



MAEDA

MAEDA

ANNUAL REPORT 2001

Corporation





Yasuji Maeda, President, Chief Executive Officer, and Representative Director

***O**n behalf of all of us at Maeda Corporation, I am pleased to take this opportunity to report the operating results for fiscal 2001, ended March 31, 2001, the 56th year since the Company's incorporation.*

During the fiscal year under review, the U.S. economy's expansion began to slow. Although corporate earnings in Japan showed signs of improvement due to governmental and financial measures as well as business restructuring, unemployment levels remained high while income levels and employment conditions did not improve. Because of this, personal consumption continued to be weak. In addition, the slumping stock market, falling prices, lower exports, and reduced manufacturing output contributed to the sluggish business conditions.

Public investment in the construction industry by national and regional governmental bodies was down compared with the previous fiscal year due to the difficult financial situation facing the nation and the reexamination of public works budgets. While IT-related

CONTENTS

- 2** Profile of the Corporation
- 3** Review of Operations
- 6** Topics of the Year
- 9** Financial Section
- 10** Consolidated Balance Sheets
- 12** Consolidated Statements of Income
- 13** Consolidated Statements of Shareholders' Equity
- 14** Consolidated Statements of Cash Flows
- 15** Notes to the Consolidated Financial Statements
- 25** Report of Independent Certified Public Accountants
- 26** Corporate Information
- 27** Directory

manufacturing and condominium construction boosted private-sector capital investment, overall investment remained weak. The poor market for construction orders was primarily due to continuing uncertainty about the future of the economy due to vast excess liabilities noted on corporate balance sheets.

Despite the difficult operating environment, we have been largely successful in meeting the performance targets set forth in the three-year management plan we launched in fiscal 1999. We have actively sought to expand our business by enhancing our engineering capabilities, securing orders for large-scale redevelopment projects, and participating in Japan's first full-scale Private Finance Initiative (PFI) project. We have begun to create a new business model with an eye to developing such new retail business markets as single-family dwelling and small-scale office construction. In addition, to contribute to a better society Maeda has created an environmental management system, and the entire Company has acquired ISO 14001 certification.

Orders for building projects amounted to more than ¥240.2 billion, while orders for civil engineering projects were approximately ¥173.0 billion. Overall orders totaled ¥413.3 billion, approximately the same total as for the previous fiscal year. Government projects comprised 38.3% of these orders, while private-sector orders made up 61.7% of total orders.

Revenues from completed building projects were up 0.1% from the previous fiscal year, to more than ¥234.8 billion, while revenues from civil engineering projects fell 3.7%, to approximately ¥174.2 billion. Thus, revenues from work completed fell 1.6%, to ¥409.1 billion. The value of uncompleted work at the end of the fiscal year was approximately ¥766.3 billion, an increase of 0.5% from the previous fiscal year.

Operating income for the term under review was up 12.5%, to ¥13.1 billion, exceeding the final-year target of ¥10.0 billion set forth in our three-year management plan.

We expect an improvement in the domestic economy due to the Bank of Japan's easing of the monetary supply as well as the timely and careful use of emergency economic measures built into deregulation and governmental restructuring. However, we

expect public investment to continue to fall due to the difficult circumstances facing the government, while private capital investment will be limited by uncertainty surrounding future corporate performance. Although the market for condominiums will remain strong, we forecast oversupply and increasing price competition. All of this means that we are likely to see falling order levels, and the resulting shrinking of the construction market will lead to increased competition. This increased competition leads us to believe that price competitiveness, such technological capabilities as processing quality, and financial soundness will become increasingly important.

Under these difficult conditions, Maeda will differentiate itself from the competition by leveraging its financial strength, enhanced through compliance with such new accounting standards as current-value accounting. We will continue to promote management that will produce results for future generations, secure orders and income, and make every effort to develop a new business model. In addition, we will enhance the quality of our processing, technology, and environmental operations. Our customer-centered outlook will bring forth the quality of our operations as well as our technological capabilities and know-how, allowing us to become a corporation that offers its customers optimal speed and value. We will exert every effort to make our business stronger.

We look forward to the continued guidance and support of our shareholders and business partners in the current fiscal year.

June 2001



Yasuji Maeda

President, Chief Executive Officer, and Representative Director

Maeda Corporation was established in Japan in 1919. Since then, it has progressed to become one of Japan's leading building and civil engineering contractors. Maeda has a well-earned reputation for completing contracts with high-quality work and technical standards within short construction periods at very competitive prices. The experience that Maeda has gained in civil engineering and building is extensive and includes projects in the following categories:

Civil Engineering

- Dams and power stations (hydro, thermal, and nuclear), railways, subways, tunnels, subterranean works, highways, and bridges
- Harbor, river, and levee works, reclamation, dredging, and land development
- Water supply, drainage, and sewage disposal systems
- Irrigation and water control systems
- Airports

The Takase Dam is a good example of the scale of work successfully undertaken by Maeda. This is one of the largest rock-filled dams in Asia, with a height of 176 meters and an embankment volume of 11.4 million cubic meters. The Takase Dam was built for the Tokyo Electric Power Co., Inc., in connection with a 1,280-megawatt hydroelectric plant.

The Seikan Undersea Tunnel illustrates Maeda's status as one of Japan's leading tunneling contractors. As a member of a construction joint venture, but employing its own construction methods and technology, Maeda successfully completed this challenging project. This tunnel, with a total length of 53.85 kilometers, connects Honshu (the main island of Japan) with Hokkaido (the northern island of Japan) and is now the world's longest railway tunnel.

Traversing the Seto Inland Sea, the **Seto-Ohashi Bridge** links Honshu with Shikoku (a southwestern island of Japan). This bridge consists of three long suspension spans and seven elevated spans that carry both road and rail traffic. Maeda's

principal role in the project was the construction of the substructure supports, which involved the construction of steel and concrete foundations and tower supports in deep water with very strong currents.

Building

- Schools, hospitals, and office buildings
- Residential buildings
- Stores
- Athletic and entertainment facilities
- Factories and warehouses

The United States and the Pacific Region

In 1985, Maeda decided to make a full-scale entry into the U.S. market and established MKK Technologies, Inc., in Michigan. MKK's first major project was the construction of the Mazda automobile manufacturing plant in Detroit. Since then, MKK has undertaken numerous projects in 12 states, mostly in the Midwest, for both Japanese and American clients. Maeda has every confidence that MKK will expand, based on trust in the Maeda name among Japanese companies, and grow as a local company with roots firmly planted in the United States.

Maeda is continuing to develop new business in the Pacific region, including Guam and the West Coast of the United States, and has completed projects that include deluxe condominiums, golf courses, and the renovation of luxury hotels. Maeda has also undertaken the construction of the Truk International Airport in the Federated States of Micronesia.

China and the Special Administrative Region of Hong Kong

In collaboration with Chinese and French contractors, Maeda has constructed the main building for a nuclear power plant in China's Guangdong Province. This building houses the plant's twin 900-megawatt pressurized water reactors and associated steam turbines. The reactors went into operation in 1994.

In a joint venture with its Chinese counterpart, Maeda also received an order in January 1987 to build a power plant and the 3.5-million-cubic-meter Shuikou concrete gravity dam in Fujian Province.

In Hong Kong, Maeda is employing advanced construction methods and know-how in a substantial contribution to improving this international city's transportation network. Our first construction project there was in 1963, and in the late '70s, early '80s, and late '90s we have been responsible for a significant part of the new Mass Transit System. Our latest achievement in the city includes completion of the New Hong Kong International Airport Terminal Building, one of world's biggest building projects.

Southeast Asia

In addition to the extensive amount of work undertaken in its home country as well as in China, including Hong Kong, as described above, Maeda is very active in many other countries in Southeast Asia.

In Thailand, since participating in the Lampang-Chiangmai Highway project, Maeda has completed Lam Dom Noi Dam, a new runway for Bangkok International Airport, and approach viaducts for the Rama IX Bridge over the Chao Phya River.

In Malaysia, Maeda has built the Penang International Airport, the Crocker Range Highway in the state of Sabah, the Batang Ai Hydroelectric Power Plant, and the Sarawak Electricity Supply Corporation's headquarters building.

In Cambodia, Maeda has built the Prek Thnot Dam, a number of road projects, and some schools. In Macau, Maeda has built the Coloane Thermal Power Plant.

Europe

Maeda has constructed office buildings, a warehouse, and other buildings in the United Kingdom and France for Japanese clients. Maeda has also undertaken the Chokushi-Mon Restoration Project at Kew Gardens in England.

Completed Civil Engineering Projects



Construction of the Furubira-cho Toyohama tunnel on National Route 229

Ordered by the Ministry of Land, Infrastructure and Transport, this project created a new tunnel by using the entrances of two existing tunnels, the Toyohama tunnel and the Setakamai tunnel, and joining them underground. The total length of this tunnel is 1,260.5 meters, and its construction involved the creation of a 285-meter tunnel for the installation of materials.



Construction of a condenser used for cooling as part of the construction of the number three reactor at the Onnagawa nuclear power plant

This project involved the construction of a condenser (a device that uses seawater to cool the steam that drives turbines) used for cooling as part of the construction of the number three reactor at Tohoku Electric's Onnagawa nuclear power plant. The main feature of this project was the construction of a 99.6-meter covered canal for water circulation, a 55-meter seawater pump room, and a 424-meter tunnel for water discharge.



Construction of the Unazuki Dam

Ordered by the Ministry of Land, Infrastructure and Transport, this project involved the construction of the Unazuki Dam with the goal of reducing flooding. The dam is a multipurpose concrete gravity dam that both supplies water and generates power. With a volume of 468,000 cubic meters, the dam is 97 meters high and 190 meters long at the crest. The reservoir contains 12.7 million cubic meters of water, and the dam can generate 20,000 kilowatts of power annually.

Construction Projects



Yokohama City Environmental Operations Office's Kanazawa Plant

This is a state-of-the-art, resource recycling gas-free trash processing plant that accepts 400 tons of garbage per day into its three main furnaces. The plant includes a furnace that eliminates ash.



Purera Nishinomiya

Situated near the north exit of the Hankyu railway Nishinomiya station, this building was planned as the heart of the urban redevelopment effort in Nishinomiya after the Kobe earthquake. This multipurpose building has 2 underground and 13 aboveground floors and is a public facility that includes a public hall, stores, and apartments.



River Hub Tower Minami Senju

This apartment building is part of the basic metropolitan public housing infrastructure. It is a 38-floor multipurpose building in the center of northeastern Tokyo.

Maeda News

Earning ISO 14001 Certification



This year, Maeda made every division in the Head Office subject to its environmental management system. In addition, our entire organization, including our branch offices, underwent new certification inspections to ensure total integration. As a result, on March 22, 2001, the Company as a whole received its ISO 14001 certification.

To comply with the November 1993 Basic Law on the Environment, which aims to build a society that achieves sustainable development with a small environmental footprint, Maeda created the Maeda Environmental Activities Policy in July of 1994. We subsequently developed an effective and easy-to-use environmental management system as one aspect of our corporate responsibility. As a result, the Building Design Department at our Head Office received ISO 14001 certification in November 1998. We continued to promote this certification at our branch offices, and, by December 2000, all of our branch offices had acquired ISO 14001 certification.

Our environmental management system includes many special features. We make use of an intranet, and our Head Office, branch offices, and operations centers have identical environmental manuals and environmental regulations.

The First Individual-Supply System Apartment Building to Acquire Environmentally Symbiotic Housing Certification



On July 25, 2000, Rex Heights Bunkyo Kasuga (Bunkyo-ku, Tokyo) received Environmentally Symbiotic Housing number one individual-supply system certification from the Association for Environmentally Symbiotic Housing. It received this certification due to its energy-saving design, highly efficient use of resources, and local appropriateness in regard to harmony with the environment.

Environmentally Symbiotic Housing certification covers three energy supply system categories: individual-supply, system-supply, and collective supply. Two buildings have received individual-supply system certifications since the launch of the Environmentally Symbiotic Housing Certification in August 1999, but these buildings were both single-family dwellings. Rex Heights is the first multiunit housing project to receive such certification. This condominium building includes such environment-friendly technology developed by Maeda as solar power generation, wind power generation, and rooftop greenery.

Current Large-Scale Redevelopment Projects

The Muromachi 1-chome Redevelopment Building Project



*Appearance when
completed*

*Aerial view as of
May 1, 2001*

The Muromachi 1-chome Region Type 1 Urban Redevelopment Facility Construction Project, presently under way in the Okura Kita ward of Kitakyushu, is progressing as planned. The expected date of completion is April 2003. This project is at the core of Kitakyushu's efforts to realize its "renaissance goals" as it begins the 21st century. With an area of 22,000 square meters, this multipurpose facility consists of four buildings with 2 underground and 16 aboveground floors, all on the site of the former Okura Kita ward office.

At present, this project has a total staff of more than 500, and, with the roof-raising ceremony scheduled for the end of March 2002, excavation and frame construction are proceeding at a fever pitch. The site is developing magnificently, as can be expected of such a large-scale project.

Construction of the Toei Oedo Line Kiyosumi Segment



This is a construction project for the Toei Oedo subway line. The Toei Oedo line starts at a station in front of Tokyo's City Hall in the Shinjuku business district and makes a loop around central Tokyo that includes Tokyo's northwest.

This civil engineering project posed many difficulties. For example, it required an excavation more than twice the usual length required for the installation of a station structure. It also required the construction of a tunnel that is sharply curved, has a steep incline, and covers a wide area housing multiple tracks. Moreover, this tunnel is under the Shirakawa river and incorporates three shut-off segments to protect the river's waterway as well as a mud shield under the super-soft earth.

The Kiyosumi Shirakawa station interior design was selected via a public competition. Its purpose is to be a station that subway passengers will not get tired of, no matter how many times they are there. The platform walls (137 meters long) include art created from recycled scrap metal.

This project started on July 1, 1992, and took eight years to complete. It was finished without incident in December 2000.

PFI Projects

Chiba Consumer Center



A measurement and inspection multipurpose facility PFI project

Leveraging private-sector funds and its management know-how, Maeda is actively involved in the construction, maintenance, and management of public facilities using a new method for public works projects called a Private Finance Initiative (PFI).

The Chiba consumer center project, which involves the construction of a measurement and inspection multipurpose facility, is drawing national attention as Japan's first PFI project. Maeda was selected for this project through a public proposal competition. Our selection was due to our high level of technological capability as well as the financial capabilities, superior selection of tenants, and project financing capital procurement methods included in our proposal.

Maeda is the heart of the management corporation set up to run this facility. As such, we will construct, manage, and maintain the public facility on city-owned land for a lease of approximately 30 years. We will perform periodic inspection duties for the city using special measuring tools. After the lease expires, we will transfer the facility to the city under a build-operate-transfer (BOT) system. In addition, a PFI project can attract added revenue by allowing the private sector to use any surplus space.

Retail Projects

Naoshiya Matabee



A group of technical experts with superior technology and skill.

Special feature 1: Craftsmen provide technical expertise in 30-minute units.

At Naoshiya Matabee, you get cheerful and worry-free service.

Special feature 2: The customer selects parts and materials for toilets, air conditioners, etc.

We use our technical expertise to install and repair parts.

Special feature 3: We customize our services to fit the customer's needs.

Naoshiya Matabee

Support services: Just call us and we will come to make even small repairs.

Our strong points include technical expertise and fair billing.

From fixing a door to installing shelves, we offer a wide range of indoor and outdoor services. Just one phone call and a local craftsman will be at your door to inspect and repair your problem.

Routine services (inspections, modifications): Craftsmen will visit on a regular basis to ensure the upkeep of your building.

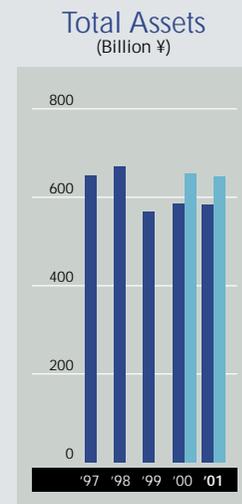
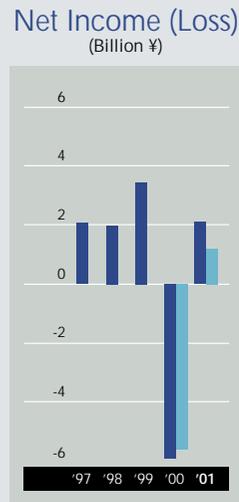
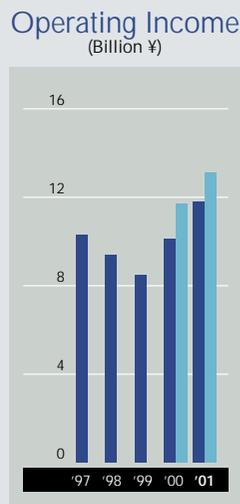
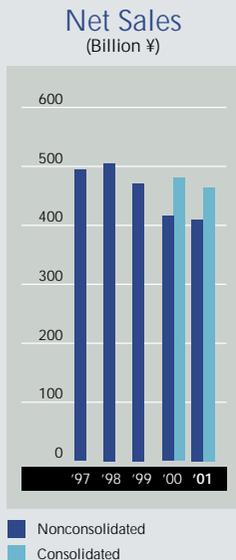
Our craftsmen will regularly check the inspection points that have been agreed upon in an earlier meeting. Benefits include damage prevention and quick repairs.

FINANCIAL SECTION

Maeda Corporation and Consolidated Subsidiaries
Years ended March 31

CONSOLIDATED FINANCIAL HIGHLIGHTS	Millions of yen		Thousands of U.S. dollars (Note)
	2000	2001	2001
For the year:			
Net sales.....	¥479,761	¥464,340	\$3,747,700
Operating income.....	11,669	13,130	105,973
Net income (loss).....	(5,634)	1,220	9,847
At year-end:			
Total assets.....	652,672	645,757	5,211,921
Total shareholders' equity.....	160,975	175,293	1,414,794

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of ¥123.9=US\$1, the exchange rate prevailing on March 31, 2001.



CONSOLIDATED BALANCE SHEETS

Maeda Corporation and Consolidated Subsidiaries
March 31, 2000 and 2001

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	2001	2001
Current Assets:			
Cash and time deposits	¥ 67,959	¥ 64,706	\$ 522,244
Marketable securities (Note 4)	10,468	—	—
Trade receivables:			
Notes	28,645	26,270	212,026
Accounts	70,546	77,777	627,740
Allowance for doubtful accounts	(3,570)	(3,730)	(30,105)
	95,621	100,317	809,661
Inventories (Note 6)	263,737	246,206	1,987,135
Deferred tax assets (Note 10)	16,542	14,119	113,955
Other current assets	39,745	35,280	284,745
Total current assets	494,072	460,628	3,717,740
Investments and Other Assets:			
Investments in securities (Notes 4 and 7)	21,712	52,235	421,590
Investments in and advances to unconsolidated subsidiaries and affiliates	17,391	23,256	187,700
Deferred tax assets (Note 10)	17,910	6,004	48,458
Other investments	30,913	28,278	228,233
Allowance for doubtful accounts	(15,728)	(12,654)	(102,131)
Total investments and other assets	72,198	97,119	783,850
Property and Equipment, at Cost (Note 7):			
Buildings and structures	78,175	80,672	651,106
Machinery and equipment	25,732	24,210	195,400
Ships and vehicles	4,311	4,259	34,374
Tools, furniture and fixtures	10,515	9,934	80,178
Land	33,282	35,821	289,112
Construction in progress	72	222	1,792
	152,087	155,118	1,251,962
Accumulated depreciation	(65,783)	(67,108)	(541,631)
Property and equipment, net	86,304	88,010	710,331
Adjustments on Foreign Currency Statement Translation			
	98	—	—
Total assets	¥652,672	¥ 645,757	\$ 5,211,921

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	2001	2001
Current Liabilities:			
Short-term debt (Note 7)	¥ 65,993	¥ 64,205	\$ 518,200
Trade payables	88,086	89,665	723,688
Advances on construction work in progress.....	219,823	204,777	1,652,760
Accrued income taxes.....	375	487	3,931
Allowance for repair and warranty	1,202	1,168	9,427
Other current liabilities.....	32,402	33,225	268,160
Total current liabilities.....	407,881	393,527	3,176,166
Long-Term Liabilities:			
Long-term debt (Note 7)	35,532	31,422	253,608
Reserve for retirement benefits (Note 9)	20,354	33,584	271,057
Accrued expenses of adjustments for prior service costs.....	14,298	—	—
Other long-term liabilities.....	5,056	5,620	45,360
Total long-term liabilities.....	75,240	70,626	570,025
Minority Interests in Consolidated Subsidiaries	8,576	6,311	50,936
Commitments and Contingent Liabilities (Note 12)			
Shareholders' Equity (Note 11):			
Common stock, ¥50 par value per share:			
Authorized: 640,000 thousand shares			
Issued: 185,213 thousand shares at March 31, 2000.....	23,455	23,455	189,306
Additional paid-in capital	31,579	31,579	254,875
Retained earnings.....	113,725	113,181	913,487
Unrealized gains on investments	—	14,916	120,387
Adjustments on foreign currency statement translation.....	—	(54)	(436)
Treasury stock, at cost (Note 7)	(7,784)	(7,784)	(62,825)
Total shareholders' equity	160,975	175,293	1,414,794
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity.....	¥652,672	¥645,757	\$5,211,921

CONSOLIDATED STATEMENTS OF INCOME

Maeda Corporation and Consolidated Subsidiaries
Years ended March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	2001	2001
Net Sales	¥479,761	¥464,340	\$3,747,700
Cost of Sales	429,909	416,479	3,361,412
Gross profit.....	49,852	47,861	386,288
Selling, General and Administrative Expenses	38,183	34,731	280,315
Operating income.....	11,669	13,130	105,973
Other Income (Expenses):			
Interest and dividend income.....	1,654	1,561	12,599
Interest expense.....	(2,269)	(2,325)	(18,765)
Gains on sale of securities	781	36	291
Write-down of securities	(1,715)	(1,277)	(10,307)
Foreign exchange gain (loss).....	(1,345)	150	1,211
Bad debt	—	(2,592)	(20,920)
Transition obligation expenses to implement new accounting for reserve for retirement benefits.....	—	(1,207)	(9,742)
Arbitration expense.....	—	(1,400)	(11,299)
Settlement expense for pneumoconiosis suit	—	(1,389)	(11,211)
Expenses of adjustments for prior service costs	(14,298)	—	—
Write-down of other investments.....	(2,691)	(1,268)	(10,234)
Others, net.....	(414)	(334)	(2,697)
Income (loss) before income taxes and minority interests.....	(8,628)	3,085	24,899
Income Taxes (Note 10):			
Current.....	853	700	5,650
Deferred	(3,643)	3,483	28,111
Loss before minority interests.....	(2,790)	4,183	33,761
Loss before minority interests.....	(5,838)	(1,098)	(8,862)
Minority Interests in Net Loss of Consolidated Subsidiaries	204	2,318	18,709
Net income (loss).....	¥ (5,634)	¥ 1,220	\$ 9,847
Per Share (Note 2 (8))	¥(34.6)	¥7.7	\$0.062

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Maeda Corporation and Consolidated Subsidiaries
Years ended March 31, 2000 and 2001

	Thousands	Millions of yen				
	Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gains on Investments	Treasury Stock
Balance at March 31, 1999.....	189,713	¥23,455	¥32,922	¥ 92,330	¥ —	¥ —
Cumulative effect of a change in accounting						
for deferred taxes	—	—	—	28,771	—	—
Net loss for the year	—	—	—	(5,634)	—	—
Cash dividends paid at ¥9.0 per share.....	—	—	—	(1,707)	—	—
Bonuses to directors.....	—	—	—	(36)	—	—
Redemption of treasury stock	(4,500)	—	(1,343)	—	—	—
Purchase of treasury stock.....	—	—	—	—	—	(7,784)
Balance at March 31, 2000.....	185,213	23,455	31,579	113,725	—	(7,784)
Net income for the year	—	—	—	1,220	—	—
Cash dividends paid at ¥9.0 per share.....	—	—	—	(1,667)	—	—
Bonuses to directors.....	—	—	—	(97)	—	—
Unrealized gains on investments.....	—	—	—	—	14,916	—
Balance at March 31, 2001.....	185,213	¥23,455	¥31,579	¥113,181	¥14,916	¥(7,784)

	Thousands of U.S. dollars (Note 3)				
Balance at March 31, 2000	\$189,306	\$254,875	\$917,877	\$ —	\$62,825
Net income for the year	—	—	9,847	—	—
Cash dividends paid at \$ 0.07 per share	—	—	(13,454)	—	—
Bonuses to directors	—	—	(783)	—	—
Unrealized gains on investments	—	—	—	120,387	—
Balance at March 31, 2001	\$189,306	\$254,875	\$913,487	\$120,387	\$62,825

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Maeda Corporation and Consolidated Subsidiaries
Years ended March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	2001	2001
Cash Flows from Operating Activities:			
Income (loss) before income taxes.....	¥ (8,628)	¥ 3,085	\$ 24,899
Depreciation.....	6,630	6,394	51,606
Decrease in allowance for doubtful accounts.....	(2,020)	(2,914)	(23,519)
Decrease in provision for severance indemnities.....	(131)	(775)	(6,255)
Interest and dividend income.....	(1,654)	(1,561)	(12,599)
Interest expense.....	2,269	2,325	18,765
Foreign exchange gain.....	(300)	(846)	(6,828)
Gains on sale of securities.....	(858)	(36)	(291)
Write-down of securities.....	1,715	1,277	10,307
Decrease in trade receivables.....	16,642	183	1,477
Decrease in construction work in progress.....	3,333	16,489	133,083
(Increase) decrease in other inventories.....	1,670	(3,045)	(24,576)
Decrease (increase) in trade payables.....	(3,836)	1,579	12,744
Decrease in advances on construction.....	(5,052)	(15,045)	(121,429)
Increase in other long-term liabilities.....	14,357	105	847
Other.....	4,749	4,395	35,474
Subtotal.....	28,886	11,610	93,705
Receipt of interest and dividend income.....	1,706	1,834	14,802
Payment of interest expenses.....	(2,296)	(2,330)	(18,805)
Payment of income taxes.....	(949)	(601)	(4,851)
Cash flows from operating activities.....	27,347	10,513	84,851
Cash Flows from Investing Activities:			
Acquisition of securities.....	(1,166)	—	—
Proceeds from sale of securities.....	1,812	—	—
Acquisition of property and equipment and intangible assets.....	(7,534)	(4,525)	(36,521)
Proceeds from sale of property and equipment and intangible assets.....	777	582	4,697
Acquisition of investments in securities.....	(597)	(2,989)	(24,124)
Proceeds from sale of investments in securities.....	2,636	2,162	17,450
Lending of long-term loans receivable.....	(2,763)	(4,624)	(37,320)
Collection of long-term loans receivable.....	4,509	3,100	25,020
Other.....	2,646	525	4,236
Cash flows from investing activities.....	320	(5,769)	(46,562)
Cash Flows from Financing Activities:			
Decrease in short-term bank loans.....	(13,775)	(5,261)	(42,462)
Borrowings of long-term debt.....	4,150	7,900	63,761
Repayment of long-term debt.....	(2,448)	(2,038)	(16,449)
Repayment of bonds.....	(500)	(6,500)	(52,462)
Payment of cash dividends.....	(1,707)	(1,667)	(13,454)
Acquisition of treasury stocks.....	(1,342)	—	—
Payment of cash dividends to minority shareholders.....	(5)	(5)	(40)
Cash flows from financing activities.....	(15,627)	(7,571)	(61,106)
Exchange Difference of Cash and Cash Equivalents	(358)	13	105
(Decrease) Increase in Cash and Cash Equivalents	11,682	(2,814)	(22,712)
Cash and Cash Equivalents at Beginning of Year	55,086	66,768	538,886
Cash and Cash Equivalents at End of Year	¥66,768	¥63,954	\$516,174

The accompanying notes are an integral part of these statements.

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

(1) Accounting Principles and Presentation

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Maeda Corporation and its consolidated subsidiaries (the "Company") in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with the Ministry of Finance (the "MOF," currently the Financial Services Agency) in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(2) Scope of Consolidation

The Company had 14 subsidiaries ("controlling companies," the decision-making body of entity is controlled) as at March 31, 2001. The consolidated financial statements include the accounts of the Company and six of its subsidiaries. The major consolidated subsidiaries are listed below:

Name of subsidiary	Equity ownership percentage, including indirect ownership	At March 31, 2001	
		Capital stock	
		Millions of yen	Thousands of U.S. dollars
Maeda Seisakusho Co., Ltd. ...	50.3%	¥3,160	\$25,403
Hikarigaoka Corporation.....	67.9	1,055	8,508
Fujimi Koken Co., Ltd.	83.3	250	2,016
Fujimi Building Services Co., Ltd.	100.0	100	806
Seiyu Estate Co., Ltd.	100.0	50	403
Miyama Kogyo Co., Ltd.	100.0	25	202

The accounts of the remaining eight subsidiaries have not been consolidated with the Company because of the insignificant amount of total assets, net sales, net income and retained earnings.

(3) Consolidation and Elimination

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Company have been eliminated, and the portion thereof attributable to minority interests is charged to minority interests.

The cost of investments in the common stock of consolidated subsidiaries is eliminated with the underlying equity in net assets of such subsidiaries. The differences between the cost of the investments in subsidiaries and the amount of underlying equity in net assets of the subsidiaries are expensed out as incurred due to the immaterial amount.

(4) Investments in Unconsolidated Subsidiaries and Affiliates

At March 31, 2001, the Company had six affiliates ("influencing companies," financial and operating or business decision making of an entity that is not a subsidiary can be influenced to a material degree).

Investments in four unconsolidated subsidiaries and two affiliates are accounted for by the equity method, under which the Company's equity in net income of these affiliates is included in consolidated income with appropriate eliminations of intercompany profit at March 31, 2001, and for the year then ended. The remaining investments in unconsolidated subsidiaries and affiliates are stated at cost since the investments do not have a material effect on consolidated net income and retained earnings in the consolidated financial statements.

(5) Remeasurement of Assets and Liabilities of Subsidiaries

The Company adopts the "full fair value method" that the full portion of the assets and liabilities of the subsidiaries is marked to fair value as of the acquisition of control.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Revenue Recognition

The Company is engaged in the construction business under long-term contracts and has recorded sales principally on the completed-contract method. Profit on installment receivables in respect of completed contracts is deferred and recorded as income when such installment receivables become due.

(2) Financial Instruments

Until the year ended March 31, 2000, marketable securities in current and non-current assets were valued at the lower of cost or market. The other securities were valued at cost. In all cases, cost was determined on the moving average method.

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for financial instruments, which is effective for periods beginning on or after April 1, 2000. As a result of the adoption of the new standard, income before income taxes for the year ended March 31, 2001 has decreased by ¥2,461 million (\$19,863 thousand), as compared with the amount which would have been reported if the previous standard had been applied consistently.

Under the new standard, trading securities and debt securities due within one year are presented as “current” and all the other securities are presented as “non-current.” The securities held by the Company and its subsidiaries have been reclassified as of April 1, 2000 (the beginning of year). As a result of such reclassification, the securities in the current portfolio have decreased by ¥10,367 million (\$83,672 thousand) and the securities in the non-current portfolio have increased by the same amount.

(a) Securities

Bonds held to maturity: Amortized cost method

Available-for-sale securities

Securities with market quotation available: Market price method based on the fair market value as of the date of the balance sheet. (Sales costs are calculated based on a moving average cost method.)

In the case of the Company and certain subsidiaries:

Unrealized gains on these securities are reported as a separate item in shareholders' equity at a net-of-tax amount, and unrealized losses on these securities are included in net profit or loss for the period.

In the case of certain consolidated subsidiaries: Net unrealized gains or losses on these securities are reported as a separate item in the shareholders' equity at a net-of-tax amount.

Securities without market quotation: Moving average cost method

(b) Derivatives

Under the new standard, all derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as “hedging instruments.”

Gains or losses arising from changes in fair value of the derivatives designated as “hedging instruments” are deferred as assets or liabilities and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts receivable and payable, long-term bank loans, and debt securities issued by the Company.

The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate fluctuation and exchange rate fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(3) Allowance for Doubtful Accounts

The Company and consolidated subsidiaries provide the allowance for doubtful accounts by the method which uses the percentage of its own actual experience of bad debt loss written off against the balance of total receivables plus the amount deemed necessary to cover individual accounts estimated to be uncollectible.

(4) Inventories

Construction work in progress is stated at the specific identification cost. Real estate held for sale is stated at the lower specific identification cost or market. Other inventories are stated at cost determined by the moving average method. Real estate for sale

and other inventories held by certain consolidated subsidiaries are stated at the specific identification cost.

(5) Property and Equipment

Property and equipment, including significant renewals and additions, is stated at cost. Depreciation of property and equipment except for buildings is computed by the declining balance method over estimated useful lives of respective assets.

Depreciation of buildings is computed by the straight-line method over estimated useful lives of respective assets. Repairs and maintenance are charged to current income.

Depreciation of certain tangible assets held by certain consolidated subsidiaries is computed in the proportion that production for a period relates to management's estimate of ultimate production.

(6) Reserve for Retirement Benefits

The Company has different defined benefit pension plans for employees and officers, respectively.

Concerning the officers' one, the obligation is provided through accruals. The officer retirement allowance is recorded at 100% of the obligation, on the assumption that all officers retired at the respective balance sheet dates.

Concerning the employees' one, the obligation is provided through internal accruals and funding to trustees, 50% each, respectively. In prior years, the part of internal accrual was recorded on assumption that all employees voluntarily retired at the balance sheet date; while as to the part of funding to trustees, the difference between estimated present value of projected benefit obligations (PBO present value) in excess of the fair value of the plan assets (assets fair value) were also accrued. (Note: Several subsidiaries recorded the part of internal accrual on PBO present value.)

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for retirement benefits, which is effective for periods beginning on or after April 1, 2000. In accordance with the new standard, the reserve for retirement benefits as of March 31, 2001 represents the estimated present value of projected benefit

obligations in excess of the fair value of the plan assets except that, as permitted under the new standard, the unrecognized transition amount arising from adopting the new standard of ¥175 million (\$1,417 thousand) at April 1, 2000 (the beginning of the year) is all expensed in the current year, and unrecognized actuarial differences are amortized on a straight-line basis over 10 to 15 years from the next year. As a result of adopting the new standard, net pension expenses for the year ended March 31, 2001 increased by ¥335 million (\$2,701 thousand) and income before income taxes has decreased by ¥597 million (\$4,824 thousand) as compared with the amounts which would have been reported if the previous standard had been applied consistently.

(7) Accounting for Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method that is applicable to ordinary operating leases.

(8) Net Income per Share

Net income per share is based on the weighted average number of shares of common stock outstanding during the year.

(9) Cash and Cash Equivalents

For the preparation of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of overdrafts, and all highly liquid investments with maturities of three months or less.

(10) Foreign Currency Translation

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for foreign currency translation, which is effective for periods beginning on or after April 1, 2000. Under the new standard, all monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period. The adoption of the new method had no material impact on the accompanying consolidated financial statements.

3 U.S. DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥123.9=US\$1, the rate of exchange on March 31, 2001, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rate.

4 MARKET VALUE INFORMATION

Market value information on marketable securities, and investment in securities and unconsolidated subsidiaries/affiliates as of March 31, 2001 was summarized as follows:

(1) Market Value of Bonds Held to Maturity

At March 31,	Millions of yen		
	Book value	Market value	Difference
Securities with fair value			
that exceeds book value.....	¥24	¥24	¥0
Securities with fair value			
that does not exceed book value	—	—	—
Total	¥24	¥24	¥0

At March 31,	Thousands of U.S. dollars		
	Book value	Market value	Difference
Securities with fair value			
that exceeds book value.....	\$201	\$199	\$2
Securities with fair value that			
does not exceed book value	—	—	—
Total	\$201	\$199	\$2

(2) Available-for-Sale Securities with Defined Values

At March 31,	Millions of yen		
	Book value	Market value	Unrealized gains (losses)
Securities with fair value			
that exceeds book value:			
Stocks.....	¥17,480	¥43,235	¥25,755
Others	463	513	50
Subtotal.....	17,943	43,748	25,805
Securities with fair value			
that does not exceed book value:			
Stocks.....	3,780	2,958	(822)
Others	1,829	1,369	(460)
Subtotal.....	5,609	4,327	(1,282)
Total	¥ 23,552	¥48,075	¥24,523

At March 31,	Thousands of U.S. dollars		
	Book value	Market value	Unrealized gains (losses)
Securities with fair value			
that exceeds book value:			
Stocks.....	\$141,083	\$348,951	\$207,868
Others	3,740	4,148	408
Subtotal.....	144,823	353,099	208,276
Securities with fair value			
that does not exceed book value:			
Stocks.....	30,509	23,873	(6,636)
Others	14,762	11,054	(3,708)
Subtotal.....	45,271	34,927	(10,344)
Total	\$190,094	\$388,026	\$197,932

(3) "Available-for-Sale Securities" Sold during the Fiscal Year Ended March 31, 2001

At March 31,	Millions of yen	Thousands of U.S. dollars
Amount sold	¥990	\$7,997
Gains.....	183	1,484
Losses.....	147	1,187

(4) Major Components and Book Values of Securities without Market Value

At March 31,	Book value	
	Millions of yen	Thousands of U.S. dollars
Bonds held to maturity.....	¥ 1,200	\$ 9,685
Investments in non-consolidated		
subsidiaries and affiliates.....	23,256	187,700
Available-for-sale securities	2,934	23,682

(5) Repayment Schedule of Available-for-Sale Securities and Bonds Held to Maturity

At March 31,	Book value	
	Millions of yen	Thousands of U.S. dollars
Within one year	¥ —	\$ —
Over one year and within five years	668	5,394
Over five years and within ten years	2,103	16,975
Over ten years	385	3,114

5 DERIVATIVE FINANCIAL INSTRUMENTS

(I) Outline of Derivative Transactions

(1) Description of Derivative Transactions

The Company enters into currency-related derivative transactions, such as forward foreign exchange contracts, and interest

rate related derivative transactions, such as interest rate swap transactions.

(2) Policies on Derivative Transactions

In principle, the Company enters into derivative transactions that have underlying assets and liabilities, and does not enter into derivative transactions for the purpose of obtaining a gain on sale or speculative transactions.

(3) Purpose of Derivative Transactions

The Company enters into currency-related derivative transactions, such as forward foreign exchange contracts, for the purpose of avoiding exchange rate risk in the future markets related to the demand for and collection of foreign currency denominated funds. The Company enters into interest rate related derivative transactions, such as interest rate swap transactions, for the purpose of avoiding risks of interest rate fluctuations in the futures markets due to changes in market interest rates.

(4) Risks of Derivative Transactions

The Company enters into forward foreign exchange contracts for the purpose of fixing the yen amount of fund-raising costs. Accordingly, there is no risk of fluctuation in exchange rates. Interest rate swap transactions are exposed to risks of fluctuation in market interest rates. The counterparties of derivative transactions are limited to creditworthy international financial institutions. Accordingly, management believes that there are no credit risks such as default of counterparties.

(5) Risk Management of Derivative Transactions

The president determines the fundamental policies on derivative transactions of the Company. Executions of the transactions are performed by the accounting department after receiving approval from the managing director of the administrative division. The current status of derivative transactions are reported to the managing director in charge.

(6) Supplemental Explanations on “Fair Value of Derivative Financial Instruments”

“Contractual value or notional principal amount” included in “Fair value of derivative financial instruments” represents notional contract amounts or amounts for calculation purposes of the derivative transactions and does not represent the volume of risk of derivative transactions.

(II) Fair Value Information on Derivative Financial Instruments

(1) Foreign Exchange Contracts

At March 31, 2000	Millions of yen		
	Contractual value or notional principal amount	Fair value	Unrealized gains (losses)
Other than exchange-traded			
Forward foreign exchange contracts:			
To buy Thai baht.....	¥491	¥447	¥(44)
(Due after one year)	(—)		

At March 31, 2001	Millions of yen		
	Contractual value or notional principal amount	Fair value	Unrealized gains (losses)
Other than exchange-traded			
Forward foreign exchange contracts	¥—	¥—	¥—

At March 31, 2001	Thousands of U.S. dollars		
	Contractual value or notional principal amount	Fair value	Unrealized gains (losses)
Other than exchange-traded			
Forward foreign exchange contracts	\$—	\$—	\$—

(2) Interest Rate Contracts

At March 31, 2000	Millions of yen		
	Contractual value or notional principal amount	Fair value	Unrealized gains (losses)
Other than exchange-traded			
Interest rate swap transactions:			
To receive float, pay fix	¥ 13,506	¥(424)	¥(424)
(Due after one year)	(13,506)		
To receive float, pay float	2,000	12	12
(Due after one year)	(2,000)		

At March 31, 2001	Millions of yen		
	Contractual value or notional principal amount	Fair value	Unrealized gains (losses)
Other than exchange-traded			
Interest rate swap transactions:			
To receive float, pay fix	¥500	¥(20)	¥(20)
(Due after one year)	(500)		

At March 31, 2001	Thousands of U.S. dollars		
	Contractual value or notional principal amount	Fair value	Unrealized gains (losses)
Other than exchange-traded			
Interest rate swap transactions:			
To receive float, pay fix	\$ 4,035	\$(167)	\$(167)
(Due after one year)	(4,035)		

Notes: 1. Fair value and unrealized gains (losses) were determined based on the amount quoted by the financial statements.
2. Interest rate swap transactions which are designed as hedging instruments are not included in the above table.

6 INVENTORIES

At March 31, 2000 and 2001, inventories consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Construction work in progress...	¥245,263	¥228,774	\$1,846,441
Real estate held for sale	14,499	13,397	108,127
Other inventories.....	3,975	4,035	32,567
	¥263,737	¥246,206	\$1,987,135

7 SHORT-TERM DEBT AND LONG-TERM DEBT

At March 31, 2000 and 2001, short-term debt consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Bank loans bearing interest rates ranging from 0.46% to			
6.156% per annum	¥59,100	¥53,839	\$434,536
3.00% 2nd series bonds due 2002....	—	10,000	80,710
2.75% 3rd series bonds due 2001....	6,500	—	—
Current portion of long-term debt ...	393	366	2,954
	¥65,993	¥64,205	\$518,200

At March 31, 2000 and 2001, long-term debt consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
10-year TSR+0.15% 1st series bonds due 2008.....			
	¥ 3,000	¥ 3,000	\$ 24,214
3.00% 2nd series bonds due 2002....			
	10,000	—	—
2.50% 4th series bonds due 2003....			
	5,000	5,000	40,356
2.15% 3rd series bonds of a consolidated subsidiary due 2003.....			
	500	500	4,035
1.50% 4th series bonds of a consolidated subsidiary due 2002....			
	500	500	4,035
1.8% 2nd convertible bonds due 2002 convertible currently at ¥1,557.40 per share			
	8,209	8,209	66,256
Long-term loans due between 2002~2034 bearing interest rates ranging from 1.00% to 5.70%			
	8,716	14,579	117,666
	35,925	31,788	256,562
Less—Portion due within one year ...	(393)	(366)	(2,954)
	¥35,532	¥31,422	\$253,608

At March 31, 2001, the number of shares of common stock which would have been issuable upon conversion of all outstanding convertible bonds was 5,271 thousand.

The annual maturities of long-term debt at March 31, 2001 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2003.....	¥10,989	\$ 88,692
2004.....	7,547	60,912
2005.....	349	2,817
2006.....	350	2,825
2007 and thereafter	12,187	98,362
	¥31,422	\$253,608

At March 31, 2001, assets pledged as collateral for short-term debt and long-term debt were as follows:

At March 31, 2001	Millions of yen		Thousands of U.S. dollars
Investments in securities	¥ 541		\$ 4,373
Treasury stock, at cost	7,620		61,503
Buildings and structures	3,710		29,951
Land.....	2,265		18,281

8 LEASE TRANSACTIONS

Lease rental expenses under finance lease contracts without ownership-transfer for the years ended March 31, 2000 and 2001, were summarized as follows:

For the year ended March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Lease rental expenses.....	¥1,197	¥1,750	\$14,125

The amount of outstanding minimum lease payments at March 31, 2000 and 2001, which included the portion of interest thereon, was summarized as follows:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Finance leases:			
Minimum lease payments			
Within one year.....	¥1,600	¥1,593	\$12,857
Over one year	3,392	2,905	23,447
Total.....	¥4,992	¥4,498	\$36,304

At March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Operating leases:			
Minimum lease payments			
Within one year.....	¥255	¥222	\$1,792
Over one year	109	101	819
Total.....	¥364	¥323	\$2,611

Acquisition cost, accumulated depreciation, net book value and depreciation expenses of leases assets at March 31, 2000 and 2001, which included the portion of interest thereon, were summarized as follows:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Acquisition cost	¥7,244	¥7,678	\$61,969
Accumulated depreciation	2,252	3,180	25,665
Net book value	¥4,992	¥4,498	\$36,304
Depreciation.....	¥1,197	¥1,750	\$14,125

Depreciation is computed on the straight-line method over the lease term of the leased assets.

9 RETIREMENT BENEFIT PLAN

The Company has different defined benefit pension plans for employees and officers, respectively, as follows:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Employees' retirement benefits	¥19,802	¥33,050	\$266,747
Officers' retirement benefits	552	534	4,310
Total	¥20,354	¥33,584	\$271,057

The Company and its subsidiaries have defined benefit retirement plans covering substantially all employees. Approximately 50% of the benefits under the plans are covered by a plan which is governed by the regulations of the Japanese Welfare Pension Insurance Law.

The reserve for retirement benefits as of March 31, 2001 is analyzed as follows:

At March 31, 2001	Millions of yen		Thousands of U.S. dollars
(a) Projected benefit obligations	¥(90,718)		\$(732,189)
(b) Plan assets.....	45,945		370,826
(c) Unfunded benefit obligation [(a)+(b)].....	(44,773)		(361,363)
(d) Unrecognized transition amount	—		—
(e) Unrecognized actuarial differences	11,723		94,618
(f) Accrued severance indemnities			
[(c)+(d)+(e)]	¥(33,050)		\$(266,745)

Note: The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.

Net pension expenses related to the retirement benefits for the year ended March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars
(a) Service costs	¥3,140	\$25,345
(b) Interest costs	3,011	24,302
(c) Expected return on plan assets.....	(2,376)	(19,180)
(d) Amortization of transition amount	175	1,417
(e) Net pension expenses		
[(a)+(b)+ (c)+(d)+(e)]	¥3,950	\$31,884

Assumptions used in calculation of the above information were as follows:

- (a) Method of attributing the projected benefits to periods of serviceStraight-line basis
- (b) Discount rate.....3.5%
- (c) Expected rate of return on plan assets4.5%
- (d) Amortization of transition amountOver 10 to 15 years (expenses from the next year)
- (e) Amortization of unrecognized actuarial differences.....All expensed in the current year

10 INCOME TAXES

The statutory tax rates used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2000 and 2001 was 42%.

At March 31, 2000 and 2001, significant components of deferred tax assets and liabilities were as follows:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Deferred tax assets:			
Accrued expenses of adjustments			
for prior service costs	¥ 5,955	¥ —	\$ —
Reserve for retirement benefits...	5,597	11,400	92,007
Net loss carryforwards	4,200	5,705	46,050
Allowance for doubtful accounts ...	3,889	2,816	39,682
Unrealized intercompany profit			
on fixed assets.....	3,761	3,520	28,412
Write-down of inventories.....	3,597	4,917	22,732
Other	8,354	6,993	56,442
Total	35,353	35,351	285,325
Less—Valuation allowance	(901)	(4,515)	(36,444)
Deferred tax assets	34,452	30,836	248,881
Deferred tax liabilities:			
Unrealized gains on investments...	—	(10,805)	(87,211)
Special tax-purpose reserve			
for condensed booking of			
tangible assets	(2,092)	(1,978)	(15,964)
Other	(36)	(18)	(143)
Total deferred tax liabilities ..	(2,128)	(12,801)	(103,318)
Net deferred tax assets	¥32,324	¥18,035	\$145,563

For the year ended March 31,	2000	2001
Statutory tax rate	42.0%	42.0%
Increase (decrease) in taxes resulting from:		
Expenses not deductible for income tax purposes....	(9.1)	38.1
Income not deductible for income tax purposes	2.8	(7.5)
Per capita levy	(4.1)	11.7
Unrecognized deferred taxes for		
net loss carryforwards.....	—	63.1
Unrecognized deferred taxes for equity in earnings ...	0.9	(11.8)
Other factor	(0.2)	—
Effective income tax rate	32.3%	135.6%

11 SHAREHOLDERS' EQUITY

The ordinary general meeting of shareholders held on June 26, 1998 authorized Maeda Corporation, pursuant to the Japanese regulations, to acquire and retire up to a total not exceeding 9 million outstanding shares of its common stock with its profit, on and after June 26, 1998, whenever deemed necessary by the Board of Directors. At March 31, 2001, no common stock had been acquired under this authorization.

The ordinary general meeting of shareholders held on June 26, 1998 approved that in addition to the shares discussed in the preceding paragraph, on and after June 26, 1998, Maeda Corporation may, by a resolution of the Board of Directors, acquire and retire up to a total not exceeding 9 million outstanding shares of its common stock with its additional paid-in capital at prices in total not exceeding ¥4 billion pursuant to the Japanese regulations.

12 COMMITMENTS AND CONTINGENT LIABILITIES

(1) The Company was contingently liable at March 31, 2001 for endorsed trade notes receivable of ¥29,033 million (\$234,327 thousand). In addition, the Company was contingently liable as guarantor of loans incurred by affiliates and others in the amount of ¥6,620 million (\$53,437 thousand) at March 31, 2001.

(2) A joint venture (hereinafter "the JV") established between Maeda Corporation and Campenon Bernard (France) entered into contracts with the former Government of Hong Kong (now the Government of Hong Kong, S.A.R., hereinafter "the Employer") to construct deep sea sewage tunnels in Hong Kong. Following commencement of the construction work, the JV unexpectedly encountered a serious ingress of groundwater, which impacted heavily on the execution of the contracts. As a result, disputes arose between the Employer and the JV concerning whether the JV had failed to perform under the contracts' conditions, thereby causing a breach. The JV referred to the matter to an arbitration tribunal. In January 2001, the arbitration tribunal awarded that the JV had breached the contracts. However, the JV was not satisfied with the awards, particularly with the interpretation of the law and applied to the High Court of the Hong Kong, S.A.R. leave to appeal. The court decision on the appeal has not yet been decided nor has the JV received any claim for damages from the Employer.

13 SEGMENT INFORMATION

(1) Industry Segment Information

The Company operates principally in the following two industrial segments:

- Construction...Civil engineering, building, and other businesses related to construction work
- OtherProduction and sales of construction machinery and concrete secondary products
Sales and leasing of real estate
Related service businesses

The segment information of the Company for the year ended March 31, 2000 and 2001, is presented below:

	For the year ended March 31, 2000			
	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales				
(1) Sales to outside customers.....	¥424,500	¥55,261	¥ —	¥479,761
(2) Inter-segment sales.....	449	10,666	(11,115)	—
Total	424,949	65,927	(11,115)	479,761
Operating expenses.....	414,016	64,521	(10,445)	468,092
Operating income.....	¥ 10,933	¥ 1,406	¥ (670)	¥ 11,669
II. Assets, depreciation and capital expenditure				
Assets.....	¥487,656	¥92,191	¥72,825	¥652,672
Depreciation.....	3,653	3,004	(27)	6,630
Capital expenditure	5,895	1,509	4	7,408

	For the year ended March 31, 2001			
	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales				
(1) Sales to outside customers.....	¥416,127	¥48,213	¥ —	¥464,340
(2) Inter-segment sales.....	1,975	9,568	(11,543)	—
Total	418,102	57,781	(11,543)	464,340
Operating expenses.....	404,291	57,727	(10,808)	451,210
Operating income.....	¥ 13,811	¥ 54	¥ (735)	¥ 13,130
II. Assets, depreciation and capital expenditure				
Assets.....	¥487,630	¥90,726	¥67,401	¥645,757
Depreciation.....	3,565	2,851	(23)	6,394
Capital expenditure	3,991	6,840	11	10,842

For the year ended March 31, 2001				
Thousands of U.S. dollars				
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales				
(1) Sales to outside				
customers	\$3,358,571	\$389,129	\$ —	\$3,747,700
(2) Inter-segment sales				
	15,940	77,224	(93,164)	—
Total	3,374,511	466,353	(93,164)	3,747,700
Operating expenses	3,263,043	465,916	(87,232)	3,641,727
Operating income	\$ 111,468	\$ 437	\$ (5,932)	\$ 105,973
II. Assets, depreciation and capital expenditure				
Assets	\$3,935,674	\$732,252	\$543,995	\$5,211,921
Depreciation	28,773	23,011	(186)	51,606
Capital expenditure	32,211	55,206	89	87,506

Notes: 1. Unallocated operating expenses of ¥961 million (\$7,760 thousand) in the column "Elimination/Corporate" mainly consisted of corporate expenses at the administrative department of Maeda Corporation's headquarters.

2. Common assets of ¥72,291 million (\$583,468 thousand) in the column "Elimination/Corporate" mainly consist of surplus working funds (cash and marketable securities), long-term investment funds (investments in securities) and other assets which belong to the administrative departments.

(2) Geographic Segment Information

Since the amounts of sales and assets in Japan were exceeding 90% of the consolidated amounts, disclosure of geographic segment information was omitted.

(3) Export Sales and Sales by Overseas Subsidiaries

Since the amount of overseas sales was less than 10% of the consolidated sales, disclosure of details of overseas sales was omitted.

14 SUBSEQUENT EVENT

(1) The annual meeting of shareholders approved the following appropriations of Maeda Corporation's retained earnings on June 28, 2001.

Appropriations	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥9.0 per share)	¥1,667	\$13,454
Bonuses to directors	63	508
Transfer to legal reserve	200	1,614
Total appropriations	¥1,930	\$15,576

(2) The Company issued two kinds of debentures on May 22, 2001 based on resolution in Board of Directors' meeting held on March 12, 2001, as follows:

	The 5th issuance	The 6th issuance
Issuance amount	¥10,000 million	¥5,000 million
Issuance price	Equal to face value of ¥100	Same
Interest rate per annum	1.1%	1.6%
Redemption date	May 22, 2006	May 22, 2008
Purpose	Working capital & redemption of existing debentures and loans	Same
Security	Without security	Same

(3) Corresponding to the relocation plan of a subsidiary, Maeda Seisakusho Co., Ltd., from Tokyo to Nagano, the subsidiary entered into a real property transfer agreement with Toyo Ink Manufacturing Co., Ltd. on March 30, 2001 to sell its land (30,703 square meters) and buildings (8,471 square meters) of the Tokyo plant for ¥1,960 million (\$15,819 thousand). As the transfer of title was scheduled on October 31, 2001 according to the agreement, a real property sales gain of approximately ¥900 million will be recorded in the year ended March 31, 2002.

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS 

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

To the Board of Directors of
Maeda Corporation

We have audited the accompanying consolidated balance sheets of Maeda Corporation and its consolidated subsidiaries as at March 31, 2000 and 2001, and the related consolidated statements of income, shareholders' equity and cash flows for each of the two years in the period ended March 31, 2001, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Maeda Corporation and its consolidated subsidiaries as at March 31, 2000 and 2001, and the consolidated results of their operations and cash flows for each of the two years in the period ended March 31, 2001, in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

As described in Note 2, effective from the year ended March 31, 2001, Maeda Corporation and its subsidiaries have adopted the new Japanese accounting standards for financial instruments, retirement benefits, and foreign currency translation.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Tokyo, Japan
June 28, 2001

Outline of the Corporation

(As of March 31, 2001)

Year of Establishment
1919

Date of Incorporation
November 6, 1946

Number of Employees
3,900

Authorized Shares
640,000,000

Outstanding Shares
185,213,602

Paid-in Capital
¥23,455 million

Stock Listing
First Section of Tokyo Stock Exchange

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Fax: (03) 3262-3339
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Cable: MAEHONSHA TOKYO
URL: <http://www.maeda.co.jp/>

Board of Directors

(As of June 28, 2001)

Chairman and Representative Director
Matabee Maeda

Vice Chairman and Representative Director
Kazuo Terashima

President and Representative Director
Yasuji Maeda

Representative Directors
Masumi Takai
Iwao Asano

Directors
Yoichi Fuse
Kohei Fukui
Mamoru Minemoto

Representative Director
Nobuyoshi Kawashima

Directors
Miyahiko Kitamura
Hiroyoshi Taniguchi
Keiichiro Ueda
Yukihiro Sakuta
Naoyuki Kiyosue
Fumiyasu Hiromoto

Corporate Auditors
Akio Yoshihara
Tatsuo Kaigo
Teruaki Matsui
Yasumitsu Kiuchi

Executive Officers

(As of June 28, 2001)

President and Chief Executive Officer
Yasuji Maeda

Executive Vice Presidents
Masumi Takai
Iwao Asano
Yoichi Fuse
Kohei Fukui

Senior Managing Officers
Mamoru Minemoto
Nobuyoshi Kawashima
Akira Kato
Miyahiko Kitamura

Managing Officers
Hiroyoshi Taniguchi
Keiichiro Ueda
Yukihiro Sakuta
Naoyuki Kiyosue
Fumiyasu Hiromoto
Katsuhisa Hosono
Atsuo Kashiwagi
Minoru Akiba
Hiroki Nomizu
Eiji Sato

Executive Officers
Seiichi Yamashita
Satoshi Haratani
Kazuie Yamada
Norio Ikeda
Takashi Mochizuki
Yusaku Tomobe
Satoshi Yonetani
Ryuzaburo Inoue
Tsutomu Takahashi
Hiroshi Shibuya
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Higashi-Kanto, Kita-Kanto,
Yokohama, Nagano, Hokuriku,
Fukui, Chubu, Kansai, Kobe,
Shikoku, Chugoku, Kyushu

Subsidiaries and Affiliates

Overseas:

- ◆ MKK Technologies, Inc.
- ◆ Thai Maeda Corporation, Ltd.
- ◆ PT. MAEDA-NRC

Domestic:

- ◆ Maeda Road Construction Co., Ltd.
- ◆ Maeda Seisakusho Co., Ltd.
- ◆ Hikarigaoka Corporation
- ◆ Fujimi Koken Co., Ltd.
- ◆ Miyama Kogyo Co., Ltd.
- ◆ Fujimi Building Services Co., Ltd.
- ◆ Seiyu Estate Co., Ltd.
- ◆ Hikarigaoka Enterprise Co., Ltd.



M A E D A

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