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Cover photograph

Aichi Prefectural Aichi High School of Technology and Engineering
(Nagoya, Japan)

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CORPORATE REPORT 2019



Financial and Non-Financial Highlights

Key performance indicators

Data on economic aspect (consolidated)	Millions of yen FY2014	FY2015	FY2016	FY2017	FY2018	Thousands of U.S. dollars (Note) FY2018
Consolidated						
Net sales Graph	420,324	492,621	422,722	429,026	**510,436**	**4,598,944**
Ordinary income Graph	14,813	23,723	27,197	33,037	**37,493**	**337,812**
Profit for the year attributable to owners of the parent Graph	14,026	20,039	42,091	25,455	**25,595**	**230,609**
Comprehensive income (loss)	46,192	(3,381)	52,073	29,652	**26,066**	**234,857**
Total net assets Graph	182,988	177,417	226,895	249,394	**269,193**	**2,425,380**
Total assets Graph	495,442	548,711	536,582	558,312	**667,722**	**6,016,060**
Per share of common stock						
Net assets	587.83	569.92	729.35	803.43	**868.13**	**7.821**
Profit for the year attributable to owners of the parent	45.42	65.25	137.07	82.71	**83.49**	**0.752**
Cash dividends applicable to the year	7.00	10.00	15.00	20.00	**20.00**	**0.180**
Net cash provided by (used in) operating activities	(947)	(8,863)	58,874	19,331	**(28,384)**	**(255,740)**
Net cash provided by (used in) investing activities	1,982	(6,099)	(9,797)	(7,812)	**(24,475)**	**(220,516)**
Net cash provided by (used in) financing activities	(4,576)	11,148	(12,608)	(2,015)	**49,047**	**441,913**
Cash and cash equivalents at end of period	59,245	54,650	90,986	100,526	**96,564**	**870,026**
Non-Consolidated						
Orders received Graph	455,516	420,769	478,587	449,522	**549,233**	**4,948,499**

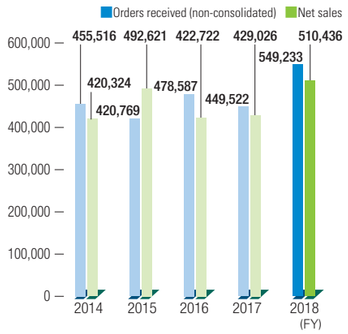
Note: The rate of ¥110.99=US$1.00, the foreign exchange rate on March 31, 2019, has been used for translation.

Data on social and environmental aspects (non-consolidated)	Units	FY2014	FY2015	FY2016	FY2017	FY2018
Number of employees (consolidated)	(Persons)	4,817	4,742	4,872	4,994	**5,296**
Number of employees	(Persons)	3,861	3,823	3,968	4,016	**4,078**
Men/Women	(Persons)	3,397/464	3,364/459	3,447/521	3,479/537	**3,510/568**
Average age	(Years)	44.9	45.0	44.4	44.4	**44.3**
Average years of continuous employment	(Years)	20.1	20.2	19.5	19.4	**19.1**
Labor productivity*1 Graph	(10,000 yen)	1,154	1,455	1,545	1,656	**1,711**
Occupational accident frequency*2 Graph	(Frequency)	1.26	0.56	0.53	0.48	**0.40**
Number of occupational accidents resulting in four or more days' absence from work Figures in parentheses ( ) indicate number of accidents involving fatalities	(Accidends)	43 (1)	20 (1)	16 (2)	14 (0)	**13 (0)**
CO_2 emissions (workplace)*3 Graph	(t-CO_2)	76,709	74,510	69,688	70,260	**72,767**
CO_2 emissions (office)*3	(t-CO_2)	2,809	3,330	3,647	3,517	**2,794**
SCOPE 1*4	(t-CO_2)	57,292	52,336	44,051	51,132	**50,926**
SCOPE 2*3 *5	(t-CO_2)	19,417	25,504	29,284	22,645	**24,635**
SCOPE 3*6	(t-CO_2)	13,860,683	10,597,058	7,208,503	8,149,306	**6,897,759**
CO_2 emissions basic unit (workplace)*3 Graph	(t-CO_2/100 million yen)	20.3	16.4	17.0	16.5	**14.3**
Construction waste generated Graph	(10,000 t)	70.8	66.6	79.2	99.4	**72.1**
Percentage of construction waste disposed of as landfill Graph	(%)	6.7	5.0	4.6	2.6	**8.4**

*1 Labor productivity = Amount of added value (operating income + total personnel expenses) ÷ number of employees (average for the period, including temporary employees, etc.)
*2 Frequency: An index showing the incidence of occupational accidents in every million man-hours of work.
*3 CO_2 emissions: SCOPE 2 is calculated using a market-based approach (using adjusted emissions factors for each electricity retailer and different emissions factors for each item). The web version contains figures for Location-based (using national average factors).
*4 Scope 1: Greenhouse gases that are direct emissions resulting from corporate activity.
*5 Scope 2: Greenhouse gases that are indirect emissions resulting from energy use for corporate activity.
*6 Scope 3: Greenhouse gases that are indirect emissions excluding Scope 1 and Scope 2. The web version contains figures for each category.
Up to fiscal 2013, categories 2, 3, 5, 6, 7, and 11 were calculated, but from fiscal 2014, categories 1, 4, and 12 were added to the calculation. From fiscal 2015, category 13 was added to the calculation.

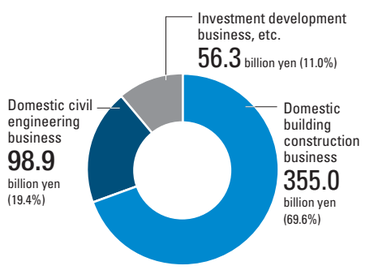
Orders Received (non-consolidated) and Net Sales

(millions of yen)



Orders received in the construction industry firmed and orders received in the domestic building construction and domestic civil engineering construction businesses increased 17.1% and 43.1% respectively, compared to the previous fiscal year. Total orders received (non-consolidated), including in the investment development business and others, increased 22.2% to 549.2 billion yen. Sales (consolidated) increased 19.0% to 510.4 billion yen, mainly due to an increase in the domestic building construction business (increase of 16.6%).

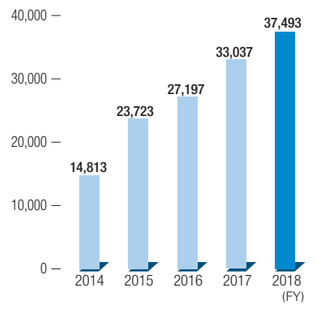
Sales by Business and as Percentage of Total Sales



As before, Toda's sales by business segment mainly comprise domestic building construction. No significant change is expected in the future, but our business strategy for the medium- to long- term calls for steps to reinforce the Investment Development Business and others.

Ordinary Income

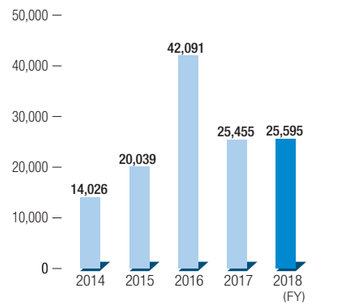
(millions of yen)



Gross profit margin on sales remained steady while net sales increased year on year to 19.0%, mainly due to an increase in completed construction contracts. Because of this, gross profit margin on sales continued to increase at a rate of 11.2%, amounting to 67.1 billion yen. As a result, ordinary income increased 13.5% year on year to 37.4 billion yen.

Profit for the Year Attributable to Owners of the Parent

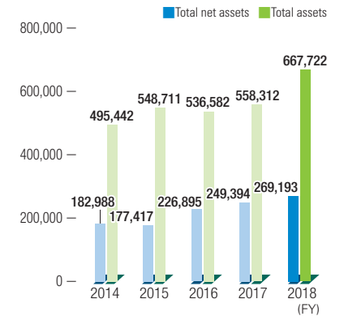
(millions of yen)



Extraordinary losses arose due to loss on property put into business, etc., which was eclipsed by extraordinary income from gain on sale of securities, etc., resulting in extraordinary profit of 0.8 billion yen. Profit for the year attributable to owners of the parent amounted to 25.5 billion yen (year-on-year increase of 0.6%) due to corporate taxes, etc., increasing to 12.5 billion yen (10.2 billion yen in the previous fiscal year).

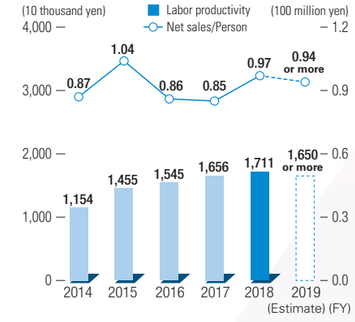
Total Net Assets / Total Assets

(millions of yen)



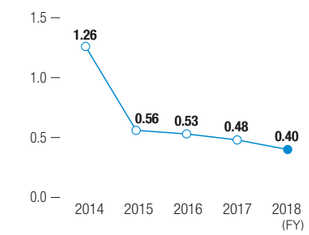
Total net assets increased 19.7 billion yen year on year to 269.1 billion yen (increase of 7.9%) and the capital ratio was 39.9% due to factors such as the addition of net income. Total liabilities increased by 89.6 billion yen (increase of 29.0%) to 398.5 billion yen due to factors such as the increase in net assets and the issue of commercial papers (50.0 billion yen), resulting in an increase in total assets of 109.4 billion yen (increase of 19.6%).

(S) Labor Productivity (non-consolidated)



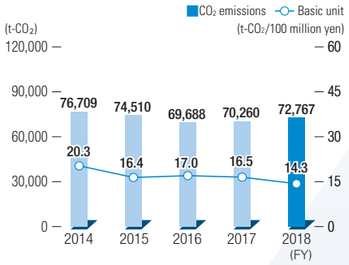
Labor productivity improvements continue, and we continue to surpass the goal of 15 million yen set in Medium-Term Management Plan 2019 due to factors such as the promotion of initiatives to increase productivity in the Building Construction Business. Although gross profit margin on completed construction contracts in fiscal 2018 fell short of the previous fiscal year (13.7%) at 12.8%, labor productivity improved to 17.11 million yen as net sales per person improved to 97 million yen (85 million yen in the previous fiscal year) due to increased net sales.

(S) Occupational Accident Frequency (non-consolidated)



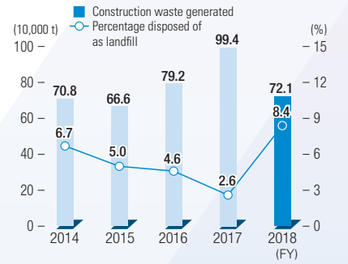
Accident frequency for fiscal 2018 improved to 0.40 from the level in fiscal 2017. In addition, there were zero work-related deaths for the second year in a row.
From fiscal 2019 onwards, we will continue to promote front loading to maintain working conditions and aim to be the No. 1 corporate group for safety in all of our business activities, in order to achieve an even higher target (less than 0.4), while also thoroughly conducting activities to eliminate occupational accidents and contributing to the attractiveness of the construction industry.

(E) CO_2 Emissions / Basic Unit (workplace) (non-consolidated)



CO_2 emissions increased in fiscal 2018; however, basic units of CO_2 emissions decreased. CO_2 emissions increased due to the increase in sales in the building construction department and decreased in the civil engineering department.
Basic units of CO_2 emissions declined due to energy conservation activities such as BDF and using diesel fuel-efficiency improvement products, using renewable energy, and overlapping completion dates for multiple large-scale projects in the building construction department. In the civil engineering department, although there was a slight improvement due to an increase in large-scale road construction, there was an overall decline.
In fiscal 2019, we will further promote CO_2 reduction measures at work sites and work to reduce CO_2 emissions.

(E) Construction Waste Generated/Percentage Disposed of as Landfill (non-consolidated)



In fiscal 2018, there was a decrease in waste generated compared to the previous fiscal year; however, there was an increase in the percentage disposed of as landfill. This was mainly due to the decrease in concrete chunks from demolition work by the building construction department and the decrease in demolition of incineration plants by the civil engineering department compared to the previous fiscal year. One of the reasons behind the increase in percentage disposed of as landfill is the change in calculation methods used by the building construction department.
The amount of waste generated and the percentage disposed of as landfill are substantially affected by the amount and types of construction in each fiscal year. Nonetheless, we will continue to promote the reduction of waste generated and the percentage disposed of as landfill by limiting the amount of waste created and thoroughly sorting waste.

The Value Creation Process

The Toda Group aims to be a corporate group that makes your success possible by achieving sustainable growth of corporate value with stakeholders and promoting ESG management through the following value creation processes.

*1 SDGs (Sustainable Development Goals): a set of seventeen goals incorporated into the 2030 Agenda for Sustainable Development that world leaders adopted at the historic UN Sustainable Development Summit in September 2015.
*2 Originally refers to retention of value and evolution through the continuous maintenance and updating of buildings and urban areas.

Changes to the external environment

Main capital invested

Financial capital
Funds from shareholders and investors, financing from financial institutions, etc.

Human capital
The highly developed motivation, expertise, skills, etc. of directors and employees rooted in the Toda Group's corporate philosophy

Manufacturing capital
Manufacturing facilities and various infrastructure, bases, etc.

Social capital
The trust of our clients and our strong relationships with partners and other stakeholders

Intellectual capital
Intellectual property, know-how, related technology and other such resources that provide the foundation for creating safe and comfortable social infrastructure

Natural capital
Natural resources such as water, air, and earth; the energy resources used in production, etc.

Work style reform

ESG management

Local subsidiaries
Culture
Technology development
Group companies
Society
Branch offices
Customers
Building construction business
The Environment
Overseas business
Partners
Investment development business
Start-ups
New business
Engineers

Corporate Philosophy
- Management Policy
- Charter

Governance (G OVERNANCE)
- Corporate governance
- CSR management
- Compliance

No.1 in Productivity
- Improving labor productivity/ROE
- Achieving economic rationality

Assembly

Collaboration

Good Corporate Citizenship (S OCIAL)
- Enhancing the appeal of the construction industry
- Promoting social contribution activities

The Environment (E NVIRONMENT)
- Achievement of a decarbonized society
- Reduction of construction waste
- Development of environmentally friendly technology
- Preservation of biodiversity

Quality/Delivery
- Quality backed by history
- Front-loading
- Purposeful deadlines

No.1 in Safety
- Zero accidents

Flexibly responding to the external environment and achieving sustainable growth

Providing differentiated services (value)

Contributing to the advancement of society through our corporate activities

Providing value to stakeholders

Ongoing evolution*2 of the Toda Group

Efforts toward SDGs*1

SUSTAINABLE DEVELOPMENT GOALS

Implementation of Global Vision

Our future vision for the Toda Group and its value

A corporate group that makes your success possible

For the satisfaction of our clients
We will build strong, reliable partnerships with our clients by delivering our precise technical expertise and comprehensive human resources.

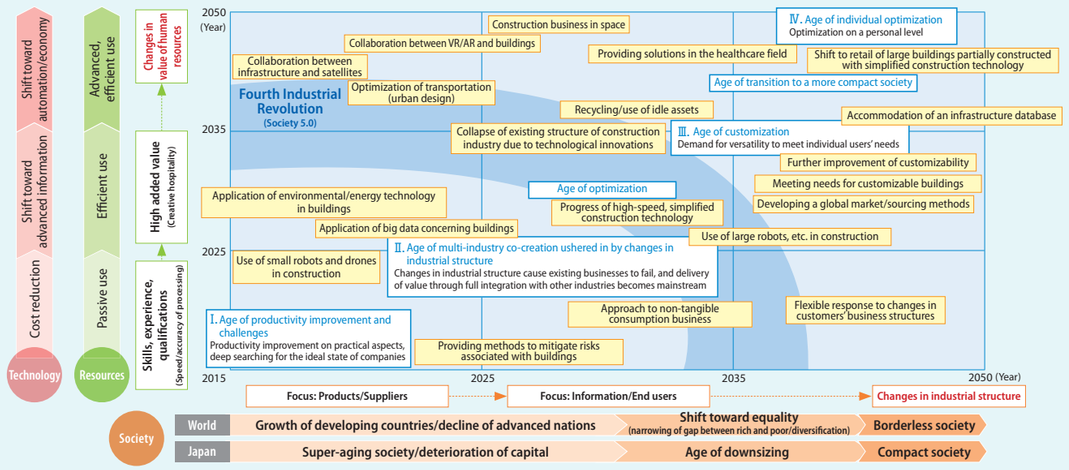
For work we can be proud of
All of us at TODA work together to create a successful environment that allows us to bring passion and a strong sense of responsibility to each project we undertake.

For future generations and our planet
We will create an environment-friendly society that is both safe and secure by aggressively tackling challenges posed by changing times and social circumstances.

Changes to the external environment (age of VUCA)

Society		Industry		Technology	
Population problems	● Declining population in Japan ● Aging society with fewer children ● Global population explosion ● Outbreak of food-supply problems	Digital disruption	● Sharing economy ● Conversion of manufacturing industries to service industries ● Development of the e-commerce market ● Mass customization	Development of telecommunications technology	● 5G ● Distributed processing ● IoT
Environmental problems	● Climate change ● Increasing natural disasters ● Disintegration of ecosystems	X-tech	● Ecosystems ● Platformer providers ● Changes to business models	Development of cutting-edge technologies	● VR/MR/AR ● Robotics ● Wearable
Urban problems	● Aging infrastructure problems ● Abandoned house problems ● Financial collapse	ESG management	● SDGs ● ESG investment ● RE100 ● CSV	Development of digital technologies	● AI ● Virtualization technology ● Use of big data ● SaaS

Toda Corporation's Vision of Society through 2050 (based on Next Future Map 5.1*)



* Toda Corporation will continue to revise the Next Future Map to increase the suitability of our efforts.



We will work to improve our technology and service. We aim to become the group that is most relied on and a “valuable Toda Group” by producing ongoing evolution through the longstanding trust of our customers and providing solutions that exceed expectations.

The Toda Group’s Vision

In recent years, it has become necessary to solve issues through international cooperation in order to achieve a sustainable society, as we are faced with issues that must be dealt with on a global scale. Thus, we feel that moves to establish benchmarks for evaluation of corporate ESG initiatives will become more widespread and the value that corporations can provide to society will be further questioned in the coming years.

Furthermore, from a medium- to long-term perspective, we must respond swiftly to factors such as declining investment in construction and changes in social composition due to the declining birthrate and aging population, and achieve sustainable growth as social factors and social demands change greatly. The Toda Group has worked toward the solution of issues in collaboration and cooperation with stakeholders, with a focus on issues that relate to the construction industry, such as through environmental conservation, maintaining social infrastructure, and responding to concerns about future construction labor shortages. Since Toda Corporation was first founded in 1881, it has been our identity and mission to contribute to social advancement through corporate activities, and this stance has not changed.

In 2015, we established a philosophical structure, including our Global Vision, which was created to express the Group’s value to society and aims for the future. The Toda Group Global Vision, which is to be "a corporate group that makes your success possible," expresses the sentiment of wanting to be a company that makes success possible for customers, employees, partners, and the whole of society, and to use that feeling as a source of confidence and pride in order to continue to grow. This vision will be shared throughout the Group, and it will increase the Group’s value and contribute to the sustainable development of society through ongoing evolution. The Group will strive to continue to improve its technology and service. We will promote globalization and the establishment of our brand, continue to evolve thanks to the longstanding trust of our stakeholders, and become a “valuable Toda Corporation” by proposing solutions that exceed expectations.

Overview of Fiscal 2018 and Outlook for Fiscal 2019

The Group is currently promoting Medium-Term Management Plan 2019. Target results include achieving at least 500.0 billion yen in net sales and 25.0 billion yen in operating income (ratio of operating income to sales of 5.0%) in 2019, which is the final year of operation. With regard to labor productivity, which has been used as a control index since the previous medium-term management plan, we have set a target of at least 15.00 million yen.

In fiscal 2018, which is the second year of operation of Medium-Term Management Plan 2019, the domestic economy continues to recover slowly, with improvements in the employment and earnings environments, etc. In the construction industry, there was an overall increase over the previous fiscal year due to an increase in private-sector works in both manufacturing and non-manufacturing industries, despite a decline in orders from the public sector. However, concerns remain, such as rising construction costs due to pressure from supply of labor and materials.

Under these circumstances, consolidated results for the Toda Group were as follows. Firstly consolidated net sales amounted to 510.4 billion yen (19.0% increase year on year), mainly due to an increase of construction completion. In terms of profits, gross profit amounted to 67.1 billion yen (an increase of 11.2% year on year) due to an increase in gross profit from domestic construction. Meanwhile, selling, general and administrative expenses rose to 32.5 billion yen, a year-on-year increase of 9.1%, due to increases in personnel expenses, etc., while operating income rose 13.3% year on year to 34.5 billion yen and ordinary income rose 13.5% to 37.4 billion yen. Profit for the year attributable to owners of the parent amounted to 25.5 billion yen, a year-on-year increase of 0.6% due to gain on sales of investment securities, despite a decline in impairment loss.

Fiscal 2019 Group Performance Targets

(billion yen)

	Fiscal 2018 Results	Fiscal 2019 Forecasts	Medium-term Targets
Consolidated Net Sales	510.4	520.0	500.0
Domestic Construction	355.0	340.0	340.0
Domestic Civil Engineering	99.0	117.5	115.0
Investment and Development + New Fields	10.1	8.9	8.5
Domestic Group Companies	45.3	49.5	36.0
Overseas	17.7	21.0	22.0
Consolidated Operating Income	34.5	30.7	25.0
Consolidated Operating Margin (unit: %)	6.8	5.9	5.0
Labor Productivity (non-consolidated, unit: 10 thousand yen)	171.1	165.0	150.0

* New Fields refers to energy related businesses and other new businesses
* Labor productivity = Amount of added value (operating income + total personnel expenses) ÷ number of employees (average for the period, including temporary employees, etc.)
* Consolidated elimination reflected in consolidated net sales totals

Outlook for Fiscal 2019

Future economic conditions are expected to continue to display moderate recovery; however, we must remain aware of uncertainty in overseas economies and fluctuations in financial capital markets. In the construction industry, the market environment is expected to remain strong; however, there are still matters of concern due to factors such as uncertainty when assessing business conditions for private enterprise and increasing construction costs due to the labor crunch, etc.

Under these conditions, we plan for the Group’s consolidated results to remain at a similar level to fiscal 2018, as shown in the above table. Furthermore, with regard to the Company’s non-consolidated results, orders received amounted to 470.0 billion yen (a decrease of 14.4% year on year), net sales amounted to 471.5 billion yen (an increase of 0.7% year on year), operating income amounted to 28.5 billion yen (a decrease of 11.5% year on year), ordinary income amounted to 30.6 billion yen (a decrease of 12.6% year on year), and net income amounted to 21.6 billion yen (a decrease of 11.5% year on year).

Outline and Progress of Medium-Term Management Plan 2019

Medium-Term Management Plan 2019, which the Group is currently promoting, is a growth strategy created by backcasting from a hypothetical future according to a clear idea of the Toda Group's purpose in future society, based on Next Future Map, which predicts what society will be like in 2050, which is about 30 years away. The plan is positioned to be phase 2 toward achieving the Toda Group Global Vision, and we are working to shift resources and create new value in order to create a revenue base for sustainable growth.

The effects of the Group's various policies and improvements in the climate for business have resulted in the domestic building construction business leading a steady rise in profit levels. However, forecasts tell us that even harsher conditions will prevail from 2020 onward. Accordingly, it is important for us to anticipate future changes in the environment and develop a strategy that is aimed at meeting the needs of our customers as well as future growth industries, etc.

The society that the Company predicts for 30 years from now will see changes to the industrial structure due to the effects of many different technological innovations, such as ICT, causing existing businesses to collapse and the main source of income being from delivering value through full-integration with other industries (the age of multi-industry co-creation). In this kind of society, it will be necessary to be able to provide added value and high-level integration to a range of information and technologies in a broad network that extends beyond individual companies. The plan lists "creating new value through assembly and collaboration" as its aim, and we are implementing various strategies under the three business policies of "evolution of No.1 in productivity and No.1 in safety," "securing differentiated value," and "enhancing the business foundation and improving stakeholder value."

Evolution of No.1 in Productivity and No.1 in Safety

In the midst of concerns about future labor shortages of construction industry, initiatives to improve productivity and ensure safety are the most important ways to achieve sustainable growth. In order to succeed in these initiatives, we must strengthen reforms to production systems and work processes and development of new technology, and we are working toward safety and productivity improvements via thorough front loading of all tasks, technological innovation, and application of information. These measures have produced steady results. [Labor productivity (non-consolidated and Occupational Accident Frequency (non-consolidated) P.2]

Furthermore, the Company is engaged in work-style reforms in conjunction with the head office reconstruction and is embracing the challenge of improving the office environment and achieving cutting-edge work-styles utilizing ICT, as part of promoting company-wide work-style reforms.

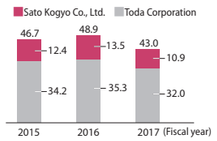
Securing Differentiated Value

In an age of upheaval, corporations must change and play a role in the solution of various social issues. From this perspective, the Group believes that securing differentiated value is an essential prerequisite for corporations to achieve sustainable growth. As measures to achieve this, we are working toward developing new technologies and new businesses through cooperation with other industries, etc., and conducting business activities to solve issues (environment/energy business and environmentally considerate investment development business, etc.). Furthermore, we are working to respond to the globalization of customers and enhance our brand power, etc., as Japan's population continues to decline. For example, we plan to invest 74.9 billion yen over three years from fiscal 2017 to fiscal 2019 in new sectors such as energy, technology, and ICT (of which 31.0 billion yen is planned for fiscal 2019), with a focus on the investment development business as a strategic initiative based on future projections. As part of this investment, we acquired Sato Kogyo Co., Ltd. (headquarters: Fukushima city), which is a prominent general contractor in Fukushima Prefecture, as a subsidiary, and established a new system to promote the cooperation of national and local general contractors.

Acquisition of Sato Kogyo Co., Ltd. as a Subsidiary

Establishing a New System to Promote the Cooperation of National and Local General Contractors

Net sales in the Tohoku Area (rough calculation)
(billion yen)



Outline of Sato Kogyo Co., Ltd.

Name	Sato Kogyo Co., Ltd.
Address	1 Shimizuuchi, Izumi-aza, Fukushima City, Fukushima
Capital	100 million yen
Incorporation	October 21, 1948

[P.13-14 Strategic Businesses]

Furthermore, in the building construction business, which is the Group's core business, we not only provide buildings with standard functions as we have previously, but we are enhancing initiatives from the perspective of the increasingly strong requirement to undergo a paradigm shift to provide buildings that create corporate value for our customers according to their changing circumstances.

Paradigm Shift in the Construction Industry

Making buildings	Creating value for customers through buildings
Functions of buildings	**Business value for customers**
● Buildings with uniform functions ● Labor-intensive business ● Specializing in construction technology ● Insular construction industry ● Improving productivity ● Construction business as a stable profit source	● Creating value with data ● Creativity ● Multiple specialties ● Inter-industry coordination ● Mechanization & automation ● Stabilization of profits in upstream/downstream processes of construction business

Enhancing the Business Foundation and Improving Stakeholder Value

In order to achieve sustainable corporate growth, we are conducting measures to improve results, building a business base, and promoting strategic initiatives based on future market projections. With regard to development of personnel that will support the next generation, we are introducing the work-style reforms and flexible work hours referred to above, conducting work-style reform initiatives such as reducing total work hours, and working to develop diverse personnel and demonstrate synergy. The Group has an appropriate understanding of the increasing range of business opportunities presented by this age of uncertain changes, and is focusing on the development of so-called "self-motivated personnel," who are personnel that can revitalize and expand our business.

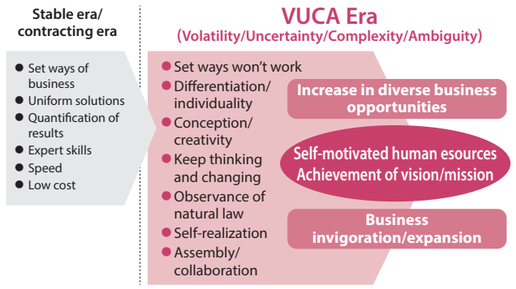


In the coming age, we will be faced with a multitude of social issues and it will become more important to implement initiatives aimed at solving them. Only companies that place importance on increasing stakeholder value will be accepted by society and be able to seize business opportunities. The Group is conducting ESG management with this in mind, and is promoting initiative that include contributing to the achievement of SDGs. For example, with regard to the environment, the Company aims to be an environmental protection leader in the construction industry as an "Eco-First" company (chair from fiscal 2019). In order to achieve this, we are conducting a range of cutting-edge initiatives, such as being one of the first companies to commit to RE100, issuing the first Green Bonds in Japan for a company's own business, and being rated as an environmental investment pioneer (receiving awards such as the Ministry of Environment Award at the Japan Green Bond Award by Japan's Ministry of the Environment).

Furthermore, with regard to concerns that there will be insufficient construction engineers in the future, we have established the Toda Mirai Foundation, which provides grants, etc., and Career Advancement Support Center Toda, which supports registration with the Construction Career Advancement System.

Fostering Human Resources for Continuous Growth

Creating working styles and staff evaluation system suited to the coming era



Becoming a Corporate Group that Makes Your Success Possible

Going forward we will enter an unpredictable age. The future will become more difficult to predict due to the increasing complexity of technology and social systems. In spite of this, the Group will continue to accept the challenge of achieving sustainable growth along with society. To achieve this, we must respond flexibly to environmental changes and provide maximum value to society, particularly in the Building Construction Business. Toda Corporation has come up with three concepts to achieve this.

First, with regard to the Building Construction Business, which is our core business, we must enhance the entire value chain, including construction, and hone techniques for construction that provides ongoing value to customers. Second, we must "challenge ourselves to engage in new fields" by sequentially moving from fields that are peripheral to construction to entirely different fields. Third, we must undertake "internal reform" to create a foundation for fundamentally changing existing structures. In this way, I believe that we can achieve sustainable growth by expanding into new business fields while maintaining synergy, centered on the building construction business, which is our strength.

In order to achieve this, we must constantly take in up-to-date information, enhance our management capabilities with regard to assembly and collaboration, conduct ESG management, including contributing to the achievement of SDGs, and increase corporate value along with a range of stakeholders.

Furthermore, we will revitalize our business activities through effective use of management resources, which rely on a sound financial footing, and aim to achieve our global vision of being "a corporate group that makes your success possible."

President and Representative Director

Masanori Imai

At a Glance

Building Construction



■ Business Climate

Public sector investment tended to diminish in the building Construction Business, but private sector construction demand has remained firm. Overall, levels exceeded previous fiscal year. Meanwhile, the labor crunch and promoting work style reforms are issues that are being dealt with on an industry-wide basis, and Toda Corporation is also conducting initiatives to increase productivity and establish favorable working conditions.

In addition, the scale of construction work continues to increase and locations of projects continue to concentrate unevenly in urban areas, two factors that compound the challenge of handling construction work, let alone performing it profitably and well. Thus, it is becoming more important to provide consistent construction systems.

■ Fiscal 2018 Results (Building Construction in Japan: non-consolidated)

Fiscal 2018 sales amounted to 355.0 billion yen (year-on-year increase of 26.8%). Due to increased sales from completed construction, this segment recorded operating income of 24.7 billion yen (year-on-year increase of 42.0%), despite the operating margin for completed construction remaining level.

Orders received increased to 381.7 billion yen (year-on-year increase of 17.1%) due to an increase in orders from both the public and private sectors.

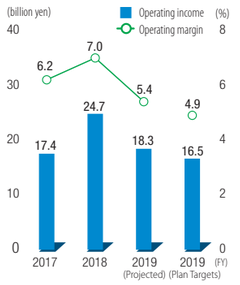
■ Prospects for Fiscal 2019 (Building Construction in Japan: non-consolidated)

Regarding prospects for performance in fiscal 2019, although construction underway increased steadily, recording a year-on-year increase of 5.7% at 496.0 billion yen (as of March 31, 2019, non-consolidated), our plan is for operating income of 18.3 billion yen (year-on-year decrease of 25.9%) as sales are expected to decline to 340.0 billion yen (year-on-year decrease of 4.2%) and a decline of 1 point (11.5%) in operating margin for completed construction. For orders received, the plan is for 340.0 billion yen (year-on-year decrease of 10.9%).

Orders received / Sales (non-consolidated)



Operating income (loss) / Operating margin



Civil Engineering Business



■ Business Climate

Orders from both the public and private sectors have firmed throughout the industry due to factors such as an increase in large-scale projects such as expressways and the Linear Chuo Shinkansen, works related to infrastructure restoration, disaster prevention, disaster mitigation, and national resilience, and renewable energy facilities. However, it is unclear how long this favorable environment for government projects will last; thus, it is imperative to prepare to deal with reduced orders in the future.

Furthermore, the issue of insufficient responsible personnel in the future is being faced by the entire industry and Toda Corporation is actively working to solve it through measures such as productivity increases using ICT and AI, work-style reforms to achieve eight days off every four weeks, and improvements in working conditions at work sites, including offices, etc.

■ Fiscal 2018 Results (Civil Engineering in Japan: non-consolidated)

Fiscal 2018 sales declined 9.4% to 99.0 billion yen due to some large-scale construction projects being delayed; however, we achieved a double-digit operating margin with operating income amounting to 11.0 billion yen (11.8 billion yen in the previous fiscal year), due to initiatives to increase productivity and securing design changes, etc.

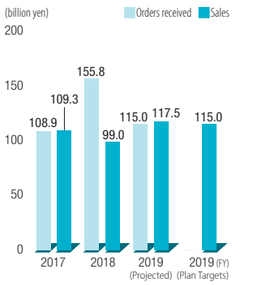
Orders received firmed for large-scale public works such as underground water storage facilities and shield work as well as construction for large-scale private wind and solar power plants, leading us to record a figure of 155.8 billion yen (year-on-year increase of 43.1%), which marked our fifth consecutive fiscal year over 100 billion yen.

■ Prospects for Fiscal 2019 (Civil Engineering in Japan: non-consolidated)

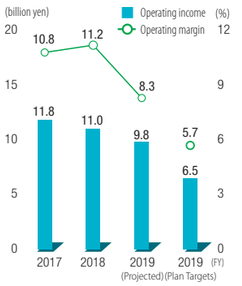
Regarding prospects for performance in fiscal 2019, our plan calls for sales of 117.5 billion yen (year-on-year increase of 18.6%) and operating income of 9.8 billion yen (year-on-year decrease of 10.9%).

For orders received, the plan is for 115.0 billion yen (year-on-year decrease of 26.2%) in consideration of the orders received being at a high level with a year-on-year increase of 31.2% to 239.2 billion yen for work underway (as of March 2019).

Orders received / Sales (non-consolidated)



Operating income (loss) / Operating margin



Strategic Businesses



■ Business Climate

Regarding the Investment Development Business, despite concern about an oversupply of office buildings and the like, demand should remain firm in Greater Tokyo and other urban areas. We therefore intend to continue to secure and optimally operate high-performing assets to expand and stabilize revenue.

Regarding the Energy Business, expectations continue to mount for floating offshore wind power generation. We will therefore continue to devote energy to the full-scale commercialization of this technology as soon as possible. Regarding Domestic Group Businesses, construction-related demand has firmed. We will therefore continue to strengthen the management of the entire Group.

■ Fiscal 2018 Results

Sales for fiscal 2018 amounted to 56.0 billion yen (year-on-year increase of 37.8%), which was an improvement in Group company figures, due to factors such as the acquisition of Sato Kogyo. Co., Ltd. as a subsidiary. Similarly, operating income amounted to 2.5 billion yen (year-on-year increase of 20.7%).

As for detailed results, the figure for sales comprises 10.9 billion yen for Investment and Development Business and New Business Fields, and 45.0 billion yen for Domestic Group Businesses. The figure for operating income comprises 0.9 billion yen and 1.9 billion yen for the respective categories.

■ Prospects for Fiscal 2019

Regarding prospects for performance in fiscal 2019, our plan calls for sales of 58.4 billion yen (year-on-year increase of 4.0%), which is steady from the previous fiscal year, and operating income of 3.0 billion yen (year-on-year increase of 14.5%) due to factors such as increased general and administrative expenses aimed at future growth.

As for detailed plans, the figure for sales comprises 8.9 billion yen for Investment and Development Business and New Business Fields, and 49.5 billion yen for Domestic Group Businesses. The figure for operating income comprises 1.1 billion yen and 1.9 billion yen for the respective categories.

Sales (non-consolidated)



Operating income (loss) / Operating margin



Overseas Business



■ Business Climate

Brazil is in an economic downturn and it appears that it will remain a difficult place to win business for some time. However, in Southeast Asia, the outlook is for continued steady growth, such as in Vietnam, which has displayed ongoing high economic growth, and Thailand, which has produced improved business sentiment among Japanese companies.

We will continue to work to find new customers and foster personnel, particularly with regard to construction, in order to meet the needs of various overseas regions including West Africa, Myanmar, and Sri Lanka. We will also work to strengthen our business base and business fields, focusing on local subsidiaries.

■ Fiscal 2018 Results

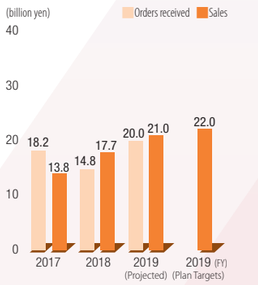
Fiscal 2018 sales continued to increase, amounting to 17.7 billion yen (year-on-year increase of 28.2%). However, due to a reduced margin for some construction, this segment recorded an operating loss of 4.0 billion yen, which was far below the planned amount.

In an environment that remains challenging, orders received amounted to 14.8 billion yen (year-on-year decrease of 18.7%), falling short of the previous fiscal year despite orders for large-scale projects and the like.

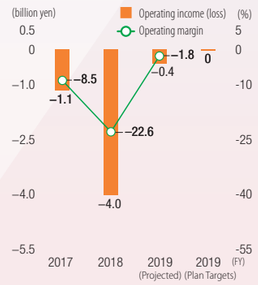
■ Prospects for Fiscal 2019

Regarding prospects for performance in fiscal 2019, sales increased to 21.0 billion yen (year-on-year increase of 15.3%), particularly due to Southeast Asia in which steady growth continues. With regard to operating income, we expect an operating loss of 0.4 billion yen despite a recovery from the previous fiscal year. The planned figure for orders is 20.0 billion yen (year-on-year increase of 35.1%) due to factors such as intensified efforts to find new customers, despite thorough profit control due to the great loss recorded in fiscal 2018.

Orders received / Sales (non-consolidated)



Operating income (loss) / Operating margin



Business Strategy

Building Construction



Aiming to be a company that always looks towards the future, breaks through the status quo, and continues to evolve in order to continue to be chosen by customers.

Hiroyuki Miyazaki Representative Director
Senior Executive Managing Officer
Executive General Manager of Building Construction Group

Medium to Long-Term Strategy

There are signs of change in market conditions from fiscal 2019 onward, and it is anticipated that the outlook will be unclear. Furthermore, the needs of customers are changing due to the rapid progress of digitalization, and we must create highly versatile buildings in accordance with those changes.

We must further promote initiatives to improve productivity in order to deal with reduced resources due to the head office building reconstruction works that commenced in fiscal 2019. The key to improving productivity and catering to customers' needs will be overturning the status quo through our digital strategy. We will promote digitalization such as by catering to the smartening of factories, logistics, hospitals, and office buildings, utilizing ICT at work sites, and accelerating integrated BIM initiatives from design through to construction and maintenance. In order to promote digitalization of internal systems, we will introduce systems at each department and we are devoting ourselves to constructing systems with BIM design in collaboration with the BIM Design Department and the Front Loading Promotion Department, which were established in 2018. In this way, we will solve issues in advance and improve productivity. Furthermore, we aim to achieve sustainable improvements in productivity by fostering connections between a range of departments, including the head office, branches, and other departments, and ensuring that management resources function effectively.

Based on the following four policies, we will accomplish reforms that challenge the status quo and achieve continuous evolution in order to be chosen by customers no matter the circumstances.

Major Initiatives

1. Creating new customer value by connecting information, technology, and resources
2. Sustainably increasing productivity through enhanced cooperation between organizations
3. Strengthening our business foundation through synergy between diverse and varied employee
4. Contributing to sustainable development of society, customers, and the Group by promoting ESG management

Main Results in Fiscal 2018



Construction of Nagasaki Pref. & Omura City Library, Omura City History Museum
Omura City, Nagasaki Prefecture



Construction of J.F. Oberlin University Shinjuku Campus Innovation Pavilion and Aouth Pavilion
J.F. Oberlin University and Affiliated Schools



Construction of Nittetsu Nihonbashi Building
Nippon Steel Kowa Real Estate Co., Ltd.

Business Strategy

Civil Engineering Business



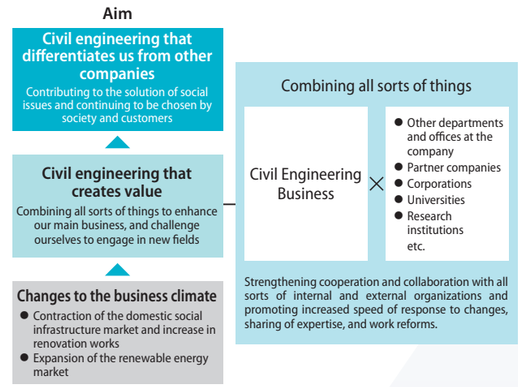
Aiming to combine all sorts of things to enhance our main business, accelerate challenge in new fields, and differentiate ourselves from other companies through civil engineering.

Ken Fujita Representative Director
Senior Executive Managing Officer
Executive General Manager of Civil Engineering Group

Medium to Long-Term Strategy

With regard to the civil Engineering Business, we expect the strong ordering environment to continue for the time being due to the need to rejuvenate infrastructure such as by upgrading aging expressways, national resilience measures, and investment in the renewable energy market, etc. However, long-term demand is expected to decline. Even in these harsh conditions, we will hone our value proposition capabilities and enhance our ability to accept orders by tackling the challenge of large-scale and high-difficulty construction that will lead to future opportunities and promoting strategic technology management, with the aim of achieving sustainable growth. Specifically, we will promote technological development that lead to differentiation and intellectual property activities that will support projects, and we will increase our presence by applying this in actual construction and developing new technology and using it for construction. The most important thing is to contribute to the solution of social issues such as labor shortages and rejuvenation of infrastructure so that we continue to be chosen by society and customers.

We will improve productivity, continue to increase the value of personnel, and create new value, etc., by combining all sorts of things, with the aim of differentiating ourselves from other companies through civil engineering. To this end, we will devote ourselves to long-term development of personnel such as commencing a job rotation program that includes overseas locations. We will dedicate ourselves to the following four policies in order to further accelerate these activities, enhance our main business, and challenge ourselves to engage in new fields.



Major Initiatives

1. Creating new customer value by connecting information, technology, and resources
2. Sustainably increasing productivity through enhanced cooperation between organizations
3. Strengthening our business foundation through synergy between diverse and varied employee
4. Contributing to sustainable development of society, customers, and the Group by promoting ESG management

Main Results in Fiscal 2018



Construction of Chubu-Odan Expressway Kamiyagisawa Tunnel
Kanto Regional Development Bureau, Ministry of Land, Infrastructure and Transport



Construction at Shin-Meishin Expressway Kameyama Nishi Junction Ramp (substructure)
Central Nippon Expressway Co., Ltd.



Restoration works of Tottori Castle Remains Giboshi Bridge
Tottori City, Tottori Prefecture



Business Strategy

Strategic Businesses

Continuing to challenge ourselves to create value in new fields that solve social issues, deepening co-creation with a range of stakeholders, and building a solid revenue base.

Hiroshi Uekusa
Director
Executive Managing Officer
General Manager of the Promotion Office for Strategic Business

Medium to Long-Term Strategy

In the construction industry, we must create new business opportunities by creating differentiated value that enables sustainable growth in difficult conditions, as demand is expected to weaken in the future. The office promotes businesses in the four fields mentioned below and aims to deepen co-creation between the Company, Group companies, customers, society, and the earth (organic connections) and create value in new fields.

The investment plan for the three years from fiscal 2017 is to conduct 24.0 billion yen of investment per year for a total of 72.0 billion yen of investment. In the two years leading up to fiscal 2018, we conducted 47.4 billion yen of investment. We will also expand investment in thoroughly promoting the floating offshore wind power generation pilot farm (PF) off the coast of Goto City and the replacement of the head office building, etc. In addition, we will promote our renewable energy business with an eye to achieving RE100, engage in new fields and new businesses, including overseas development, and work to expand the scope of and create added value for Group businesses. These businesses will be promoted as businesses that contribute to the creation of a decentralized society.

Furthermore, we are conducting investment, giving consideration to our cash flow and asset portfolio, with an eye to expanding investment in the future. Specifically, we are working to increase and stabilize revenue by stockpiling prime assets and such as by replacing held assets. We plan to secure and reinvest at least 10.0 billion yen in cash over three years. Through these business activities, we will contribute to the solution of social issues such as energy, the environment, infrastructure, and the aging population and declining birthrate and achieve sustainable corporate growth by building a solid revue base for the group.

Promotion Office for Strategic Business

Investment and Development Business	● Promotion of the investment and development business with a focus on the Real Estate Business
Energy Business	● Promotion of the renewable energy business with a focus on the floating offshore wind power generation business
New Business Fields	● Overseas business development ● Developing and managing new businesses through collaboration with customers and other industries
Group Businesses	● Integration of Group companies

Major Initiatives

1 Creating new customer value by connecting information, technology, and resources

[Investment and Development Business]
- Promoting expansion and stabilization of revenue by stockpiling prime assets through the creation of optimum value such as by replacing and adding value to assets

[Energy Business]
- Thoroughly promoting the PF business for floating offshore wind power generation and re-establishing promotion systems through collaboration with receptive companies
- Developing the renewable energy business with an eye to achieving RE100

[New Business Fields]
- Challenging ourselves to engage in new fields and new businesses, including expanding overseas through collaboration with customers and tie-ups with other industries

[Group Businesses]
- Expand and create added value for Group businesses through synergistic effects and mutual complementarity between Group companies and M&A

2 Sustainably increasing productivity through enhanced cooperation between organizations
- Smoothly promoting business activities through cooperation with relevant internal departments and timely utilization of external knowledge
- Promoting efficiency through further utilization of ICT and implementing applicable successful cases Group wide

3 Strengthening our business foundation through synergy between diverse and varied employee
- Fostering superior teamwork through enhancing communication and synergistic effects
- Expanding internal and external networks that are sources of value creation and actively utilizing them to increase the value of personnel

4 Contributing to sustainable development of society, customers, and the Group by promoting ESG management
- Contributing to SDGs and carbon-free, etc., and promoting CSV (creating shared value) through promotion of the Company's strategic businesses
- Planning and promoting new businesses that contribute to the creation of a decentralized society (moving away from a society in which population is concentrated in large cities)
- Challenging ourselves to participate in businesses related to the private creation, operation, and management of infrastructure
- Ensuring thorough compliance and risk management to deal with the expansion of business fields and globalization

Main Results in Fiscal 2018



Acquisition of the Toda Building Shinsaibashi
(after renovation)



Minamisuna Project
(Left: Corporate dormitory, Right: Training Center)



Semi-submersible spud barge (Float Raiser)



Tokyo College of Music Nakameguro/ Daikanyama Campus
(Toda Bldg. Partners: Building management)

TOPICS

Action! ESG

Sixth sector industrialization of agriculture

Promoting development that contributes to the success of local agriculture around the Joso Interchange

We are participating in the Agriscience Valley Pilot, which aims to achieve sixth sector industrialization of agriculture in Joso City, Ibaraki Prefecture. We are promoting our businesses as a land reallocation project agent, in addition to entering the local area and concluding a public private partnership agreement with the city and land owners from the pilot stage of the project. We promote the creation of a business to integrate farms owned by multiple land owners, group them by large zones, acquire land in advance, and achieve integration from production through to processing, transportation, and sale.



Toda Nobo

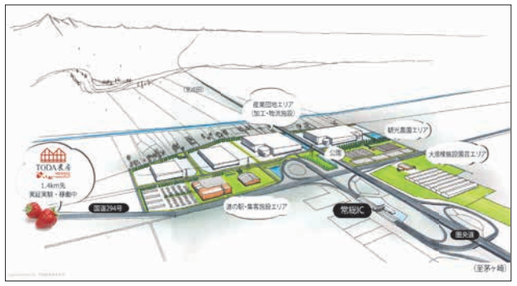


Diagram of the area around the Joso Interchange

Establishment of a local subsidiary in Indonesia

Challenging ourselves to create new businesses that aim to achieve globalization

As part of diversifying our revenue base for the sustainable growth of Toda, we established the local subsidiary, PT Toda Group Indonesia (subsidiary of Toda Corporation), in March 2019, for the purpose of promoting new businesses in Indonesia, which has shown remarkable growth in recent years. Going forward, we will mainly promote development projects in Indonesia.

Furthermore, we plan to use this as a stepping stone to participate in new businesses in Brazil and Myanmar with the aim of achieving globalization and securing new sources of revenue.

Strengthening our business and revenue base through M&A

Acceptance of Sato Kogyo Co., Ltd. into the Group

In December 2018, the Company acquired shares of Sato Kogyo. Co., Ltd., which is a major general contractor in Fukushima Prefecture, through M&A, making Sato Kogyo. Co., Ltd. a member of the Toda Group.

The purpose of accepting Sato Kogyo. Co., Ltd. as a Group company is to leverage the strengths of both companies and enhance our business and revenue base in the Tohoku area. Specific examples include division of labor or cooperation according to the scale of the construction, increasing orders received through joint ventures, collaboration with other companies in the Toda Group, sharing information with partners, two-way dispatch of employees, and technological support. Going forward, we will work to provide value to customers by expanding the scope of and creating added value for businesses through intra-group collaboration and M&A.



Sato Kogyo Co., Ltd. headquarters (Fukushima City, Fukushima Prefecture)

Collaboration with startups

Contributing to SDGs through water business projects in developing countries

In March 2019, Toda Corporation invested (underwriting capital increase by third-party allotment) in Y's Global Vision, Inc. (Uruma City, Okinawa Prefecture), which manufactures and sells desalination equipment. This investment is aimed at utilizing Y's Global Vision's portable desalination equipment at construction sites and fishing boats, etc., where it is difficult to secure water, and contributing to SDGs by using this equipment in developing countries where infrastructure cannot keep pace with growth.



Business Strategy

Overseas Business

Decisively tackling issues relating to construction needs and contributing to society.

Tadashi Nishimura Managing Officer
Manager of the Overseas Division

Medium to Long-Term Strategy

In developing countries with different conditions such as infrastructure, buildings, regulations, and materials, it is possible to further improve technology developed in Japan and further expand the construction field. Up to this point, we have promoted our businesses by establishing local subsidiaries in Brazil, America, Thailand, and Vietnam.

However, harsh conditions continue with regard to results due to the effects of sudden fluctuations in international conditions and social and economic conditions in nations in which we are active. Although the future outlook remains unclear, in September 2019, we converted the overseas business to branch offices and established the Overseas Division in order to accelerate initiatives to build an earning structure to improve results such as by establishing organizational structures, improving marketing capabilities and construction capabilities, and expanding business fields, for the purpose of expanding our customer service on a global scale and taking advantage of global opportunities, and to build a business foundation for the future. The renewable energy business and the real estate business were transferred to the Promotion Office for Strategic Business, which is specifically equipped to deal with such matters, while our Overseas Division focused on the construction business, which is our main business.

In fiscal 2019, we aim to selectively accept orders placing top priority on profitability, ensure thorough profit management by developing cost management systems, etc., and secure operating income. We will conduct new initiatives such as engaging in loan projects, in order to secure new sources of revenue.

For future business expansion, we will continue to foster personnel, including for local employees in other countries, strengthen our business foundation, and conduct a range of projects in addition to our main business according to the needs and circumstances in each country.

Fostering for Local Employees with an Eye to the Future

Realizing company growth and the joy of each employee

Aim Fostering employees to respond to social changes and globalization, achieving global business expansion, and showing our presence as a global company

Strengthening competitiveness of local subsidiaries
- Fostering to achieve quality and management capabilities equivalent to those in Japan
- Fostering local employees as management candidates for local subsidiaries
- Securing orders from local businesses

Integrating Japan and overseas
- Building a personnel network that uses communication to ensure staff awareness of globalization
- Scouting, hiring, and fostering global personnel

Improving the fostering of local employees

Major Initiatives

1 Creating new customer value by connecting information, technology, and people
- Ensuring quality and timely delivery through sharing of information and horizontal application by each headquarters department and each country
- Enhancing and promoting marketing capabilities with the Tokyo Office, the Osaka Office, and the Southeast Asia Regional Office as key facilities

2 Sustainably increasing productivity through enhanced cooperation between organizations
- Active initiatives to selectively accept orders and engage in construction and civil engineering projects in order to secure operating income
- Enhancing organization and finance of local subsidiaries
- Responding to risk through cooperation between organizations for tasks relating to tenders, agreements, and on-site legal affairs
- Contributing to the domestic construction business and constructing a business foundation through the overseas BIM business

3 Strengthening our business foundation through synergy between diverse and varied employee
- Promoting diversity and globalization throughout branches
- Conducting short and long-term training in Japan for overseas local employee
- Enhancing initiatives for work-style reform, health management, and workplace environments, including at overseas workplaces (including overseas subsidiaries)

4 Contributing to sustainable development of society, customers, and the Group by promoting ESG management
- Developing the renewable energy business
- Conducting patrols with the Headquarters Safety Management Department to reduce the risk of accidents and disasters
- Visualizing cost through the introduction of an overseas cost management system

Main Results in Fiscal 2018



Koito Manufacturing NAL Sorocaba Factory
(Brazil)



Yakult Factory
(Myanmar)



THK Manufacturing of Vietnam
(Vietnam)

Project Introduction

Action! ESG

Contributing to steady supply of hygienic and high-quality aquatic resources and accelerated economic growth

Sassandra, Côte d'Ivoire: Plan for construction of fisheries facilities and a central marketplace for commercial precinct development

Outline and significance of the plan

The current central marketplace in Sassandra, which is home to many small fishing operators, stocked a range of necessities for the populace. However, due to insufficient space, the facility could not house all of the vendors leading to hastily constructed roadside stalls. This led to poor hygiene and impeded smooth distribution of commodities. Therefore, this project will contribute to the acceleration of economic growth through the stable supply of hygienic and high-quality aquatic resources and improved income of fishing operators by building an integrated dock and marketplace and improving efficiency of unloading and distribution as well as the freshness and quality of fish.



Central marketplace (before demolition)



Aerial view of new central marketplace

Newly built central marketplace and docks relocated to new commercial precinct

The new central marketplace at the new commercial precinct was constructed within the city limits, about 2.5 km from the city center. It stocks a range of products such as food and daily necessities except for fresh fish. The facility enables vendors to engage in commerce and retail in environment external lighting, sewage tanks, and fire-fighting facilities, and gives consideration to the prevention of crime and accidents.

Construction of a new dock that includes a new fresh fish market, ice-making facilities, unloading facilities, and an administration building, etc., is currently underway (scheduled completion in January 2020).

Furthermore, due to the construction of these facilities, ring roads and drains are gradually being constructed in central Sassandra by the local authorities, leading to the smooth distribution of commodities. The people of Sassandra are expected to receive a direct improvement to their environment through the use of hygienic facilities as well as indirect improvements such as lessening of congestion caused by roadside stalls that resulted from an overflowing marketplace, alleviation of cargo congestion, and provision of housing in nearby areas.



Roads near the docks





(Above) Central marketplace (Below) Food building



Research and Development

Our aim is to discover new possibilities in construction in response to changes in the times and in society, so as to provide our customers with valuable technology to clear the way to a new age.

Morimichi Toda
Director
Senior Executive Managing Officer
Director of Promotion Office for Value Creation

Research and Development System

At Toda Corporation, we seek to exceed the expectations of society and our customers by creating astonishing new value. To that end, we established a Promotion Office for Value Creation in January 2014. The Research and Development Center is responsible for the materialization of said value. It engages in activities that include research and development cognizant of changes in social structure with the aim of creating value for customers, research and development to contribute to the rationalization of production systems, and research and development for new businesses in cutting edge technological fields. A subsection of the Center is the Innovative Construction Unit, which works to shorten research and development lead time and respond to the needs of work sites in a short period through collaboration with operational departments such as work sites. We newly established the Infrastructure Construction Unit and Infrastructure Rejuvenation Unit in March 2018, and we will concentrate knowhow accumulated in the construction and civil engineering fields, share it, and conduct research and development for new technology, by enhancing the research and development system in the civil engineering field. We also engage in technical exchange with public agencies, universities, and competing corporations in the same industry. We actively promote joint research and open innovation, and we conduct research and development in a variety of different fields.

Organizational Composition (as of end April, 2019)

- Promotion Office for Value Creation
  - Business Promotion Unit
  - Engineering Unit
- Research and Development Center
  - Technological Strategy Unit
  - Structure Engineering Unit
  - Environmental and Material Engineering Unit
  - Infrastructure Construction Unit
  - Infrastructure Sustenance Unit
  - Innovative Construction Unit

Technical Research and Development Trends and Medium to Long-Term Plan

The Research and Development Department is determining themes for technology research and development that take the needs of society into consideration, in addition to improving productivity and differentiated value, which is a priority target under Medium-Term Management Plan 2019, and promoting development accordingly.

Firstly, we are working to develop and test a range of environmental and energy-saving technologies using the Environmental Technology Demonstration Building, which was completed at the Tsukuba Research and Development Center in June 2017, with the aim of achieving a zero net energy building (ZEB)* to respond to heightened social awareness concerning the environment, energy conservation, and curbing CO_2 emissions.

Furthermore, we are concentrating on initiatives to develop technology in the health and welfare fields, where Toda has particular strengths, and develop mechanization and automation technology, as well as production management rationalization technology that utilizes ICT, to improve productivity and respond to the labor shortages due to the recent aging of the construction workforce.

Also, we have constructed a structural and construction laboratory building that is twice the size of previous facilities, mainly for the purpose of conducting structural experiments. We will work to improve our safety and security technology to prevent disasters caused by earthquakes and typhoons such as those that have occurred frequently in recent years and develop social infrastructure and structural technology.

* A conceptual approach for reducing the energy used in a building to a level as close as possible to zero.



Structural and construction laboratory building (scheduled completion in November 2019)

ESG Management

The Toda Group promotes ESG management in order to realize the global vision of being "a corporate group that makes your success possible." The company will work to solve social issues and will contribute to the creation of a safe, secure, comfortable, and sustainable society through its principle business.

The Toda Group's ESG Management

The Group is promoting environmental and social initiatives through a solid governance foundation and diverse business activities. The Company aims to achieve steady medium to long-term growth and contribute to the sustainable development of society, customers, and the group through ESG management.

Contribution to continuous development of society, customers, and the Group



Action! ESG

Action! ESG
The Group's unique logo to encourage the entire Group to participate in ESG initiatives

Comment from the Executive Officer in Charge of CSR

We will contribute to society through ESG management



Toshihiro Otomo
Director
Executive Managing Officer
General Manager of Administrative Division
Executive Officer in Charge of Public Relations and CSR

As indicated by the SDGs proposed by the UN, the world faces many social issues, including poverty, healthcare, education, energy, and climate change. Meanwhile, the global spread of IT such as digitalization has increased the sophistication and complexity of industrial structure, and changes to the environment in which companies operate are accelerating.

Under these conditions, there is a strong expectation that corporations will strengthen governance, which is the foundation of consideration for the environment and contributing to the solution of social issues. The Group is working to implement ESG management as an initiative to contribute to the solution of social issues through business activities, while continuing to achieve sustainable growth. In terms of the environment, we are engaged in a range of environmental conservation activities as an Eco-First company, including making a commitment to RE100, switching to renewable energy for business activities and office tasks, and conserving energy. In terms of society and governance, we are conducting initiatives to improve the workplace environment and improve productivity in order to alleviate the shortage of young workers in the construction industry, and we are working to increase the attractiveness of the construction industry. Furthermore, we are using the head office building reconstruction as an opportunity to devote ourselves to new work-styles that are suited to the modern age, through trials of work-style reforms at the new location. Also, in addition to working to strengthen communication with shareholders, investors, and local communities, etc., we are actively working to ensure the effectiveness of compliance and risk management and the self-awareness of employees.

Going forward, we will work to ensure internal penetration of the SDGs as a common language for conducting corporate activities, and challenge ourselves to undertake forward-thinking initiatives so that we continue to be a company that develops sustainably with society, as "a corporate group that makes your success possible."

Governance

Corporate Governance

We take the view that active engagement in corporate governance*1 measures to achieve continuing enhancement of corporate value is a crucial issue for management. With a view to the efficient execution of corporate business, the creation of supervisory structures, the assurance of sound, transparent management and the strengthening of compliance, we are putting in place the needed management structures and arrangements and enacting the measures required.

*1 Arrangement made for disciplining corporate management

Formulation of Basic Policy for Corporate Governance

In order to achieve sustainable corporate value improvement, we are required to put in place a foundation for corporate governance and realize a more rational, more efficient management environment. In August 2015, we enacted a Basic Policy for Corporate Governance with approval from the board of directors. This sets forth our basic conceptual approach to corporate governance and gives a framework and guidelines for operation.

Reinforcing the Functionality of the Board of Directors and Business Operations

Our company has adopted the executive officer system, which separates management decision-making by directors from business operations by executive officers. This clearly delineates the scope of roles and responsibilities, and we are making every effort to reinforce functionality in those respective areas.

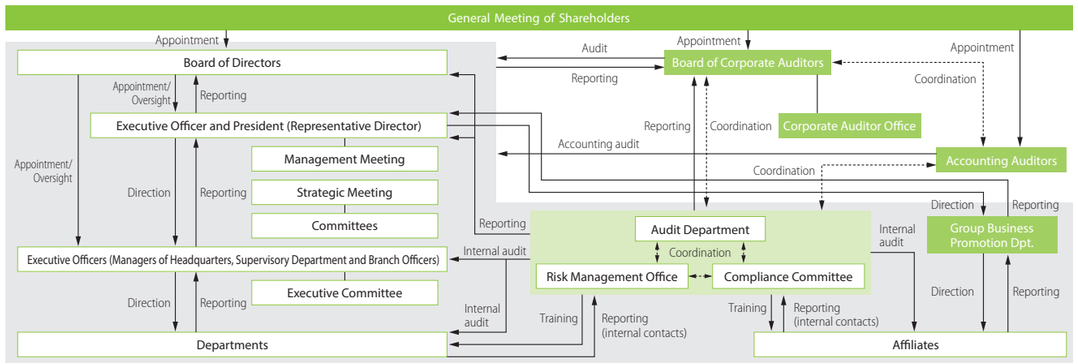
The board of directors has 10 members (as of June 27, 2019). As a rule, the board meets once a month to deliberate on important management matters and oversee the execution of corporate business. Since fiscal 2018, we have appointed three directors from outside the company as a measure to further strengthen transparency, objectivity, and propriety, and the accountability of the board of directors. In addition, the self-evaluations completed by executive directors each period are used to analyze and verify their effectiveness and work toward improvements. Important personnel matters regarding the board of directors and directors in the operating divisions together with compensation for officers and other such executives are to be reviewed in the Personnel and Compensation Advisory Committee chaired by an outside director and reported to the board of directors.

The executive officers execute Toda corporate business in accordance with basic management policy decided by the board of directors. We also hold regular meetings of the Management Committee, Strategy Committee, and Executive Committee to deliberate on important matters of management and company business and make their findings known. These bodies also assign responsible executives, establish the scope of their responsibilities, prescribe procedures, and determine other such matters regarding company organization, division of duties, management authority, and formal approval procedures according to their respective rules and regulations.

Attendance Status of the Meetings of the Board of Directors (FY2018)

Name	Position at the company	Attendance
Masanori Imai	President and Representative Director Executive Officer and President Director of Human Resources Strategy Office	100% (17/17)
Yushi Kikutani	Representative Director Senior Executive Managing Officer Executive General Manager of Administrative Group	100% (17/17)
Hiroyuki Miyazaki	Representative Director Senior Executive Managing Officer Executive General Manager of Building Construction Group	100% (17/17)
Ken Fujita	Representative Director Senior Executive Managing Officer Executive General Manager of Civil Engineering Group	100% (13/13)
Morimichi Toda	Director Senior Executive Managing Officer Director of Promotion Office for Value Creation	94% (16/17)
Toshihiro Otomo	Director Executive Managing Officer General Manager of Administrative Division Executive Officer in Charge of Public Relations and CSR	100% (17/17)
Hiroshi Uekusa	Director Executive Managing Officer General Manager of the Promotion Office for Strategic Business	100% (17/17)
Setsuhiro Shimomura	Outside Director	88% (15/17)
Shunsuke Amiya	Outside Director	100% (17/17)
Toshihiko Itami	Outside Director	100% (13/13)

Corporate Governance Structure (as of June 27, 2019)



Evaluation of Effectiveness of the Board of Directors

Based on the Basic Policy for Corporate Governance, an analysis and evaluation of the effectiveness of the board of directors in fiscal 2018 was conducted at the board of directors meeting held on June 20, 2019. A list of statements and questions at meetings of the board of directors was distributed as a resource, and it was confirmed that effectiveness was achieved as a result of analysis and evaluation of the awareness of directors using self-evaluation of executive directors, as well as the role, distributed materials, and management methods, etc., of the board of directors. Topics raised included ensuring more diversity in the composition of the board of directors and promoting thorough discussion and digitalization of documents. Based on the results of these, we will work to resolve issues in order to improve the effectiveness of the board of directors.

Personnel and Compensation Advisory Committee

The Personnel and Compensation Advisory Committee comprises three outside directors and two inside directors. It fulfills the role of hearing about the successor training plan for candidates for important positions from the executive officer and president, and reporting to the board of directors as necessary.

Appointment of Outside Directors and Status of Activities

With regard to the appointment of outside directors, Toda has stipulated an appointment policy in the Basic Policy for Corporate Governance, as well formulating Standards for the Independence of the Outside Directors, which particularly values independence. In fiscal 2018, the status of the activities of each outside director was as follows.

Enhancement of Auditing Systems

Our company has adopted a system of corporate auditors under which auditors, through seats on the board of directors and other means, audit the legality and propriety of operations.

The Corporate Auditor Office is a unit that aids corporate auditors in their duties. Our rules call for personnel and organizational changes in this office to be determined in advance by the board of corporate auditors or in accordance with advice sought from auditors designated by the board of corporate auditors. This arrangement preserves the independence of auditors from the directors and executive officers.

We also maintain the effectiveness of audits by arranging for regular sharing of management information with representative directors and accounting auditors and providing opportunities for attendance at the various corporate meetings.

Attendance Status of the Personnel and Compensation Advisory Committee

Name	Setsuhiro Shimomura (Chairman)	Shunsuke Amiya (Member)	Toshihiko Itami (Member)	Yushi Kikutani (Member)	Toshihiro Otomo (Member)
Other positions at the Company	Outside Director	Outside Director	Outside Director	Representative Director Senior Executive Managing Officer	Director Executive Managing Officer
Attendance	100% (6/6)	100% (6/6)	100% (4/4)	100% (6/6)	100% (4/4)

*Mr. Itami and Mr. Otomo assumed their positions as members at the third meeting.

Appointment of Outside Directors and Status of Activities (FY2018)

Name	Reason for appointment	Main activities
Setsuhiro Shimomura	Setsuhiro Shimomura possesses a wealth of experience and extensive insight as a company owner, and can be expected to provide sound advice and recommendations to the board of directors from an objective standpoint independent of the management team that executes business operations.	He has attended 15 of the 17 meetings of the board of directors, and provided various advice and recommendations from the perspective of a company owner.
Shunsuke Amiya	Shunsuke Amiya possesses a wealth of experience and extensive insight as a company owner, and can be expected to provide sound advice and recommendations to the board of directors from an objective standpoint independent of the management team that executes business operations.	He has attended all of the 17 meetings of the board of directors, and provided various advice and recommendations from the perspective of a company owner.
Toshihiko Itami	After holding important posts such as Chief Public Prosecutor at the Tokyo District Public Prosecutor's Office, Deputy Prosecutor-General at the Supreme Public Prosecutor's Office, and Chief Public Prosecutor at the Osaka District Public Prosecutor's Office, Toshihiko Itami has been involved with corporate governance, corporate risk management, and corporate compliance as a lawyer. He possesses a wealth of experience and extensive specialist knowledge and can be expected to provide sound advice and recommendations to the board of directors with regard to the operation of the Company from an objective standpoint independent of the management team that executes business operations.	He has attended all of the 13 meetings of the board of directors since assuming office, and provided various advice and recommendations from his experience as a public prosecutor and his perspective as a lawyer.

Appointment of Outside Corporate Auditors and Status of Activities (FY2018)

Name	Reason for appointment	Main activities
Kazuhiko Kamiya	Kazuhiko Kamiya can be expected to oversee management from a specialist perspective as a certified public accountant. He possesses extensive auditing experience, and specialist insight about finance and accounting from his many years as a certified public accountant, and he can be expected to conduct corporate audits from an objective and impartial standpoint.	He has attended 16 of the 17 meetings of the board of directors and 18 of the 19 meetings of the board of corporate auditors and he provides his opinions from his specialist experience as a certified public accountant.
Hisatoshi Adachi	Hisatoshi Adachi has held positions as branch manager, Head of the Corporate Sales Department, and Executive General Manager of the General Affairs Office at the Bank of Tokyo-Mitsubishi, Ltd., as well as full-time corporate auditor at Mitsubishi Rayon Co., Ltd. It has been judged that he will be able to conduct audits of the execution of duties of directors from an objective and fair standpoint based on his knowledge of finance and accounting and extensive insight.	He has attended all of the 17 meetings of the board of directors and all of the 19 meetings of the board of corporate auditors and he provides his opinion from his experience as a corporate manager.
Keiichiro Maruyama	As a lawyer, Keiichiro Maruyama possesses specialist knowledge concerning all aspects of legal affairs, including corporate law, and it has been judged that he will be able to conduct audits of the execution of duties of directors from an objective and fair standpoint.	He has attended all of the 17 meetings of the board of directors and all of the 19 meetings of the board of corporate auditors, and he asks questions as appropriate in order to clearly identify issues, etc., and provides his opinion from his specialist experience as a lawyer.

Enhancement of Internal Controls

In March 2014, Toda established a Risk Management Office for the purpose of risk awareness and reform of corporate culture on a company-wide basis, and for institution of more advanced management. Through this office, we are promoting the rearrangement of internal control groups and crisis management systems. We have also established an Audit Office as an internal audit unit that conducts regular audits of the state of operations in the various corporate departments and divisions. Audit results are reported to the board of directors and the president, and additionally to the board of corporate auditors, while various other steps are also taken for collaboration and coordination by means of regular exchanges of views with accounting auditors regarding their vision for internal auditing. Internal audits of Group companies are also conducted as required, in accordance with the management rules of the companies concerned.

In April 2006, a corporate resolution was passed regarding basic policies on building internal control systems as provided in the Companies Act, and we have taken measures accordingly to further strengthen our management foundation. We also took measures in fiscal 2010 to develop and improve our Group companies, including local affiliates in other countries. In May 2015, we revised the above basic policies and took steps to enhance the internal controls of the Toda Group as a whole.

Compensation for Directors

Compensation Standards for Directors, etc. were formulated regarding compensation for directors and executive officers. Relevant matters are reviewed by the Personnel and Compensation Advisory Committee chaired by an outside director and then decided by the board of directors.

In fiscal 2016, a performance share system was adopted for directors and executive officers for the purpose of improving medium- to long-term performance, increasing corporate value, and heightening shareholder-oriented management awareness.

Furthermore, from fiscal 2019, we revised our performance targets on which decisions to grant stock are based, by adding CO_2 emissions in order to further promote initiatives to create a sustainable society, such as environmental conservation initiatives.

Total Compensation Paid to Directors and Corporate Auditors (fiscal 2018)

Director category	Total compensation amount
Directors (12 persons)	345 million yen (of which 32 million yen is for the three outside directors)
Corporate auditors (6 persons)	61 million yen (of which 24 million yen is for the three outside corporate auditors)

Note: The figures above include 14 million yen in costs recorded as performance-linked stock-based compensation to directors (excluding outside directors).

Thoroughgoing Compliance

This initiative is led by a Compliance Committee that is chaired by the president. The committee develops the Toda Group Corporate Code of Conduct and other related regulations, establishes and operates a contact point for reporting and consultation (the corporate ethics help line*1), and continuously implements educational activities (training by e-learning, group training of various kinds, etc.).

We also take steps for various measures and activities related to compliance, such as conducting a compliance awareness questionnaire survey of all Group companies as a way of further heightening objective awareness of the effects of those measures and activities, and improving on them. We also hear the views of all the affiliates and partner companies to check on their degree of understanding.

*1 In order to further improve the system, we added a corporate ethics hotline for all Group officers in November 2018 (outsourced to an outside private hotline operator).

Risk Management

The Compliance Committee and the Risk Management Office, under the direct control of the president, coordinate and collaborate to evaluate risks that may have serious negative impact on the achievement of management objectives as well as on business activities. To that end, they formulate and execute risk reduction measures, and implement lateral measures across divisions to be prepared to mitigate as much as possible any damage or harm that may result should a risk be revealed.

We have developed a system whereby each division identifies risks at the beginning of the period every year. Those risks are organized in lists, and the serious management risks that are critical for the Toda Group are selected from among them and are prioritized for handling. In addition, each division head records and manages risks using a Division Implementation Plan for their division to prevent the occurrence of any crises. (Refer to p.22 for risks and responses)

Promoting Constructive Dialogue with Shareholders

Toda has established basic policies to promote constructive dialogue with our shareholders, and we are making every effort to develop systems and implement measures accordingly.

The views expressed by shareholders and investors at IR activities as well as the substance of question-and-answer sessions and other such information that is judged to contribute to our company management is all presented as feedback in an appropriate manner to the board of directors or other regular meetings attended by management leaders.

Toda has announced its acceptance of a Japanese version of stewardship code*2. It is our policy to attach importance to institutional investors that seek to realize long-term sustainable growth for the company, and to actively seek dialogue with them.

*2 Regulations (code) regarding the way that institutional investors should act. It was applied before the corporate governance code. Steward is used in the sense of an administrator or curator of property.

IR Activities Report

	FY2018
Results briefings	2
Corporate briefings (for individual investors)	1
Individual meetings, etc.	70

Risks and Responses

We identify and evaluate internal and external business risks as appropriate, in order to increase the safety and efficiency of work. We would like to introduce some specific initiatives below.

BCP (business continuity plan) Initiatives

Acquiring Resilience Certification

Toda obtained Association for Resilience Japan Certification (Resilience Certification) in November 2017. This certification system recognizes businesses that are actively implementing initiatives to achieve business continuity in line with the government's goals for national resilience. The system began in February 2016 for the purpose of spreading these initiatives. Our disaster preparedness, our earthquake drills that we conduct on an ongoing basis, and our continually improved BCP initiatives were highly rated as meeting the criteria for certification, and certification was granted accordingly.

Resilience Certification logo

Comprehensive earthquake drills

In the event of a large-scale earthquake, construction companies will be expected to play a role in the swift restoration of buildings and roads. In July 2006, we established a BCP in case of a large-scale earthquake, and tested its effectiveness through comprehensive earthquake drills. The fiscal 2018 drills were the 14th occasion on which drills have been conducted. They reinforced and enhanced the decision-making processes of officers and confirmed the roles and responses of each department in the extreme circumstances that are anticipated in the event of a disaster, under a scenario in which a large-scale earthquake strikes during work at 1:00 pm. Going forward, we will conduct periodic drills and increase their effectiveness while continuously maintaining and improving our business continuity capabilities.



Response to request for aid



Joint response headquarters

Comprehensive earthquake drills in the Kyobashi area

Since 2005, the Company has played a lead role in conducting local emergency drills in which local residents, administrative institutions, and offices cooperate in order to be able to support each other as members of local communities in the event of a large-scale disaster, based on a philosophy of mutual assistance.

We conduct and improve various types of drills in order to ensure that our headquarters functions appropriately as a center of operations in the event of an emergency, through the improvement of local emergency preparedness.

Response to Risks Posed by Climate Change

In 2017, the TCFD*1 released its recommendations on corporate responses to climate change and disclosures of such, which led to heightened awareness of corporate responses to climate change and their disclosure.

We support the intent of the TCFD*2. We are treating the effects that climate change will have on our business as major management issues, and we are working to address these issues.

Major Risks Relating to Climate Change and Responses to Them (partial excerpt)

Risks	Risks for Toda	Responses
Increasing severity of abnormal weather events such as typhoons and floods	• Extended construction times due to abnormal weather events • Cancellation of urban civil engineering work and damage to construction machinery • Measures to prevent wind damage to temporary materials and equipment	• We have entered an agreement with a private weather company that is able to predict rainfall and strong winds at worksite locations with pinpoint accuracy, and we are able to take measures at worksites by obtaining information in advance
Increasing average temperature	• Loss due to leave (workers unable to work due to heat stroke that results in loss)	• At construction sites, we take preventive measures such as distributing candy and oral rehydration solution (sports drinks, etc.) to workers to provide minerals, and installing electric fans • At each worksite, we provide emergency heat stroke treatment kits, and provide treatment if a worker shows signs of heat stroke
Reputation risk Inability to fulfill Eco-First promises (CO_2 reduction targets)	• Eco-First promises are promises made to Minister of the Environment. Failure to fulfill them leads to reduced social credibility and reduced orders for public work	• We report CO_2 emissions reduction progress to the Ministry of the Environment annually • Eco-First promises are incorporated in ISO 14001 and we have established CO_2 emissions reduction targets having reflected them in the policies of each department • We have implemented our unique low-carbon construction system TO-MINICA at all worksites nationwide

*1 Task Force on Climate-related Financial Disclosures: A task force that seeks disclosure of the effects of climate change from the perspective of the stability of financial systems, which was established by the Financial Stability Board in December 2015.

*2 Companies and financial institutions, etc., that support the TCFD promote initiatives as a group. The TFCD Consortium was established in May 2019 (with participation by the Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment as observers) as a venue to discuss initiatives to ensure that effective disclosure of corporate information and information that has been disclosed lead to appropriate investment decisions by financial institutions, etc. The company is a member of this consortium.

Board of Directors, Corporate Auditors, and Managing Officers (as of October 1, 2019)

Directors



Masanori Imai
President and Representative Director
Executive Officer and President
Director of Human Resources Strategy Office



Yushi Kikutani
Representative Director
Senior Executive Managing Officer
Executive General Manager of Administrative Group



Hiroyuki Miyazaki
Representative Director
Senior Executive Managing Officer
Executive General Manager of Building Construction Group



Ken Fujita
Representative Director
Senior Executive Managing Officer
Executive General Manager of Civil Engineering Group



Morimichi Toda
Director
Senior Executive Managing Officer
Director of Promotion Office for Value Creation



Toshihiro Otomo
Director
Executive Managing Officer
General Manager of Administrative Division
Executive Officer in Charge of Public Relations and CSR



Hiroshi Uekusa
Director
Executive Managing Officer
General Manager of the Promotion Office for Strategic Business



Setsuhiro Shimomura
Outside Director



Shunsuke Amiya
Outside Director



Toshihiko Itami
Outside Director

Corporate Auditors



Keiichi Ebihara
Standing Corporate Auditor



Atsushi Ouchi
Standing Corporate Auditor



Hisatoshi Adachi
Outside Corporate Auditor



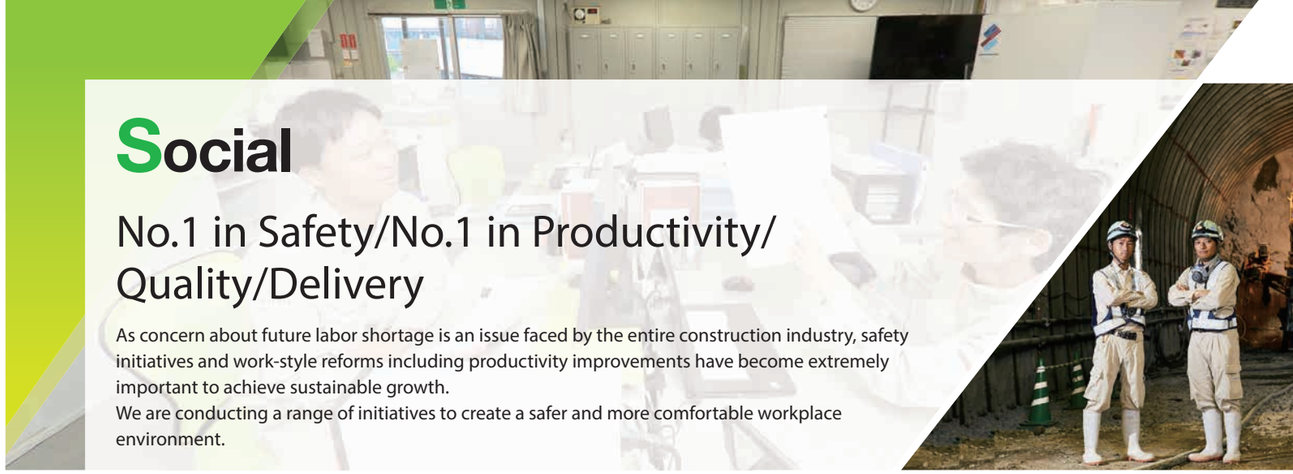
Keiichiro Maruyama
Outside Corporate Auditor



Toshitsugu Momoi
Outside Corporate Auditor

Executive Officers

Executive Officer President	Masanori Imai					
Senior Executive Managing Officers	Yushi Kikutani	Hiroyuki Miyazaki	Ken Fujita	Morimichi Toda		
Executive Managing Officers	Toshihiro Otomo	Hiroshi Uekusa	Kouichi Takahashi	Hiroyuki Yamada	Yuji Yokomizo	Atsuo Miyachi
	Hitoshi Asano	Shinichi Nagata	Yoshiaki Masuda	Takao Fukashiro	Masato Miyake	Mitsuhiko Tokuhisa
Managing Officers	Kouichi Kubota	Hidemi Wakabayashi	Toshihiro Yamazaki	Takamitsu Koga	Takanobu Tateno	Tetsuya Kamio
	Mutsuhiro Nagai	Seisuke Otani	Kouichiro Yoshioka	Kazuaki Takemura	Tadashi Nishimura	Yoshio Naito
	Takashi Ichihara	Yoshinori Machida	Ushio Nagashima	Tsutomu Sonehara	Toshiyuki Kouno	



Social

No.1 in Safety/No.1 in Productivity/ Quality/Delivery

As concern about future labor shortage is an issue faced by the entire construction industry, safety initiatives and work-style reforms including productivity improvements have become extremely important to achieve sustainable growth.
We are conducting a range of initiatives to create a safer and more comfortable workplace environment.

Striving to Become the Company That is No. 1 in Safety and No. 1 in Productivity

Health and Safety Policy

The Company considers preventing occupational accidents as well as preventing public accidents to be essential for its continuance and development. Starting from the principle of respect for human life, we are ensuring health and safety with the understanding that safety is a core value of all business activities, paying attention to work-style reforms, and working to create a workplace environment where employees are proud to work.

Safety Record (domestic construction business)

Initiatives to Improve Safety

Creating a New Safety Culture

Toda has worked to prevent workplace accidents based on the principle of "safety first" from the standpoint of respecting human life. However, the effect of merely conducting health and safety management activities in the workplace is limited in terms of preventing workplace accidents. Thus, we came up with the philosophy of "Safety is not just a priority but a CORE VALUE," under which we are promoting front loading of management of labor conditions with safety at its core and the elimination of workplace accidents, from the initial stages of upstream marketing and design activities.



Development of a Construction Site Fire Warning System to Achieve Swift and Safe Evacuation Guidance

This new system uses light and sound connected to wireless sensors to notify on-site workers of a fire as quickly as possible and safely guide them to an evacuation level, in case a fire breaks out on subterranean levels of construction sites.



Construction site fire warning system TO-FAS

Development of a Worker Safety Monitoring System That Uses Sensor Technology and the IoT

This system uses the unique indicator of heat stress to analyze measurement data of individual workers and gives an alert if there are any changes in physical condition. This allows site supervisors to appropriately monitor the health of workers.



Sensor device fitted to helmet



Example of alert email sent to supervisors

Initiatives to Improve Productivity

Ensuring Safety and Reducing Labor at Work Sites through AR Technology

The Company developed the Construction Machinery AR* system, which can display three-dimensional models of construction machinery in combination with video footage of the actual construction site on tablets in order to ensure safety and improve productivity at work sites. Going forward, we will work to add models of construction machinery and improve usability and aim to improve the safety of the entire construction industry by making this software publicly available.



3D model (crane) placed near a building

* AR (augmented reality): This refers to technology that expands the environment perceived by humans through computers as well as the expanded reality created by computers.

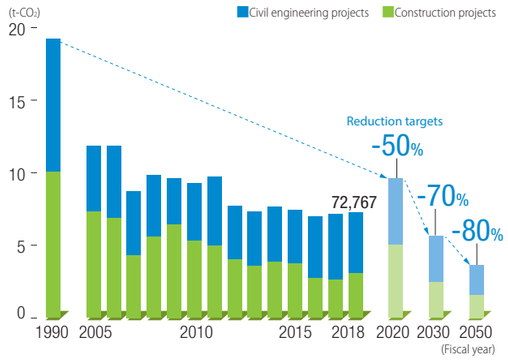
Environment

In December 2015, the Paris Agreement was adopted as the United Nations Framework Convention on Climate Change at the 21st United Nations Climate Change Conference (COP21), in which it was agreed that society would become carbon-free and not emit any CO_2. Toda shares these values, and we have set targets for reducing CO_2 emissions by 2050 in order to hand down a healthy global environment to the next generation. Furthermore, we signed up to the RE100 initiative, which aims for business operations to rely on 100% renewable energy. As a company that promotes security, safety, and the creation of a comfortable society through the construction industry, we are pursuing environmental conservation activities throughout all of our business activities, centered on mitigating and adapting to climate change and extending the lifespan of buildings.

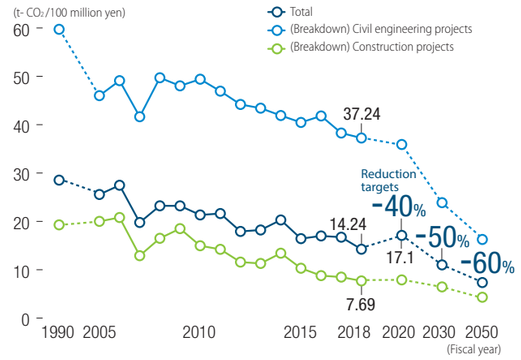
Working Towards the Realization of a Carbon-Free Society

Toda's Record of Reducing CO_2 Emissions during Construction and Targets

Total CO_2 Emissions and Targets



Basic Units of CO_2 Emissions and Targets



Note: The fiscal 2018 CO_2 emissions data was verified by Sustainability Accounting Co., Ltd. in order to ensure fairness, reliability, and transparency and we have received an assurance report (posted on the website).

Joining the RE100 Initiative*1

The Company signed up to the RE100 international business initiative, which aims for business operations to rely on 100% renewable energy, in January 2019. The initiative is for businesses with global influence to promote the use of electricity from 100% renewable energy sources (hereinafter "renewable power") in their business activities.

As an Eco-First company, the Company is working towards the realization of a sustainable society with the aim of reducing CO_2 emissions by 80% (compared to 1990 levels) by 2050. By signing up to RE100, we aim to achieve our CO_2 reduction targets and contribute to the promotion of renewable power throughout society. The Company's application was accepted by the RE100 initiative, as we plan to achieve 50% renewable power usage by 2040 and 100% by 2050.

Going forward, we will increase the rate of renewable power usage by using renewable energy certificates*2, etc., and we are considering allocating some of the FIT*3 power generated by the mega solar power plant in which we have invested as a power generation business for our own consumption.

RE 100

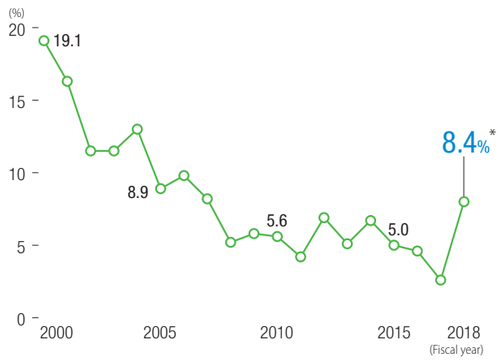


Nagasaki Tadewara Mega Solar Power Plant

*1 The RE100 initiative is run by The Climate Group in partnership with CDP.
*2 Renewable energy certificates: Tradeable certificates that represent the environmental value of electricity generated from renewable energy sources.
*3 FIT (feed-in tariff): A system that places a duty on electricity suppliers to buy electricity generated from renewable energy sources at a price specified by the government for a specified time.

Construction Waste Reduction

Final Disposal Rate of Construction Waste



* Factors behind the increase: The year-on-year reduction in concrete chunks created by demolition work and calculation reflecting a more accurate recycling rate for each processor due to the introduction of a new system

Reduction and Reuse of Existing Buildings

[Received a fiscal 2018 3Rs (Reduce, Reuse, and Recycle) Promotion Merit Award by the Minister of Land, Infrastructure, Transport and Tourism]

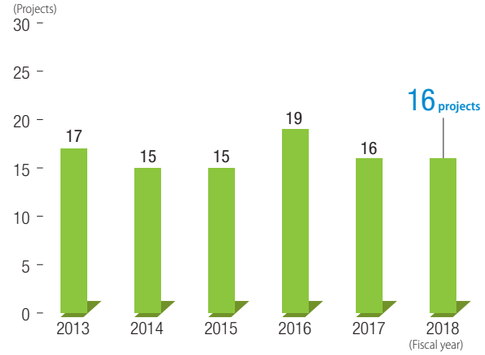
Seismic reinforcement and reconstruction of the Hakodate Kokusai Hotel, which involved the demolition and removal (reduction) of the top four floors of an eight-floor reinforced concrete building and adding seismic reinforcement to the remaining concrete frame, is an example of reusing an existing structure. By reducing the amount of demolition, we prevented the creation of 3,300 tons of concrete chunks and by reducing demolition work, we reduced CO_2 emissions by 37 tons. These initiatives were awarded a fiscal 2018 3Rs (Reduce, Reuse, and Recycle) Promotion Merit Award by the Minister of Land, Infrastructure, Transport and Tourism.



Awarded the 3R Promotion Merit Award by the Minister of Land, Infrastructure, Transport and Tourism for the second year in a row (fiscal 2018)

Development of Environmentally Friendly Technology

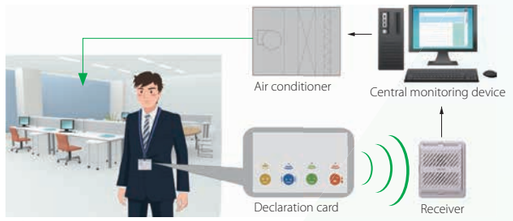
Environment-related Technology Development Projects (internal development projects)



Development of a Declaration-based Air Conditioning System

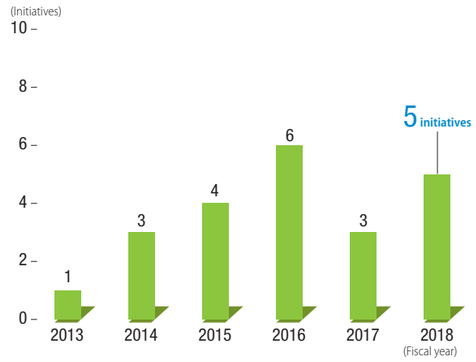
Using a declaration card, residents declare whether they feel hot or cold, and the air conditioning system adjusts the temperature accordingly. We expect that this will increase satisfaction with the ambient office temperature while saving energy.

Diagram of the Declaration-based Air Conditioning System



Preservation of Biodiversity

Number of Initiatives for the Preservation of Biodiversity



Conservation of Rare Animals and Preservation of the Natural Environment

In conjunction with work to restore the class-b Tsuya River levee, which was damaged in the Great East Japan Earthquake, we relocated and regenerated the saltmarsh biotope inhabited by rare plants registered on the Red List (pink sea milkwart and sea arrowgrass) and benthic organisms (crabs).

Under instruction from outside experts, we even anticipated scenarios in which the environment of the transplant location was unsuitable, and we implemented ideas such as splitting the biotope among three locations to reduce risks, etc.

Furthermore, in our levee works plan, we came up with optimal ideas such as avoiding vegetation when creating paths.



Transplant and relocation of benthic organisms as part of the Restoration Works on Tsuyagawa River in Miyagi Prefecture

Toda Group's Initiatives for the SDGs

The Sustainable Development Goals (SDGs) adopted at a UN Summit in 2015 are universal goals that set out issues for the international community to tackle over the 15 years from 2016 to 2030.
The SDGs include many areas where the Toda Group can contribute to solutions by leveraging the technologies it has cultivated.
The Toda Group is determined to contribute to the advancement of society through its corporate activities and also to contribute to the achievement of the SDGs.

Goals	Main Initiatives and Examples of Corporate Activities

Job creation through expansion of operations across Japan

As a general builder, we undertake construction throughout Japan. Our organization of partners (called the *Riyukai*) includes over 1,600 companies with whom we collaborate, contributing broadly to the creation of jobs.

Sixth sector industrialization of agriculture

In March 2017, the Toda Group commenced operation of *Toda Nobo*, a greenhouse horticultural facility in Joso City, Ibaraki, with the aim of shifting agriculture to a sixth industrial sector (primary × secondary × tertiary). The facility cultivates strawberries in cooperation with the community. The purposes of *Toda Nobo*'s operations and activities are to demonstrate a high-productivity agricultural model that is easy to implement and to spread greenhouse horticulture among the local community. If facilities like Toda Nobo increase with community development through the integration of agriculture and other industries, it would contribute not only to food production in Japan, but also to regional economic revitalization due to a decrease in deserted arable land.


Strawberry cultivation at Toda Nobo

Improvement of workers' labor environment

A lot of dust is created at tunnel and other construction sites during construction work. The concentration of dust in the air must be reduced quickly to protect the health and safety of workers. Together with Arimitsu Industry Co., Ltd., we have co-developed an effective and efficient dust removal technique using charged mist in an effort to improve labor environment.


President's safety patrol

Development of a diverse in-house training curriculum

Our Human Resources Department leads the active provision of various kinds of rank-based and job-based education. Starting with training for new hires, we provide opportunities to acquire specialized knowledge and skills tailored to employees' growth stage. These programs encourage systematic and effective progress to the next level through group training removed from daily operations on the frontlines. In fiscal 2019, we distributed SDGs badges to all employees, including those in Group companies, to foster understanding of the SDGs and promote action. We also hold employee workshops about the SDGs and ESG investment.


In-house training

Development of a workplace environment where women can participate

We are continuing to implement various personnel system reforms to make it easier for women to deal with life events. For example, we have actively rolled out programs that are conducive to employees caring for children, including the introduction of a flextime system and the use of shared office spaces.
In addition, we set up women's changing rooms and toilets to support their participation on construction sites. In these and other ways, we are improving the working environment for women in every part of the company.


Female engineers working at a field office

Saving and purifying water

We are diligent about saving water, both in our offices and on construction sites. Construction work often includes foundation work that goes all the way down to underground water veins, causing the discharge of large amounts of water. We deal with such water discharges in the best way using various methods. For example, we might install a deep well to drain underground water, minimizing impact on the surrounding environment (rivers and sea). When discharging water, we purify it to ensure the water quality is within the legal standard before returning it to a river or the sea.


Water quality control device

Renewable energy business including floating offshore wind power generation

In a project with Japan's Ministry of the Environment that began in 2010, a group of contractors represented by our company succeeded in setting up the world's first hybrid-spar demonstration equipment in the ocean around Kabajima, Goto City, Nagasaki. The equipment was turned to practical use in March 2016 and has been in commercial operation since. In May 2018, we unveiled a completed semi-submersible spud barge 110 meters long and 43 meters wide. In such ways we are continuing efforts toward the practical application of Japan's first floating offshore wind farm.


Floating offshore wind power generation facility (Photo: Hoichi Nishiyama)

Introduction of a flextime system

As part of our work-style reforms, in 2018 we introduced a flextime system (with core time form 10:00–15:00) for all employees, including those working at field offices, in an effort to improve labor productivity and create work-life balance.

Delivering a vision for the future of the construction industry and sharing it with stakeholders

We have been publishing a series of pamphlets called "Path to the Future" since 2017. These pamphlets reveal the roles that the construction industry of the future should fulfill to continue to provide happiness to all stakeholders while accommodating societal changes that will only grow more intense. They also present specific initiatives needed to fulfill those roles. Five pamphlets have been published as of 2019.



"Path to the Future" (integrated edition)

Human rights initiatives

We endorse the principles stated in the Universal Declaration of Human Rights adopted by the UN General Assembly. The Toda Group Corporate Code of Conduct stresses respect for human rights and the individual and prohibits discrimination. Accordingly, we respect the character and individuality of each employee, regardless of factors such as gender, age, nationality, race, ethnicity, belief, religion, social standing, or disability, and we strive to improve each other's abilities. We also make efforts to raise employee awareness, prohibiting all acts that ignore a person's human rights, including slanderous or inflated language and behavior.

Contributing to resilient urban development that is friendly on people and the environment

We are committed to contributing to resilient urban development that is friendly to the local community in all aspects, from design to construction and operational management. Also, in the event of a large-scale earthquake, construction companies are expected to play a role in quickly restoring buildings and roads. In July 2006, we established a business continuity plan (BCP) in case of a large-scale seismic disaster and have conducted a comprehensive earthquake disaster drill every year to verify the plan's effectiveness, with the 14th drill having been conducted in fiscal 2018.

Promotion of the 3Rs

We seek to reduce environmental impact and form a recycling-oriented society by actively engaging in the 3Rs (reduce, reuse, and recycle). In recognition of our 3R efforts at field offices, we have won a Minister of Land, Infrastructure, Transport and Tourism Award and a Reduce, Reuse, Recycle Promotion Association (3Rs) Promotion Association Chairperson's Award from the 3Rs Promotion Association for two years in a row: in fiscal 2017 and fiscal 2018.


Winning a second Minister of Land, Infrastructure, Transport and Tourism Award in a row in the 3Rs Promotion Merit Awards in fiscal 2018

Eco First Promotion Association

In 2010, we made an Eco First Promise with the Minister of the Environment and joined the Eco First Promotion Association, having been certified as an eco-first company. As a certified company, we regularly report our progress with promise compliance (mainly the amount of CO_2 reduction) to the Minister of the Environment. In 2019, we assumed the position of chair company in the Eco First Promotion Association.


Courtesy call to the Minister of the Environment as chair of the Eco First Promotion Association

Efforts to reduce CO_2 emissions

Using the TO-MINICA low-carbon construction system that we developed, we reduce CO_2 emissions across the entire value chain in building construction and civil engineering work. We are also working to reduce CO_2 emissions during the movement of heavy construction equipment by using biodiesel fuel and K-S1 (a combustion promoter).


TO-MINICA

Protection of biodiversity

Recognizing that the Earth's natural resources are finite, we run our business while being careful about all manner of natural resources, including forest resources and water resources. We have established, and adhere to, biodiversity action guidelines. For example, working with academic experts and local school officials, we set up temporary waterways and transplant or move plants and animals before conducting construction, in order to conserve the ecosystem. To protect creatures living on tidal flats, we will even move a tidal flat and create a new one.


Transplant and relocation of benthic organisms as part of the Restoration Works on Tsuyagawa River in Miyagi Prefecture

Reducing the burden on soil during construction (prevention of land degradation)

We recognize that land degradation has become a worldwide problem, and we are making efforts to contribute to the solution. For instance, we handle harmful substances properly to prevent environmental pollution through their transboundary movement. Of course, we treat soil that has been contaminated with harmful substances appropriately, and we reduce the impact on the environment by using construction methods that reduce the amount of excavated earth.

Establishment of whistleblowing system: Corporate ethics helpline

Our corporate ethics helpline is also available to employees and managers of partners. A link has been put on our website through which suppliers can make whistleblowing reports.

Collaboration with other industries

We invest in the Healthcare New Frontier Fund, which supports venture firms in advanced healthcare fields. We also work to deepen our relationships with cutting-edge medical venture companies and strive to enhance our ability to make proposals to medical institutions. We will effort to active business and create new businesses by collaboration with other industries.

Consolidated Balance Sheets

Toda Corporation and consolidated Subsidiaries - As of March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
ASSETS			
Current assets:			
Cash and deposits (Notes 10 and 12)	¥ 80,597	**¥ 97,450**	$ 878,014
Notes and accounts receivable-trade (Notes 6.7) and 12)	135,438	**225,685**	2,033,382
Short-term investment securities (Notes 6.4), 12 and 13)	20,029	**-**	-
Real estate for sale (Note 6.10)	7,400	**9,162**	82,556
Costs on uncompleted construction contracts (Note 6.9))	12,449	**16,719**	150,642
Other inventories	1,669	**2,029**	18,286
Other	17,442	**15,336**	138,176
Allowance for doubtful accounts	(1,071)	**(1,548)**	(13,953)
Total current assets	273,956	**364,835**	3,287,106
Noncurrent assets:			
Property, plant and equipment: (Notes 6.1) and 10)			
Buildings and structures, net (Note 6.2)	17,067	**18,953**	170,769
Machinery, vehicles, tools, furniture and fixtures, net (Note 6.2)	4,445	**2,807**	25,293
Land (Note 6.8))	71,670	**82,199**	740,605
Lease assets, net	91	**52**	476
Construction in progress (Note 6.2)	2,111	**5,420**	48,840
Total property, plant and equipment	95,386	**109,434**	985,985
Intangible assets			
Goodwill	658	**589**	5,307
Other (Note 6.2)	8,284	**7,373**	66,433
Total intangible assets	8,942	**7,962**	71,741
Investments and other assets:			
Investment securities (Notes 6.3), 4), 12 and 13)	174,775	**178,643**	1,609,545
Long-term loans receivable (Notes 6.4) and 12)	489	**434**	3,916
Net defined benefit assets (Note 15)	1,484	**1,930**	17,393
Deferred tax assets (Note 16)	488	**582**	5,247
Other	3,051	**4,132**	37,235
Allowance for doubtful accounts	(262)	**(234)**	(2,110)
Total investments and other assets	180,027	**185,489**	1,671,227
Total noncurrent assets	284,356	**302,886**	2,728,954
Total assets	¥ 558,312	**¥ 667,722**	$ 6,016,060

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
LIABILITIES			
Current liabilities:			
Notes and accounts payable-trade (Notes 6.7) and 12)	¥ 88,499	**¥ 115,318**	$ 1,039,002
Short-term loans payable (Note 12)	25,496	**29,451**	265,348
Commercial papers-liabilities (Note 12)	-	**50,000**	450,491
Income taxes payable (Note 12)	3,723	**9,882**	89,036
Advances received on uncompleted construction contracts	29,657	**30,059**	270,834
Provision for bonuses	7,371	**6,596**	59,435
Provision for warranties for completed construction	4,089	**4,390**	39,553
Provision for loss on construction contracts (Note 6.9))	444	**3,601**	32,453
Deposits received	23,324	**26,355**	237,461
Other	25,116	**18,172**	163,735
Total current liabilities	207,723	**293,829**	2,647,351
Noncurrent liabilities:			
Bonds payable (Note 12)	20,000	**25,000**	225,245
Long-term loans payable (Note 12)	29,979	**27,573**	248,435
Deferred tax liabilities (Note 16)	17,445	**18,424**	165,998
Deferred tax liabilities for land revaluation (Note 16)	7,272	**7,235**	65,191
Provision for directors' retirement benefits	170	**180**	1,627
Provision for stock payments for directors	120	**172**	1,552
Provision for loss on liquidation of subsidiaries and affiliates	104	**42**	381
Net defined benefit liability (Note 15)	21,872	**21,446**	193,227
Asset retirement obligations	1,089	**1,183**	10,663
Other	3,139	**3,441**	31,005
Total noncurrent liabilities	101,194	**104,699**	943,328
Total liabilities	308,917	**398,529**	3,590,679
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	**23,001**	207,240
Capital surplus	25,681	**25,743**	231,947
Retained earnings	136,336	**155,875**	1,404,412
Treasury stock	(9,437)	**(9,438)**	(85,038)
Total shareholders' equity	175,582	**195,182**	1,758,562
Accumulated other comprehensive income (Note 8)			
Valuation difference on available-for-sale securities	66,969	**67,330**	606,638
Deferred gains on hedges	(3)	**28**	255
Revaluation reserve for land (Note 6.8))	5,676	**5,592**	50,387
Foreign currency translation adjustments	(658)	**(955)**	(8,607)
Remeasurements of defined benefit plans	(1,249)	**(1,021)**	(9,203)
Total accumulated other comprehensive income	70,734	**70,974**	639,470
Non-controlling interests	3,078	**3,035**	27,347
Total net assets	249,394	**269,193**	2,425,380
Total liabilities and net assets	¥ 558,312	**¥ 667,722**	$ 6,016,060

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Net sales:			
Net sales of construction contracts	¥ 414,177	¥ 494,826	$4,458,295
Net sales of investment development business and other	14,848	15,610	140,649
Total net sales	429,026	510,436	4,598,944
Cost of sales:			
Cost of sales of construction contracts (Notes 7.1) and 4	358,408	431,931	3,891,622
Cost of sales of investment development business and other (Note 7.2)	10,276	11,395	102,674
Total cost of sales	368,684	443,327	3,994,296
Gross profit:			
Gross profit on construction contracts	55,769	62,895	566,673
Gross profit on investment development business and other	4,572	4,214	37,974
Total gross profit	60,341	67,109	604,647
Selling, general and administrative expenses (Notes 7.3) and 4))	29,878	32,591	293,640
Operating income	30,463	34,518	311,007
Non-operating income:			
Interest income	318	171	1,549
Dividend income	2,755	3,126	28,167
Dividend income of insurance	240	238	2,150
Other	334	493	4,448
Total non-operating income	3,649	4,030	36,315
Non-operating expenses:			
Interest expenses	823	779	7,019
Commission fee	109	172	1,550
Other	142	104	940
Total non-operating expenses	1,075	1,055	9,510
Ordinary income	33,037	37,493	337,812
Extraordinary income:			
Gain on sales of noncurrent assets (Note 7.5))	24	25	230
Gain on sales of investment securities (Note 13)	2,991	3,060	27,577
Other	268	38	343
Total extraordinary income	3,284	3,124	28,151
Extraordinary loss:			
Loss on abandonment of noncurrent assets (Note 7.6))	452	503	4,540
Impairment loss (Note 7.7))	-	1,658	14,938
Other	35	114	1,034
Total extraordinary losses	488	2,276	20,513
Profit before income taxes and non-controlling interests	35,834	38,341	345,449
Income taxes-current	4,985	11,762	105,976
Income taxes-deferred	5,302	784	7,068
Total income taxes (Note 16)	10,288	12,546	113,044
Profit for the year	25,545	25,794	232,405
Profit for the year attributable to non-controlling interests	90	199	1,795
Profit for the year attributable to owners of the parent (Note 22)	¥ 25,455	¥ 25,595	$ 230,609

Consolidated Statements of Comprehensive Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Profit for the year	¥ 25,545	¥ 25,794	$ 232,405
Other comprehensive income (Note 8)			
Valuation difference on available-for-sale securities	3,456	360	3,252
Deferred gains or losses on hedges	(5)	31	286
Foreign currency translation adjustment	(53)	(348)	(3,139)
Remeasurements of defined benefit plans	708	227	2,052
Total other comprehensive income	4,106	272	2,452
Comprehensive income	29,652	26,066	234,857
Comprehensive income attributable to			
Owners of the parent	29,498	25,881	233,188
Non-controlling interests	¥ 154	¥ 185	$ 1,669

Consolidated Statements of Changes in Net Assets

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2018 and 2019

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	Non-controlling interests	Total net assets
Balance at March 31, 2017	¥23,001	¥25,682	¥116,816	¥(8,233)	¥157,267	¥63,513	¥1	¥5,676	¥(542)	¥(1,957)	¥66,691	¥2,937	¥226,895
Changes during period													
Dividends from surplus	-	-	(4,612)	-	(4,612)	-	-	-	-	-	-	-	(4,612)
Profit for the year attributable to owners of the parent	-	-	25,455	-	25,455	-	-	-	-	-	-	-	25,455
Disposal of treasury stock	-	(1,321)	-	1,326	4	-	-	-	-	-	-	-	4
Purchase of treasury stock	-	-	-	(2,530)	(2,530)	-	-	-	-	-	-	-	(2,530)
Transfer of loss on disposal of treasury stock	-	1,321	(1,321)	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	(0)	-	-	(0)	-	-	-	-	-	-	-	(0)
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	3,455	(5)	-	(116)	708	4,042	140	4,183
Total changes of items during the period	-	(0)	19,520	(1,204)	18,315	3,455	(5)	-	(116)	708	4,042	140	22,499
Balance at March 31, 2018	¥23,001	¥25,681	¥136,336	¥(9,437)	¥175,582	¥66,969	¥(3)	¥5,676	¥(658)	¥(1,249)	¥70,734	¥3,078	¥249,394
Changes during period													
Dividends from surplus	-	-	(6,140)	-	(6,140)	-	-	-	-	-	-	-	(6,140)
Profit for the year attributable to owners of the parent	-	-	25,595	-	25,595	-	-	-	-	-	-	-	25,595
Disposal of treasury stock	-	-	-	5	5	-	-	-	-	-	-	-	5
Purchase of treasury stock	-	-	-	(5)	(5)	-	-	-	-	-	-	-	(5)
Transfer of loss on disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	64	-	-	64	-	-	-	-	-	-	-	64
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	(2)	-	-	(2)	-	-	-	-	-	-	-	(2)
Reversal of revaluation reserve for land	-	-	84	-	84	-	-	-	-	-	-	-	84
Net changes of items other than shareholders' equity	-	-	-	-	-	361	31	(84)	(296)	227	240	(42)	197
Total changes of items during the period	-	62	19,538	(0)	19,600	361	31	(84)	(296)	227	240	(42)	19,798
Balance at March 31,2019	¥23,001	¥25,743	¥155,875	¥(9,438)	¥195,182	¥67,330	¥28	¥5,592	¥(955)	¥(1,021)	¥70,974	¥3,035	¥269,193

Thousands of U.S. dollars

	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	Non-controlling interests	Total net assets
Balance at March 31, 2018	$207,240	$231,389	$1,228,371	$(85,034)	$1,581,966	$603,380	$(31)	$51,145	$(5,937)	$(11,256)	$637,301	$27,733	$2,247,001
Changes during period													
Dividends from surplus	-	-	(55,326)	-	(55,326)	-	-	-	-	-	-	-	(55,326)
Profit for the year attributable to owners of the parent	-	-	230,609	-	230,609	-	-	-	-	-	-	-	230,609
Disposal of treasury stock	-	-	-	47	47	-	-	-	-	-	-	-	47
Purchase of treasury stock	-	-	-	(50)	(50)	-	-	-	-	-	-	-	(50)
Transfer of loss on disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	581	-	-	581	-	-	-	-	-	-	-	581
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	(22)	-	-	(22)	-	-	-	-	-	-	-	(22)
Reversal of revaluation reserve for land	-	-	758	-	758	-	-	-	-	-	-	-	758
Net changes of items other than shareholders' equity	-	-	-	-	-	3,258	286	(758)	(2,670)	2,052	2,169	(386)	1,783
Total changes of items during the period	-	558	176,041	(3)	176,596	3,258	286	(758)	(2,670)	2,052	2,169	(386)	178,379
Balance at March 31, 2019	$207,240	$231,947	$1,404,412	$(85,038)	$1,758,562	$606,638	$255	$50,387	$(8,607)	$(9,203)	$639,470	$27,347	$2,425,380

Consolidated Statements of Cash Flows

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Net cash provided by (used in) operating activities:			
Profit before income taxes and non-controlling interests	¥ 35,834	¥ 38,341	$ 345,449
Depreciation and amortization	1,840	2,178	19,632
Impairment loss	-	1,658	14,938
Amortization of goodwill	34	169	1,525
Increase (decrease) in allowance for doubtful accounts	10	459	4,141
Increase (decrease) in net defined benefit liability	369	(212)	(1,912)
Increase (decrease) in net defined benefit asset	(222)	(296)	(2,671)
Increase (decrease) in other provision	(2,221)	2,467	22,231
Loss on valuation of investment securities	1	12	111
Loss (gain) on sales of investment securities	(2,983)	(3,059)	(27,567)
Loss (gain) on sales of property, plant and equipment	(24)	(25)	(230)
Loss on abandonment of noncurrent assets	452	503	4,540
Interest and dividend income	(3,074)	(3,298)	(29,716)
Interest expenses	823	779	7,019
Decrease in notes and accounts receivable-trade	(2,266)	(90,392)	(814,416)
Decrease (increase) in costs on uncompleted construction contracts	7,437	617	5,567
Decrease in real estate for sale	1,597	160	1,448
Increase (decrease) in other current assets	(6,783)	1,352	12,187
Increase (decrease) in notes and accounts payable-trade	(11,804)	25,753	232,035
Increase (decrease) in advances received on uncompleted construction contracts	1,035	(3,577)	(32,236)
Increase (decrease) in other current liabilities	2,094	934	8,418
Other, net	(206)	183	1,655
Subtotal	21,943	(25,288)	(227,847)
Interest and dividend income received	3,078	3,304	29,768
Interest expenses paid	(810)	(775)	(6,983)
Income taxes paid	(4,879)	(5,624)	(50,678)
Net cash provided by (used in) operating activities	19,331	(28,384)	(255,740)
Net cash provided by (used in) investing activities:			
Payments into time deposits	(194)	(886)	(7,988)
Proceeds from withdrawal of time deposits	220	63	569
Proceeds from sales and redemption of securities	-	400	3,603
Purchase of property, plant and equipment	(6,790)	(22,588)	(203,516)
Proceeds from sales of property, plant and equipment	38	25	231
Purchase of intangible assets	(1,888)	(883)	(7,964)
Proceeds from subsidy income	1,905	2,911	26,228
Purchase of investment securities	(5,051)	(7,326)	(66,009)
Proceeds from sales and redemption of investment securities	6,979	7,052	63,541
Payments of loans receivable	-	(4)	(37)
Collection of loans receivable	66	61	557
Payments for lease and guarantee deposits	(140)	(594)	(5,354)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,771)	(2,141)	(19,296)
Other, net	(185)	(564)	(5,081)
Net cash provided by (used in) investing activities	(7,812)	(24,475)	(220,516)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	120	1,520	13,694
Decrease in commercial paper	-	50,000	450,491
Proceeds from long-term loans payable	5,220	4,890	44,058
Repayments of long-term loans payable	(10,140)	(6,161)	(55,512)
Proceeds from issuance of bonds	10,000	5,000	45,049
Cash dividends paid	(4,612)	(6,140)	(55,326)
Cash dividends paid to non-controlling interests	(14)	(3)	(35)
Purchase of treasury stock	(2,530)	(5)	(50)
Other, net	(56)	(50)	(454)
Net cash provided by (used in) financing activities	(2,015)	49,047	441,913
Effect of exchange rate change on cash and cash equivalents	35	(150)	(1,354)
Net increase (decrease) in cash and cash equivalents	9,539	(3,962)	(35,697)
Cash and cash equivalents at the beginning of current period	90,986	100,526	905,724
Cash and cash equivalents at the end of current period (Note 10)	100,526	96,564	870,026

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 profit for the year.

(U.S.Dollar Amounts)

The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to nearest million.

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 ¥110.99 = US$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2019, 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 21 subsidiaries, namely Toda Road Co., Ltd., Toda Bldg. Partners Co., Ltd., Chiyoda Kenkou Co., Ltd., Toda Staff Service Co., Ltd., APEC Engineering Co., Ltd., Toda Finance Co., Ltd., Towa Kanko Kaihatsu Co., Ltd., Goto Floating Wind Power LLC., Offshore Wind Farm ConstructionCo., Ltd., Nisshin Life Co., Ltd., Sato kogyo Co., Ltd., Toda America, Inc., Construtora Toda do Brasil S/A, Thai Toda Corporation Ltd., Toda Vietnam Co., Ltd. and other 6 companies.

Other subsidiaries were not consolidated, as they were not significant in terms of the effect on total assets, net sales, profit for the year 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 profit for the year 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, Thai Toda Corporation Ltd., Toda Vietnam Co. and other 3 companies 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) Derivatives

Stated at fair value.

(c) Inventories

Costs on uncompleted construction contracts

Stated at cost, determined by the specific identification cost method

Real estate for sale

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

(d) Other inventories

Raw materials and supplies

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

Costs on real estate business

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 and building fixtures and other structures acquired on and after April 1, 2016.

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 liquidation of subsidiaries and affiliates
The provision for loss on liquidation of subsidiaries and affiliates is provided at the estimated amount for a possible future loss arising from liquidation.
(g) Provision for stock payments for directors
The provision for stock payments for directors is provided for stock award debt based on predeterminded regulations for awarding stock, which is prepared for future awards of the Company shares to its directors and executive officers.

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 based on the benefit formula.

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.

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.

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 ("special treatment").
(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 special treatment.

11) Goodwill

Goodwill is amortized by the straight-line method over a period of 10 years. However, goodwill that is immaterial is charged to expense in the period.

12) Cash and cash equivalents

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

3. Accounting Standards Issued but Not Yet Adopted

- *Accounting Standard for Revenue Recognition (ASBJ Statement No.29 issued on March 30, 2018)*
- *Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30 issued on March 30, 2018)*

1) Overview

It is a comprehensive accounting standard for revenue recognition.
Revenue is recognized by applying the following five steps.
Step 1: Identify the contract with the customer
Step 2: Identify the contractual performance obligation
Step 3: Arrive at value of the transaction
Step 4: Allocate value of the transaction to the contractual performance obligation
Step 5: Recognize revenue when satisfying performance obligation or satisfying

2) Planned date of adoption

From the beginning of the fiscal year ending March 31, 2022.

3) Effect of adoption of the guidance

The effect is under assessment at the time of preparation of the accompanying consolidated financial statements.

4. Change in presentation methods

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")
The company applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28 February 16,2018) effective from April 1,2018, therefore "Deferred tax assets" is described in "Investments and other assets" and "Deferred tax liabilities" is described in "Noncurrent liabilities".
As a result, "Deferred tax assets" of "Current assets" decreased by ¥5,846 (US$52,679 thousand) million and "Deferred tax assets"of "Investments and other assets" increased by ¥164 million (US$1,483 thousand) for the year ended March 31,2018. Also, "Deferred tax liabilities" of "Current liabilities" decreased by ¥104 million (US$944 thousand) and "Deferred tax liabilities" of "Noncurrent liabilities" decreased by ¥5,577 million (US$50,251 thousand) for the year ended March 31,2018.

(Consolidated Statements of Cash Flows)
"Payments for lease and guarantee deposits" included in "Other,net" of "Net cash provided by (used in) investing activities" in the fiscal year ended March 31, 2018 is described separately because of increase in materiality from the fiscal year ended March 31, 2019.
To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2018 have been reclassified.
As a result, "Other,net" of "Net cash provided by (used in) investing activities" for consolidated statements of cash flows ¥326 million (US$2,941 thousand) have been reclassified into "Payments for lease and guarantee deposits current liabilities" ¥140 million (US$1,270 thousand) and into "Other,net" ¥185 million (US$1,671 thousand).

5. Additional Information

(Performance-linked stock compensation plan for directors and executive officers)
1) Transaction summary
At the Board of Directors held on May 13, 2016 and the Company's 93th annual general meeting of shareholders held on June 29, 2016, matters concerning introduction of a performance-linked stock compensation plan for its directors and executive officers (the "Directors") was resolved. The plan is with the goal of increasing management consciousness to further enhancing the corporate value, performance over the medium-to-long-term and shareholders emphasis. The plan is incentive for the Directors. The Company's shares are acquired through the Board Incentive Plan Trust ("BIP Trust") and the Employee Stock Ownership Plan Trust ("ESOP Trust") and awarded to the Directors in accordance with achievement degree of performance targets.
2) The Company's own stock in the Trust
The Company's own stock in the Trust is recorded in treasury stock under net assets based on the value in the Trust (excluding ancillary expenses). The book value and the number of these treasury stocks in the Trust as of March 31, 2018 were ¥168 million and 346,966 shares (BIP Trust), ¥50 million and 104,000 shares (ESOP Trust). The book value and the number of these treasury stocks in the Trust as of March 31, 2019 were ¥163 million ($1,475 thousand) and 336,210 shares (BIP Trust), ¥50 million ($456 thousand) and 104,000 shares (ESOP Trust).

6. Notes to Consolidated Balance Sheets

As of March 31	Millions of yen 2018	Millions of yen 2019	Thousands of U.S. dollars 2019
1) Accumulated depreciation of property, plant and equipment	¥ 37,141	**¥ 38,379**	$ 345,792
2) Advanced depreciation:			
Buildings and structures	33	**33**	303
Machinery, vehicles, tools, furniture and fixtures	1,872	**3,861**	34,790
Construction in progress	-	**915**	8,248
Intangible assets	-	**6**	$ 55
Total	¥ 1,905	**¥ 4,816**	$ 43,398
3) Investments in Non-consolidated subsidiaries and affiliates included in investment securities	¥ 1,782	**¥ 3,312**	$ 29,840
4) Assets pledged as collateral:			
Short-term investment securities	29	**-**	-
Investment securities	614	**549**	4,954
Long-term loans receivable	364	**310**	2,798
Total	¥ 1,008	**¥ 860**	$ 7,752
5) Contingent liabilities (guarantee liabilities)	¥ 235	**¥ 219**	$ 1,978
6) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	**¥ 30,000**	$ 270,294
Loan balance outstanding	-	**-**	-
Difference (unused portion)	¥ 30,000	**¥ 30,000**	$ 270,294

7) Matured notes
As March 31, 2019 was a bank holiday, notes included matured notes.
The matured notes were as follows:

Notes receivable-trade	¥ 0	**¥ 334**	$ 3,014
Electronically recorded monetary claims	13	**5**	45
Notes payable	285	**30**	273
Electronically recorded obligations	-	**0**	5

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

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

As of March 31	Millions of yen 2018	Millions of yen 2019	Thousands of U.S. dollars 2019
Costs on uncompleted construction contracts	¥ 309	**¥ 906**	$ 8,168

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

As of March 31	Millions of yen 2018	Millions of yen 2019	Thousands of U.S. dollars 2019
Buildings and structures	¥ -	**¥ 179**	$ 1,617
Land	-	**200**	1,810

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

As of March 31	Millions of yen 2018	Millions of yen 2019	Thousands of U.S. dollars 2019
Buildings	¥ -	**¥ 310**	$ 2,801
Land	-	**1,720**	15,504

7. Notes to Consolidated Statements of Income

For the years ended March 31	Millions of yen 2018	Millions of yen 2019	Thousands of U.S. dollars 2019
1) Provision for loss on construction contracts included in costs of sales	¥ 427	**¥ 3,544**	$ 31,931
2) Valuation loss on inventories included in costs of sales	¥ -	**¥ 16**	$ 147
3) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances	¥ 11,075	**¥ 11,554**	$ 104,100
Provision for bonuses	4,452	**4,489**	40,454
Retirement benefit expenses	1,057	**860**	7,754
Provision (reversal) of allowance for doubtful accounts	45	**497**	4,482
4) Research and development expenditures included in selling, general and administrative expenses and construction costs	¥ 1,421	**¥ 1,679**	$ 15,135
5) Gain on sales of noncurrent assets:			
Buildings and structures	¥ 0	**¥ -**	$ -
Land	8	**-**	-
Other	15	**25**	230
Total	¥ 24	**¥ 25**	$ 230
6) Loss on abandonment of noncurrent assets:			
Buildings and structures	¥ 0	**¥ 52**	$ 470
Other	0	**2**	26
Dismantlement cost	452	**448**	4,043
Total	¥ 452	**¥ 503**	$ 4,540

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, 2018

None

For the fiscal year ended March 31, 2019

Location	Purpose	Type	Impairment loss (Millions of Yen)	(Thousands of U.S. dollars)
Whole company	**Assets for businesses (Our company)**	**Intangible fixed assets**	**¥ 1,503**	**$ 13,546**
Oshima District, Yamaguchi Pref, Japan	**Assets for businesses (Subsidiary)**	**Building, Structure and other fixed assets**	**¥ 154**	**$ 1,391**

The recoverable value is mainly value in use.
In the case of our company, value in use of intangible fixed assets is measured as zero, because the company could not foresee the start of using software due to the interruption in software development In the case of Towa Kanko Kaihatsu Co., Ltd(subsidiary),Value in use is measured as the sum of anticipated future cash flows discounted at a rate of 6.0% for the year ended March 31, 2019.(The sum of anticipated future cash flows are expected to be caused by continued use and disposal after use.)

8. Notes to Consolidated Statements of Comprehensive Income

Reclassification and tax effect of comprehensive income for the years ended March 31	Millions of yen 2018	Millions of yen 2019	Thousands of U.S. dollars 2019
Valuation difference on available-for-sale securities:			
Accrual	¥ 7,823	**¥ 3,539**	$ 31,890
Reclassification	(2,785)	**(3,058)**	(27,557)
Before adjust tax effect	5,038	**480**	4,332
Tax effect	(1,582)	**(119)**	(1,080)
Valuation difference on available-for-sale securities	¥ 3,456	**¥ 360**	$ 3,252
Deferred gains (losses) on hedges:			
Accrual	¥ 49	**¥ 51**	$ 460
Reclassification	(57)	**(1)**	(12)
Before adjust tax effect	(7)	**49**	448
Tax effect	2	**(17)**	(161)
Deferred gains (losses) on hedges	¥ (5)	**¥ 31**	$ 286
Foreign currency translation adjustments:			
Accrual	¥ (53)	**¥ (348)**	$ (3,139)
Remeasurements of defined benefit plans:			
Accrual	¥ 69	**¥ (118)**	$ (1,071)
Reclassification	951	**447**	4,029
Before adjust tax effect	1,020	**328**	2,957
Tax effect	(312)	**(100)**	(905)
Remeasurements of defined benefit plans	708	**227**	2,052
Total of other comprehensive income	¥ 4,106	**¥ 272**	$ 2,452

9. Notes to Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2018	Class of shares	Number of shares April 1, 2017	Increase	Decrease	March 31, 2018
Issued stock	Common stock	322,656,796	-	-	322,656,796
Treasury stock	Common stock	15,589,775	2,989,238	2,504,034	16,074,979

For the fiscal year ended March 31, 2019	Class of shares	Number of shares April 1, 2018	Increase	Decrease	March 31, 2019
Issued stock	**Common stock**	**322,656,796**	**-**	**-**	**322,656,796**
Treasury stock	**Common stock**	**16,074,979**	**6,462**	**10,756**	**16,070,685**

For the fiscal year ended March 31, 2018	Class of shares	Number of shares Total Dividends	Dividends per share	Record date	Effective date
June 29, 2017 Resolution by Annual General Meeting of Shareholders	Common stock	¥4,612million	¥15.00	March 31, 2017	June 30, 2017
June 28, 2018 Resolution by Annual General Meeting of Shareholders	Common stock	¥6,140million	¥20.00	March 31, 2018	June 29, 2018

For the fiscal year ended March 31, 2019	Class of shares	Number of shares Total Dividends	Dividends per share	Record date	Effective date
June 28, 2018 Resolution by Annual General Meeting of Shareholders	**Common stock**	**¥6,140million ($55,326thousand)**	**¥20.00**	**March 31, 2018**	**June 29, 2018**
June 27, 2019 Resolution by Annual General Meeting of Shareholders	**Common stock**	**¥6,140million ($55,326thousand)**	**¥20.00**	**March 31, 2019**	**June 28, 2019**

10. Notes to Consolidated Statements of Cash Flows

Reconciliation between cash and deposits on the consolidated balance sheets and cash and cash equivalents at the fiscal year-end:	Millions of yen 2018	Millions of yen 2019	Thousands of U.S. dollars 2019
Cash and deposits of the consolidated balance sheets	¥ 80,597	**¥ 97,450**	$ 878,014
(Less) time deposits with maturities of more than three months	(70)	**(886)**	(7,988)
Short-Term investment securities	20,000	**-**	-
Cash and cash equivalents of the consolidated statements of cash flows	¥ 100,526	**¥ 96,564**	$ 870,026

Major assets acquired and liabilities assumed of the companies which newly became consolidated subsidiaries through acquisitions during the year ended March 31,2018
Information about assets acquired, liabilities assumed, acquisition cost and payment for purchase as of the date of consolidation is as follows,

	Millions of yen 2018
Current assets	¥ 2,781
Fixed assets	3,061
Goodwill	693
Current liabilities	(155)
Non-current liabilities	(841)
Acquisition cost of shares	¥ 5,538
Cash and cash equivalents	(2,767)
Payment for purchase	¥ 2,771

Major assets acquired and liabilities assumed of the companies which newly became consolidated subsidiaries through acquisitions during the year ended March 31,2019
Information about assets acquired, liabilities assumed, acquisition cost and payment for purchase as of the date of consolidation is as follows,

	Millions of yen	Thousands of U.S. dollars
	2019	2019
Current assets	¥ 8,976	$ 80,873
Fixed assets	2,345	21,129
Goodwill	100	901
Current liabilities	(7,686)	(69,256)
Non-current liabilities	(296)	(2,669)
Acquisition cost of shares	¥ 3,438	$ 30,979
Cash and cash equivalents	(1,296)	(11,683)
Payment for purchase	¥ 2,141	$ 19,296

11. Lease Transactions

	Millions of yen		Thousands of U.S. dollars
As of March 31	2018	2019	2019
Future minimum lease payments under non-cancelable operating leases:			
Due within one year	¥ 81	¥ 79	$ 712
Due after one year	157	138	1,246
Total	¥ 238	¥ 217	$ 1,958
Future minimum lease income under non-cancelable operating leases:			
Due within one year	¥ 2,212	¥ 2,001	$ 18,034
Due after one year	8,137	7,170	64,607
Total	¥10,349	¥ 9,172	$ 82,641

12. Fair value of Financial Instrument

	Millions of yen		
As of March 31, 2018	Book value	Fair value	Difference
(1) Cash and deposits	¥ 80,597	¥ 80,597	¥ -
(2) Notes and accounts receivable - trade	135,438	135,417	(21)
(3) Short-term investment securities, investment securities (Note)	182,217	182,405	188
(4) Long-term loans receivable	489	545	55
Assets total	¥ 398,742	¥ 398,965	¥ 222
(1) Notes and accounts payable - trade	¥ 88,499	¥ 88,499	¥ -
(2) Short-term loans payable	25,496	25,496	-
(3) Income taxes payable	3,723	3,723	-
(4) Bonds payable	20,000	20,087	87
(5) Long-term loans payable	29,979	30,121	141
Liabilities total	¥ 167,698	¥ 167,928	¥ 229
Derivative transactions (Note)	¥ 2	¥ 2	-

Note: 1. 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."
2. Net receivables/payables arising from derivatives are shown. Items that are net payables are shown in parenthesis.

Unlisted stocks

As of March 31, 2018(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	¥ 83
Stocks of affiliated companies	204
Investments in Limited Liability Company	438
Subsidiaries preferred equity securities	1,055
Other investment securities	
Unlisted stocks	¥ 5,224
Unlisted preferred equity securities	1,340
Investments in silent pertnerships	700
Trust beneficiary right	1,848
Others	1,693

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2019	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and deposits	¥ 97,450	¥ 97,450	¥ -	$ 878,014	$ 878,014	$ -
(2) Notes and accounts receivable - trade	225,685	225,670	(14)	2,033,382	2,033,253	(128)
(3) Short-term investment securities, investment securities (Note)	164,922	165,115	193	1,485,919	1,487,659	1,739
(4) Long-term loans receivable	434	472	37	3,916	4,257	341
Assets total	¥ 488,492	¥ 488,709	¥ 216	$ 4,401,233	$ 4,403,185	$ 1,952
(1) Notes and accounts payable - trade	¥ 115,318	¥ 115,318	¥ -	$ 1,039,002	$ 1,039,002	$ -
(2) Short-term loans payable, Commercial papers-liabilities	79,451	79,451	-	715,839	715,839	-
(3) Income taxes payable	9,882	9,882	-	89,036	89,036	-
(4) Bonds payable	25,000	25,117	117	225,245	226,299	1,054
(5) Long-term loans payable	27,573	27,713	139	248,435	249,696	1,260
Liabilities total	¥ 257,225	¥ 257,482	¥ 256	$ 2,317,559	$ 2,319,873	$ 2,314
Derivative transactions (Note)	¥ 49	¥ 49	¥ -	$ 446	$ 446	$ -

Note: 1. 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."
2. Net receivables/payables arising from derivatives are shown. Items that are net payables are shown in parenthesis.

Unlisted stocks

As of March 31, 2019(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	¥ 75	$ 681
Stocks of affiliated companies	234	2,116
Investments in Limited Liability Company	412	3,712
Subsidiaries preferred equity securities	1,055	9,505
Affiliated companies preferred equity securities	1,200	10,811
Investments in silent partnerships	334	3,013
Other investment securities		
Unlisted stocks	¥ 5,428	$ 48,911
Unlisted preferred equity securities	140	1,262
Trust beneficiary right	1,848	16,655
Others	2,991	26,955

13. Marketable Securities and Investment Securities

Held-to-maturity debt securities:

	Millions of yen		
As of March 31, 2018	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥ 2,443	¥ 2,672	¥ 229
Securities with a fair value that does not exceed the book value	800	759	(41)
Total	¥ 3,244	¥ 3,432	¥ 188

Available-for-sale securities with a fair value:

	Millions of yen		
As of March 31, 2018	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:			
Stocks	¥ 153,484	¥ 57,461	¥ 96,022
Bonds	221	200	21
Others	3,666	3,325	341
Subtotal	157,373	60,987	96,386
Securities with a book value that does not exceed the acquisition cost:			
Stocks	1,600	1,799	(198)
Bonds	-	-	-
Others	20,000	20,000	-
Subtotal	21,600	21,799	(198)
Total	¥ 178,973	¥ 82,786	¥ 96,187

Note: We chose not to describe the detail in the report due to its immateriality.

For the fiscal year ended March 31, 2018	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥ 5,447	¥ 2,793	7

Held-to-maturity debt securities:

As of March 31, 2019	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	**¥ 2,234**	**¥ 2,463**	**¥ 229**	$ 20,128	$ 22,199	$ 2,071
Securities with a fair value that does not exceed the book value	**900**	**863**	**(36)**	8,108	7,777	(331)
Total	**¥ 3,134**	**¥ 3,327**	**¥ 193**	$ 28,237	$ 29,977	$ 1,739

Available-for-sale securities with a fair value:

As of March 31, 2019	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	**¥ 147,192**	**¥ 50,219**	**¥ 96,973**	$ 1,326,181	$ 452,468	$ 873,712
Bonds	**221**	**200**	**21**	1,998	1,801	196
Others	**7,417**	**6,967**	**449**	66,825	62,778	4,047
Subtotal	**154,831**	**57,387**	**97,444**	1,395,005	517,048	877,957
Securities with a book value that does not exceed the acquisition cost:						
Stocks	**6,606**	**7,307**	**(700)**	59,523	65,835	(6,312)
Bonds	**-**	**-**	**-**	-	-	-
Others	**349**	**360**	**(10)**	3,153	3,246	(93)
Subtotal	**6,956**	**7,667**	**(710)**	62,676	69,082	(6,405)
Total	**¥ 161,788**	**¥ 65,054**	**¥ 96,733**	$ 1,457,682	$ 586,131	$ 871,551

Note: The Companies recognized losses on write-down of ¥12 million (US$111 thousand) for securities(¥11 million for available-for-sale securities and ¥1 million for securities without a fair value)

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, 2019	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	**¥ 6,321**	**¥ 3,060**	**¥ 1**	$ 56,959	$ 27,577	$ 9

14. Derivative Transactions

For the year ended March 31, 2018

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 USD	Forecasted purchasing transaction	¥ 1,237	¥ 304	¥ (-46)
	Buy EUR	Forecasted purchasing transaction	¥ 671	¥ 146	¥ 49
Total			¥ 1,908	¥ 450	¥ 2

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	¥ 9,290	¥ 7,430	*

(*) The fair value of interest rate swaps that qualify for special treatment is included in long-term loans payable.

For the year ended March 31, 2019

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

Derivative transactions to which the hedge accounting method is applied:

(1) *Currency-related transactions*

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts							
	Buy USD	Forecasted purchasing transaction	**¥ 961**	**¥ 769**	**¥ 37**	$ 8,663	$ 6,931	$ 336
	Buy EUR	Forecasted purchasing transaction	**¥ 1,770**	**¥ 784**	**¥ (30)**	$ 15,955	$ 7,064	$ (279)
Total			**¥ 2,732**	**¥ 1,553**	**¥ 6**	$ 24,619	$ 13,996	$ 57

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

(2) *Interest-related transactions*

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Payment fixed, Receive floating	Long-term loans payable	**¥ 8,430**	**¥ 6,720**	*	$ 75,952	$ 60,545	*

(*) The fair value of interest rate swaps that qualify for special treatment is included in long-term loans payable.

15. Retirement Benefits

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

The schedule of the defined benefit obligation	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Balance at the beginning of the fiscal year	¥ 43,541	**¥ 42,970**	$ 387,154
Service cost	2,046	**2,027**	18,270
Interest cost	84	**83**	751
Actuarial gain and loss	115	**114**	1,032
Benefit paid	(2,820)	**(2,911)**	(26,236)
other	1	**307**	2,768
Balance at the end of the fiscal year	¥ 42,970	**¥ 42,591**	$ 383,740

The schedule of the pension assets	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Balance at the beginning of the fiscal year	¥ 22,281	**¥ 22,582**	$ 203,462
Expected return on pension assets	267	**270**	2,441
Actuarial gain and loss	185	**(4)**	(39)
Contributions by the employer	1,141	**1,126**	10,145
Benefit paid	(1,292)	**(1,241)**	(11,187)
other	-	**342**	3,084
Balance at the end of the fiscal year	¥ 22,582	**¥ 23,075**	$ 207,906

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
	2018	**2019**	**2019**
Retirement benefit obligation of funded plan	¥ 21,097	**¥ 21,145**	$ 190,513
Pension assets	(22,582)	**(23,075)**	(207,906)
	(1,484)	**(1,930)**	(17,393)
Retirement benefit obligation of unfunded plan	21,872	**21,446**	193,227
Net amount of liabilities and assets recognized in consolidated balance sheet	20,387	**19,515**	175,833
Net defined benefit liability	21,872	**21,446**	193,227
Net defined benefit asset	(1,484)	**(1,930)**	(17,393)
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ 20,387	**¥ 19,515**	$ 175,833

The breakdown of items in retirement benefit costs	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Service cost	¥ 2,046	¥ 2,027	$ 18,270
Interest cost	84	83	751
Expected return on pension assets	(267)	(270)	(2,441)
Amortization of actuarial differences	951	447	4,029
Retirement benefit costs	¥ 2,815	¥ 2,287	$ 20,609

Remeasurements of defined benefit plans	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Actuarial gain and loss	¥ 1,020	¥ 328	$ 2,957
Total	¥ 1,020	¥ 328	$ 2,957

Unrecognized remeasurements of defined benefit plans	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Unrecognized actuarial (gain) loss	¥ 1,800	¥ 1,471	$ 13,261
Total	¥ 1,800	¥ 1,471	$ 13,261

The breakdown of pension assets by major category	2018	2019
Bonds	24%	24%
Equities	8%	8%
General account	62%	62%
other	6%	6%
Total	100%	100%

The items of actuarial assumptions	2018	2019
Discount rate	0.20%	0.20%
Expected long-term return on pension assets	1.20%	1.20%
Expected rate of salary raise	5.60%	5.60%

16. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2018 and 2019 are as follows:	Millions of yen		Thousands of U.S. dollars
As of March 31	2018	2019	2019
Deferred tax assets:			
Real estate for sale	¥ 400	¥ 128	$ 1,157
Buildings, structures and land	1,304	1,178	10,620
Investment securities	467	361	3,254
Allowance for doubtful receivables	349	483	4,352
Provision for bonuses	2,288	2,026	18,256
Provision for loss on construction contracts	129	1,082	9,753
Net defined benefit liability	6,686	6,552	59,039
Tax loss carryforwards	2,089	281	2,537
Other	2,881	4,205	37,890
Subtotal	16,598	16,300	146,862
Less: valuation allowance	(2,969)	(3,237)	(29,168)
Deferred tax assets	¥ 13,628	¥ 13,062	$ 117,694
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(29,207)	(29,327)	(264,234)
Net defined benefit asset	(454)	(576)	(5,192)
Other	(924)	(1,000)	(9,017)
Deferred tax liabilities	(30,586)	(30,904)	(278,444)
Net deferred tax assets (liabilities)	¥ (16,957)	¥ (17,841)	$ (160,750)

In addition to the above, the Companies recognized deferred tax liabilities of ¥7,272 million and ¥7,235 million (US$65,191 thousand) related to revaluation reserve for land at March 31, 2018 and 2019, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2018	2019
Statutory tax rate	30.9%	30.6%
Expenses not deductible for income tax purposes	1.2%	1.1%
Non-taxable income	-0.6%	-1.3%
Inhabitant taxes (per capita levy)	0.6%	0.5%
Valuation allowance	-1.8%	0.7%
Other	-1.6%	1.1%
Effective tax rate	28.7%	32.7%

17. Business Combinations

Business combination through acquisition

(1) Outline of the business combination

1) Name and business of the acquired company
   Name of the acquired company : Sato kogyo Co., Ltd
   Business : General Contractor
2) Principal reason for business combination
   Sato kogyo Co., Ltd. is a major local construction company in the Fukushima area and has abundant construction results.
   The company aims to establish a solid business foundation in the Tohoku region and expand its market share by using mutual knowledge and management resources.
3) Date of the business combination
   December 31, 2018
4) Legal form of business combination
   Acquisition of shares by cash
5) Name after the business combination
   There is no change
6) Ratio of voting rights acquired
   100%
7) Principal basis for determination of the acquiring company
   Through the acquisition of shares of Sato kogyo Co.,Ltd by cash, the Company holds 100% of voting rights

(2) Period of the operating results of the acquired company included in the accompanying consolidated financial statements

January 1, 2019 through March 31, 2019

(3) Acquisition cost of the acquired company and details of the type of consideration

		Millions of yen	Thousands of U.S. dollars
Consideration for acquisition	Cash and deposits	¥ 3,438	$30,979
Acquisition cost		3,438	30,979

(4) Major acquisition-related costs and nature

Advisory fee and other : ¥278 million (US$2,505 thousand)

(5) Amount of goodwill generated, reason for generation of goodwill, method of amortization and amortization period

1) Amount of goodwill
   ¥100 million (US$901 thousand)
2) Reason for generation of goodwill
   Acquisition cost exceeded net amount of assets acquired and liabilities assumed.
   The excess amount has been recorded as goodwill.
3) Method of amortization and amortization period goodwill is charged to expense in the period since it is immaterial

(6) Amount of assets acquired and liabilities assumed as of the date of business combination and major breakdown

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 8,976	$ 80,873
Non-current assets	2,345	21,129
Total assets	¥11,321	$ 102,003
Current liabilities	¥ 7,686	$ 69,256
Non-current liabilities	296	2,669
Total liabilities	¥ 7,983	$ 71,925

(7) Estimated amount of the effect on the consolidated statement of income for the current fiscal year assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method.

Since the estimated amount of the effect on the consolidated statement of income for the current fiscal year is immaterial, details are omitted.

Business Combination under Common Control

(1) Outline of the business combination

1) Company name and business description of combined company
   Company name : Toda Bldg. Partners Co., Ltd
   Business : Real estate, Building management, Construction contract, Insurance agency
2) Date of the business combination
   March 31, 2019
3) Legal form of business combination
   Addtional acquisition of stock from non-controlling shareholders

4) Name after the business combination
There is no change
5) Principal basis for determination of business combination
For the purpose of strengthening governance for group management.

(2) Overview of accounting treatment applied

The transaction was treated as "Transaction with non-controlling shareholders" which falls under the category of "common control transactions, etc." set forth in "Accounting Standard for Business Combinations" and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestures."

(3) Matters to be disclosed when additionally acquiring shares of subsidiaries

Details on acquisition cost of acquired company and consideration for acquisition by type.

		Millions of yen	Thousands of U.S. dollars
Consideration for acquisition	Cash and deposits	¥ 170	$ 1,540
Acquisition cost	(accounts payable)	170	1,540

(4) Matters related to change in ownership interests held by the Company due to transactions with non-controlling shareholders.

1) Main reason for change in capital surplus
Additional acquisition of share in a subsidiary
2) Increase in capital surplus due to transaction with non-controlling shareholders.
¥64 million (US$581 thousand)

18. Asset Retirement Obligations

The asset retirement obligations in financial statement

We chose not to describe the detail in the report due to its immateriality.

19. Investment and Rental Properties

	Millions of yen	
As of March 31, 2018	Book Value	Fair Value
Real estate for rent	¥ 65,890	¥ 129,697

	Millions of yen		Thousands of U.S. dollars	
As of March 31, 2019	Book Value	Fair Value	Book Value	Fair Value
Real estate for rent	**¥ 79,333**	**¥ 154,583**	$ 714,778	$ 1,392,767

20. Segment Information

Changes in Reportable Segments

The Company changed the reportable segments from four reportable segments to six reportable segments by adding two reportable segments in order to disclose management information conformed to future business development, effective from the fiscal year ended March 31, 2019.
The two added segments, "New business fields" and "Overseas business" were included in non-reportable segment "Other" in the fiscal year ended March 31, 2018.
Accordingly, the actual figures for the fiscal year ended March 31, 2018 are restated to reflect the changes in reportable segments.

Millions of yen

For the year ended March 31, 2018	Reporting segments: Domestic Building Construction	Domestic Civil Engineering	Investment Development	Domestic Group Companies	New business fields	Overseas business	Total	Adjustments	Consolidated
Net sales:									
Customers	¥ 279,971	¥ 109,263	¥ 5,637	¥ 20,092	¥ 192	¥ 13,867	¥ 429,026	¥ -	¥ 429,026
Inter-segment	1,384	79	993	13,778	-	-	16,235	(16,235)	-
Total	281,356	109,343	6,631	33,870	192	13,867	445,261	(16,235)	429,026
Segment profit (loss)	¥ 17,874	¥ 11,784	¥ 1,580	¥ 883	¥ (337)	¥ (1,175)	¥ 30,610	¥ (147)	¥ 30,463
Depreciation and amortization	¥ 672	¥ 193	¥ 628	¥ 144	¥ 43	¥ 157	¥ 1,840	¥ -	¥ 1,840

Millions of yen

For the year ended March 31, 2019	Reporting segments: Domestic Building Construction	Domestic Civil Engineering	Investment Development	Domestic Group Companies	New business fields	Overseas business	Total	Adjustments	Consolidated
Net sales:									
Customers	¥ 355,045	¥ 98,993	¥ 9,786	¥ 28,615	¥ 212	¥ 17,782	¥ 510,436	¥ -	¥ 510,436
Inter-segment	5,113	1,323	974	16,469	-	-	23,880	(23,880)	-
Total	360,158	100,316	10,761	45,085	212	17,782	534,316	(23,880)	510,436
Segment profit (loss)	¥ 25,457	¥ 11,210	¥ 1,871	¥ 1,578	¥ (883)	¥ (4,025)	¥ 35,209	¥ (690)	¥ 34,518
Depreciation and amortization	¥ 756	¥ 194	¥ 795	¥ 176	¥ 36	¥ 219	¥ 2,178	¥ -	¥ 2,178

Thousands of U.S. dollars

For the year ended March 31, 2019	Reporting segments: Domestic Building Construction	Domestic Civil Engineering	Investment Development	Domestic Group Companies	New business fields	Overseas business	Total	Adjustments	Consolidated
Net sales:									
Customers	$ 3,198	$ 891	$ 88	$ 257	$ 1	$ 160	$ 4,598	$ -	$ 4,598
Inter-segment	46	11	8	148	0	0	215	(215)	0
Total	3,244	903	96	406	1	160	4,814	(215)	4,598
Segment profit (loss)	$ 229	$ 101	$ 16	$ 14	$ (7)	$ (36)	$ 317	$ (6)	$ 311
Depreciation and amortization	$ 6	$ 1	$ 7	$ 1	$ 0	$ 1	$ 19	$ 0	$ 19

Notes: 1. Adjustments of segment profit (loss) is negative ¥147million and negative ¥690million (US$6,219 thousand) elimination of intersegment transactions.
2. Segment profit (loss) is adjusted in accordance with operating income as recorded in the consolidated statements of income.

The Companies operate in the following 6 reporting segments:
Domestic Building Construction .....Domestically our company's research, planning, design, management and execution of building construction work, and architectural and comprehensive engineering and consulting related thereto
Domestic Civil Engineering .....Domestically our company's research, planning, design, management and execution of civil engineering work, such as tunnel construction, and architectural and comprehensive engineering and consulting related thereto
Investment Development .....Self-development, resale and rent of real estate
Domestic Group Companies .....Business carried out by domestic consolidated subsidiaries (building construction, civil engineering, real estate mainly for building management, hotel business, worker dispatching mainly for the group companies and financing and leasing)
New business fields.....Business of Power generation, Power sale, Agricultural diversification and other new business
Overseas business .....Execution of building construction contracts,civil engineering construction contracts and real estate business outside Japan

21. Related Party Transactions

Related party transactions between the Corporation and related parties

Directors and principal shareholders (only individual shareholders), etc., of the Corporation

For the year ended March 31, 2018

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: Millions of Yen	Account	Balance at the end of the year: Millions of Yen
Officer (equivalent to officer) and his close family	Toda Mirai Foundation (*1)	Chuo Ward, Tokyo	-	(*2)	0.81% (Direct)	interlocking directors	Disposal of treasury shares through third-party allotment (*3)	2	-	-

*1 The president of the foundation is Masanori Imai, President and Representative Director.
*2 The purpose of the Foundation is to expand job opportunities and to improve skills and techniques of construction workers and then to contribute to the progress of the construction industry through social activities like subsidy programs for fostering workers especially in younger generation.
*3 Disposal of treasury shares through third-party allotment was performed in order to generate funds for the social contribution activities of the Toda Mirai Foundation, an incorporated foundation, with the dividend of the Company (¥2.5 million for 2.5 million shares). As the issuance amount of ¥1 per share corresponds to advantageous placement, the issuance was performed with the approval at the Company's 94th annual general meeting of shareholders held on June 29, 2017.

For the year ended March 31, 2019
None

22. Per share information

	Yen		U.S. dollars
As of March 31	2018	**2019**	**2019**
Net assets per share of common stock	¥ 803.43	**¥ 868.13**	$ 7.821
Profit for the year per share of common stock	82.71	**83.49**	0.752

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	2018	**2019**	**2019**
Basis for calculation of net assets per share:			
Total net assets	¥ 249,394	**¥ 269,193**	$ 2,425,380
Amount attributable to items other than common stock	3,078	**3,035**	27,347
Net assets attributable to common stock	¥ 246,316	**¥ 266,157**	$ 2,398,033
Number of shares of common stock outstanding at fiscal year-end	306,581,817 shares	**306,586,111 shares**	
Basis for calculation of profit for the year per share:			
Profit for the year attributable to owners of the parent	¥ 25,455	**¥ 25,595**	$ 230,609
Profit for the year attributable to owners of the parent attributable to common stock	¥ 25,455	**¥ 25,595**	$ 230,609
Average number of shares of common stock outstanding during the fiscal year	307,744,702 shares	**306,582,822 shares**	

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 sheets as at March 31, 2019, 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, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Seinan Audit Corporation

June 27, 2019
Tokyo, Japan

Unconsolidated Balance Sheets

Toda Corporation - As of March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
ASSETS			
Current assets:			
Cash and deposits	¥ 66,782	**¥ 78,048**	$ 703,204
Notes receivable - trade	1,181	**4,592**	41,375
Electronically recorded monetary claims - operating	1,093	**231**	2,081
Accounts receivable from completed construction contracts	127,014	**208,060**	1,874,591
Short-term investment securities	20,029	**-**	-
Real estate for sale	6,570	**8,270**	74,517
Costs on uncompleted construction contracts	11,231	**13,994**	126,084
Costs on real estate business	665	**1,121**	10,108
Raw materials and supplies	669	**516**	4,652
Accounts receivable-other	1,501	**977**	8,806
Advanced paid	10,518	**11,353**	102,296
Other	1,498	**1,579**	14,227
Allowance for doubtful accounts	(1,151)	**(1,653)**	(14,896)
Total current assets	247,605	**327,093**	2,947,050
Noncurrent assets:			
Property, plant and equipment			
Buildings	34,194	**36,313**	327,177
Accumulated depreciation	(22,282)	**(22,726)**	(204,758)
Buildings, net	11,911	**13,587**	122,419
Structures	1,618	**1,677**	15,118
Accumulated depreciation	(1,303)	**(1,344)**	(12,114)
Structures, net	315	**333**	3,003
Machinery and equipment	6,708	**6,282**	56,602
Accumulated depreciation	(6,428)	**(6,098)**	(54,950)
Machinery and equipment, net	280	**183**	1,652
Vehicles	92	**101**	915
Accumulated depreciation	(92)	**(88)**	(801)
Vehicles, net	0	**12**	113
Tools, furniture and fixtures	1,710	**2,268**	20,438
Accumulated depreciation	(1,425)	**(1,560)**	(14,060)
Tools, furniture and fixtures, net	284	**707**	6,378
Land	64,900	**75,255**	678,038
Lease assets	297	**284**	2,559
Accumulated depreciation	(217)	**(232)**	(2,090)
Lease assets, net	79	**52**	468
Construction in progress	635	**4,368**	39,358
Total property, plant and equipment	78,408	**94,500**	851,433
Intangible assets			
Leasehold right	5,075	**5,124**	46,167
Software	1,302	**1,425**	12,845
Other	1,894	**822**	7,407
Total intangible assets	8,273	**7,371**	66,419
Investments and other assets:			
Investment securities	167,791	**170,262**	1,534,030
Stocks of subsidiaries and affiliates	12,651	**18,783**	169,231
Investments in other securities of subsidiaries and affiliates	1,493	**3,001**	27,042
Investments in capital	1	**1**	15
Long-term loans receivable	3	**3**	31
Long-term loans receivable from employees	3	**6**	62
Long-term loans receivable from subsidiaries and affiliates	480	**420**	3,786
Claims provable in bankruptcy, claims provable in rehabilitation and other	6	**0**	4
Long-term prepaid expenses	87	**232**	2,093
Long-term non-operating accounts receivable	0	**0**	4
Prepaid pension cost	2,368	**2,652**	23,902
Other	2,306	**2,824**	25,446
Allowance for doubtful accounts	(262)	**(234)**	(2,110)
Total investments and other assets	186,932	**197,955**	1,783,541
Total noncurrent assets	273,613	**299,827**	2,701,394
Total assets	¥ 521,218	**¥ 626,920**	$ 5,648,444

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
LIABILITIES			
Current liabilities:			
Notes payable-trade	¥ 2,227	¥ 2,449	$ 22,065
Electronically recorded obligations - operating	17,259	23,814	214,563
Accounts payable for construction contracts	63,839	83,644	753,625
Short-term loans payable	21,631	23,586	212,505
Commercial paper	-	50,000	450,491
Lease obligations	38	21	193
Accounts payable-other	4,621	2,215	19,964
Income taxes payable	3,488	9,289	83,695
Advances received on uncompleted construction contracts	27,708	26,124	235,378
Deposits received	21,534	24,184	217,893
Provision for bonuses	7,058	6,105	55,004
Provision for warranties for completed construction	4,001	4,288	38,640
Provision for loss on construction contracts	418	3,526	31,771
Deposits received from employees	7,787	8,713	78,506
Other	8,774	5,709	51,438
Total current liabilities	190,389	273,672	2,465,739
Noncurrent liabilities:			
Bonds payable	20,000	25,000	225,245
Long-term loans payable	29,879	27,573	248,435
Lease obligations	37	27	247
Deferred tax liabilities	17,252	18,227	164,224
Deferred tax liabilities for land revaluation	7,272	7,235	65,191
Provision for retirement benefits	20,117	19,917	179,450
Provision for directors' retirement benefits	122	124	1,122
Provision for stock payments for directors	120	172	1,552
Provision for loss on business of subsidiaries and affiliates	58	163	1,473
Asset retirement obligations	148	236	2,129
Other	2,310	2,400	21,624
Total noncurrent liabilities	97,320	101,078	910,698
Total liabilities	287,709	374,750	3,376,438
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	207,240
Capital surplus			
Legal capital surplus	25,573	25,573	230,409
Total capital surplus	25,573	25,573	230,409
Retained earnings			
Legal retained earnings	5,750	5,750	51,810
Other retained earnings			
Reserve for construction	35,000	50,000	450,491
General reserve	56,774	56,774	511,530
Retained earnings brought forward	24,247	27,596	248,636
Total retained earnings	121,772	140,121	1,262,467
Treasury stock	(9,437)	(9,438)	(85,038)
Total shareholders' equity	160,909	179,257	1,615,079
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	66,926	67,289	606,269
Deferred gains on hedges	(3)	29	269
Revaluation reserve for land	5,676	5,592	50,387
Total valuation and translation adjustments	72,599	72,912	656,927
Total net assets	233,508	252,170	2,272,006
Total liabilities and net assets	¥ 521,218	¥ 626,920	$ 5,648,444

Unconsolidated Statements of Income

Toda Corporation - For the years of March 31, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Net sales:			
Net sales of construction contracts	¥ 392,249	¥ 458,657	$ 4,132,420
Net sales of investment development business and other	8,075	9,427	84,940
Total net sales	400,325	468,084	4,217,361
Cost of sales:			
Cost of sales of construction contracts	338,590	399,925	3,603,256
Cost of sales of investment development business and other	5,891	6,951	62,629
Total cost of sales	344,481	406,876	3,665,886
Gross profit:			
Gross profit on construction contracts	53,659	58,731	529,164
Gross profit on investment development business and other	2,184	2,476	22,310
Total gross profit	55,843	61,208	551,474
Selling, general and administrative expenses			
Directors' compensations	365	404	3,644
Provision for share allocation to directors	61	57	516
Employees' salaries and allowances	9,633	10,104	91,043
Provision for bonuses	4,338	4,367	39,351
Provision for directors' retirement benefits	46	50	452
Retirement benefit expenses	1,002	807	7,279
Legal welfare expenses	1,444	1,503	13,549
Welfare expenses	629	755	6,802
Repair and maintenance	245	225	2,031
Stationery expenses	1,593	1,891	17,043
Correspondence and transportation expenses	1,035	1,062	9,569
Power utilities expenses	108	109	982
Research study expenses	899	1,211	10,915
Advertising expenses	167	248	2,237
Provision of allowance for doubtful accounts	(4)	499	4,501
Entertainment expenses	622	615	5,541
Contribution	72	85	767
Rents	1,071	1,401	12,629
Depreciation	238	242	2,187
Taxes and dues	1,428	1,655	14,913
Insurance expenses	35	29	266
Miscellaneous expenses	1,842	1,663	14,988
Total selling, general and administrative expenses	26,879	28,992	261,219
Operating income	28,963	32,215	290,254
Non-operating income:			
Interest income	27	23	208
Interest on securities	1	0	8
Dividend income	2,780	3,106	27,993
Dividend income of insurance	240	238	2,150
Miscellaneous income	309	451	4,064
Total non-operating income	3,360	3,820	34,424
Non-operating expenses:			
Interest expenses	741	667	6,015
Interest on bonds	65	88	796
Commission fee	109	171	1,548
Miscellaneous expenses	131	78	710
Total non-operating expenses	1,048	1,006	9,069
Ordinary income	31,275	35,029	315,610
Extraordinary income:			
Gain on sales of noncurrent assets	12	25	230
Gain on sales of investment securities	2,991	3,060	27,577
Other	233	59	539
Total extraordinary income	3,237	3,146	28,346

Extraordinary loss:			
Loss on abandonment of noncurrent assets	452	**503**	4,534
Impairment loss	-	**1,503**	13,546
Loss on valuation of stocks of subsidiaries and affiliates	-	**82**	744
Provision for loss on business of subsidiaries and affiliates	-	**157**	1,416
Other	34	**111**	1,005
Total extraordinary losses	486	**2,358**	21,247
Profit before income taxes and non-controlling interests	34,026	**35,817**	322,710
Income taxes-current	4,230	**10,571**	95,244
Income taxes-deferred	5,372	**841**	7,578
Total income taxes	9,602	**11,412**	102,823
Profit for the year	¥ 24,424	**¥ 24,405**	$ 219,886

Corporate Information

Company overview

(As of March 31, 2019)

Company Name	TODA CORPORATION
Company Headquarters	8-5, Kyobashi 2-chome, Chuo-ku, Tokyo 104-0032, Japan
Founded	January 5, 1881
Capital Stock	¥23.0 billion
Number of employees	5,296 (Consolidated) 4,078 (Non-consolidated)
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 4. Power generation and related business for renewable energy, etc.

History

1881	Foundation: Toda-kata Construction was founded by Rihei Toda, who became its first president.
1908	Company changes its name from Toda-kata to Toda-gumi.
1910	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 held in Tokyo. Company participates in the construction of facilities for the Panama-Pacific Exhibition held in San Francisco.
1936	Incorporation: Company is reorganized as Toda-Gumi Co., Ltd.
1963	Company changes its name to the Toda Corporation.
1969	The company's stock is listed on the Tokyo Stock Exchange.
1970	Company builds nine pavilions, including the Swiss pavilion, for Expo '70 in Osaka.
1972	Construtora Toda do Brasil S.A. and Toda America, Inc. are established.
1981	Company celebrates its centennial.
1988	Company participates in the construction of the Pacific Convention Plaza Yokohama, Japan's first building project involving foreign contractors (completed in 1991). Thai Toda Corporation Ltd. is established.
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 becomes Japan's first company to achieve zero emissions at construction sites.
2003	Toda announces its Charter of Corporate behavior.
2005	Toda introduces an executive officer system.
2009	Toda Vietnam Co., Ltd. is established.
2010	Toda is certified as an "Eco-First" company. Company celebrates the 100th anniversary of the start of overseas operations.
2012	Toda acquires ISO 27001 certification. Southeast Asia Regional Office is established.
2013	Jakarta Representative Office is established.
2015	The Toda Group Global Vision is unveiled. Yangon Branch Office is established.
2016	Toda is included on the CDP's Climate A List
2017	Toda's CO_2 reduction targets receive SBT approval (first for the Japanese construction industry)
2018	Toda is included on the CDP's Climate A List.
2019	Toda joined the RE100 initiative. PT Toda Group Indonesia is established.