



MAEDA

ANNUAL REPORT 2004

Corporation



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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 Company's operating results for fiscal 2004, ended March 31, 2004, the 59th year since Maeda's incorporation.*

Echoing recovery trends in the U.S. economy and the rest of the global economy, Japan's economy exhibited signs of improvement in corporate profits as well as a mild increase in exports, a jump in stock prices in the second half of the fiscal year, and other positive factors. However, employment and personal income showed no improvement, thus suppressing personal consumption, and overall economic performance fell short of a full recovery.

In the construction industry, although private capital spending and housing starts were robust, public-sector investment receded for the fifth consecutive year due to the exhaustion of national and regional government fiscal resources, and overall annual construction investment is estimated to have fallen below the ¥55 trillion mark.

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In light of the challenges posed by this environment, Maeda undertook a third-party allotment of new shares of Toyo Construction Co., Ltd., in October 2003, further strengthening its business alliance with that company. The two companies continued to develop new technologies together, collaborate on purchases to cut costs, and utilize other measures to enhance management efficiency, improve technological capabilities, and expand new areas of business.

In addition, with the aim of boosting performance through enhanced profitability, we were more selective in our acceptance of construction contracts, choosing a greater proportion of contracts for highrise reinforced concrete housing, educational facilities, and medical and nursing facilities. In the field of civil engineering, Maeda utilized its engineering capabilities to tailor its services to customers' specific needs in Japan and overseas.

Looking at contracts won amid the challenging conditions of the fiscal year under review, orders for building projects edged up 1.6% from the prior fiscal term, to ¥258.2 billion, while orders for civil engineering projects slid 14.7% from fiscal 2003, to ¥120.2 billion. Total orders for the period were down 4.2% from the previous term, at ¥378.5 billion.

Government projects accounted for 32.2% of total construction orders, while private-sector contracts accounted for 67.8%.

Regarding contributions from completed projects to net sales, revenues from completed construction projects grew 6.9% from fiscal 2003, to ¥280.3 billion, while those from civil engineering projects were up 1.1%, to ¥152.4 billion, and total revenues from work completed for the period climbed 4.8%, to ¥432.7 billion. Consolidated net sales climbed 5.5%, to ¥484.3 billion. At the same time, the value of uncompleted work for the period slipped 7.6% from fiscal 2003, to ¥658.8 billion.

With regard to income, efforts to improve engineering applications used in construction projects and the increased efficiency of construction work procedures as well as other measures resulted in operating income of ¥7.5 billion and net income of ¥3.3 billion.

As for extraordinary profit and loss, the Company recorded an additional expense of early retirements and outplacements

accompanying changes in the employees' retirement plan and additional income from a gain on revaluation of securities following a reversal after the rebound in the stock market.

Looking to the future, there is a sense of uncertainty with regard to the outlook for capital spending. However, the economy seems to be following a path of moderate private-sector demand-led recovery, and corporate profits are forecast to continue to improve. In addition, while employment and personal income conditions continue to be lackluster, they are forecast to improve, which would likely stimulate growth in consumer spending.

In the construction industry, although industry participants have voiced guarded hope for higher private-sector capital investment, there is scant basis for an expansion in private-sector housing investment, both national and regional governments are working to rein in fiscal spending, and it is hard to fathom an increase in the volume of public works projects. Thus, we anticipate retreating demand as inevitable in the medium-to-long term.

In response to these challenging business conditions, Maeda formulated a medium-term management plan in fiscal 2004 centered on five initiatives: improving price-competitiveness, strengthening the Company's solution functions, raising brand value, tapping into new markets, and reconfiguring the Group management system. Through this plan, the entire Group will cooperate to improve profitability.

In the future, the Company will make every effort to earn full public trust through its business operations.

We look forward to the continued understanding and support of our shareholders and business partners in all of our future endeavors.



June 2004

Yasuji Maeda

President, Chief Executive Officer, and Representative Director

Maeda 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 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 technologies, Maeda successfully completed its work on 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.

Buildings

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

The United States

In 1985, Maeda decided to make a full-scale entry into the U.S. market and established Maeda International Corporation, now named MKK Technologies, Inc., in Michigan. MKK Technologies's first major project was the construction of the Mazda automobile manufacturing plant in Flat Rock, Michigan. Since then, MKK Technologies has undertaken numerous projects in 13 states, mostly in the Midwest, for both Japanese and American clients. Maeda has every confidence that MKK Technologies 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.

The Pacific Region

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 Regions of Hong Kong and Macau

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.

Maeda's operations in Hong Kong date back to 1963. Since then, for 40 years Maeda has continued to be present in the region as one of the major contractors delivering key infrastructure projects on time, on budget, and with the desired quality.

Our list of representative projects completed after the 1970s includes: stations and tunnels for all phases of the Mass Transit Railway System; the world-renowned Hong Kong International Airport Passenger Terminal Building; the Tsing Tsuen Bridge connecting Tsing Yi Island to Kowloon; the West Kowloon Expressway; the design and building of the cable-stayed Kap Shui Mun Bridge linking the airport and Kowloon Peninsula; and the natural gas fueled Black Point Power Station, with a rated power capacity of 240MW.

Maeda's current projects are also key to the expanding infrastructure of Hong Kong. A 10-kilometer section of railway was completed ahead of schedule, in autumn 2003. The new railway is a more efficient mode of transportation, leading to a substantial reduction in commuting time between the central business district and northwestern Hong Kong. The Kowloon-Canton Railway Corporation is constructing another rail link with other parts of China in addition to the existing one, and, again, Maeda is participating as a contractor for railway viaducts.

In Macau, Maeda has built the Coloane Thermal Power Plant.

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 the 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 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 roads, and some schools.

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 Works (Civil Engineering Projects)



Construction of the West Rail Viaduct (CC201)

Maeda was contracted by Kowloon-Canton Railway Corporation to build an approximately 5.6-kilometer double-track viaduct as part of a project to construct the 30-kilometer West Rail line. At the time of receiving this order, close attention was being paid to reducing construction time and cutting costs. Maeda has a proven record in constructing viaducts in Hong Kong, and the Company's unique technologies are highly regarded by the client.

Construction of the Minowa Tunnel for the New Joban Line

Maeda completed the construction of a double-track tunnel extending 2,219 meters from Shin Asakusa Station (provisional name) in the Taito ward of Tokyo to Minami Senju Station (provisional name) in the Arakawa ward of Tokyo for a 58-kilometer express-train rail that will connect Tokyo with the prefectures of Saitama, Chiba, and Ibaraki. The tunnel has an outer diameter of 10.0 meters and an inner diameter of 9.2 meters, and it was constructed using the slurry shield method.

Note: Slurry shield construction refers to the use of muddy water to stabilize the cutting face in tunneling operations to prevent collapse.

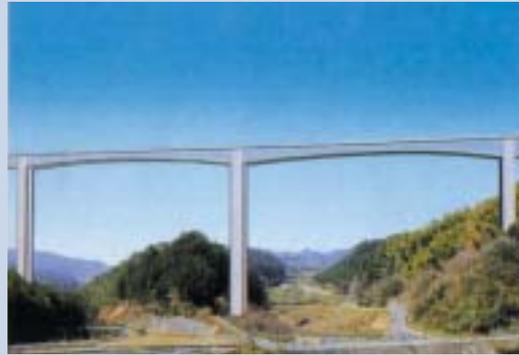


Shikoku-Odan Expressway Nagatanigawa Bridge Project

This highway project was ordered by the Japan Highway Public Corporation, and it covers a length of 2,469 meters, with a cut and fill volume of 1 million cubic meters. The length of the bridge itself is 396 meters (height: 65 meters). A highly earthquake-resistant compound of steel pipe and concrete was used in the construction of the lower part of the Nagatanigawa Bridge. In its spraying operations aimed at restoring plant life to sloping areas, Maeda employed the wood base construction method, which reuses fallen trees.

Note: The wood base construction method works in harmony with the natural environment. It involves the chipping and composting of large numbers of fallen trees and using the resulting material to create a foundation for the cultivation of plant life, thereby returning the nutrients in the trees to the soil.

Bridge pillars constructed by Maeda. (This photograph was computer enhanced to insert the upper bridge portion.)



Completed Works (Building Projects)



Construction of Soka City Hospital

Maeda was contracted to construct a new hospital for Soka City under a new bidding method based on technology and price. The building was built with a mid-level earthquake-absorbing structure, with the space created for absorbing earthquake impact serving as a parking lot. The north side of the building is constructed with a curtain wall and extends in a V-shape to maximize the sunlight exposure of the upper levels to brighten the atmosphere in patients' rooms. The outer wall was clad in green tile to harmonize with the surrounding environment, and a cogeneration system and fuel cells were installed in an effort to take advantage of new energy systems.

Mid-level earthquake-absorbing structure: An earthquake-absorbing structure constructed at the middle levels of a building, rather than the usual placement at the foundation level

Cogeneration system: A high-efficiency comprehensive energy system that extracts electrical and heat energy from city gas and fuel



Rebuilding of Otsuma School

This project involved the rebuilding of the Otsuma School, which integrates junior high and high school education, near the Imperial Palace in Tokyo. The building, constructed as a nine-story urban schoolhouse with one basement level, was conceived of as a space that promotes the synthesis of intellect and sensitivity. Efforts were directed at creating an educational environment through state-of-the-art equipment, dynamic spaces conducive to the cultivation of the mind, and the abundant use of wood in the interior design.

Construction of Tottori Prefecture Police Headquarters

Based on the principles contained in the Tottori prefectural government's "Basic Plan for the Creation of Tottori Prefecture Government Offices," Maeda constructed a new police headquarters building in overall conformity with other Tottori government offices. The new building is intended to harmonize with the environment so as to be gentle to people and nature; comfortable and highly functional; and safe and durable. Because this government office building is for exclusive use as the headquarters for Tottori police operations, it has also been outfitted with an emergency telephone call system and other police computer systems.



Maeda News

Maeda Selected to Construct the World’s Longest Cable-Stayed Bridge *Stonecutters Cable-Stayed Bridge in Hong Kong*

Maeda, together with Hitachi Zosen Corporation, Yokogawa Bridge Corporation, and Hsin Chong Construction, has been selected for the construction of the Stonecutters Cable-Stayed Bridge—which will be the longest of its kind in the world—connecting Tsing Yi Island and Stonecutters Island.

A highway bridge (width: 53.3 meters) with three traffic lanes traveling either way and straddling Rambler Channel, the new bridge will function as a part of Route 8, which is currently under construction. The bridge will have a total length of 1,596 meters, and its channel span will be 1,018 meters, making it 128 meters longer than the current world record holder, the Tatara Bridge on the Shimanami Kaido connecting the main Japanese islands of Honshu and Shikoku. The single pole towers will be 295 meters tall, and this will be the first time in the world for a cable-stayed bridge to be built with the upper half of such poles to be fabricated from a composite of box steel, stainless steel plate, and reinforced concrete. In addition, because the bridge will be adjacent to some of the most important container terminals in the world, and large shipping vessels are constantly passing through the area, the bridge must allow a clearance of 70 meters above sea level in an area of the ocean that is particularly deep, making this an extremely challenging project.

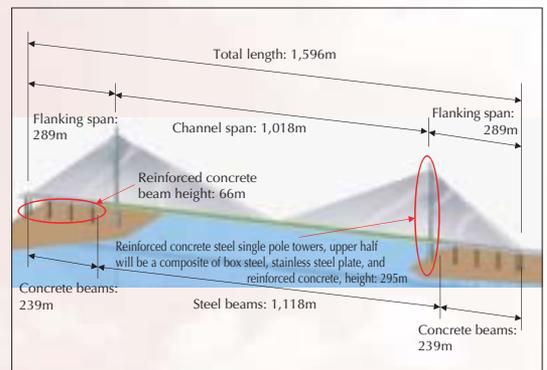
Five consortiums, consisting of major general contractors and bridge construction companies, participated in the bidding, and judgment was made based on a comprehensive assessment that gave equal consideration to the two criteria of bidding price and competence regarding technical and work performance issues. Maeda, Hitachi Zosen, and Yokogawa Bridge already had experience working through a joint venture in Hong Kong created to build the Kap Shui Mun Bridge, a road and rail cable-stayed bridge completed in 1997 that is one of the longest in the world. In addition, Maeda constructed the Tsing Yi Bridge and boasts other successful projects in Hong Kong, lending strong credibility to the joint venture’s superior technical capabilities, which resulted in its bid being accepted.

Construction details

Location: Hong Kong, connecting Tsing Yi Island and Stonecutters Island
 Customers: People’s Republic of China
 Highways Department of the Government of the Hong Kong Special Administrative Region
 Construction period: April 27, 2004–June 26, 2008
 Specifications: Total length: 1,596m
 Channel span: 1,018m; Flanking spans: 578m (total)
 Height of single pole towers: 295m



Concept illustration



Maeda-Constructed Bridge to Be Portrayed on New Hong Kong \$100 Bill



New Hong Kong \$100 bill

The images of the Kap Shui Mun Bridge and Ma Wan Viaduct, which Maeda designed and built, were selected to be depicted on the back of the new Hong Kong \$100 bill. The road and rail bridge and viaduct, connecting the Hong Kong International Airport with the North Lantau Highway heading northeast and the Airport Express Line, are extremely important and familiar to the people of Hong Kong. Completed in May 1997, the upper level of the two-tiered construction supports separate three-lane roads (total: six lanes), and the lower level is equipped with two rail lines.

The Kap Shui Mun Bridge is one of the longest cable-stayed bridges in the world, measuring 750 meters in length and with a channel span of 430 meters for both road and rail supported by 150-meter-tall pole towers. It contains 4,770 metric tons of steel plate and 18,642 metric tons of concrete. The bridge was built over the ocean, hampering the transport of materials to the building site, and the flanking land consisted of steep slopes, factors that made the project extremely difficult, both technically and in terms of work operations.

The new notes were put into circulation in mid-December 2003. Unlike most industrialized nations, Hong Kong does not have a central bank controlling monetary policy. Three private banks, The Hongkong and Shanghai Banking Corporation, Ltd. (HSBC), the Standard Chartered Bank, and the Bank of China, printed the new notes with the permission of the monetary authorities of the Hong Kong Special Administrative Region. The bill depicts an oblique image of the three representative bridges of Hong Kong: Kap Shui Mun Bridge, Tsing Ma Bridge, and Ting Kau Bridge.

Construction details

Location:	From Lantau Island to Ma Wan Island
Customers:	People's Republic of China Highways Department of the Government of the Hong Kong Special Administrative Region
Construction period:	November 1992–May 1997
Specifications:	Upper and lower parts of bridge, viaduct construction Total length of bridge: 1,253m

Media-Built Akebono Crystal Wing Wins BCS Prize



Akebono Crystal Wing in Hanyu, Saitama Prefecture

Akebono Crystal Wing in Hanyu, Saitama Prefecture, completed by Maeda in November 2001 and now used as a research institute and office building by Akebono Brake Industry Co., Ltd., won the Building Contractors Society's 44th annual BCS Prize.

Akebono Crystal Wing is a next-generation office building with workspaces designed to maximize the ease of use for employees in Akebono's business, development, and production departments. At the same time, the design facilitates the convenient formation and dissolution of groups depending on the needs of individual projects. For these reasons, the Akebono Crystal Wing has earned high praise and has been awarded the BCS Prize.

Instituted in 1960, the BCS Prize is awarded for the construction of exceptional architectural structures, based not only on design but also on construction technology and the level of cooperation and understanding among the client, designer, and builder. Since the prize's introduction, the Building Contractors Society has worked to promote the creation of worthy architectural assets and to contribute to the cultural advancement and preservation of the global environment, every year honoring an outstanding architectural work in Japan. In 2003, after rigorous examination, awards, including the extra prize, were given to 20 structures.

Construction details

Location:	Hanyu, Saitama Prefecture
Customer:	Akebono Brake Industry Co., Ltd.
Construction period:	January 2001–November 2001
Total floor area:	11,556m ² for the entire floor space of all wings of the building
Structure and size:	Two-story steel structure

Maeda-Constructed Orto Yokohama Receives Rooftop Greening Technology First Prize and Minister of Land, Infrastructure and Transport Prize



Orto Yokohama

At the second annual Rooftop, Wall, and Specific Greenery Technology Contest held in October 2003 by the Organization for Landscape and Urban Greenery Technology Development, Orto Yokohama, a building constructed by Maeda in Yokohama, received the Rooftop Greening Technology First Prize and the Minister of Land, Infrastructure and Transport Prize. The contest is held to call attention to the efforts of private companies, public organizations, and individuals that are actively working to integrate plant life into their designs of rooftops, walls, and other specific spaces within architectural structures, as well as to disseminate information regarding such integration.

Occupying approximately 2.4 hectares, Orto Yokohama is an urban garden area situated in the district west of Shinkoyasu Station and is divided into housing, administration, and commerce sections, making it a regional haven in the bustling city of Yokohama. Conceived as a first-class urban area redevelopment project, it was constructed by Maeda's Yokohama branch. Orto Yokohama is equipped with new technologies to support rooftop greenery, including a foundation conducive to plant growth and wind countermeasures as well as those that address maintenance issues. These technologies include lightweight artificial soil and expanded polystyrol construction methods to reduce the weight of the garden foundation, an automatic drip irrigation system that is used together with a rain sensor to conserve resources and minimize maintenance needs, and tree bracing technology that alleviates the burden on trees while responding to the force of the wind, all of which come together to create an artificial foundation capable of supporting plant life.

Construction details

Location:	Yokohama, Japan
Customer:	Shinkoyasu Station Western District Urban Redevelopment Union
Construction period:	July 1998–December 2000
Total floor area:	123,382m ²
Structure and size:	40 stories above ground and three basement levels Steel-reinforced concrete construction, reinforced concrete construction, steel construction, seven buildings total

Lighting Up the World with a Silver Medal Maeda Employee Wins a Silver Medal in the International Abilympics



Yukimi Yasuda shows off her silver medal

In the Sixth International Abilympics held in New Delhi, India, in November 2003, Maeda employee Yukimi Yasuda received a silver medal.

The Abilympics is an Olympic-style competition that tests the skills of differently-abled people. The 2003 Abilympics welcomed 418 participants from 33 nations and regions, including the 25 members of the Japanese team. Yasuda took first place in the word processing championship in Japan's 25th Abilympics in 2001, qualifying her as Japan's representative for the International Abilympics.

Yasuda competed in English word-processing, a race involving typing a document based on an English text.

"I had received instruction in Japanese word-processing before, but I just started practicing how to type English text in August in preparation for this competition. The English used in the document was at a higher level than I had imagined, which made it really difficult, and I struggled with sections that I couldn't understand. However, overall I think I did the best I could. I had no idea that I would win a silver medal. I was really thrilled," Yasuda said.

At the awards ceremony, Yasuda received her silver medal and became the first Japanese participant to have a medal conferred upon them at the International Abilympics, an achievement that galvanized the entire Japanese team with a strong sense of pride. Overall, Japan captured two silver medals and one bronze medal.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Maeda Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note)
	2003	2004	2004
For the year:			
Net sales.....	¥458,856	¥484,319	\$4,582,449
Operating income (loss)	(4,770)	7,468	70,660
Net income (loss).....	(7,579)	3,262	30,864
At year-end:			
Total assets.....	648,962	595,734	5,636,617
Total shareholders' equity	161,612	169,961	1,608,109

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of ¥105.7=US\$1, the exchange rate prevailing on March 31, 2004.



CONSOLIDATED BALANCE SHEETS

Maeda Corporation and Consolidated Subsidiaries
March 31, 2003 and 2004

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2004	2004
Current Assets:			
Cash and time deposits	¥ 58,734	¥ 32,488	\$ 307,390
Marketable securities (Note 4)	317	55	520
Trade receivables:			
Notes	23,405	35,105	332,151
Accounts	92,664	78,763	745,227
Allowance for doubtful accounts	(4,975)	(5,807)	(54,944)
	111,094	108,061	1,022,434
Inventories (Note 6)	260,240	231,125	2,186,820
Deferred tax assets (Note 10)	14,665	13,696	129,587
Other current assets	33,896	33,293	315,005
Total current assets	478,946	418,718	3,961,756
Investments and Other Assets:			
Investments in securities (Notes 4 and 7)	41,260	52,706	498,685
Investments in and advances to unconsolidated subsidiaries and affiliates	22,968	26,368	249,484
Deferred tax assets (Note 10)	8,982	4,041	38,234
Other investments	26,166	23,977	226,863
Allowance for doubtful accounts	(13,347)	(11,387)	(107,740)
Total investments and other assets	86,029	95,705	905,526
Property and Equipment, at Cost (Note 7):			
Buildings and structures	83,072	83,043	785,722
Machinery and equipment	23,461	23,316	220,607
Ships and vehicles	4,503	4,650	43,997
Tools, furniture and fixtures	9,532	9,500	89,886
Land	35,661	35,394	334,885
Construction in progress	133	216	2,044
	156,362	156,119	1,477,141
Accumulated depreciation	(72,375)	(74,808)	(707,806)
Property and equipment, net	83,987	81,311	769,335
Total assets	¥648,962	¥595,734	\$5,636,617

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2004	2004
Current Liabilities:			
Short-term debt (Note 7).....	¥ 73,848	¥ 49,896	\$ 472,098
Trade payables	87,185	78,062	738,594
Advances on construction work in progress.....	209,386	185,103	1,751,377
Accrued income taxes.....	576	1,184	11,203
Allowance for repairs and warranties	1,203	1,072	10,143
Accrued bonuses	2,696	2,706	25,603
Other current liabilities.....	27,742	22,054	208,666
Total current liabilities.....	402,636	340,077	3,217,684
Long-Term Liabilities:			
Long-term debt (Note 7)	44,504	47,343	447,942
Reserve for retirement benefits (Note 9)	33,445	31,548	298,496
Other long-term liabilities.....	3,838	3,605	34,109
Total long-term liabilities.....	81,787	82,496	780,547
Minority Interests in Consolidated Subsidiaries	2,927	3,200	30,277
Commitments and Contingent Liabilities (Note 11)			
Shareholders' Equity:			
Common stock, no par value:			
Authorized: 635,500 thousand shares			
Issued: 185,213 thousand shares at March 31, 2004.....	23,455	23,455	221,923
Additional paid-in capital	31,579	31,579	298,789
Retained earnings.....	102,264	104,196	985,864
Unrealized gain on investments	8,975	15,450	146,182
Adjustments on foreign currency statement translation.....	(49)	(55)	(520)
Treasury stock, at cost (Note 7)	(4,612)	(4,664)	(44,129)
Total shareholders' equity	161,612	169,961	1,608,109
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity.....	¥648,962	¥595,734	\$5,636,617

CONSOLIDATED STATEMENTS OF OPERATIONS

Maeda Corporation and Consolidated Subsidiaries
Years ended March 31, 2003 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2004	2004
Net Sales	¥458,856	¥484,319	\$4,582,449
Cost of Sales	432,756	446,325	4,222,963
Gross profit.....	26,100	37,994	359,486
Selling, General and Administrative Expenses	30,870	30,526	288,826
Operating income (loss).....	(4,770)	7,468	70,660
Other Income (Expenses):			
Interest and dividend income.....	1,402	1,316	12,452
Interest expense.....	(1,768)	(1,279)	(12,101)
Gain (loss) on sale of securities.....	(31)	149	1,410
Gain on revaluation of securities (write-down of securities).....	(2,224)	1,738	16,444
Foreign exchange gain (loss).....	(219)	(180)	(1,703)
Special reserve for retirement benefits	(499)	—	—
Transfer from special reserve of retirement benefits.....	—	499	4,721
Additional expense of early retirements and outplacements.....	—	(2,009)	(18,999)
Others, net.....	(247)	(1,489)	(14,099)
	(3,586)	(1,255)	(11,875)
Profit (loss) before income taxes and minority interests.....	(8,356)	6,213	58,785
Income Taxes (Note 10):			
Current.....	841	1,367	12,934
Deferred	(1,755)	1,477	13,975
	(914)	2,844	26,909
Income (loss) before minority interests	(7,443)	3,369	31,876
Minority Interests in Net Loss (Income) of Consolidated Subsidiaries	(136)	(107)	(1,012)
Net income (loss).....	¥ (7,579)	¥ 3,262	\$ (30,864)
	Yen		U.S. dollars (Note 3)
Per Share	¥(44.7)	¥18.6	\$0.18

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Maeda Corporation and Consolidated Subsidiaries
Years ended March 31, 2003 and 2004

	Thousands	Millions of yen					
	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Unrealized gain (loss) on investments	Adjustments on foreign currency statement translation	Treasury stock
Balance at March 31, 2002	185,213	¥23,455	¥31,579	¥111,607	¥11,218	¥(41)	¥(7,786)
Adjustment to retained earnings at beginning of year due to change in accounting standard for treasury stock	—	—	—	321	—	—	—
Net loss for the year	—	—	—	(7,579)	—	—	—
Cash dividends paid at ¥9.0 per share	—	—	—	(1,667)	—	—	—
Bonuses to directors	—	—	—	(34)	—	—	—
Adjustment for inclusion of affiliates accounted for by the equity method	—	—	—	(384)	—	—	—
Transfer to minority interests in consolidated subsidiaries for change in accounting standard for treasury stock.....	—	—	—	—	—	—	3,186
Purchase of treasury stock	—	—	—	—	—	—	(12)
Adjustments on foreign currency statement translation.....	—	—	—	—	—	(8)	—
Unrealized loss on investments.....	—	—	—	—	(2,243)	—	—
Balance at March 31, 2003	185,213	23,455	31,579	102,264	8,975	(49)	(4,612)
Net income for the year	—	—	—	3,262	—	—	—
Cash dividends paid at ¥7.0 per share	—	—	—	(1,297)	—	—	—
Bonuses to directors	—	—	—	(33)	—	—	—
Purchase of treasury stock	—	—	—	—	—	—	(52)
Adjustments on foreign currency statement translation.....	—	—	—	—	—	(6)	—
Unrealized gain on investments.....	—	—	—	—	6,475	—	—
Balance at March 31, 2004	185,213	¥23,455	¥31,579	¥104,196	¥15,450	¥(55)	¥(4,664)

	Thousands of U.S. dollars (Note 3)						
Balance at March 31, 2003	\$221,923	\$298,789	\$967,584	\$ 84,918	\$(464)	\$(43,637)	
Net income for the year	—	—	30,864	—	—	—	—
Cash dividends paid at \$0.07 per share	—	—	(12,272)	—	—	—	—
Bonuses to directors	—	—	(312)	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—	(492)
Adjustments on foreign currency statement translation.....	—	—	—	—	(56)	—	—
Unrealized gain on investments.....	—	—	—	61,264	—	—	—
Balance at March 31, 2004	\$221,923	\$298,789	\$985,864	\$146,182	\$(520)	\$(44,129)	

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Maeda Corporation and Consolidated Subsidiaries
Years ended March 31, 2003 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2004	2004
Cash Flows from Operating Activities:			
Profit (loss) before income taxes and minority interests	¥(8,356)	¥ 6,213	\$ 58,785
Depreciation.....	5,910	5,928	56,089
(Decrease) increase in allowance for doubtful accounts	1,373	(1,128)	(10,673)
(Decrease) increase in reserve for retirement benefits	273	(1,923)	(18,195)
Interest and dividend income	(1,402)	(1,316)	(12,452)
Interest expense	1,768	1,279	12,101
Foreign exchange gain	(979)	(1,176)	(11,127)
(Gain) loss on sale of securities	31	(149)	(1,410)
Write-down of securities (gain on revaluation of securities)	2,224	(1,738)	(16,444)
Decrease (increase) in trade receivables	(2,863)	2,201	20,825
Decrease in construction work in progress	10,020	22,552	213,379
Decrease (increase) in other inventories	(1,979)	6,562	62,087
(Decrease) increase in trade payables.....	3,051	(9,122)	(86,309)
Decrease in advances on construction	(5,714)	(24,283)	(229,757)
Other.....	(4,769)	(1,246)	(11,788)
Subtotal.....	(1,412)	2,654	25,111
Receipt of interest and dividend income	1,667	1,508	14,268
Payment of interest expenses.....	(1,789)	(1,361)	(12,877)
Payment of income taxes	(774)	(758)	(7,172)
Cash flows from operating activities.....	(2,308)	2,043	19,330
Cash Flows from Investing Activities:			
Acquisition of property and equipment and intangible assets.....	(5,307)	(5,364)	(50,752)
Proceeds from sale of property and equipment and intangible assets.....	363	106	1,003
Acquisition of investments in securities.....	(3,427)	(3,856)	(36,484)
Proceeds from sale of marketable securities	27	315	2,980
Proceeds from sale of investments in securities.....	487	2,054	19,434
Lending of long-term loans receivable.....	(662)	(932)	(8,818)
Collection of long-term loans receivable	4,225	686	6,491
Other.....	(24)	(6)	(57)
Cash flows from investing activities	(4,318)	(6,997)	(66,203)
Cash Flows from Financing Activities:			
(Decrease) increase in short-term debt	5,042	(17,443)	(165,039)
Borrowing of long-term debt	4,550	5,300	50,147
Repayment of long-term debt	(4,759)	(2,211)	(20,920)
Proceeds from issuance of bonds.....	16,000	—	—
Redemption of bonds	(8,209)	(5,500)	(52,039)
Payment of cash dividends.....	(1,667)	(1,296)	(12,263)
Acquisition of treasury stocks.....	(13)	(3)	(28)
Payment of cash dividends to minority shareholders.....	(5)	(5)	(47)
Cash flows from financing activities.....	10,939	(21,158)	(200,189)
Exchange Difference of Cash and Cash Equivalents	(56)	(81)	(766)
(Decrease) Increase in Cash and Cash Equivalents	4,257	(26,193)	(247,828)
Cash and Cash Equivalents at Beginning of Year.....	54,150	58,407	552,625
Cash and Cash Equivalents at End of Year.....	¥58,407	¥32,214	\$304,797

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 of Maeda Corporation (the “Company”) and its subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

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.

(2) Scope of Consolidation

The Company had 16 subsidiaries (“controlling companies,” in which the decision-making body of the entity is controlled) as of March 31, 2004. 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	At March 31, 2004		
	Equity ownership percentage, including indirect ownership	Capital stock	
		Millions of yen	Thousands of U.S. dollars
Maeda Seisakusho Co., Ltd. ...	50.7%	¥3,160	\$29,899
Hikarigaoka Corporation	42.6	1,055	9,982
Fujimi Koken Co., Ltd.	75.0	250	2,365
Fujimi Building Services Co., Ltd.	100.0	100	946
Seiyu Estate Co., Ltd.	100.0	50	473
Miyama Kogyo Co., Ltd.	100.0	25	237

The accounts of the remaining 10 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 and its consolidated subsidiaries 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, 2004, the Company had seven affiliates (“influencing companies,” in which the financial and operating or business decision making of an entity that is not a subsidiary can be influenced to a material degree).

Investments in five unconsolidated subsidiaries and three affiliates are accounted for by the equity method, under which the Company’s equity in the net income of these affiliates is included in consolidated income with appropriate elimination of intercompany profit at March 31, 2004 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 in which 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

Sales were principally recognized on the completed-contract method except those for long-term (over two years) contracts of ¥5 billion or more, which are recognized based on the percentage-of-completion method.

Effective for the year ended March 31, 2003, the Company changed contract-amount and term criteria for applying the percentage-of-completion method for long-term contracts from ¥20 billion or more to ¥5 billion or more and from three years or more to two years or more, respectively.

(2) Financial Instruments

(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

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 the 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-rate 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 of utilizing the aforementioned hedging instruments 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 of 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 the estimated useful lives of respective assets.

Depreciation of buildings is computed by the straight-line method over the 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) Accrued Bonuses

Accrued bonuses represent the estimated amount of bonuses to employees attributable to their services rendered within the period.

(7) Reserve for Retirement Benefits

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

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

Concerning the employees' retirement plan, the accrued retirement benefit represents the estimated present value of projected benefit obligations and plan assets.

Unrecognized actuarial differences are amortized on a straight-line basis over 10 to 15 years from the following fiscal year.

Unrecognized prior service costs are amortized on a straight-line basis over 15 years.

As a result of the enactment of the “Defined Contribution Corporate Pension Plan Law,” the Company and some of its subsidiaries were approved by the Ministry of the Health, Labor and Welfare for the exemption from the obligation for benefits related to future employee service under the substitutional portion on October 29, 2003. The amounts of plan assets to be returned were ¥21,982 million (\$207,986 thousand) for the year ended March 31, 2004. If the Company applied the provisional treatment under Clause 47-2 of “Practical Guidance for Accounting of Retirement Remuneration (Interim Report)” (Report No. 13 of the Committee of Accounting System of the Association of Japanese Certified Public Accountants), the Company would recognize a special gain on the transfer of the substitutional portion of the benefit obligation and related plan assets amounting to ¥3,727 million (\$35,263 thousand). As the special gain shall be recognized upon completion of the transfer of the substitutional portion of the benefit and related assets, actual results could differ from this estimate.

In connection with this, the Company recalculated the amount of estimated reduction of the portion of the benefit obligation and transferred the special reserve accounted for in the previous fiscal year.

(8) 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.

(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) Accounting Standard for Impairment of Fixed Assets

On August 9, 2002, the Business Accounting Council in Japan issued the “Accounting Standard for Impairment of Fixed Assets.” The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price or value in use.

The standard shall be effective for fiscal years beginning April 1, 2005. However, an earlier adoption is permitted for fiscal years beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005.

The Company is collecting the necessary information and materials in preparation for an adoption of the standard.

3 U.S. DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥105.7=US\$1, the rate of exchange on March 31, 2004, 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 that 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, 2003 is summarized as follows:

(1) Market Value of Bonds Held to Maturity

At March 31, 2003	Millions of yen		
	Book value	Market value	Difference
Securities with fair values			
that exceed book value.....	¥20	¥20	¥0
Securities with fair values			
that do not exceed book value	15	15	0
Total	¥35	¥35	¥0

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

At March 31, 2003	Millions of yen		
	Acquisition cost	Book value	Net
Securities with fair values that exceed book value:			
Stocks.....	¥12,276	¥27,348	¥15,072
Others	368	391	23
Subtotal.....	12,644	27,739	15,095
Securities with fair values that do not exceed book value:			
Stocks.....	8,550	6,304	(2,246)
Others	1,202	1,070	(132)
Subtotal.....	9,752	7,374	(2,378)
Total	¥22,396	¥35,113	¥12,717

Unrealized gain on securities is recorded as a separate component of shareholders' equity, net of tax.

(3) Available-for-Sale Securities Sold during the Fiscal Year Ended March 31, 2003

At March 31, 2003	Millions of yen
Amount sold.....	¥500
Gains	63
Losses.....	94

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

At March 31, 2003	Book value Millions of yen
Bonds held to maturity	¥ 1,660
Investments in non-consolidated subsidiaries and affiliates	22,968
Available-for-sale securities.....	4,769

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

At March 31, 2003	Book value Millions of yen
Within 1 year.....	¥ 317
Over 1 year and within 5 years.....	697
Over 5 years and within 10 years	1,822
Over 10 years.....	318

Market value information on marketable securities and investment in securities and unconsolidated subsidiaries/affiliates as of March 31, 2004 is summarized as follows:

(1) Market Value of Bonds Held to Maturity

At March 31, 2004	Millions of yen		
	Book value	Market value	Difference
Securities with fair values that exceed book value.....	¥10	¥10	¥0
Securities with fair values that do not exceed book value	15	15	0
Total	¥25	¥25	¥0

At March 31, 2004	Thousands of U.S. dollars		
	Book value	Market value	Difference
Securities with fair values that exceed book value.....	\$ 94	\$ 94	\$0
Securities with fair values that do not exceed book value	142	142	0
Total	\$236	\$236	\$0

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

At March 31, 2004	Millions of yen		
	Acquisition cost	Book value	Net
Securities with fair values that exceed book value:			
Stocks.....	¥18,019	¥43,813	¥25,794
Others	130	156	26
Subtotal.....	18,149	43,969	25,820
Securities with fair values that do not exceed book value:			
Stocks.....	2,744	2,408	(336)
Others	752	712	(40)
Subtotal.....	3,496	3,120	(376)
Total	¥21,645	¥47,089	¥25,444

At March 31, 2004	Thousands of U.S. dollars		
	Acquisition cost	Book value	Net
Securities with fair values that exceed book value:			
Stocks.....	\$170,489	\$414,542	\$244,053
Others.....	1,230	1,476	246
Subtotal	171,719	416,018	244,299
Securities with fair values that do not exceed book value:			
Stocks.....	25,963	22,784	(3,179)
Others.....	7,115	6,736	(379)
Subtotal	33,078	29,520	(3,558)
Total	\$204,797	\$445,538	\$240,741

Unrealized gain on securities is recorded as a separate component of shareholders' equity, net of tax.

(3) Available-for-Sale Securities Sold during the Fiscal Year Ended March 31, 2004

At March 31, 2004	Millions of yen	Thousands of U.S. dollars
Amount sold	¥1,008	\$9,537
Gains.....	217	2,053
Losses.....	(74)	(700)

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

At March 31, 2004	Book value	
	Millions of yen	Thousands of U.S. dollars
Bonds held to maturity.....	¥ 935	\$ 8,847
Investments in non-consolidated subsidiaries and affiliates.....	26,368	249,484
Available-for-sale securities	4,710	44,564

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

At March 31, 2004	Book value	
	Millions of yen	Thousands of U.S. dollars
Within 1 year	¥ 55	\$ 520
Over 1 year and within 5 years	1,085	10,266
Over 5 years and within 10 years.....	540	5,109
Over 10 years	150	1,419

5 DERIVATIVE FINANCIAL INSTRUMENTS

(1) Outline of Derivative Transactions

(a) 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.

(b) 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.

(c) 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 future markets due to changes in market interest rates.

(d) 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.

(e) 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.

(f) Supplemental Explanations on "Fair Value of Derivative Financial Instruments"

"Contractual value or notional principal amount" included in "Fair value information on derivative financial instruments" represents notional contract amounts or amounts for calculation purposes of the derivative transactions and do not represent the volume of risk of derivative transactions.

(2) Fair Value Information on Derivative Financial Instruments

Interest Rate Contracts

At March 31, 2003	Millions of yen		
	Contractual value or notional principal amount	Fair value	Unrealized loss
Other than exchange-traded interest rate swap transactions:			
To receive float, pay fixed.....	¥500	¥(10)	¥(10)
(Due after one year)	(500)		

At March 31, 2004	Millions of yen		
	Contractual value or notional principal amount	Fair value	Unrealized loss
Other than exchange-traded interest rate swap transactions:			
To receive float, pay fixed.....	¥500	¥(2)	¥(2)
(Due after one year)	(—)		

At March 31, 2004	Thousands of U.S. dollars		
	Contractual value or notional principal amount	Fair value	Unrealized loss
Other than exchange-traded interest rate swap transactions:			
To receive float, pay fixed.....	\$4,731	\$(19)	\$(19)
(Due after one year)	(—)		

Notes: 1. Fair value and unrealized loss 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, 2003 and 2004, inventories consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Construction work in progress...	¥239,853	¥217,301	\$2,056,022
Real estate held for sale	16,364	9,524	90,113
Other inventories.....	4,023	4,300	40,685
	¥260,240	¥231,125	\$2,186,820

7 SHORT-TERM DEBT AND LONG-TERM DEBT

At March 31, 2003 and 2004, short-term debt consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Bank loans bearing average interest rate of 0.8% per annum ..	¥57,336	¥49,315	\$466,601
Commercial paper bearing average interest rate of 0.2% per annum.....	9,000	—	—
2.50% 4th series bonds due 2003	5,000	—	—
2.15% 3rd series bonds of a consolidated subsidiary due 2003.....	500	—	—
Current portion of long-term loans....	2,012	581	5,497
	¥73,848	¥49,896	\$472,098

At March 31, 2003 and 2004, long-term debt consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
10-year TSR+0.15% 1st series bonds due 2008.....	¥ 3,000	¥ 3,000	\$ 28,385
1.10% 5th series bonds due 2006...	9,500	9,500	89,885
1.60% 6th series bonds due 2008...	5,000	5,000	47,308
1.16% 7th series bonds due 2007..	10,000	10,000	94,616
0.94% 8th series bonds due 2007..	3,000	3,000	28,385
0.90% 9th series bonds due 2007..	3,000	3,000	28,385
Long-term loans due 2002~2013 bearing average interest rate of 1.90% per annum	13,016	14,424	136,475
	46,516	47,924	453,439
Less—Portion due within one year ...	(2,012)	(581)	(5,497)
	¥44,504	¥47,343	\$447,942

The annual maturities of long-term debt at March 31, 2004 were as follows:

Year ending March 31,	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
2006.....	¥ 2,061	\$ 19,500
2007.....	24,711	233,806
2008.....	14,611	138,244
2009.....	5,422	51,301
2010 and thereafter	538	5,091
	<u>¥47,343</u>	<u>\$447,942</u>

At March 31, 2004, assets pledged as collateral for short-term debt and long-term debt were as follows:

At March 31, 2004	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
Investments in securities.....	¥ 484	\$ 4,579
Treasury stock, at cost	7,620	72,098
Buildings and structures	2,257	21,355
Land.....	1,036	9,802
Total	<u>¥11,397</u>	<u>\$107,834</u>

8 LEASE TRANSACTIONS

Lease rental expenses under finance lease contracts without ownership-transfer for the years ended March 31, 2003 and 2004 are summarized as follows:

For the year ended March 31,	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
	2003	2004
Lease rental expenses	<u>¥1,244</u>	<u>¥1,155</u>
		<u>\$10,928</u>

The amount of outstanding minimum lease payments at March 31, 2003 and 2004, which included the portion of interest thereon, is summarized as follows:

At March 31,	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
	2003	2004
Finance leases:		
Minimum lease payments		
Within one year	¥1,096	¥ 737
Over one year.....	1,279	595
Total	<u>¥2,375</u>	<u>¥1,332</u>
		<u>\$ 6,973</u>

At March 31,	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
	2003	2004
Operating leases:		
Minimum lease payments		
Within one year.....	¥208	¥274
Over one year	74	67
Total.....	<u>¥282</u>	<u>¥341</u>
		<u>\$2,592</u>
		<u>\$3,226</u>

Acquisition cost, accumulated depreciation, net book value and depreciation expenses of leased assets at March 31, 2003 and 2004, which included the portion of interest thereon, are summarized as follows:

At March 31,	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
	2003	2004
Acquisition cost	¥5,668	¥3,979
Accumulated depreciation	3,293	2,647
Net book value	<u>¥2,375</u>	<u>¥1,332</u>
Depreciation.....	¥1,244	¥1,155
		<u>\$10,928</u>

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

9 RETIREMENT BENEFIT PLANS

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

At March 31,	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
	2003	2004
Employees' retirement benefits	¥32,999	¥31,025
Officers' retirement benefits	446	523
Total	<u>¥33,445</u>	<u>¥31,548</u>
		<u>\$298,496</u>

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, 2003 is analyzed as follows:

	Millions of yen
(a) Projected benefit obligations.....	¥(97,069)
(b) Plan assets	37,305
(c) Unfunded benefit obligation [(a)+(b)]	(59,764)
(d) Unrecognized actuarial differences	35,515
(e) Unrecognized prior service costs	(8,750)
(f) Accrued severance indemnities	
[(c)+(d)+(e)]	¥(32,999)

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, 2003 were as follows:

	Millions of yen
(a) Service costs.....	¥2,853
(b) Interest costs	2,641
(c) Expected return on plan assets	(1,220)
(d) Amortization of actuarial differences	1,890
(e) Amortization of prior service costs	(625)
(f) Net pension expenses	
[(a)+(b)+ (c)+(d)+(e)+(f)]	¥5,539

The reserve for retirement benefits as of March 31, 2004 is analyzed as follows:

	Millions of yen	Thousands of U.S. dollars
(a) Projected benefit obligations.....	¥(106,210)	\$(1,004,920)
(b) Plan assets	45,277	428,394
(c) Unfunded benefit obligation [(a)+(b)] ..	(60,933)	(576,526)
(d) Unrecognized actuarial differences	39,640	375,059
(e) Unrecognized prior service costs	(9,732)	(92,081)
(f) Accrued severance indemnities		
[(c)+(d)+(e)]	¥ (31,025)	\$ (293,548)

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, 2004 were as follows:

	Millions of yen	Thousands of U.S. dollars
(a) Service costs	¥2,532	\$23,957
(b) Interest costs	2,696	25,509
(c) Expected return on plan assets.....	(1,078)	(10,200)
(d) Amortization of actuarial differences.....	2,542	24,051
(e) Amortization of prior service costs.....	(670)	(6,339)
(f) Net pension expenses		
[(a)+(b)+ (c)+(d)+(e)+(f)]	¥6,022	\$56,978

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

For the year ended March 31, 2003

(a) Method of attributing the projected benefits to periods of service.....	Straight-line basis
(b) Discount rate.....	2.3%-2.8%
(c) Expected rate of return on plan assets ..	2.8%
(d) Amortization of unrecognized actuarial differences.....	Over 10 to 15 years (from the following fiscal year)
(e) Amortization of unrecognized prior service costs	15 years

For the year ended March 31, 2004

(a) Method of attributing the projected benefits to periods of service.....	Straight-line basis
(b) Discount rate.....	2.0%-2.3%
(c) Expected rate of return on plan assets ..	2.8%
(d) Amortization of unrecognized actuarial differences.....	Over 10 to 15 years (from the following fiscal year)
(e) Amortization of unrecognized prior service costs	15 years

10 INCOME TAXES

At March 31, 2003 and 2004, significant components of deferred tax assets and liabilities were as follows:

At March 31,	Millions of yen		Thousands of
	2003	2004	U.S. dollars
Deferred tax assets:			2004
Reserve for retirement benefits...	¥11,621	¥11,675	\$110,465
Net loss carryforwards	9,310	4,464	42,237
Allowance for doubtful accounts ...	3,439	4,315	40,827
Unrealized intercompany profit on fixed assets	3,573	3,480	32,926
Write-down of inventories.....	3,802	3,503	33,144
Other	6,582	6,481	61,320
Total	38,327	33,918	320,919
Less—Valuation allowance	(5,984)	(3,213)	(30,400)
Deferred tax assets	32,343	30,705	290,519
Deferred tax liabilities:			
Unrealized gains on investments....	(2,301)	(2,125)	(20,106)
Special tax-purpose reserve for condensed booking of tangible assets	(6,169)	(10,505)	(99,394)
Other	(226)	(339)	(3,208)
Total deferred tax liabilities ..	(8,696)	(12,969)	(122,708)
Net deferred tax assets	¥23,647	¥17,736	\$167,811

Due to the change in local tax law during the year ended March 31, 2003, the effective tax rate used for the calculation of deferred tax assets and liabilities was reduced to 40.5% for the fiscal year under review from 42.0% for the previous fiscal year, creating temporary differences which will be resolved on or after April 1, 2004.

For the year ended March 31, 2004	
Statutory tax rate	42.0%
Increase in taxes resulting from:	
Expenses not deductible for income tax purposes.....	15.1
Income not deductible for income tax purposes	(1.6)
Per capita levy.....	4.7
Less—Valuation allowance and so on	(14.4)
Effective income tax rate	<u>45.8%</u>

11 COMMITMENTS AND CONTINGENT LIABILITIES

The Company was contingently liable at March 31, 2004 for endorsed trade notes receivable of ¥8,523 million (\$80,641 thousand). In addition, the Company was contingently liable as the guarantor of loans incurred by affiliates and others in the amount of ¥10,287 million (\$97,332 thousand) at March 31, 2004.

12 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 years ended March 31, 2003 and 2004 is presented below:

	For the year ended March 31, 2003			
	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales				
(1) Sales to outside customers.....	¥413,340	¥45,516	¥ —	¥458,856
(2) Intersegment sales	1,508	10,912	(12,420)	—
Total	414,848	56,428	(12,420)	458,856
Operating expenses.....	420,803	54,650	(11,827)	463,626
Operating income (loss)	¥ (5,955)	¥ 1,778	¥ (593)	¥ (4,770)
II. Assets, depreciation and capital expenditure				
Assets.....	¥499,974	¥92,075	¥56,913	¥648,962
Depreciation.....	3,330	2,593	(13)	5,910
Capital expenditure	3,258	2,272	54	5,584

- Notes: 1. The unallocated operating expenses of ¥764 million in the column "Elimination/Corporate" mainly consisted of corporate expenses at the administrative department of Maeda Corporation's headquarters.
2. The common assets of ¥62,810 million in the column "Elimination/Corporate" mainly consisted of surplus working fund (cash and marketable securities), long-term investment fund (investment in securities) and other assets which belong to the administrative departments.

	For the year ended March 31, 2004			
	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales				
(1) Sales to outside customers	¥426,160	¥58,159	¥ —	¥484,319
(2) Intersegment sales	4,405	9,032	(13,437)	—
Total	430,565	67,191	(13,437)	484,319
Operating expenses.....	425,361	64,402	(12,912)	476,851
Operating income (loss)	¥ 5,204	¥ 2,789	¥ (525)	¥ 7,468
II. Assets, depreciation and capital expenditure				
Assets.....	¥483,309	¥81,069	¥31,356	¥595,734
Depreciation.....	3,209	2,698	21	5,928
Capital expenditure	3,690	1,596	(87)	5,199

	For the year ended March 31, 2004			
	Thousands of U.S. dollars			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales				
(1) Sales to outside customers	\$4,032,170	\$550,279	\$ —	\$4,582,449
(2) Intersegment sales	41,678	85,458	(127,136)	—
Total	4,073,848	635,727	(127,136)	4,582,449
Operating expenses.....	4,024,610	609,348	(122,169)	4,511,789
Operating income (loss).....	\$ 49,238	\$ 26,389	\$ (4,967)	\$ 70,660
II. Assets, depreciation and capital expenditure				
Assets.....	\$4,572,893	\$767,045	\$296,679	\$5,636,617
Depreciation.....	30,362	25,528	199	56,089
Capital expenditure	34,913	15,101	(823)	49,191

Notes: 1. Unallocated operating expenses of ¥727 million (\$6,879 thousand) in the column "Elimination/Corporate" mainly consisted of corporate expenses at the administrative department of Maeda Corporation's headquarters.

2. Common assets of ¥39,630 million (\$374,965 thousand) in the column "Elimination/Corporate" mainly consisted 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 exceeded 90% of the consolidated amounts, the 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, the disclosure of details of overseas sales was omitted.

13 SUBSEQUENT EVENTS

The annual meeting of shareholders approved the following appropriations of Maeda Corporation's retained earnings on June 29, 2004.

	Millions of yen	Thousands of U.S. dollars
Appropriations		
Cash dividends (¥9.0 per share)	¥1,666	\$15,763
Total appropriations	¥1,666	\$15,763

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS Report of Independent AuditorsKasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

To the Board of Directors and Shareholders of Maeda Corporation

We have audited the accompanying consolidated balance sheets of Maeda Corporation and its subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Maeda Corporation and its subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2(1), effective for the year ended March 31, 2003, Maeda Corporation and its subsidiaries changed the method of accounting for long-term contracts, with which we concur.

The amounts expressed in U.S. dollars, which are 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 PricewaterhouseCoopers

Tokyo, Japan
June 29, 2004

Outline of the Corporation

(As of March 31, 2004)

Year of Establishment

1919

Date of Incorporation

November 6, 1946

Number of Employees

3,452

Authorized Shares

635,500,000

Outstanding Shares

185,213,602

Paid-in Capital

¥23,455 million

Stock Listing

First Section of the Tokyo Stock Exchange

Head Office

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Tokyo 102-8151, Japan

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Board of Directors

(As of June 29, 2004)

Honorary Chairman and Director

Matabee Maeda

Chairman and Director

Yoichi Fuse

President and Representative Director

Yasuji Maeda

Representative Directors

Mamoru Minemoto

Keiichiro Ueda

Nobuyoshi Kawashima

Directors

Tadashi Hirota

Eiji Sato

Yusaku Tomobe

Kazuo Kudo

Soji Maeda

Masayoshi Ejiri

Kojiro Fukuda

Corporate Auditors

Tatsuo Kaigo

Toshio Kato

Keiji Uesugi

Yasumitsu Kiuchi

Katsutoshi Kuwata

Executive Officers

(As of June 29, 2004)

President and Chief Executive Officer

Yasuji Maeda

Executive Vice Presidents

Mamoru Minemoto

Keiichiro Ueda

Tadashi Hirota

Eiji Sato

Senior Managing Officers

Nobuyoshi Kawashima

Akira Kato

Yusaku Tomobe

Kazuo Kudo

Soji Maeda

Masayoshi Ejiri

Managing Officers

Minoru Yamato

Yasunao Tomioka

Yasuaki Fujimori

Jiro Nakajima

Toshihide Ooki

Kazuo Yamada

Executive Officers

Kojiro Fukuda

Ryuzaburo Inoue

Tsutomu Takahashi

Hiroshi Yokota

Hiroataka Kenchi

Shoichiro Kawase

Masaaki Akashima

Yasuhiko Ichikawa

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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.



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