hedge accounting

(b) Measures and objects:

Measures: Forward foreign exchange contracts

Objects: Transactions to be paid in foreign currencies in cases of overseas construction works and overseas procurement of materials

(c) Hedging principles:

The companies utilize forward foreign exchange contracts to fix the payment amount in yen and procure necessary foreign currency funds, thus evading the risk of increase in payment amount due to currency exchange rate fluctuations.

(d) Evaluation method of effectiveness of hedging:

During the period from the time when the hedging first started till the end of the current fiscal year, 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.

6) Basis of recording sales of construction business

Sales of construction business (including long-term contract constructions) are recorded on a work completion basis, except for overseas subsidiaries which record construction sales on a percentage of completion basis.

7. Cash and Cash Equivalents

For the Statements of Consolidated Cash Flows, cash and cash equivalents are defined as cash on hand, deposits that can be with-

drawn at any time, and highly liquid short-term investments with a maturity date within three months after acquisition.

8. Notes to Consolidated Balance Sheets

1) Revaluation of land for business use

Based on the Land Revaluation Law, the Companies have revaluated land held for business use, and have recorded any discrepancies in the Consolidated Balance Sheets as "Land revaluation difference."

• Method of Revaluation

In accordance with Item 3 of Article 2 of the Land Revaluation Law, revaluation is calculated by making rational adjustments to values

listed in the land tax register book or supplementary land tax register book.

• Date of revaluation: March 31, 2002

• Difference between fair value and postrevaluation book value at the end of the current fiscal year.

¥(4,794 million)

\$(40,611 thousand)

2) Assets pledged as collateral

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Time deposits	¥510	¥510	\$4,320
Marketable securities	—	69	590
Land	9	9	80
Investment securities	120	56	481
Long-term loans receivable	98	113	963
Total	¥737	¥759	\$6,435

3) Contingent liabilities

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Contingent liabilities	¥1,584	¥1,334	\$11,306

4) Discounts on notes receivable

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Discounts on notes receivable	¥210	¥140	\$1,186

9. Notes to Consolidated Statement of Income

1) Principal components of selling, general and administrative expenses

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Employee salaries	¥11,866	¥11,640	\$98,608
Addition to allowance of bonuses	1,736	1,676	14,198
Retirement benefit cost	1,408	1,115	9,448

2) Research and development expenditures included in selling, general and administrative expenses and manufacturing costs

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Research and development expenditures included in selling, general and administrative expenses and manufacturing costs	¥2,406	¥2,345	\$19,870

10. Notes to Consolidated Statements of Cash Flows

Reconciliation between year-end cash and cash equivalents and the representation on the balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Cash and time deposits	¥64,648	¥50,560	\$428,296
(Less) time deposits with maturities of more than three months	(1,080)	(1,271)	(10,770)
Cash equivalents	5,599	4,991	42,282
Cash and cash equivalents	¥69,168	¥54,280	\$459,808

11. Marketable Securities and Investment Securities

March 31, 2006	Millions of yen		
	Amount recorded in the consolidated balance sheets	Market value	Difference
Held-to-maturity debt securities:			
Items with a fair value that exceeds the amount recorded in the consolidated balance sheets	¥ 8	¥ 9	¥ 1
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets	169	168	(0)
Total	¥ 178	¥ 178	¥ 0

March 31, 2006	Millions of yen		
	Acquisition cost	Amount recorded in the consolidated balance sheets	Difference
Other securities with a fair value:			
Items with an amount recorded in the consolidated balance sheets that exceeds the acquisition cost			
Stocks	¥62,723	¥174,074	¥111,351
Bonds	—	—	—
Others	—	—	—
Subtotal	62,723	174,074	111,351
Items with an amount recorded in the consolidated balance sheets that does not exceed the acquisition cost			
Stocks	696	629	(67)
Bonds	—	—	—
Others	—	—	—
Subtotal	696	629	(67)
Total	¥63,420	¥174,704	¥111,284

March 31, 2007	Millions of yen		
	Amount recorded in the consolidated balance sheets	Market value	Difference
Held-to-maturity debt securities:			
Items with a fair value that exceeds the amount recorded in the consolidated balance sheets	¥ 8	¥10	¥1
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets	69	69	(0)
Total	¥78	¥79	¥0

March 31, 2007	Millions of yen		
	Acquisition cost	Amount recorded in the consolidated balance sheets	Difference
Other securities with a fair value: Items with an amount recorded in the consolidated balance sheets that exceeds the acquisition cost			
Stocks	¥63,747	¥184,200	¥120,452
Bonds	—	—	—
Others	—	—	—
Subtotal	63,747	184,200	120,452
Items with an amount recorded in the consolidated balance sheets that does not exceed the acquisition cost			
Stocks	4,210	3,856	(353)
Bonds	—	—	—
Others	—	—	—
Subtotal	4,210	3,856	(353)
Total	¥67,957	¥188,056	¥120,099

March 31, 2007	Thousands of U.S. dollars		
	Amount recorded in the consolidated balance sheets	Market value	Difference
Held-to-maturity debt securities: Items with a fair value that exceeds the amount recorded in the consolidated balance sheets	\$ 76	\$ 86	\$ 10
Items with a fair value that does not exceed the amount recorded in the consolidated balance sheets	591	589	(1)
Total	\$667	\$675	\$ 8

March 31, 2007	Thousands of U.S. dollars		
	Acquisition cost	Amount recorded in the consolidated balance sheets	Difference
Other securities with a fair value: Items with an amount recorded in the consolidated balance sheets that exceeds the acquisition cost			
Stocks	\$540,001	\$1,560,357	\$1,020,355
Bonds	—	—	—
Others	—	—	—
Subtotal	540,001	1,560,357	1,020,355
Items with an amount recorded in the consolidated balance sheets that does not exceed the acquisition cost			
Stocks	35,664	32,669	(2,995)
Bonds	—	—	—
Others	—	—	—
Subtotal	35,664	32,669	(2,995)
Total	\$575,665	\$1,593,025	\$1,017,360

12. Retirement Benefits

1) Summary of retirement benefit plans

The Company has a defined benefit plan that consists of a qualified pension plan and a lump-sum benefit plan. Domestic consolidated subsidiaries have lump-sum benefit plans.

2) Projected benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Retirement benefit obligation	¥(53,472)	¥(52,802)	\$(447,288)
Qualified pension plan assets	26,777	27,016	228,855
Unfunded retirement benefit obligation	(26,694)	(25,785)	(218,432)
Unrecognized actuarial differences	(1,410)	(1,658)	(14,050)
Allowance for retirement benefits	¥(28,105)	¥(27,444)	\$(232,483)

3) Retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Service costs	¥1,944	¥1,939	\$16,432
Interest costs	1,321	1,309	11,095
Expected return on plan assets	(118)	(321)	(2,722)
Amount of actuarial differences	792	202	1,717
Retirement benefit cost	¥3,938	¥3,131	\$26,523

4) Basis of calculating retirement benefit obligation

	2006	2007
Periodic allocation method of projected retirement benefit obligation	Straight-line method	Straight-line method
Discount rate	2.50%	2.50%
Expected return on plan assets	1.20%	1.20%
Amortized period of unrecognized actuarial differences	5 years	5 years

13. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Deferred tax assets:			
Real estate for sale	¥ —	¥12,567	\$106,456
Building and structures	—	781	6,619
Land	—	225	1,912
Loss from valuation of real estate	12,845	—	—
Investment securities	693	692	5,870
Allowance for doubtful receivables	675	531	4,504
Allowance for bonuses	1,920	1,839	15,583
Allowance for retirement benefits	11,427	11,161	94,548
Other	4,045	4,809	40,737
Tax loss carryforwards	244	76	645
Subtotal	31,852	32,685	276,878
Less: valuation allowance	(73)	(72)	(613)
Deferred tax assets	31,778	32,613	276,264
Deferred tax liabilities:			
Reserve for advanced depreciation	(2,514)	(2,847)	(24,120)
Unrealized gain on available-for-sale securities	(45,292)	(48,880)	(414,065)
Land revaluation difference	(1,746)	(1,515)	(12,838)
Deferred tax liabilities	(49,553)	(53,243)	(451,024)
Net deferred tax assets (liabilities)	¥(17,774)	¥(20,630)	\$(174,760)

A reconciliation between the statutory income tax rate and the effective income tax rate as a percentage of income before income taxes and minority interests for the years ended March 31, 2006 and 2007 is as follows:

	2006	2007
Statutory tax rate	40.7%	40.7%
Expenses not deductible for income tax purposes	7.2	10.9
Non-taxable income	(2.0)	(3.7)
Inhabitant taxes (per capital levy)	2.5	3.0
Other	(0.7)	0.7
Effective tax rate	47.6%	51.6%

Notes to Consolidated Financial Statements

Toda Corporation and Consolidated Subsidiaries

14. Segment Information

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

Other business..... Financing, leasing and hotel business
 Information by business segment for the years ended March 31, 2006 and 2007 is summarized as follows:

Millions of yen						
March 31, 2006	Construction	Real estate	Other	Total	Elimination and/or corporate	Consolidated
Net sales:						
Customers	¥476,213	¥10,320	¥ 510	¥487,044	¥ —	¥487,044
Inter-segment	170	947	209	1,327	(1,327)	—
Total	476,383	11,268	720	488,371	(1,327)	487,044
Operating costs and expenses	469,508	9,238	612	479,359	(1,219)	478,139
Operating income	¥ 6,874	¥ 2,030	¥107	¥ 9,012	¥ (107)	¥ 8,905
Assets	¥324,260	¥87,451	¥8,305	¥420,017	¥233,753	¥653,770
Depreciation and amortization	857	776	22	1,655	—	1,655
Capital expenditures	1,003	4,211	—	5,215	—	5,215

Millions of yen						
March 31, 2007	Construction	Real estate	Other	Total	Elimination and/or corporate	Consolidated
Net sales:						
Customers	¥452,572	¥10,911	¥ 558	¥464,041	¥ —	¥464,041
Inter-segment	1	1,133	201	1,336	(1,336)	—
Total	452,573	12,044	759	465,378	(1,336)	464,041
Operating costs and expenses	447,128	9,810	695	457,633	(1,260)	456,372
Operating income	¥ 5,445	¥ 2,234	¥ 64	¥ 7,745	¥ (76)	¥ 7,668
Assets	¥344,954	¥87,902	¥7,601	¥440,458	¥232,431	¥672,890
Depreciation and amortization	776	809	24	1,610	—	1,610
Capital expenditures	3,738	2,586	2	6,327	(234)	6,093

Thousands of U.S. dollars						
March 31, 2007	Construction	Real estate	Other	Total	Elimination and/or corporate	Consolidated
Net sales:						
Customers	\$3,833,734	\$ 92,428	\$ 4,728	\$3,930,891	\$ —	\$3,930,891
Inter-segment	13	9,603	1,705	11,322	(11,322)	—
Total	3,833,748	102,032	6,433	3,942,214	(11,322)	3,930,891
Operating costs and expenses	3,787,616	83,102	5,887	3,876,606	(10,677)	3,865,929
Operating income	\$ 46,131	\$ 18,930	\$ 546	\$ 65,607	\$ (645)	\$ 64,962
Assets	\$2,922,102	\$744,618	\$64,392	\$3,731,114	\$1,968,928	\$5,700,042
Depreciation and amortization	6,580	6,855	209	13,645	—	13,645
Capital expenditures	31,666	21,914	18	53,599	(1,982)	51,617

15. Amounts per Share

	Yen		U.S. dollars
	2006	2007	2007
Net assets per share of common stock	764.26	786.47	6.662
Net income per share of common stock	19.75	12.29	0.104

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

	Average interest rate (%)	Millions of yen		Thousands of U.S. dollars
		2006	2007	2007
Short-term bank loans	1.374	¥48,620	¥44,130	\$373,824
Current portion of long-term debt	1.788	1,487	2,600	22,028
Long-term debt less current portion	1.993	7,642	5,830	49,386
Total		¥57,749	¥52,560	\$445,239

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

Year ending March 31	Millions of yen			
	2009	2010	2011	2012
Long-term debt	¥2,437	¥3,393	¥1,009	¥792

Year ending March 31	Thousands of U.S. dollars			
	2009	2010	2011	2012
Long-term debt	\$20,643	\$28,747	\$8,548	\$6,710

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

Independent Auditors' Report

Toda Corporation

To the Board of Directors Toda Corporation

We have audited the accompanying consolidated balance sheets of Toda Corporation and consolidated subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toda Corporation and consolidated subsidiaries as of March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

We have also reviewed the translation of the 2007 consolidated financial statements into United States dollars on the basis described in Note 2. In our opinion, such statements have been properly translated on such basis.



Tokyo, Japan
June 28, 2007

Seinan Audit Corporation

Corporate Information

As of June 28, 2007

Company name:

TODA CORPORATION

Areas of business:

1. Civil engineering/construction, design/application contracts
2. Local development: research, planning, administration of municipal development; and other comprehensive engineering and consulting services
3. Sale, rental, management, and intermediary service for real estate

Stock Listing:

Tokyo Stock Exchange
Osaka Stock Exchange

Capital:

¥23.0 billion (as of March 31, 2007)

Number of employees:

4,002 (as of March 31, 2007)

Board of Directors, Corporate Auditors and Managing Officers

As of June 28, 2007

Directors

Director and Honorary Chairman

Junnosuke Toda

Director and Senior Adviser

Moriji Toda

Chairman and Representative Director

Hisao Kato

President and Representative Director

Shunzo Inoue

Representative Director

Satoshi Kosai

Directors

Michio Suzuki

Masayuki Shirai

Shozaburo Kanamori

Hideshige Toda

Director and Senior Adviser

Tsunehiro Yoshizawa

Corporate Auditors

Standing Corporate Auditors

Morimichi Toda

Kunihiko Hayasaka

Corporate Auditors

Yoshiaki Kaji

Isao Itoga

Managing Officers

President and Chief Executive Officer

Shunzo Inoue

Executive Vice President

Satoshi Kosai

Senior Executive Managing Officers

Masayuki Shirai

Shozaburo Kanamori

Michio Suzuki

Yojiro Ishizaka

Takumi Nishiyama

Executive Managing Officers

Kakushi Hamabe

Hiroyuki Kikuchi

Toshiro Oka

Masami Yamashita

Hatsuaki Matsumoto

Tomotaro Ito

Hiroshi Kuwahara

Hiroshi Onishi

Hiroyuki Ushijima

Kazuo Yamane

Noboru Nomura

Managing Officers

Kuniaki Ishimaru

Shunichiro Hanazono

Takeshi Kida

Takeshi Oba

Osamu Chiba

Kikuo Sumi

Norimasa Togami

Hiroyuki Naito

Morihiro Wada

Takashi Doi

Shoji Takahashi

Toshihiro Abe

Etsuo Nonoguchi

Koichi Iwamori

Katsuaki Hukushima

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