



MAEDA

# MAEDA

ANNUAL REPORT 2007

*Corporation*



MAEDA



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

*First, I would like to thank our shareholders for their continued support. I am pleased to have this opportunity to report the Company's operating results for fiscal 2007, ended March 31, 2007, the 62nd year since Maeda's incorporation.*

During fiscal 2007, ended March 31, 2007, the Japanese economy maintained a gradual recovery, reflecting export-related companies' sustained strong performance against the backdrop of economic expansion in the United States and China, a continued rise in capital investment, and a further improvement in the hiring and income environment that helped keep personal consumption firm.

Japan's construction industry enjoyed a continued increase in nonresidential projects involving such structures as stores and offices, but public-sector investment fell for the eighth consecutive year, and low bids for public works projects caused the operating environment to become characterized by unprecedented harsh competition for new orders.

Amid these conditions, Maeda Corporation unfortunately faced charges of violating the Waste Disposal and Public Cleaning Law at an office of its Yokohama Branch during the first half of the year and also faced charges of violating the Law concerning the Prohibition of Private Monopoly and Securing of Fair Trade with regard to bidding for a subway construction project of the Nagoya municipal government. In each incident, the Company and one of its employees were charged. We have taken measures to prevent the recurrence of such problems, including measures to punish those involved in the incidents just described, but we are extremely unhappy to have caused our shareholders and other stakeholders considerable concern and annoyance, and I would like to express my sincere apologies for these incidents.

Fiscal 2007 was the final year of our Medium-Term Management Plan. Based on this plan, we implemented various measures with such goals as "strengthening capabilities for providing solutions"

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and “pioneering new markets,” and we also proactively undertook business development initiatives. These efforts enabled us to obtain orders for large-scale “technology proposal-type” projects in Japan and overseas that will make use of our sophisticated and environment-friendly technologies. With respect to the Naoshiya Matabee retail business operations in the housing and commercial building renovation field that we launched in 2001, after six years of improving performance, these operations have demonstrated that they are solidly on track for additional dynamic development. Moreover, they have begun attracting international attention, including business alliance proposals from overseas. In view of this, to promote a further surge of development outside the traditional conception of a general contractor’s operational scope, from April 1, 2007, we have incorporated these retail business operations as JM (Japan Management) Corporation and are intensifying our development of these operations.

Regarding consolidated performance in fiscal 2007, net sales rose 1.3% year on year, to over ¥478.0 billion. Reflecting a drop in the profitability of construction operations, ordinary profit decreased to somewhat over ¥1.9 billion. This and extraordinary losses related to overseas construction project incidents caused the Company to post a net loss of over ¥600 million.

Performance by business segment was as follows.

### **Construction**

The Maeda Group’s operations in the construction segment generated more than ¥435.6 billion in consolidated net sales. The profitability of these operations was negatively impacted by such facts as intensifying competition and surging materials prices, restraining operating profit to somewhat above ¥1.0 billion.

Regarding the parent company, which accounts for most of the Maeda Group’s construction operations, total orders for building projects declined 1.1% year on year, to ¥261.1 billion. Total orders for civil engineering projects fell 7.1%, to ¥109.2 billion, reflecting the impact of extremely low bids submitted by competing companies as well as such factors as temporary punitive suspensions of bidding eligibility in certain regions. Thus, total new orders amounted to somewhat over ¥370.3 billion, down 3.0%. On a nonconsolidated basis, 23.0% of total orders were received from government and other public entities, with the remaining 77.0% obtained from private-sector companies.

Nonconsolidated total sales in the construction segment edged up 0.5%, to somewhat over ¥425.2 billion, reflecting a 4.0% drop in building project sales, to somewhat over ¥265.3 billion, and a 9.0% rise in civil engineering project sales, to somewhat over ¥159.8 billion. The value of uncompleted construction segment work for the fiscal year under review, the balance of which will be carried forward to the next fiscal year, fell 9.3% year on year, to ¥533.9 billion.

### **Other**

The Maeda Group’s operations in the other segment—encompassing a broad range of developing operations that are centered on construction-related operations and extend to service operations—recorded more than ¥42.4 billion in consolidated net sales, up 2.9% year on year, and consolidated operating profit for the segment was somewhat above ¥1.7 billion.

Looking ahead, there is concern regarding the potential negative impact on economic conditions of such factors as trends in U.S. housing investment and in crude oil prices. However, we anticipate a continued trend of improving economic conditions, reflecting the positive influence of strong corporate performances on household budgets.

The construction industry is expected to benefit from firm private-sector investment, but an additional drop in public-sector investment is projected due to the government’s budget restriction policy. We anticipate that this drop and the reevaluation of bidding systems for public-sector projects will further intensify the competition we face from other companies in the industry.

Amid these circumstances, Maeda will energetically strive to realize its fundamental corporate philosophy of “making thorough efforts to develop the human resources needed to be the most trusted company in the construction industry and implementing the reforms needed to build a solid operational base that supports profitable business expansion.” As one means of helping realize this philosophy, we have begun implementing our new Medium-Term Management Plan, which emphasizes such objectives as “becoming a company of thorough CSR management,” “becoming a company of sustained reforms,” and “becoming a services-oriented construction company with the solid foundation of construction skills.” The Maeda Group will concertedly work to realize this fundamental corporate philosophy and implement these emphasized strategies. While creating a “Reborn Maeda” designed to effectively earn the trust of society and customers, we plan to do our utmost to further strengthen and increase the sophistication of our legal compliance and internal control systems throughout the Maeda Group in a manner that brings a strong resurgence in society’s confidence in the Group.

I hope for shareholders’ continued understanding and support.



June 2007  
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 to high-quality standards and technical specifications, on schedule, and 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 176m and an embankment volume of 11.4 million m<sup>3</sup>. The Takase Dam was built for Tokyo Electric Power Co., Inc., in connection with a 1,280MW 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 53.85km, connects Honshu (the main island of Japan) with Hokkaido (the main northern island of Japan) and is currently 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

#### Hyatt Regency Guam

Located on Guam's Tumon Bay, this luxury resort hotel boasts 14 stories and a total floor area of 62,510m<sup>2</sup>.

#### Shenzhen Jing Guang Center (China)

This reinforced concrete, multi-use building, 140m high with a total floor area of 92,000m<sup>2</sup>, houses offices, complex housing, and commercial facilities.

#### Hong Kong International Airport Passenger Terminal Building

Used by 35 million people annually, this "superhub" handles air freight volume totaling 1.3 million tons each year and has a total floor area of 516,000m<sup>2</sup>.

### 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' 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 U.S. 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 900MW 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 m<sup>3</sup> Shuikou concrete gravity dam in Fujian Province.

Maeda's operations in Hong Kong date back to 1963. For over 40 years, Maeda has maintained a presence in the region as a major contractor that delivers key infrastructure projects on time, on budget, and to the highest standards.

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 the 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 10km 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, and, again, Maeda is participating as a contractor for railway viaducts.

Also, Maeda is currently constructing Stonecutters Bridge—the world's longest cable-stayed bridge.

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

### 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 throughout 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.

Maeda has a long record of subway-related operations in Taiwan dating back to 2002, when it obtained a contract for the CO2 Section of the Kaohsiung Metro Orange Line. The Company's currently operations in Taiwan include work on Taipei's subway network based on the Songshan Line Sectional Contract CG590A.

In Sri Lanka, Maeda obtained a contract for the Upper Komale Hydropower Project Lot 1 & Lot 2 Civil Works project and is currently moving forward with related work.



## Completed Works (Civil Engineering Projects)



**Chuo Line: Elevated Railway Track between Musashisakai and Higashi Koganei Stations**

This order entailed the construction of 1,075.5m of elevated railway track between Musashisakai and Higashi Koganei stations within a larger project aimed at elevating 13.1km of track on JR East's Chuo Line between Mitaka Station and Tachikawa Station. This project will eventually enable the elimination of 18 railway crossings, improve road traffic flows, and enhance safety. Currently, the westbound portion of the line has already been elevated and work on elevating the eastbound portion is proceeding.



**Main Body of the Taiho Saddle Dam**

Maeda constructed the main body of the saddle dam in an Okinawa General Bureau project covering the construction of the Taiho main dam and saddle dam. This dam complex is expected to bring considerably benefits by controlling flooding, regulating river flow, and providing drinking water. Execution of related construction work required considerable efforts to minimize the impact on the Northern Okinawa environment and preserve rare animal habitats. For example, almost all the banking material used was excavated from the reservoir site.



**Hamada-Sakugi Road: Hinui Area Regional Road Hinui Tunnel (Proposed Name)**

Within a project aimed at improving a regional road that begins in the city of Hamada in Shimane Prefecture, passes through the town of Oonan, and extends to the Sakugi area of the city of Miyoshi in Hiroshima Prefecture, Maeda handled the construction of an 848m section of prefectural road extension (including an 825m tunnel.) The tunnel was created using a concrete-packing vibrator system,\* and measures were taken to improve the quality of the tunnel's concrete lining through the use of special concrete blending methods. This tunnel is expected to facilitate transportation, invigorate local communities, and promote regional economic development.

\* The concrete-packing vibrator system entails the setting of four vibrators on the concrete molding forms used to shape the tunnel's lining to ensure that the concrete packs solidly, particularly the concrete lining the tunnel's roof.

### MTR5201 Tung Chung Cable Car

This project entailed the construction of a new 5.7km ropeway linking the Tung Chung MTR Station on Hong Kong's Lantau Island to Ngong Ping, the location of the Po Lin monastery's Tian Tan Buddha—one of the world's largest seated-posture Buddha statues. In addition to the two stations, the cable-car line includes two angle stations, where the direction of the route is changed. The cable is supported by eight steel towers, which are linked by a 5km emergency evacuation road. A theme park and commercial facilities near Ngong Ping Station were constructed at the same time as the construction of the cable-car line. Because the construction sites are within a national park, many special measures were taken to protect the natural environment, including the use of helicopters to carry in materials without removing trees. In view of these measures, the project was awarded the top prize in a program of awards given by Hong Kong's environmental protection agency to environment-friendly companies.



## Completed Works (Building Projects)



### Keisei-Hikifune Station-Front East No. 1 Area, No. 1 Urban Street Redevelopment

This building is a residential facility constructed as part of a redevelopment project aimed at creating lively and safe neighborhoods in the vicinity of Keisei-Hikifune Station. Because of the site's soft ground, the project required considerable time for foundation improvement and other underground work, but Maeda worked to shrink overall construction time while improving quality by designing the structure with an eye to maximizing the use of prefabricated components in aboveground pillars, beams, floors, and balconies. To promote interaction with the local community, the Company took such measures as arranging for students at a nearby primary school to design workers' uniforms and paint the temporary fence surrounding the site during the construction period.



### Dormy Inn Kanazawa

This structure, located only two minutes by foot from JR Kanazawa Station, has a basic design that is modern but harmonizes with the atmosphere of historic Kanazawa, making it a business hotel that presents a strikingly artistic appearance. In addition to 304 guest rooms, the 14-story hotel features a large natural hot spring facility with a sauna on its roof. The open-air bath areas are used by many tired businesspeople as a means of relaxing and recuperating from their busy schedules while gazing at the stars.



### APITA Anjo-Minami

This structure in Aichi Prefecture's Anjo—a city often referred to as “Japan's Denmark”—is a commercial complex that includes a directly operated APITA store, specialty shops, and a parking lot that was comprehensively designed and constructed by Maeda. Aimed at replicating a Northern European ambience, it features extra-high ceilings that generate a liberating atmosphere and spacious sales areas that encourage shoppers to browse leisurely. Moreover, it has been certified in accordance with Japan's Barrier-Free Law as a complex that caters to the special needs of elderly and physically challenged people.



### Asahi Shimbun Hanshin Plant

Maeda participated from the presentation stage in design work for this plant—the 22th such facility to be established by the Asahi Shimbun Company—and led a joint venture that won a bidding process in competition with four other joint ventures to obtain the contract for the plant's construction. Currently equipped with three newspaper rotary presses that are each capable of printing 180,000 newspapers per hour, this plant daily produces 450,000 newspapers for distribution in the Kobe region.



# Maeda News

## Establishment of JM Corporation

Established on April 1, 2007, JM Corporation has taken over Maeda's Naoshiya Matabee retail operations. JM is continuing to use the Naoshiya Matabee name to represent its services as it works to further expand the operations it has inherited.

Plans call for JM to employ the following three systems to provide services that are more sophisticated and efficient than those of competing companies.

### (1) Total Process Management System (TPMS)

By providing support for a full range of building life-cycle processes, from planning and design through maintenance and administration, the TPMS helps comprehensively reduce customers' costs.

The system performs on-site measurements with a 3-D camera and then uses 3-D photographs to enable the employment of low-cost 3-D simulations in conjunction with planning and design work. In addition, the 3-D planning simulations can be used to automatically produce design blueprints. These capabilities greatly increase the efficiency of construction work and related management processes.

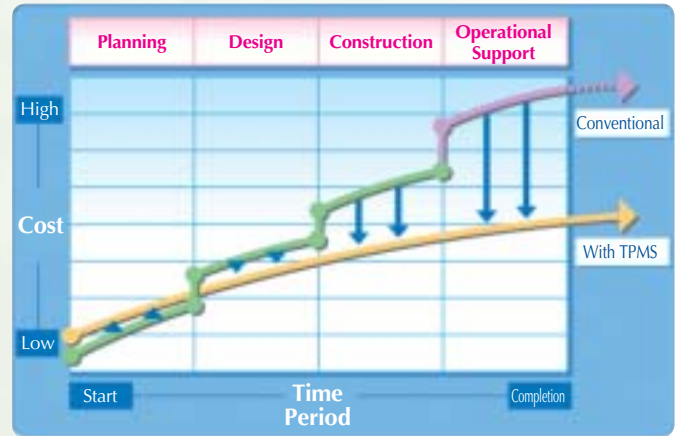
### (2) Application Service Provider (ASP) Service

By integrating information that was previously dispersed among various people involved with construction projects, the ASP service ensures that project participants share the same information, and it therefore helps participants reach agreements and collaborate. Because this information integration service also helps prevent information loss due to information use by other participants or information processing measures, it is enabling on-time construction project administration using information accessed via the Internet.

### (3) Maeda Stereo Photo System 3-D (MSP-3D)

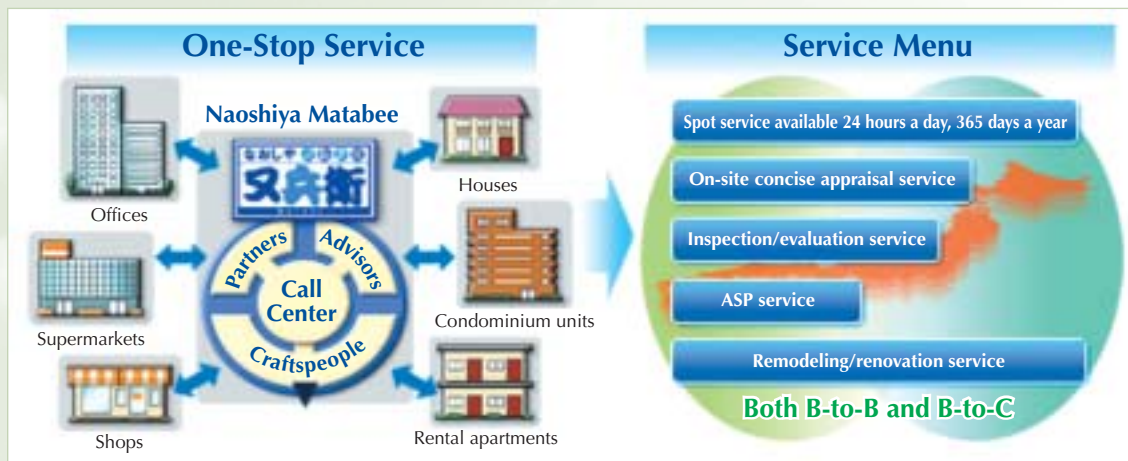
By transforming reality into 3-D models, the MSP-3D supports diverse planning and simulation processes that facilitate construction project design work.

Building on the operational base inherited from Maeda, JM is expected to play an important role in the Maeda Group by helping extend buildings' useable life spans (reducing the cost of social capital), facilitate the training of construction professionals, and boost the vitality of local communities.



### Company Overview

Company name	JM (Japan Management) Corporation
Brand	Naoshiya Matabee
Head office address	2-10-32 Fujimi, Chiyoda-ku, Tokyo 102-0071 Tel: (03) 5276-5461 Fax: (03) 5276-5321
Service centers	14 facilities (Sapporo, Sendai, Saitama, Chiba, East Tokyo, West Tokyo, Yokohama, Nagano, Toyama, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka)
Capital	¥250 million
Net sales	¥6,835 million (fiscal year ended March 2007)
Representative	Hiroataka Ohtake, President and Representative Director
Number of employees	123 (As of March 2007)
Main businesses	1) Inspection and appraisal of buildings and facilities 2) Repair and renovation of buildings and facilities 3) Design and construction of buildings 4) Call center liaison services 5) Facility management services 6) Customer support services 7) ASP services 8) Supplementary services related to all the above
Government registration	Construction Law: Ministry of Land, Infrastructure and Transport permit (Special-18) #22096
Website	<a href="http://www.matabee.com">http://www.matabee.com</a>





## New Policy for Responding to Major Acquisitions of Maeda Stock (Takeover Defense)

The 62nd General Meeting of Shareholders has approved Maeda’s introduction of a policy for responding to large purchases of its stock and thereby protecting its corporate value as well as the interests of its shareholders.

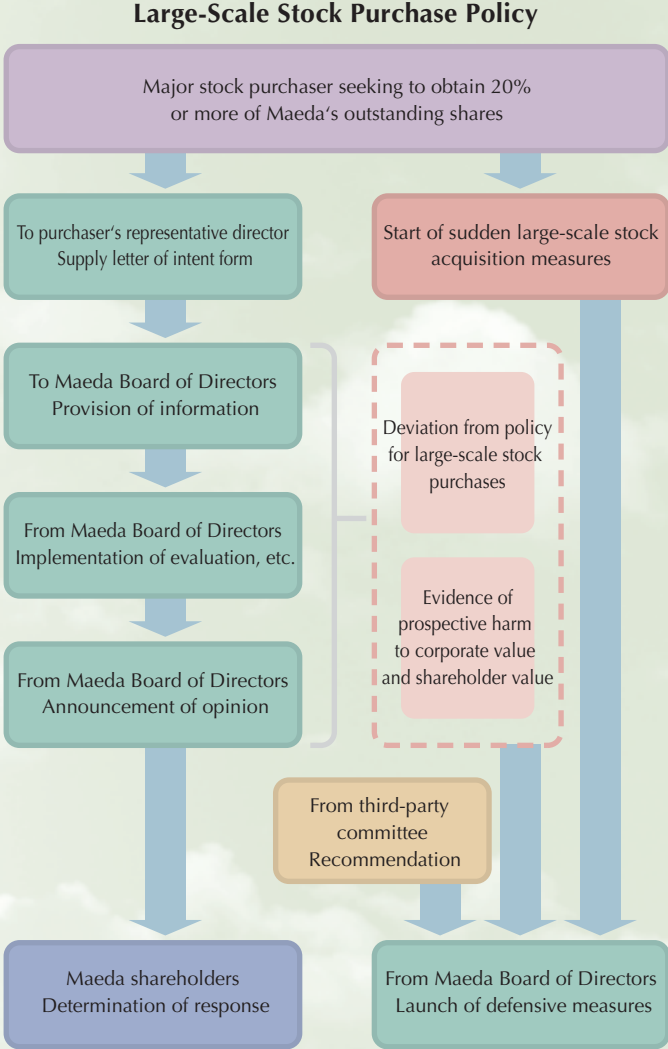
Maeda is a publicly listed company, and its stock may be freely traded. In view of this, when it comes to deciding whether to sell shares to a specified party that is purchasing a large stake in Maeda, the Company believes that the decision should ultimately be left to its shareholders.

On the other hand, among the various potential scenarios involving large purchases of Maeda stock, there are some scenarios in which it may not be totally clear that the purchaser does not intend to abuse its shareholding. Such situations have the potential to harm the common interest of Maeda shareholders.

The newly introduced stock acquisition response policy focuses on parties making large share purchases with the objective of obtaining a stake of 20% or more of Maeda’s voting rights. By creating rules for such large-scale stock purchases in advance, the policy is designed to enable other shareholders to obtain sufficient information to make appropriate investment decisions as well as a specified period of time to consider those decisions.

Moreover, in cases where the large-scale stock purchaser does not comply with these rules and it is believed that the purchaser is threatening to significantly harm Maeda’s corporate value and the interests of its shareholders, the Company’s Board of Directors will do its utmost to follow the recommendations of a third-party committee comprised of well-informed and independent individuals from outside the Company in deciding whether to implement such defensive measures as the issue of new stock warrants.

Based on Maeda’s desire to respect the opinions of its shareholders, the new policy will be effective for one year, until the 63rd General Meeting of Shareholders held on June 30, 2008.



## First Place for Proposal for Design and Construction of Major Automobile Manufacturer's Employee Dormitory



Concept illustration

### Project Details

Location	Komenoki, Nisshin, Aichi Prefecture
Construction period	April 2007 to December 2008
Site area	9,274m <sup>2</sup>
Building area	4,509m <sup>2</sup>
Floor area	37,114m <sup>2</sup>
Structure	Housing tower: Reinforced concrete, 24 stories Parking: Steel frame, 4 stories

A Maeda design and construction work proposal for a major automobile manufacturer's high-rise employee dormitory (24 floors with 582 residential units) has been judged No. 1 among competing proposals.

The competition included three rounds of presentations at which competitors were required to explain the environment friendliness, safety, ease of maintenance, harmony with surroundings, and diverse other characteristics of their proposals. Maeda made special efforts to ensure its proposal reflects the customer's efforts with respect to environment friendliness and safety.

Regarding environment friendliness, Maeda's proposal calls for structures with heights and shapes that do not cause hazardous winds and that feature warm colors that harmonize well with the structures' surroundings. Moreover, the proposal calls for promoting zero waste generation during construction work and limiting construction-related noise. As a result of these efforts, the structures earn an "A" grade for environment-friendly characteristics according to the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) standard.

To assure a high degree of safety even in the case of earthquakes, the dormitory will incorporate sophisticated seismic isolation technologies for high-rise structures. Maeda has a considerable amount of experience in developing and applying such technologies. Moreover, the extensive use of precast components\* is expected to shrink construction time while boosting structural quality.

\* Precast components are precast concrete panels that are manufactured in a factory and assembled at the construction site.

## Taiwan: Taipei Subway Construction Order

Based on Maeda's experience and technologies as well as the reasonable price offer, Maeda and local partners have won a competitive bidding process to obtain a contract for Lot CG590A of the Taipei MRT system in Taipei, Taiwan.

The order covers a portion of the Songshan Line, an 8.5km subway line in the center of Taipei. This portion—a 2.9km section linking the Bannan Line Ximen Station with the Xinzhuang Line Songjiang Nanjing Station, which is currently under construction—will include four stations and eight shield tunnels. The order covers a considerable volume of construction work, including escalators, instrumentation, and other facilities within stations as well as the laying of Songshan Line track, and it is the largest order related to the Taipei subway system to be received by a Japan-based construction company.

The order calls for extremely difficult construction work associated with the creation of tunnels that pass under existing subway tunnels and elevated track foundations as well as the creation of ultra-deep tunnels (37m below the surface) under densely developed urban areas. The execution of work in the bustling shopping district near Taipei Station will require detailed attention to measures to minimize the disturbance caused to affected neighborhoods along with highly advanced technological capabilities and work management capabilities.

Maeda's performance in Taiwan now includes work for four orders, beginning with an order for the Kaohsiung subway system obtained in 2002. The Company plans to continue proactively marketing its services in Taiwan, making the Taiwan market a principal base of its overseas business.



Concept illustration

### Project Details

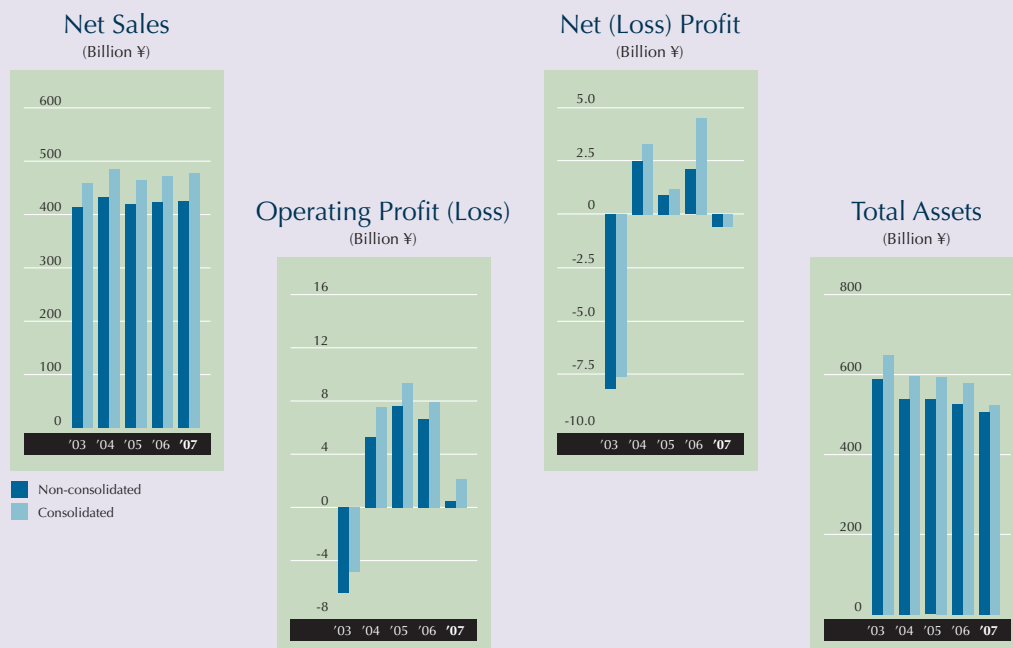
Location	Zhong Hua Road Section 1 and Nanjing East Road Section 2
Customer	Taipei City Government, Department of Rapid Transit Systems
Order value	NT\$9,400 million (Approximately ¥32.9 billion; Maeda portion approximately ¥19,740 million)
Construction period	December 2006 to February 2015
Structures	Subway station structures (including facilities): Four stations (two new stations and two station expansions) Shield tunnels: Eight tunnels with total length of 4,000m (interior diameter: 5.6m)

# CONSOLIDATED FINANCIAL HIGHLIGHTS

Maeda Corporation and Consolidated Subsidiaries  
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note)
	2006	2007	2007
<b>For the year:</b>			
Net sales.....	¥471,946	<b>¥478,031</b>	<b>\$4,049,394</b>
Operating profit.....	7,875	<b>2,071</b>	<b>17,543</b>
Net (loss) profit.....	4,547	<b>(633)</b>	<b>(5,362)</b>
<b>At year-end:</b>			
Total assets.....	577,783	<b>552,928</b>	<b>4,683,846</b>
Total shareholders' equity.....	185,099	<b>156,909</b>	<b>1,329,175</b>

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of ¥118.05=US\$1, the exchange rate prevailing on March 31, 2007.





# CONSOLIDATED BALANCE SHEETS

Maeda Corporation and Consolidated Subsidiaries  
March 31, 2006 and 2007

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2006	2007	2007
<b>Current Assets:</b>			
Cash and time deposits (Note 8).....	¥ 28,790	¥ 27,583	\$ 233,655
Marketable securities (Note 4).....	820	1,462	12,385
Trade receivables:			
Notes.....	29,112	16,971	143,761
Accounts.....	102,423	130,797	1,107,980
Allowance for doubtful accounts.....	(775)	(650)	(5,506)
	130,760	147,118	1,246,235
Inventories (Note 7).....	169,135	123,839	1,049,039
Deferred tax assets (Note 11).....	10,603	11,339	96,052
Other current assets.....	35,060	33,988	287,912
Total Current assets.....	375,168	345,329	2,925,278
<b>Investments and other assets:</b>			
Investments in securities (Notes 4 and 8).....	79,422	94,025	796,485
Investments in and advances to unconsolidated subsidiaries and affiliates.....	29,821	30,432	257,789
Deferred tax assets (Note 11).....	2,004	213	1,804
Other investments.....	36,121	27,982	237,035
Allowance for doubtful accounts.....	(17,536)	(9,783)	(82,872)
Total Investments and other assets.....	129,832	142,869	1,210,241
<b>Property and equipment, at cost (Note 8):</b>			
Buildings and structures.....	81,405	62,294	527,692
Machinery and equipment.....	23,268	24,128	204,388
Ship and vehicles.....	4,421	4,441	37,620
Tools, furniture and fixtures.....	8,358	7,602	64,396
Land.....	32,344	32,836	278,153
Construction in progress.....	117	52	441
	149,913	131,353	1,112,690
Accumulated depreciation	(77,130)	(66,623)	(564,363)
Property and equipment, net.....	72,783	64,730	548,327
<b>TOTAL ASSETS.....</b>	<b>¥577,783</b>	<b>¥552,928</b>	<b>\$4,683,846</b>

The accompanying notes are an integral part of these statements.

LIABILITIES & NET ASSETS (LIABILITIES AND SHAREHOLDERS' EQUITY)	Millions of yen		Thousands of U.S. dollars (Note 3)
	2006	2007	2007
<b>Current Liabilities:</b>			
Short-term debt (Note 8).....	¥ 59,226	¥ 48,440	\$ 410,335
Trade payables.....	73,541	70,795	599,703
Advances on construction work in progress.....	133,632	111,573	945,133
Accrued income taxes.....	5,291	816	6,912
Allowance for repairs and warranty.....	745	722	6,116
Accrued bonuses for employees.....	2,986	2,479	21,000
Accrued bonuses for directors.....	—	36	305
Reserve for defects on completed works.....	312	320	2,711
Allowance for losses on construction contracts.....	7,124	3,592	30,428
Allowance for losses on penal charges and other.....	—	480	4,066
Other current liabilities.....	24,183	24,455	207,158
Total Current liabilities.....	307,040	263,708	2,233,867
<b>Long-Term Liabilities:</b>			
Long-term debt (Note 8).....	46,866	56,951	482,431
Reserve for retirement benefits (Note 10).....	27,751	18,464	156,408
Deferred tax liabilities (Note 11).....	—	9,275	78,586
Other long-term liabilities.....	6,979	8,135	68,912
Total Long-term liabilities.....	81,596	92,825	786,319
<b>Commitments and Contingent Liabilities (Note 12)</b>			
Minority interests in consolidated subsidiaries.....	4,048	—	—
<b>Shareholders' equity:</b>			
Common stock (Note 15).....	23,455	—	—
Additional paid-in capital.....	31,666	—	—
Retained earnings.....	106,470	—	—
Unrealized gain on investments in securities.....	28,280	—	—
Adjustments on foreign currency statement translation.....	(46)	—	—
Treasury stock, at cost (Note 8).....	(4,726)	—	—
Total Shareholders' equity.....	185,099	—	—
<b>TOTAL LIABILITIES, MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES AND SHAREHOLDERS' EQUITY.....</b>	<b>¥577,783</b>	<b>—</b>	<b>—</b>
<b>Net Assets</b>			
<b>Shareholders' equity:</b>			
Common stock (Note 15).....	—	23,455	198,687
Additional paid-in capital.....	—	31,710	268,615
Retained earnings.....	—	104,236	882,982
Treasury stock, at cost.....	—	(2,492)	(21,109)
Total Shareholders' equity.....	—	156,909	1,329,175
<b>Valuation and translation adjustments:</b>			
Unrealized gain on investments in securities.....	—	33,759	285,972
Adjustments on foreign currency statement translation.....	—	(32)	(271)
Total Valuation and translation adjustments.....	—	33,727	285,701
Minority interests in consolidated subsidiaries.....	—	5,759	48,784
Total Net assets.....	—	196,395	1,663,660
<b>TOTAL LIABILITIES &amp; NET ASSETS.....</b>	<b>—</b>	<b>¥552,928</b>	<b>\$4,683,846</b>





# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Maeda Corporation and Consolidated Subsidiaries  
Years ended March 31, 2006 and 2007

	Millions of yen									
	Shareholders' equity					Valuation and translation adjustments				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Total Shareholders' equity	Unrealized gain on investments in securities	Adjustments on foreign currency statement translation	Total Valuation and translation adjustments	Minority interests in consolidated subsidiaries	Total Net assets
Balance at March 31, 2006 .....	¥23,455	¥31,666	¥106,470	¥(4,726)	¥156,865	¥28,280	¥(46)	¥28,234	¥4,048	¥189,147
Changes during the current period:										
Cash dividends paid										
at ¥9.0 per stock.....	—	—	(1,526)	—	(1,526)	—	—	—	—	(1,526)
Bonuses to directors .....	—	—	(75)	—	(75)	—	—	—	—	(75)
Increase of retained earnings.....	—	—	—	—	—	—	—	—	—	—
Net profit (loss)										
for current period.....	—	—	(633)	—	(633)	—	—	—	—	(633)
Increase of treasury stock.....	—	—	—	(4)	(4)	—	—	—	—	(4)
Disposal of treasury stock.....	—	44	—	2,238	2,282	—	—	—	—	2,282
Net changes other than shareholders' equity.....	—	—	—	—	—	5,479	14	5,493	1,711	7,204
Total changes during the current period .....	—	44	(2,234)	2,234	44	5,479	14	5,493	1,711	7,248
Balance at March 31, 2007 .....	¥23,455	¥31,710	¥104,236	¥(2,492)	¥156,909	¥33,759	¥(32)	¥33,727	¥5,759	¥196,395

	Thousands of U.S. dollars (Note 3)									
	Shareholders' equity					Valuation and translation adjustments				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Total Shareholders' equity	Unrealized gain on investments in securities	Adjustments on foreign currency statement translation	Total Valuation and translation adjustments	Minority interests in consolidated subsidiaries	Total Net assets
Balance at March 31, 2006 .....	\$198,687	\$268,242	\$901,906	\$(40,034)	\$1,328,801	\$239,560	\$(390)	\$239,170	\$34,291	\$1,602,262
Changes during the current period:										
Cash dividends paid										
at \$0.08 per stock.....	—	—	(12,927)	—	(12,927)	—	—	—	—	(12,927)
Bonuses to directors .....	—	—	(635)	—	(635)	—	—	—	—	(635)
Increase of retained earnings.....	—	—	—	—	—	—	—	—	—	—
Net profit (loss)										
for current period.....	—	—	(5,362)	—	(5,362)	—	—	—	—	(5,362)
Increase of treasury stock.....	—	—	—	(33)	(33)	—	—	—	—	(33)
Disposal of treasury stock.....	—	373	—	18,958	19,331	—	—	—	—	19,331
Net changes other than shareholders' equity.....	—	—	—	—	—	46,412	119	46,531	14,493	61,024
Total changes during the current period .....	—	373	(18,924)	18,925	374	46,412	119	46,531	14,493	61,398
Balance at March 31, 2007 .....	\$198,687	\$268,615	\$882,982	\$(21,109)	\$1,329,175	\$285,972	\$(271)	\$285,701	\$48,784	\$1,663,660

The accompanying notes are an integral part of these statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Maeda Corporation and Consolidated Subsidiaries  
Years ended March 31, 2006 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2006	2007	2007
<b>Cash Flows from Operating Activities:</b>			
Profit before income taxes and minority interests .....	¥ 7,052	¥ 560	\$ 4,744
Depreciation.....	6,993	6,291	53,291
Impairment loss on fixed assets.....	329	294	2,490
Increase (decrease) in allowance for doubtful accounts.....	778	(297)	(2,516)
Increase (decrease) in allowance for losses on construction contracts.....	7,124	(3,532)	(29,920)
Decrease in reserve for retirement benefits .....	(159)	(2,354)	(19,941)
Interest and dividend income .....	(1,428)	(1,666)	(14,113)
Interest expense .....	1,747	2,144	18,162
Foreign exchange loss (gain) .....	341	(209)	(1,770)
Gain on sale of securities.....	(2,060)	(1,194)	(10,114)
(Write-down of securities)/Gain on revaluation of securities.....	(73)	430	3,643
Increase in trade receivables .....	(22,958)	(19,448)	(164,744)
Decrease in construction work in progress.....	36,745	51,096	432,834
Decrease (increase) in other inventories .....	1,532	(6,246)	(52,910)
Decrease in trade payables .....	(4,213)	(1,689)	(14,308)
Decrease in advances on construction .....	(43,443)	(21,677)	(183,626)
Other.....	(6,905)	2,842	24,075
Subtotal.....	(18,598)	5,345	45,277
Receipt of interest and dividend income .....	1,592	2,019	17,103
Payment of interest expenses.....	(1,729)	(2,150)	(18,213)
Payment of income taxes .....	(2,436)	(4,457)	(37,755)
Cash flows from operating activities.....	(21,171)	757	6,412
<b>Cash Flows from Investing Activities:</b>			
Acquisition of marketable securities .....	—	(806)	(6,827)
Proceeds from sale of marketable securities .....	75	826	6,997
Acquisition of property and equipment and intangible assets.....	(6,311)	(6,448)	(54,621)
Proceeds from sale of property and equipment and intangible assets.....	429	1,463	12,393
Acquisition of investments in securities.....	(6,227)	(6,512)	(55,163)
Proceeds from sale of investments in securities.....	3,102	1,277	10,818
Proceeds from sale of a subsidiary's stocks bringing a change of the scope of consolidation.....	—	1,956	16,569
Lending of long-term loans receivable.....	(4,879)	(930)	(7,878)
Collection of long-term loans receivable .....	1,145	353	2,990
Other.....	348	41	347
Cash flows from investing activities .....	(12,318)	(8,780)	(74,375)
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term debt.....	(51)	737	6,243
Borrowing of long-term debt .....	12,700	1,290	10,928
Repayment of long-term debt.....	(9,691)	(3,025)	(25,625)
Proceeds from issuance of bonds.....	—	25,000	211,775
Repayment of bonds.....	—	(15,500)	(131,300)
Payment of cash dividends.....	(1,526)	(1,526)	(12,927)
Proceeds from sale of treasury stocks.....	203	158	1,338
Acquisition of treasury stocks.....	(12)	(4)	(34)
Payment of cash dividends to minority shareholders .....	(5)	(45)	(381)
Cash flows from financing activities.....	1,618	7,085	60,017
<b>Exchange difference of cash and cash equivalents .....</b>	<b>136</b>	<b>163</b>	<b>1,381</b>
<b>Decrease in cash and cash equivalents .....</b>	<b>(31,735)</b>	<b>(775)</b>	<b>(6,565)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>59,516</b>	<b>27,781</b>	<b>235,332</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>¥27,781</b>	<b>¥27,006</b>	<b>\$228,767</b>

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 17 subsidiaries (“controlling companies,” wherein the decision-making body of the entity is controlled) as of March 31, 2007. The consolidated financial statements include the accounts of the Company and five of its subsidiaries, as listed below:

Name of subsidiary	March 31, 2007		
	Equity ownership percentage, including indirect ownership	Capital stock	
		Millions of yen	Thousands of U.S. dollars
Maeda Seisakusho Co., Ltd. ...	43.0%	¥3,160	\$26,768
Fujimi Koken Co., Ltd. ....	50.0	250	2,118
Fujimi Building Services Co., Ltd. ....	75.0	100	847
Seiyu Estate Co., Ltd. ....	98.8	50	424
Miyama Kogyo Co., Ltd. ....	74.2	25	212

Hikarigaoka Corporation, included in the consolidated financial statements for the year ended March 31, 2006, is excluded since its stocks held by the other consolidated subsidiary were partially sold to the third parties outside the group.

The accounts of the remaining 12 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

As of March 31, 2007, the Company had eight affiliates (“influencing companies,” wherein the financial and operating or business decision-making body of an entity that is not a subsidiary can be influenced to a material degree).

Investments in five unconsolidated subsidiaries and four 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 as of March 31, 2007 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

Sales are principally recognized on the percentage-of-completion method except for those contracts of less than ¥100 million (\$847 thousand) for short-term (less than one (1) year), which are on the completed-contract method.

Sales for the year ended March 31, 2007 include ¥204,933 million (\$1,735,985 thousand) of sales on the percentage-of-completion method.

### (2) Changes in the accounting policy

#### (a) Directors' bonuses

The "Accounting standards for the directors' bonuses" (Corporate Accounting Standard No. 4 dated November 29, 2005) is adopted from this fiscal year.

This change decreases the operating profit and the profit before income taxes and minority interests by ¥36 million (\$305 thousand), respectively.

#### (b) The statement of the net assets in the balance sheet

The "Accounting standards for the statement of the net assets in the balance sheet" (Corporate Accounting Standard No. 5 dated December 9, 2005) and the "Guideline of accounting standards for the statement of the net assets in the balance sheet" (Guideline for Corporate Accounting Standard No. 8 dated December 9, 2005) are adopted from this fiscal year.

There is no impact to the profit and loss by this change.

The amount corresponding to conventional "total shareholders' equity" in the balance sheet is ¥190,636 million (\$1,614,876 thousand).

### (3) Change in the statement of the balance sheet

The account title "Deferred tax liabilities," which was included in "Other long-term liabilities" in the previous fiscal year, is independently stated since the amount of deferred tax liabilities exceeds 1/100 of the total amount of the liabilities and the net assets in this fiscal year.

The amount of the deferred tax liabilities in the previous fiscal year was ¥3,186 million.

### (4) 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 the 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 the 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 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 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 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.

**(5) 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.

**(6) Property and equipment**

Depreciation of property and equipment is computed by the declining balance method over the estimated useful lives of respective assets except for buildings (not including facilities annexed to buildings) acquired after April 1, 1998, whose depreciation is computed by the straight-line method over the estimated useful lives of respective assets.

Useful lives and residual values of property and equipment are in accordance with the Income Tax Law of Japan.

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.

**(7) 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.

**(8) Accrued bonuses for employees**

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

**(9) Accrued bonuses for directors**

Accrued bonuses for directors represents the estimated amount of bonuses to directors attributable to their services rendered within the period.

**(10) Reserve for defects on completed works**

A reserve has been provided based on the previous fiscal year's record in respect of the expenses for defect liabilities of the completed works.

**(11) Allowance for losses on construction contracts**

An allowance for losses on construction contracts has been provided based on an estimate of the total losses which can be anticipated for the future and beyond in respect of construction contracts on which eventual losses are deemed inevitable and amounts thereof can reasonably be estimated.

**(12) Allowance for losses on penal charges and other**

An allowance for losses on penal charges and other in connection with violation of the Antitrust Law of Japan has been provided based on an estimate from reference cases.

**(13) Reserve for retirement benefits**

The accrued retirement benefit represents the estimated present value of projected benefit obligations and plan assets for the employees.

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.

In February 2007, the Company and certain consolidated subsidiaries transferred the retirement allowance plan partially to the defined contribution pension plan in accordance with enforcement of the Defined Contribution Pension Law of Japan, and the "Accounting procedures for the transfer and others between the retirement pension plans" (Guideline for Corporate Accounting Standard No. 1) is adopted from this fiscal year.

The impact from this transfer is ¥225 million (\$1,906 thousand), and it is included in "Other, net" of Other expenses in the Consolidated Statements of Income.

**(14) 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.

**(15) Amortization of goodwill**

Goodwill or negative goodwill is amortized on a straight-line basis over 5 years.

In case that there is no materiality in amount, goodwill or negative goodwill is, however, amortized at once.

**(16) 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.

### 3 U.S. DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥118.05=US\$1, the rate of exchange on March 31, 2007, 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 as of March 31, 2006 and 2007 is summarized as follows:

#### (1) Market Value of Bonds Held to Maturity

Not applicable

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

March 31, 2006	Millions of yen		
	Acquisition cost	Book value	Net
Securities with book values that exceed acquisition cost:			
Stocks.....	¥24,619	¥72,522	¥47,903
National/Municipal bonds .....	—	—	—
Corporate bonds.....	—	—	—
Other .....	344	389	45
Subtotal.....	¥24,963	¥72,911	¥47,948
Securities with book values do not exceed acquisition cost:			
Stocks.....	¥ 627	¥ 516	¥ (111)
National/Municipal bonds .....	202	199	(3)
Corporate bonds.....	—	—	—
Other .....	669	644	(25)
Subtotal.....	1,498	1,359	(139)
Total .....	¥26,461	¥74,270	¥47,809

Note: ¥220 million of loss on impairment of available-for-sale securities with defined values for the year ended March 31, 2006 was recorded.

March 31, 2007	Millions of yen		
	Acquisition cost	Book value	Net
Securities with book values that exceed acquisition cost:			
Stocks.....	¥28,000	¥85,312	¥57,312
National/Municipal bonds .....	—	—	—
Corporate bonds.....	498	499	1
Other .....	497	538	41
Subtotal.....	¥28,995	¥86,349	¥57,354
Securities with book values that do not exceed acquisition cost:			
Stocks.....	¥ 2,772	¥ 2,447	¥ (325)
National/Municipal bonds .....	202	200	(2)
Corporate bonds.....	304	302	(2)
Other .....	652	641	(11)
Subtotal.....	3,930	3,590	(340)
Total .....	¥32,925	¥89,939	¥57,014

March 31, 2007	Thousands of U.S. dollars		
	Acquisition cost	Book value	Net
Securities with book values that exceed acquisition cost:			
Stocks.....	\$237,188	\$722,677	\$485,489
National/Municipal bonds .....	—	—	—
Corporate bonds .....	4,219	4,227	8
Other .....	4,209	4,557	348
Subtotal .....	\$245,616	\$731,461	\$485,845
Securities with book values that do not exceed acquisition cost:			
Stocks.....	\$ 23,482	\$ 20,729	\$ (2,753)
National/Municipal bonds .....	1,711	1,694	(17)
Corporate bonds .....	2,575	2,558	(17)
Other .....	5,523	5,430	(93)
Subtotal .....	33,291	30,411	(2,880)
Total .....	\$278,907	\$761,872	\$482,965

Note: ¥107 million (\$906 thousand) of loss on impairment of available-for-sale securities with defined values for the year ended March 31, 2007 is recorded.

Unrealized gain on securities is recorded as a separate component of the net assets, net of tax.

### (3) “Available-for-sale Securities” sold

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Amount sold.....	¥3,052	¥1,006	\$8,522
Gains .....	2,095	839	7,107
Losses .....	(35)	(2)	(17)

### (4) Major components and book values of securities without market value

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Book value as of March 31			
Bonds held to maturity:			
Overseas unlisted bonds.....	¥ 500	¥ —	\$ —
Domestic unlisted bonds .....	425	320	2,711
Other securities:			
Unlisted stocks .....	5,047	5,228	44,286

Notes: 1. ¥18 million of loss on impairment of other securities without market value for the year ended March 31, 2006 was recorded.

2. ¥124 million (\$1,050 thousand) of loss on impairment of other securities without market value for the year ended March 31, 2007 is recorded.

### (5) Repayment schedule for Available-for-sale securities and Bonds held to maturity

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Book value as of March 31			
Within 1 year .....	¥820	¥1,462	\$12,385
Over 1 year and within 5 years .....	786	167	1,415
Over 5 years and within 10 years .....	137	271	2,296
Over 10 years.....	389	400	3,388

## 5 IMPAIRMENT LOSS ON FIXED ASSETS

The impairment of fixed assets for the years ended March 31, 2006 and 2007 related primarily to the significant decrease in the market value of the Company’s land as well as to the overall deterioration of its business environment.

Loss on impairment of fixed assets for the year ended March 31, 2006 and 2007 consist of the followings:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Metropolitan area:			
Land .....	¥ —	¥ 85	\$ 720
Buildings and structures.....	—	204	1,728
Other area:			
Land .....	5	5	42
Buildings and structures.....	323	—	—
Total.....	¥328	¥294	\$2,490

The recoverable amounts of the fixed assets are the larger of: (1) their net realizable values based on amounts determined by valuations made in accordance with real estate appraisal standards or publicly assessed land values in the case of less material properties, or (2) the present values of expected future cash flows from on-going utilization and subsequent disposition of the fixed assets based on a discount rate of 4.9%.

## 6 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 is 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**

Not applicable

**7 INVENTORIES**

As of March 31, 2006 and 2007, inventories consist of the followings:

March 31,	Millions of yen		Thousands of
	2006	2007	U.S. dollars
Construction work in progress...	¥159,601	¥108,182	\$ 916,408
Real estate held for sale .....	6,349	12,861	108,946
Other inventories.....	3,185	2,796	23,685
	¥169,135	¥123,839	\$1,049,039

**8 SHORT-TERM DEBT AND LONG-TERM DEBT**

As of March 31, 2006 and 2007, short-term debt consists of the followings:

March 31,	Millions of yen		Thousands of
	2006	2007	U.S. dollars
Bank loans bearing average interest rate of 2.133% per annum.....	¥40,741	¥34,632	\$293,367
Current portion of long-term loans....	18,485	13,808	116,968
	¥59,226	¥48,440	\$410,335

As of March 31, 2006 and 2007, long-term debt consists of the followings:

March 31,	Millions of yen		Thousands of
	2006	2007	U.S. dollars
10-year TSR+0.15% 1st series bonds due in 2008.....	¥ 3,000	¥ 3,000	\$ 25,413
1.10% 5th series bonds due in 2006.....	9,500	—	—
1.60% 6th series bonds due in 2008 .....	5,000	5,000	42,355
1.16% 7th series bonds due in 2007 .....	10,000	10,000	84,710
0.94% 8th series bonds due in 2007 .....	3,000	—	—
0.90% 9th series bonds due in 2007 .....	3,000	—	—
0.79% 10th series bonds due in 2009 .....	15,000	15,000	127,065
1.81% 11th series bonds due in 2011 .....	—	10,000	84,710
2.23% 12th series bonds due in 2013 .....	—	5,000	42,355
1.71% 13th series bonds due in 2012 .....	—	5,000	42,355
1.69% 14th series bonds due in 2012 .....	—	5,000	42,355
Long-term loans due in between 2008-2012 bearing average interest rate of 1.48% per annum ....	16,851	12,759	108,081
	65,351	70,759	599,399
Less—Portion due within one year ...	(18,485)	(13,808)	(116,968)
	¥46,866	¥56,951	\$482,431

The annual maturities of long-term debt as of March 31, 2007 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009.....	¥ 6,238	\$ 52,842
2010.....	15,280	129,437
2011.....	10,280	87,082
2012.....	20,152	170,707
2013 and thereafter .....	5,001	42,363
	<u>¥56,951</u>	<u>\$482,431</u>

The assets pledged as collateral for short-term debt and long-term debt as of March 31, 2006 and 2007 are summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Cash and time deposits.....	¥ 40	¥ —	\$ —
Investments in securities .....	2,109	<b>1,839</b>	<b>15,578</b>
Treasury stock, at cost .....	7,246	—	—
Buildings and structures .....	2,335	<b>2,234</b>	<b>18,924</b>
Land.....	1,363	<b>1,363</b>	<b>11,546</b>
Total .....	<u>¥13,093</u>	<u>¥5,436</u>	<u>\$46,048</u>

The secured liabilities as of March 31, 2006 and 2007 are summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Short-term debt.....	¥11,877	<b>¥5,709</b>	<b>\$48,361</b>
Long-term debt .....	3,766	<b>1,751</b>	<b>14,833</b>
Other long-term liabilities .....	311	<b>304</b>	<b>2,575</b>
Total .....	<u>¥15,954</u>	<u>¥7,764</u>	<u>\$65,769</u>

## 9 LEASE TRANSACTIONS

Lease rental expenses under finance lease contracts without ownership-transfer for the years ended March 31, 2006 and 2007 are summarized as follows:

Year ended March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Lease rental expenses.....	¥332	<b>¥162</b>	<b>\$1,372</b>

The amounts of outstanding minimum lease payments as of March 31, 2006 and 2007, which include the portion of interest thereon, are summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Finance leases:			
Minimum lease payments			
Within one year.....	¥222	<b>¥107</b>	<b>\$ 907</b>
Over one year .....	205	<b>147</b>	<b>1,245</b>
Total.....	<u>¥427</u>	<u>¥254</u>	<u>\$2,152</u>

March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Operating leases:			
Minimum lease payments			
Within one year.....	¥331	<b>¥190</b>	<b>\$1,609</b>
Over one year .....	126	<b>110</b>	<b>932</b>
Total.....	<u>¥457</u>	<u>¥300</u>	<u>\$2,541</u>

Acquisition cost, accumulated depreciation, net book value and depreciation expenses of leased assets, which include the portion of interest thereon, are summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Acquisition cost .....	¥1,215	<b>¥576</b>	<b>\$4,879</b>
Accumulated depreciation .....	788	<b>322</b>	<b>2,727</b>
Net book value .....	¥ 427	<b>¥254</b>	<b>\$2,152</b>
Depreciation.....	¥ 332	<b>¥162</b>	<b>\$1,372</b>

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

## 10 RETIREMENT BENEFIT PLANS

The Company and its consolidated subsidiaries have a corporate pension plan and an employees' pension plan as defined benefit pension plan, in addition to defined contribution pension plan and retirement allowance plan.

In February 2007, the retirement allowance plan was partially transferred to the defined contribution pension plan by the revision of the corporate pension plan in April 2006.

As of March 31, 2007, the Company and its consolidated subsidiaries, as a group, have a single corporate pension fund and a single employees' pension fund, and 6 companies of the group have the retirement allowance plan.

The impact of the partial transfer to the defined contribution pension plan from the retirement allowance plan is as follows;

Year ended March 31, 2007	Millions of yen	Thousands of U.S. dollars
Decrease of projected benefit obligation .....	<b>¥10,118</b>	<b>\$85,709</b>
Unrecognized actuarial differences.....	<b>(1,394)</b>	<b>(11,808)</b>
Unrecognized prior service cost .....	<b>345</b>	<b>2,922</b>
Decrease of reserve for retirement benefits....	<b>¥ 9,069</b>	<b>\$76,823</b>

The total assets of ¥9,294 million (\$78,729 thousand) are to be transferred to the defined contribution pension plan in three years. The residual balance of ¥6,971 million (\$59,051 thousand) as of March 31, 2007 to be transferred in three years is included in "Other current liabilities" and "Other long-term liabilities" in the Consolidated Balance Sheets.

The reserve for retirement benefits as of March 31, 2006 and 2007 is analyzed as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
(a) Projected benefit obligations ....	¥(68,639)	<b>¥(54,676)</b>	<b>\$(463,159)</b>
(b) Plan assets .....	30,421	<b>31,940</b>	<b>270,563</b>
(c) Unfunded benefit obligations			
[(a)+(b)] .....	(38,218)	<b>(22,736)</b>	<b>(192,596)</b>
(d) Unrecognized actuarial differences .....	18,426	<b>16,102</b>	<b>136,400</b>
(e) Unrecognized prior service costs .....	(7,959)	<b>(11,830)</b>	<b>(100,212)</b>
Accrued severance indemnities			
[(c)+(d)+(e)] .....	¥(27,751)	<b>¥(18,464)</b>	<b>\$(156,408)</b>

Net pension expenses related to the retirement benefits for the years ended March 31, 2006 and 2007 are as follows:

Year ended March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
(a) Service cost .....	¥2,251	<b>¥1,963</b>	<b>\$ 16,628</b>
(b) Interest cost.....	1,766	<b>1,234</b>	<b>10,453</b>
(c) Expected return on plan assets....	(928)	<b>(608)</b>	<b>(5,150)</b>
(d) Amortization of actuarial differences .....	1,861	<b>1,650</b>	<b>13,977</b>
(e) Amortization of prior service cost.....	(671)	<b>(1,019)</b>	<b>(8,632)</b>
Net pension expense [(a)+(b)+(c)+(d)+(e)] .....	4,279	<b>3,220</b>	<b>27,276</b>
(f) Loss on transfer to defined contribution pension plan.....	—	<b>225</b>	<b>1,906</b>
(g) Contribution cost to defined contribution pension plan.....	—	<b>95</b>	<b>805</b>
Total [(a)+(b)+(c)+(d)+(e)+(f)+(g)] ..	¥4,279	<b>¥3,540</b>	<b>\$29,987</b>

Note: A consolidated subsidiary joins a trading-association-type employees' pension fund, and its contribution to such a fund is included in net pension expense.

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

	2006	2007
(a) Method of attributing the projected benefits to periods of services .....	Straight-line basis	<b>Straight-line basis</b>
(b) Discount rate.....	2.0%	<b>2.0%</b>
(c) Expected rate of return on plan assets .....	2.0%	<b>2.0%</b>
(d) Amortization of unrecognized actuarial differences .....	Over 10 to 15 years (expenses from the next year)	<b>Over 10 to 15 years (expenses from the next year)</b>
(e) Amortization of unrecognized prior service cost .....	15 years	<b>15 years</b>

## 11 INCOME TAXES

As of March 31, 2006 and 2007, significant components of deferred tax assets and liabilities are as follows:

March 31,	Millions of yen		Thousands of
	2006	2007	U.S. dollars
Deferred tax assets:			
Reserve for retirement benefits...	¥11,464	¥ 7,460	\$ 63,193
Net loss carried forward.....	241	4,131	34,994
Write-down of inventories.....	2,874	3,282	27,802
Impairment loss on fixed assets..	3,592	2,416	20,466
Allowance for doubtful accounts ...	4,948	2,063	17,476
Allowance for losses on construction contracts .....	2,926	1,462	12,384
Unrealized intercompany profit of fixed assets .....	2,924	329	2,787
Other .....	6,051	8,988	76,137
Total .....	35,020	30,131	255,239
Less—Valuation allowance .....	(3,869)	(4,518)	(38,272)
Deferred tax assets .....	31,151	25,613	216,967
Deferred tax liabilities:			
Unrealized gain on investment.....	(19,509)	(23,336)	(197,679)
Special tax-purpose reserve for condensed booking of tangible assets .....	(1,845)	—	—
Other .....	(375)	—	—
Total deferred tax liabilities ..	(21,729)	(23,336)	(197,679)
Net deferred tax assets .....	¥ 9,422	¥ 2,277	\$ 19,288

The details of the difference between the statutory tax rate and effective income tax rate as of March 31, 2007 are as follows:

Statutory tax rate .....	40.7%
Increase in taxes resulting from:	
Expenses not deductible for income tax purposes.....	91.7
Income not deductible for income tax purposes .....	(37.0)
Per capita levy .....	42.6
Reversal of income taxes in the previous fiscal year .....	(142.4)
Less—Valuation allowance and so on .....	198.6
Effective income tax rate .....	194.2%

## 12 COMMITMENTS AND CONTINGENT LIABILITIES

The contingent liabilities of the Company as of March 31, 2006 and 2007 are summarized as follows;

March 31,	Millions of yen		Thousands of
	2006	2007	U.S. dollars
Endorsed trade notes receivable ...	¥11,924	¥12,079	\$102,321
Liquidated trade notes receivable ...	4,164	3,596	30,462
Guarantor of loans by affiliates....	1,852	1,607	13,613
Other .....	4,180	7,115	60,271
Total: .....	¥22,120	¥24,397	\$206,667

## 13 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major items of the selling, general and administrative expenses in the consolidated statements of income for the years ended March 31, 2006 and 2007 are as follows;

Year ended March 31,	Millions of yen		Thousands of
	2006	2007	U.S. dollars
Salaries to employees.....	¥11,607	¥11,580	\$98,094
Provision for bonuses.....	1,626	1,403	11,885
Retirement benefit expenses.....	1,663	1,218	10,318
Provision for doubtful accounts...	—	93	788

## 14 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in the selling, general and administrative expenses and manufacturing costs for the year ended March 31, 2006 and 2007 are as follows;

Year ended March 31,	Millions of yen		Thousands of
	2006	2007	U.S. dollars
Research and development expenses .....	¥1,570	¥1,559	\$13,206



## 15 CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS INFORMATION

### (1) Type and number of stocks outstanding and treasury stock

	Thousands of stocks	
	Outstanding stocks	Treasury stock
Type:	Common stocks	Common stocks
Number of shares as of March 31, 2006.....	185,214	15,663
Increase for the year ended March 31, 2007 .....	—	8
Decrease for the year ended March 31, 2007 .....	—	(7,511)
Number of stocks as of March 31, 2007 .....	185,214	8,160

Notes: 1. Increase in the number of treasury stock of 8 thousand common stocks is due to purchase of less-than-one-unit stocks.  
 2. Decrease in the number of treasury stock of 7,511 thousand common stocks consists of 283 thousand due to sale by a consolidated subsidiary, and 7,228 thousand due to the fact that Hikarigaoka Corporation changed its status from a consolidated subsidiary to an affiliate accounted for by the equity method due to sale of its stocks by the other consolidated subsidiary to the third parties outside the group, which are calculated based on the Company's consolidated equity of the said consolidated subsidiary.

### (2) Dividends

- (a) Cash dividends distributed during the year ended March 31, 2007  
 Cash dividends of ¥9.0 (\$0.08) per common stock as of March 31, 2006 in total amount of ¥1,526 million (\$12,927 thousand) were distributed to shareholders subject to the resolution of General shareholders' meeting held on June 29, 2006.
- (b) Cash dividends to be distributed during the year ending March 31, 2008  
 Cash dividends of ¥7.0 (\$0.06) per common stock as of March 31, 2007 in total amount of ¥1,239 million (\$10,496 thousand) are to be distributed to shareholders subject to the resolution of General shareholders' meeting held on June 28, 2007.

## 16 CONSOLIDATED STATEMENTS OF CASH FLOWS INFORMATION

### (1) Cash and cash equivalents at year-end

The balances of "Cash and cash equivalents at end of year" in the consolidated statements of cash flows for the years ended March 31, 2006 and 2007 are presented as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
"Cash and time deposits" balance			
in the consolidated balance sheets...	¥28,790	¥27,583	\$233,655
Less—Time deposits exceeding			
the period of 3 months.....	(969)	(577)	(4,888)
Cash deposit pledged as collateral.....	(40)	—	—
Cash and cash equivalents			
at end of year .....	¥27,781	¥27,006	\$228,767

### (2) Assets and liabilities of an affiliate, Hikarigaoka Corporation

Hikarigaoka Corporation changed its status from a consolidated subsidiary to an affiliate accounted for by the equity method due to sale of its stocks by the other consolidated subsidiary to the third parties outside the group, and the assets and liabilities of Hikarigaoka Corporation and the proceeds and income from sale of its stocks are summarized as follows;

March 31, 2007	Millions of yen	Thousands of U.S. dollars
Current assets .....	¥ 5,079	\$ 43,024
Long-term assets.....	14,277	120,940
Current liabilities.....	15,128	128,149
Long-term liabilities .....	3,220	27,277
Proceeds from sale of		
Hikarigaoka Corporation's stocks.....	¥ 2,122	\$ 17,975
Cash and cash equivalents of		
Hikarigaoka Corporation .....	(166)	(1,406)
Income from sale of		
Hikarigaoka Corporation's stocks.....	¥ 1,956	\$ 16,569

## 17 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
- Other .....Production 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, 2006 and 2007 are presented below:

	Year ended March 31, 2006			
	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales:				
(1) Sales to outside customers .....	¥430,723	¥41,223	¥ —	¥471,946
(2) Intersegment sales .....	1,280	7,618	(8,898)	—
Total .....	432,003	48,841	(8,898)	471,946
Operating expenses .....	424,253	47,845	(8,027)	464,071
Operating income (loss) .....	¥ 7,750	¥ 996	¥ (871)	¥ 7,875
II. Assets, depreciation, impairment loss on fixed assets and capital expenditure				
Assets .....	¥475,855	¥73,445	¥28,483	¥577,783
Depreciation .....	3,630	3,359	4	6,993
Impairment loss on fixed assets .....	—	328	—	328
Capital expenditure .....	4,534	1,886	(47)	6,373

	Year ended March 31, 2007			
	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales:				
(1) Sales to outside customers .....	¥435,611	¥42,420	¥ —	¥478,031
(2) Intersegment sales .....	1,261	9,316	(10,577)	—
Total .....	436,872	51,736	(10,577)	478,031
Operating expenses .....	435,826	49,943	(9,809)	475,960
Operating income (loss) .....	¥ 1,046	¥ 1,793	¥ (768)	¥ 2,071
II. Assets, depreciation, impairment loss on fixed assets and capital expenditure				
Assets .....	¥455,128	¥67,922	¥29,878	¥552,928
Depreciation .....	3,668	2,636	(13)	6,281
Impairment loss on fixed assets .....	—	294	—	294
Capital expenditure .....	2,988	4,233	(933)	6,288

	Year ended March 31, 2007			
	Thousands of U.S. dollars			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales:				
(1) Sales to outside customers .....	\$3,690,055	\$359,339	\$ —	\$4,049,394
(2) Intersegment sales .....	10,682	78,916	(89,598)	—
Total .....	3,700,737	438,255	(89,598)	4,049,394
Operating expenses .....	3,691,876	423,067	(83,092)	4,031,851
Operating income (loss) .....	\$ 8,861	\$ 15,188	\$ (6,506)	\$ 17,543
II. Assets, depreciation, impairment loss on fixed assets and capital expenditure				
Assets .....	\$3,855,383	\$575,367	\$253,096	\$4,683,846
Depreciation .....	31,072	22,329	(110)	53,291
Impairment loss on fixed assets .....	—	2,490	—	2,490
Capital expenditure .....	25,311	35,858	(7,903)	53,266

Note: Unallocated operating expenses of ¥964 million (\$8,206 thousand) in the column "Elimination/Corporate" mainly consist of corporate expenses at the administrative department of Maeda Corporation's headquarters.

### (2) Geographic segment information

Since the amounts of sales in Japan for the year ended March 31, 2006 and 2007 exceeded 90% of the consolidated amounts, the disclosure of geographic segment information is omitted.

### (3) Export sales and sales by overseas subsidiaries

Since the amount of overseas sales for the year ended March 31, 2006 and 2007 are less than 10% of the consolidated sales, the disclosure of details of overseas sales is omitted.

## 18 PER SHARE INFORMATION

March 31,	Yen		U.S. dollars
	2006	2007	2007
Net assets per share .....	¥1,091.11	<b>¥1,076.71</b>	<b>\$9.12</b>
Earnings per share .....	26.40	<b>(3.73)</b>	<b>(0.03)</b>

Note: Diluted earnings per share are not presented because there were no dilutive potential common stocks in existence for the years ended March 31, 2006 and 2007.

The above information is calculated based on the following facts;

March 31,	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Net profit (loss) .....	¥4,547	<b>¥(633)</b>	<b>\$(5,362)</b>
Amount not attributable to common shareholders .....	(73)	—	—
Net profit (loss) attributable to common shareholders .....	<u>¥4,473</u>	<u><b>¥(633)</b></u>	<u><b>\$(5,362)</b></u>

During the fiscal year of	Thousands	
	2006	2007
Average number of stocks .....	169,422	<b>169,746</b>

**Report of Independent Auditors**

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, 2007 and 2006, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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.

*Misuzu Audit Corporation*

Misuzu Audit Corporation  
Tokyo, Japan  
June 28, 2007



## Outline of the Corporation

(As of March 31, 2007)

### Year of Establishment

1919

### Date of Incorporation

November 6, 1946

### Number of Employees

3,440

### 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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## Board of Directors

(As of June 28, 2007)

### President and Representative Director

Yasuji Maeda

### Representative Directors

Tadashi Hirota

Yasuiku Hase

### Directors

Masayoshi Ejiri

Soji Maeda

Hiroataka Nishikawa

Kojiro Fukuta

Makoto Nagao

Masaaki Kato

Koichi Obara

Toru Ogura

Toru Hanbayashi

Akira Watanabe

### Corporate Auditors

Tatsuo Kaigo

Toshio Kato

Ken Nakanishi

Masaru Matsuzaki

Toshiyuki Watanabe

## Executive Officers

(As of June 28, 2007)

### President and Chief Executive Officer

Yasuji Maeda

### Executive Vice President

Tadashi Hirota

### Senior Managing Officers

Yasuiku Hase

Masayoshi Ejiri

Soji Maeda

Hiroataka Nishikawa

Kojiro Fukuta

### Managing Officers

Makoto Nagao

Masaaki Kato

Yasunao Tomioka

Yasuaki Fujimori

Jiro Nakajima

Kazuo Yamada

Kazuo Yokozawa

Mikio Taguchi

Hiroshi Yokota

Masaaki Akashima

Shigeo Hashimoto

Masayuki Asano

### Executive Officers

Koichi Obara

Toru Ogura

Ryuzaburo Inoue

Tsutomu Takahashi

Yasuhiko Ichikawa

Toshiyuki Takeuchi

Yoshinobu Sugimoto

Isamu Saga

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### Principal Subsidiaries and Affiliates

### Overseas:

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

### Domestic:

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



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