



# MAEDA

ANNUAL REPORT 2005

*Corporation*



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

*On behalf of all of us at Maeda Corporation, I am pleased to take this opportunity to report the Company's operating results for fiscal 2005, ended March 31, 2005, the 60th year since Maeda's incorporation.*

Against the backdrop of the lackluster U.S. economy, exports—a driving force of the economy—underwent a correction while production plateaued due to inventory streamlining from midyear, resulting in temporary sluggishness. However, an improvement in the employment situation stemming from the promotion of rationalization, which spurred higher corporate profits, as well as an upward trend in private-sector capital investment signaled moderate economic recovery.

In the construction industry, an increase in investment in such nonresidential construction as stores and plants led to healthy private construction investment. However, public investment reflected worsening financial conditions at both the national and local levels, despite the successive creation of supplementary budgets earmarked for disaster recovery, resulting in

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a downward trend in overall construction investment and, ultimately, a difficult environment in which to acquire contracts.

Amid this environment, the Company thoroughly implemented the measures laid out in its Third Medium-Term Management Plan and, in building construction, received a contract to build a two-tower residential complex—the tallest in the country—in the Tokyo Bay area. At the same time, the Company drew on its engineering capabilities to bolster its experience in the fields of constructing medical and research facilities. Furthermore, the Company's technological capabilities and overall performance in civil engineering works were highly rated under the comprehensive evaluation method, resulting in an order for the construction of the world's longest cable-stayed bridge.

As a result of the aforementioned factors, orders for building projects slipped 0.3%, to ¥257.5 billion, while orders for large-scale projects boosted civil engineering income 9.8%, to ¥132.0 billion. Total orders for the period jumped 29%, to ¥389.5 billion. Government projects accounted for 33.1% of total construction orders, while private-sector contracts accounted for 66.9%.

Turning to net sales, revenues from construction projects edged up 1.1%, to ¥283.5 billion, and revenues from civil engineering projects fell 11.7%, resulting in a 3.4% decrease in total revenues for work completed, to ¥418.1 billion (¥463.8 billion on a consolidated basis). The value of uncompleted work for the period, the balance of which will be carried forward into the next fiscal year, fell 4.3%, to ¥630.1 billion.

With regard to income, increased cooperation among the project selection, marketing, and construction teams resulted in consolidated operating income of ¥9.3 billion and recurring profit exceeding ¥9.2 billion, meeting the targets set for the first year of the three-year plan. Consolidated net income totaled ¥1.2 billion as the result of such factors as the early implementation of accounting for impaired assets and returns on the subrogated portion of the employees' pension fund.

Looking ahead, although the rising prices of raw materials present a degree of uncertainty, economic conditions are expected to have a positive undertone, stemming from an

improvement in wage and employment conditions, which is further expected to lead to an increase in personal consumption.

The business environment for the construction industry is forecast to remain harsh, as the increase in nonresidential construction is not seen to affect overall private-sector construction investment and financial restraint in areas other than disaster recovery-related works is expected to contribute to a slowdown in the public sector.

In response to these challenging business conditions, Maeda will strive to fulfill all of the measures outlined in its Third Medium-Term Management Plan, including encouraging executives and employees to work together to improve price competitiveness and strengthen solution functions while fully recognizing its obligation to fulfill its corporate social responsibility and enhancing and bolstering its corporate governance. In light of the Act for Protection of Computer Processed Personal Data Held by Administrative Organs, enacted on April 1, 2005, the Company will endeavor to create a new Maeda Personal Information Policy. Through these initiatives, we are redoubling efforts to develop our business and establish a corporate structure that inspires the trust of customers and engenders profitable growth.

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



June 2005

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 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'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 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.

### 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 throughout 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 as well as undertaking the Chokushi-Mon Restoration Project at Kew Gardens in London.



## Completed Works (Civil Engineering Projects)



### Construction of a Railway Extension at the Eastern Section of Taiwai Station (TCC400 Section)

This project on the Kowloon-Canton Railway Corporation's Ma on Shan line began in December 2004 and was aimed at transforming the existing Taiwai Station on the eastern end of the line into a terminal station for the railway. The project involved a 25,000m<sup>2</sup> expansion of the station and the remodeling of the existing station concourse. The Company made every effort to minimize the project's impact on existing railway operations and, to this end, made numerous changes to the design. The work was completed ahead of schedule, earning the high praise of the customer and related parties.



### Construction of Mimurogawa Dam Body

This project, ordered by Okayama Prefecture, was for a multipurpose dam with the primary purpose of flood control. We took into consideration the need to protect the surrounding environment during the execution of the project and worked to reduce waste output.

The concrete gravity dam is 74.5m high and 231m long, and it has a volume of 240,000m<sup>3</sup>.

### Improvement Construction Project for the Tokai-Kanjo/Tomika-Seki Interchange

The fiscal 2002 Tokai-Kanjo/Tomika-Seki interchange improvement construction project involved drilling and clearing work at the Tomika-Seki interchange between the town of Tomika and the city of Seki in the south-central part of Gifu Prefecture.

Construction of a retaining wall, bridge abutment, and slope was carried out on a rampway that joins the main road.



## *Completed Works (Building Projects)*



### Construction of Tohoku Gakuin Junior High and High School

This project involved the construction of a new school building for Tohoku Gakuin, a Protestant Christian school that boasts more than 110 years of history and tradition in the Sendai area. Equipped with a chapel wing that enables the junior high and high school students to attend daily services together, a classroom and administration wing, a gymnasium, and a club wing, the school building is dignified and stately while being functional, bright, and open.



### Construction of Satellite 5 at Narita International Airport's Terminal 1

This project involved the large-scale remodeling and refurbishment of passenger facilities at Narita International Airport's Terminal 1 to update the aging building and better accommodate the ever-increasing number of flights.

The newly refurbished building provides passengers with a dignified, yet relaxing, space.



### Construction of Glorio Tower Yokohama Motomachi

This project involved the reinforced concrete construction of a 22-story shopping complex planned and designed by Maeda to be built as “the face of Yokohama” in the Yamashita-cho section of the city, near Yamashita Park and the famous Chinatown.

The building was constructed directly above Motomachi-Chinatown Station, the terminus of the Minato Mirai 21 line, with special attention given to the surrounding environment in its design.



# Maeda News

## Maeda Wins the Contract to Construct THE TOKYO TOWERS, the Tallest Residential Complex in Japan

THE TOKYO TOWERS, located on a 29,700m<sup>2</sup> plot in Kachidoki, Chuo Ward, in the Tokyo Bay area, will have 58 stories, making it the tallest residential complex in Japan.

The location offers the best of both urban and resort settings—the SEA TOWER will face the bay, offering a magnificent view of Rainbow Bridge and the island of Odaiba, and the MID TOWER will face downtown Tokyo, providing spectacular vistas of the Tsukiji and Ginza areas. The structure will employ vibration-damping studs that efficiently absorb vibration energy as well as resistant, quakeproof frame construction that combines ultrastrong concrete with reinforcing steel to realize better earthquake protection than that of conventional buildings.

With these buildings, Maeda, an industry frontrunner with 20 years' experience in the construction of residential high-rises, will create a reinforced concrete residential structure of a scale and height that will make Company history. In addition to generating future orders, the construction of these buildings, still under way, will allow the Company to further hone its technological capabilities and offer customers a high-quality product that satisfies their needs.

### Construction Details

Customer:	Kachiroku Redevelopment
Location:	Lot number 1, 301-6 Kachidoki, Chuo Ward, Tokyo
Construction period:	December 18, 2004, to January 31, 2008
Site area:	29,718.37m <sup>2</sup>
Building area:	20,596.57m <sup>2</sup>
Total floor area:	382,805.79m <sup>2</sup>
Construction type, scale:	Reinforced concrete, partial steel construction; two underground/basement floors, 58 stories
Height:	192m
Total number of residences:	2,799



*Concept illustration*





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## Over 40 Years of Extraordinary Progress—The Hong Kong Office



*Kuwaichun area*

In 1963, the selection of Maeda to develop and design the Kuwaichun area of Hong Kong was a major event that marked the beginning of the Company's forays into overseas business. The opening of the Hong Kong office followed, and it has been involved in creating such infrastructure elements as subways, bridges, roads, and airports—developing Maeda's overseas business in step with the development of Hong Kong. Looking ahead, we expect the Hong Kong office to make further progress as our core Asian base, using the expertise that it has amassed in over 40 years.



*Hong Kong International Airport  
Passenger Terminal Building*



*Lai King Station*



*Hung Hom Bypass*



*Black Point Power Station*



*Kap Shui Mun Bridge*



*Guang Dong Daya Bay Nuclear Power Station*

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## **Maeda Construction Fantasy Marketing Department**



*Maeda Construction Fantasy Marketing Department* was both published in book form and launched on the Maeda Web site in February 2002.

Our Fantasy Marketing Department leads the 21st century construction business by enabling the freedom to construct imaginary buildings that would not normally be feasible. The first creation was of an airplane hangar for *Mazinger Z*, a giant robot based on a 1970s TV cartoon series. Both the book and Web site introduce construction methods, construction periods, and costs in an easy-to-understand method that uses real machinery and technology, garnering it a positive reception.

We hope that people will enjoy the Fantasy Marketing Department, which presents the super-positive mind-set that realizing dreams is possible. Following the publication of *Mazinger Z* in October 2003, the construction of an elevated bridge for the Galaxy Super-Express 999 from Reiji Matsumoto's famous Galaxy Express 999 has been serialized.

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## **Maeda-Built Asia Highway Makes Appearance in "Project X"**



On Tuesday, October 26, 2004, a documentary featuring Maeda highway construction, entitled "Deadly Jungle Combat on the Asia Highway," aired on NHK Sogo Television as part of its "Project X Challengers" series.

This show featured Japan's foray into the biggest post-World War II road construction project ever created by the United Nations. Construction began in 1965 on the Lampin-Chiang Mai Highway, which was ordered by the Thai Ministry of Development's Roads Agency, and, of the approximately 100km highway, Maeda was responsible for the construction of the second part, which measured approximately 28km.

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## **Chiba Consumer Affairs Center and Measurement and Inspection Laboratory Complex Private Finance Initiative (PFI) Project**

***Maeda Receives the First  
Japan PFI Prize***



The Chiba Consumer Affairs Center and Measurement and Inspection Laboratory Complex Private Finance Initiative (PFI) Project, which was designed and built and is now operated by the Company, was selected for the Japan PFI Association's First Japan PFI Prize. In addition, of the nine awards given for specific categories, the complex received the PFI Operation and Maintenance Prize and the PFI Monitoring Prize.

This PFI project, which commenced operations in September 2002, is modeled on the build-operate-transfer (BOT) concept. The public complex is built on city land rented from the City of Chiba and operated, owned, and maintained by Maeda. After 30 years, it will be transferred to the city.

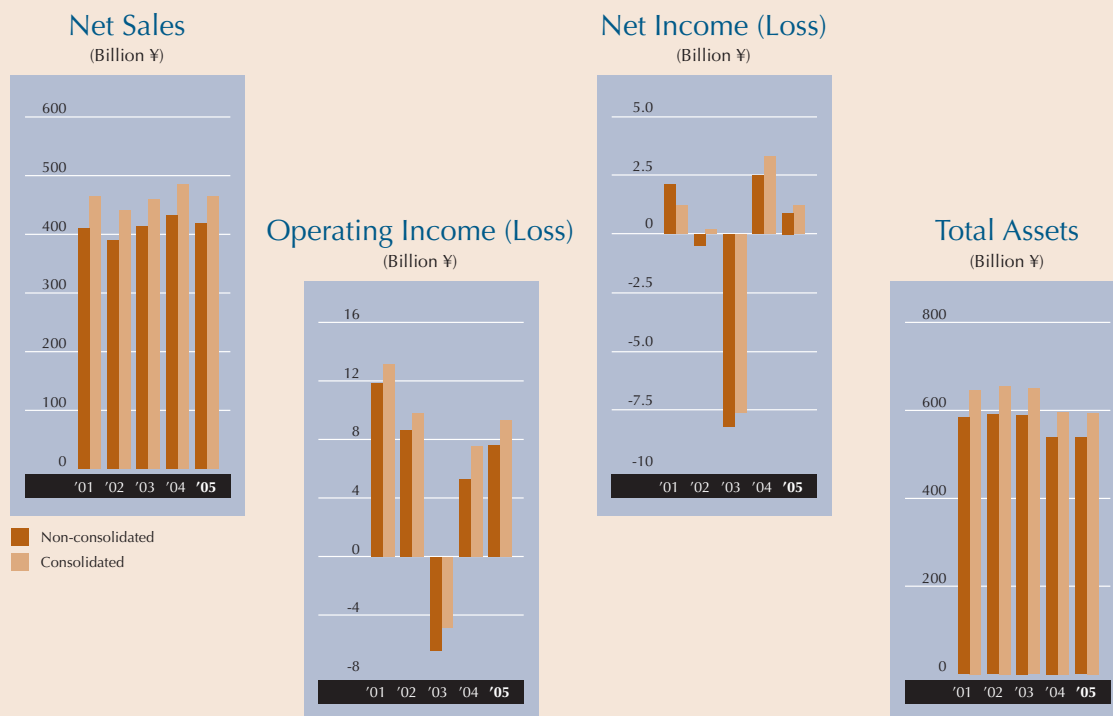
Maeda's PFI initiatives to date have received high marks for making a significant contribution to the realization of the basic policy of the PFI Law, which is to provide low-cost, high-quality public services.

# CONSOLIDATED FINANCIAL HIGHLIGHTS

Maeda Corporation and Consolidated Subsidiaries  
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note)
	2004	2005	2005
<b>For the year:</b>			
Net sales.....	¥484,319	<b>¥463,775</b>	<b>\$4,318,605</b>
Operating income .....	7,468	<b>9,297</b>	<b>86,572</b>
Net income .....	3,262	<b>1,194</b>	<b>11,118</b>
<b>At year-end:</b>			
Total assets.....	595,734	<b>593,154</b>	<b>5,523,363</b>
Total shareholders' equity .....	169,961	<b>170,549</b>	<b>1,588,127</b>

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of ¥107.4=US\$1, the exchange rate prevailing on March 31, 2005.





# CONSOLIDATED BALANCE SHEETS

Maeda Corporation and Consolidated Subsidiaries  
March 31, 2004 and 2005

ASSETS	Millions of yen		Thousands of
	2004	2005	U.S. dollars (Note 3)
<b>Current Assets:</b>			
Cash and time deposits .....	¥ 32,488	¥ 59,790	\$ 556,756
Marketable securities (Note 4) .....	55	95	885
Trade receivables:			
Notes .....	35,105	23,698	220,672
Accounts .....	78,763	84,879	790,381
Allowance for doubtful accounts .....	(5,807)	(1,080)	(10,057)
	108,061	107,497	1,000,996
Inventories (Note 7) .....	231,125	207,412	1,931,390
Deferred tax assets (Note 11) .....	13,696	9,103	84,766
Other current assets .....	33,293	28,722	267,455
Total current assets .....	418,718	412,619	3,842,248
<b>Investments and Other Assets:</b>			
Investments in securities (Notes 4 and 8) .....	52,706	56,728	528,243
Investments in and advances to unconsolidated subsidiaries and affiliates .....	26,368	26,033	242,415
Deferred tax assets (Note 11) .....	4,041	5,955	55,452
Other investments .....	23,977	34,337	319,741
Allowance for doubtful accounts .....	(11,387)	(16,455)	(153,227)
Total investments and other assets .....	95,705	106,598	992,624
<b>Property and Equipment, at Cost (Note 8):</b>			
Buildings and structures .....	83,043	81,003	754,288
Machinery and equipment .....	23,316	23,063	214,759
Ships and vehicles .....	4,650	4,520	42,090
Tools, furniture and fixtures .....	9,500	8,220	76,543
Land .....	35,394	31,552	293,808
Construction in progress .....	216	165	1,536
	156,119	148,523	1,383,024
Accumulated depreciation .....	(74,808)	(74,586)	(694,533)
Property and equipment, net .....	81,311	73,937	688,491
 Total assets .....	 ¥595,734	 ¥593,154	 \$5,523,363

The accompanying notes are an integral part of these statements.

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2005	2005
<b>Current Liabilities:</b>			
Short-term debt (Note 8).....	¥ 49,896	¥ 48,983	\$ 456,123
Trade payables .....	78,062	77,754	724,034
Advances on construction work in progress.....	185,103	177,074	1,648,887
Accrued income taxes.....	1,184	3,117	29,025
Allowance for repairs and warranties .....	1,072	706	6,574
Accrued bonuses .....	2,706	2,714	25,272
Other current liabilities.....	22,054	25,075	233,495
Total current liabilities.....	340,077	335,423	3,123,410
<b>Long-Term Liabilities:</b>			
Long-term debt (Note 8) .....	47,343	52,681	490,558
Reserve for retirement benefits (Note 10) .....	31,548	27,909	259,885
Other long-term liabilities.....	3,605	3,570	33,243
Total long-term liabilities.....	82,496	84,160	783,686
<b>Minority Interests in Consolidated Subsidiaries</b> .....	3,200	3,022	28,140
<b>Commitments and Contingent Liabilities</b> (Note 12)			
<b>Shareholders' Equity:</b>			
Common stock, no par value:			
Authorized: 635,500 thousand shares			
Issued: 185,213 thousand shares at March 31, 2005 .....	23,455	23,455	218,410
Additional paid-in capital .....	31,579	31,579	294,059
Retained earnings.....	104,196	103,530	964,056
Unrealized gain on investments in securities .....	15,450	16,798	156,421
Adjustments on foreign currency statement translation.....	(55)	(54)	(503)
Treasury stock, at cost (Note 8) .....	(4,664)	(4,759)	(44,316)
Total shareholders' equity .....	169,961	170,549	1,588,127
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity.....	¥595,734	¥593,154	\$5,523,363

# CONSOLIDATED STATEMENTS OF INCOME

Maeda Corporation and Consolidated Subsidiaries  
Years ended March 31, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2005	2005
<b>Net Sales</b> .....	¥484,319	¥463,775	\$4,318,605
<b>Cost of Sales</b> .....	446,325	425,805	3,965,034
Gross profit.....	37,994	37,970	353,571
<b>Selling, General and Administrative Expenses</b> .....	30,526	28,673	266,999
Operating income .....	7,468	9,297	86,572
<b>Other Income (Expenses):</b>			
Interest and dividend income.....	1,316	1,295	12,059
Interest expense.....	(1,279)	(1,357)	(12,636)
Gain on sale of securities.....	149	770	7,170
(Write-down of securities)/Gain on revaluation of securities .....	1,738	(40)	(372)
Foreign exchange gain (loss).....	(180)	170	1,583
Transfer from special reserve of retirement benefits.....	499	—	—
Additional expense of early retirements and outplacements.....	(2,009)	—	—
Gain from transfer of the substitutional portion of the employees' pension fund to the Japanese government (Note 10).....	—	4,664	43,430
Impairment loss on fixed assets (Note 5).....	—	(7,993)	(74,430)
Others, net.....	(1,489)	(1,384)	(12,887)
	(1,255)	(3,875)	(36,083)
Profit before income taxes and minority interests.....	6,213	5,422	50,489
<b>Income Taxes</b> (Note 11):			
Current.....	1,367	2,701	25,152
Deferred .....	1,477	1,835	17,087
	2,844	4,536	42,239
Income before minority interests.....	3,369	886	8,250
<b>Minority Interests in Net Loss (Income) of Consolidated Subsidiaries</b> .....	(107)	308	2,868
Net income .....	¥ 3,262	¥ 1,194	\$ 11,118
<b>Per Share</b> .....	¥18.6	¥6.6	\$0.061

The accompanying notes are an integral part of these statements.



# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Maeda Corporation and Consolidated Subsidiaries  
Years ended March 31, 2004 and 2005

	Thousands	Millions of yen					
	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Unrealized gain on investments	Adjustments on foreign currency statement translation	Treasury stock
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 loss on investments .....	—	—	—	—	6,475	—	—
Balance at March 31, 2004 .....	185,213	23,455	31,579	104,196	15,450	(55)	(4,664)
Net income for the year .....	—	—	—	1,194	—	—	—
Cash dividends paid at ¥9.0 per share .....	—	—	—	(1,526)	—	—	—
Bonuses to directors .....	—	—	—	(109)	—	—	—
Purchase of treasury stock .....	—	—	—	—	—	—	(95)
Adjustments on foreign currency statement translation .....	—	—	—	—	—	1	—
Unrealized gain on investments .....	—	—	—	—	1,348	—	—
Adjustments due to decrease in a subsidiary of an affiliate accounted for by the equity method .....	—	—	—	(225)	—	—	—
<b>Balance at March 31, 2005 .....</b>	<b>185,213</b>	<b>¥23,455</b>	<b>¥31,579</b>	<b>¥103,530</b>	<b>¥16,798</b>	<b>¥(54)</b>	<b>¥(4,759)</b>

	Thousands of U.S. dollars (Note 3)						
Balance at March 31, 2004 .....	\$218,410	\$294,059	\$970,258	\$143,868	\$(512)	\$(43,431)	
Net income for the year .....	—	—	11,118	—	—	—	—
Cash dividends paid at \$0.09 per share .....	—	—	(14,210)	—	—	—	—
Bonuses to directors .....	—	—	(1,015)	—	—	—	—
Purchase of treasury stock .....	—	—	—	—	—	—	(885)
Adjustments on foreign currency statement translation .....	—	—	—	—	9	—	—
Unrealized gain on investments .....	—	—	—	12,553	—	—	—
Adjustments due to decrease in a subsidiary of an affiliate accounted for by the equity method .....	—	—	(2,095)	—	—	—	—
<b>Balance at March 31, 2005 .....</b>	<b>\$218,410</b>	<b>\$294,059</b>	<b>\$964,056</b>	<b>\$156,421</b>	<b>\$(503)</b>	<b>\$(44,316)</b>	

The accompanying notes are an integral part of these statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Maeda Corporation and Consolidated Subsidiaries  
Years ended March 31, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2005	2005
<b>Cash Flows from Operating Activities:</b>			
Profit before income taxes .....	¥ 6,213	¥ 5,422	\$ 50,489
Depreciation.....	5,928	5,837	54,353
Impairment loss on fixed assets.....	—	7,993	74,430
Increase (decrease) in allowance for doubtful accounts.....	(1,128)	340	3,166
Decrease in reserve for retirement benefits.....	(1,923)	(3,638)	(33,877)
Interest and dividend income .....	(1,316)	(1,295)	(12,059)
Interest expense .....	1,279	1,357	12,636
Foreign exchange loss (gain) .....	(1,176)	201	1,872
Gain on sale of securities.....	(149)	(770)	(7,170)
Gain on revaluation of securities/(Write-down of securities).....	(1,738)	40	372
Decrease in trade receivables.....	2,201	5,290	49,260
Decrease in construction work in progress.....	22,552	20,954	195,121
Decrease in other inventories.....	6,562	2,757	25,673
Decrease in trade payables.....	(9,122)	(307)	(2,859)
Decrease in advances on construction.....	(24,283)	(8,028)	(74,756)
Other.....	(1,246)	(3,249)	(30,254)
Subtotal.....	2,654	32,904	306,397
Receipt of interest and dividend income .....	1,508	1,444	13,446
Payment of interest expenses.....	(1,361)	(1,348)	(12,552)
Payment of income taxes .....	(758)	(1,957)	(18,223)
Cash flows from operating activities.....	2,043	31,043	289,068
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sale of property and equipment and intangible assets.....	106	312	2,905
Acquisition of property and equipment and intangible assets.....	(5,364)	(5,803)	(54,037)
Acquisition of investments in securities.....	(3,856)	(2,880)	(26,818)
Proceeds from sale of marketable securities.....	315	25	233
Proceeds from sale of investments in securities.....	2,054	2,132	19,853
Lending of long-term loans receivable.....	(932)	(1,877)	(17,478)
Collection of long-term loans receivable .....	686	1,220	11,360
Other.....	(6)	479	4,461
Cash flows from investing activities .....	(6,997)	(6,392)	(59,521)
<b>Cash Flows from Financing Activities:</b>			
Decrease in short-term debt.....	(17,443)	(8,514)	(79,281)
Borrowing of long-term debt.....	5,300	—	—
Repayment of long-term debt.....	(2,211)	(2,261)	(21,054)
Proceeds from issuance of bonds.....	—	15,000	139,678
Redemption of bonds.....	(5,500)	—	—
Payment of cash dividends.....	(1,296)	(1,526)	(14,210)
Acquisition of treasury stocks.....	(3)	(8)	(74)
Payment of cash dividends to minority shareholders.....	(5)	(5)	(47)
Cash flows from financing activities.....	(21,158)	2,686	25,012
<b>Exchange Difference of Cash and Cash Equivalents .....</b>	<b>(81)</b>	<b>(35)</b>	<b>(326)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents .....</b>	<b>(26,193)</b>	<b>27,302</b>	<b>254,233</b>
<b>Cash and Cash Equivalents at Beginning of Year.....</b>	<b>58,407</b>	<b>32,214</b>	<b>299,972</b>
<b>Cash and Cash Equivalents at End of Year.....</b>	<b>¥32,214</b>	<b>¥59,516</b>	<b>\$554,205</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 16 subsidiaries (“controlling companies,” wherein the decision-making body of the entity is controlled) as of March 31, 2005. 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, 2005		
	Equity ownership percentage, including indirect ownership	Capital stock	
		Millions of yen	Thousands of U.S. dollars
Maeda Seisakusho Co., Ltd. ...	50.7%	¥3,160	\$29,425
Hikarigaoka Corporation.....	42.6	1,055	9,824
Fujimi Koken Co., Ltd. ....	75.0	250	2,328
Fujimi Building Services Co., Ltd.....	100.0	100	931
Seiyu Estate Co., Ltd. ....	100.0	50	466
Miyama Kogyo Co., Ltd. ....	100.0	25	233

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, 2005, the Company had seven 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 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, 2005 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.



## **(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 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 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 in order to reduce the Company's exposure to the risk of interest-rate fluctuation and exchange-rate fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

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

## **(3) Allowance for Doubtful Accounts**

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

## **(4) Inventories**

Construction work in progress is stated at the specific identification cost. Real estate held for sale is stated at the lower 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 officers' retirement allowance is recorded at 100% of the obligation, on the assumption that all officers retired at the respective balance sheet dates.

Concerning the employees' 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 given approval by the Ministry of the Health, Labor and Welfare to return the substitutional portion of the employee retirement benefits fund on March 1, 2005.

#### (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 Standards for Impairment of Fixed Assets

On August 9, 2002, the Business Accounting Council in Japan issued new accounting standards entitled “Statement of Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets.” Further, on October 31, 2003, the Accounting Standards Board of Japan issued Financial Accounting Standards Implementation Guidance No. 6, “Application Guidance on Accounting Standards for Impairment of Fixed Assets.” Effective as of March 31, 2005, Maeda Corporation has elected to early adopt these new accounting standards for impairment of fixed assets.

As a result of adopting the new accounting standards, property and equipment at March 31, 2005 decreased by ¥7,993 million (\$74,430 thousand), and income before profit taxes and minority interest for the year ended March 31, 2005 decreased by the same amount, as compared with the amount which would have been reported if the previous standards had been applied consistently.

### 3 U.S. DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥107.4=US\$1, the rate of exchange on March 31, 2005, 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, 2004 is summarized as follows:

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

At March 31, 2004	Millions of yen		
	Book value	Fair 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

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

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

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
Amount sold .....	¥1,008
Gains .....	217
Losses .....	(74)

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

	Book value Millions of yen
At March 31, 2004	
Bonds held to maturity .....	¥ 935
Investments in non-consolidated subsidiaries and affiliates .....	26,368
Available-for-sale securities.....	4,710

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

	Book value Millions of yen
At March 31, 2004	
Within 1 year.....	¥ 55
Over 1 year and within 5 years.....	1,085
Over 5 years and within 10 years .....	540
Over 10 years.....	150

Market value information on marketable securities and investment in securities and unconsolidated subsidiaries/affiliates as of March 31, 2005 is summarized as follows:

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

At March 31, 2005	Millions of yen		
	Book value	Fair value	Difference
Securities with fair values that exceed book value.....	¥—	¥—	¥—
Securities with fair values that do not exceed book value .....	15	15	0
Total .....	¥15	¥15	¥ 0

At March 31, 2005	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Securities with fair values that exceed book value.....	\$ —	\$ —	\$—
Securities with fair values that do not exceed book value .....	140	140	(0)
Total .....	\$140	\$140	\$ 0

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

At March 31, 2005	Millions of yen		
	Acquisition cost	Book value	Net
Securities with book value (fair values) that exceed acquisition cost:			
Stocks.....	¥20,114	¥48,444	¥28,330
Others .....	108	129	21
Subtotal.....	20,222	48,573	28,351
Securities with book value (fair values) that do not exceed acquisition cost:			
Stocks.....	2,397	2,054	(343)
Others .....	913	864	(49)
Subtotal.....	3,310	2,918	(392)
Total .....	¥23,532	¥51,491	¥27,959

At March 31, 2005	Thousands of U.S. dollars		
	Acquisition cost	Book value	Net
Securities with book value (fair values) that exceed acquisition cost:			
Stocks.....	\$187,299	\$451,103	\$263,804
Others.....	1,006	1,201	195
Subtotal .....	188,305	452,304	263,999
Securities with book value (fair values) that do not exceed acquisition cost:			
Stocks.....	22,321	19,127	(3,194)
Others.....	8,502	8,045	(457)
Subtotal .....	30,823	27,172	(3,651)
Total .....	\$219,128	\$479,476	\$260,348

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, 2005

At March 31, 2005	Millions of yen	Thousands of U.S. dollars
	Amount sold .....	¥2,084
Gains.....	770	7,170
Losses.....	—	—



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

At March 31, 2005	Book value	
	Millions of yen	Thousands of U.S. dollars
Bonds held to maturity.....	¥ 917	\$ 8,539
Investments in non-consolidated subsidiaries and affiliates.....	26,032	242,406
Available-for-sale securities .....	4,395	40,926

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

At March 31, 2005	Book value	
	Millions of yen	Thousands of U.S. dollars
Within 1 year .....	¥ 97	\$ 903
Over 1 year and within 5 years .....	1,133	10,550
Over 5 years and within 10 years.....	532	4,954
Over 10 years .....	150	1,397

#### 5 IMPAIRMENT LOSS ON FIXED ASSETS

The impairment of fixed assets for the 12-month period ended March 31, 2005 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 12-month period ended March 31, 2005 consisted of the following:

At March 31, 2005	Millions of yen	Thousands of U.S. dollars
Metropolitan area		
Land .....	¥1,539	\$14,331
Buildings and structures .....	3,198	29,779
Metropolitan area		
Land .....	2,563	23,866
Buildings and structures .....	693	6,454
Total .....	¥7,993	\$74,430

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 ongoing utilization and subsequent disposition of the fixed assets based on a discount rate of 3.7%.

#### 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 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, 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)

At March 31, 2005	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.....	¥—	¥—	¥—

At March 31, 2005	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.....	\$—	\$—	\$—

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.

## 7 INVENTORIES

At March 31, 2004 and 2005, inventories consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Construction work in progress...	¥217,301	¥196,346	\$1,828,345
Real estate held for sale .....	9,524	7,602	70,789
Other inventories.....	4,300	3,464	32,256
	¥231,125	¥207,412	\$1,931,390

## 8 SHORT-TERM DEBT AND LONG-TERM DEBT

At March 31, 2004 and 2005, short-term debt consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Bank loans bearing average interest rate of 0.8% per annum.....	¥49,315	¥39,322	\$366,161
Current portion of long-term loans....	581	9,661	89,962
	¥49,896	¥48,983	\$456,123

At March 31, 2004 and 2005, long-term debt consisted of the following:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
10-year TSR+0.15% 1st series bonds due 2008.....	¥ 3,000	¥ 3,000	\$ 27,936
1.10% 5th series bonds due 2006...	9,500	9,500	88,463
1.60% 6th series bonds due 2008...	5,000	5,000	46,559
1.16% 7th series bonds due 2007..	10,000	10,000	93,119
0.94% 8th series bonds due 2007..	3,000	3,000	27,936
0.90% 9th series bonds due 2007..	3,000	3,000	27,936
0.79% 10th series bonds due 2009	—	15,000	139,678
Long-term loans due between 2005-2009 bearing average interest rate of 1.90% per annum...	14,424	13,842	128,893
.....	47,924	62,342	580,520
Less—Portion due within one year ...	(581)	(9,661)	(89,962)
	¥47,343	¥52,681	\$490,558

The annual maturities of long-term debt at March 31, 2005 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2007.....	¥18,195	\$169,429
2008.....	13,495	125,663
2009.....	5,991	55,788
2010.....	15,000	139,678
2011 and thereafter .....	—	—
	¥52,681	\$490,558

At March 31, 2005, assets pledged as collateral for short-term debt and long-term debt were as follows:

At March 31, 2005	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
Investments in securities .....	¥ 1,185	\$ 11,035
Treasury stock, at cost .....	7,620	70,956
Buildings and structures .....	2,414	22,479
Land.....	1,363	12,692
Total .....	¥12,582	\$117,162

## 9 LEASE TRANSACTIONS

Lease rental expenses under finance lease contracts without ownership-transfer for the years ended March 31, 2004 and 2005 are summarized as follows:

For the year ended March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Lease rental expenses .....	¥1,155	¥801	\$7,459

The amount of outstanding minimum lease payments at March 31, 2004 and 2005, which included the portion of interest thereon, is summarized as follows:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Finance leases:			
Minimum lease payments			
Within one year .....	¥ 737	¥390	\$3,632
Over one year.....	595	389	3,622
Total.....	¥1,332	¥779	\$7,254

At March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Operating leases:			
Minimum lease payments			
Within one year .....	¥274	¥209	\$1,946
Over one year .....	67	125	1,164
Total.....	¥341	¥334	\$3,110

Acquisition cost, accumulated depreciation, net book value and depreciation expenses of leased assets at March 31, 2004 and 2005, which included the portion of interest thereon, are summarized as follows:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Acquisition cost .....	¥3,979	¥2,184	\$20,337
Accumulated depreciation .....	2,647	1,404	13,074
Net book value .....	¥1,332	¥ 780	\$ 7,263
Depreciation.....	¥1,155	¥ 801	\$ 7,459

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

## 10 RETIREMENT BENEFIT PLANS

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

At March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Employees' retirement benefits .....	¥31,025	¥27,404	\$255,182
Officers' retirement benefits .....	523	505	4,703
Total .....	¥31,548	¥27,909	\$259,885

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

On March 1, 2005, the Company and some of its consolidated subsidiaries obtained approval from the Ministry of Health, Labor and Welfare for exemption from the payment of future benefit obligation by returning relevant pension fund assets to the government. Consequently, for accounting purposes, the projected benefit obligation and the corresponding fund assets under that plan were extinguished on that date in accordance with the Japanese accounting standards. As a result, a one-off gain resulting from the separation of the substitutional portion of the employees' pension fund amounting to ¥4,664 million (\$43,430 thousand) was recognized in the year ended March 31, 2005.

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

	Millions of yen
(a) Projected benefit obligation .....	¥(106,210)
(b) Plan assets .....	45,277
(c) Unfunded benefit obligation [(a)+(b)] .....	(60,933)
(d) Unrecognized actuarial differences .....	39,640
(e) Unrecognized prior service costs .....	(9,732)
(f) Accrued severance indemnities	
[(c)+(d)+(e)] .....	¥ (31,025)

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
(a) Service costs.....	¥2,532
(b) Interest costs .....	2,696
(c) Expected return on plan assets .....	(1,078)
(d) Amortization of actuarial differences .....	2,542
(e) Amortization of prior service costs .....	(670)
(f) Net pension expenses	
[(a)+(b)+ (c)+(d)+(e)+(f)] .....	¥6,022

The reserve for retirement benefits as of March 31, 2005 is analyzed as follows:

	Millions of yen	Thousands of U.S. dollars
(a) Projected benefit obligations .....	¥(88,344)	\$ (822,646)
(b) Plan assets .....	46,414	432,200
(c) Unfunded benefit obligation [(a)+(b)] ..	(41,930)	(390,446)
(d) Unrecognized actuarial differences .....	23,155	215,616
(e) Unrecognized prior service costs .....	(8,629)	(80,352)
(f) Accrued severance indemnities		
[(c)+(d)+(e)] .....	¥(27,404)	\$ (255,182)

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, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
(a) Service costs .....	¥2,254	\$20,989
(b) Interest costs .....	2,101	19,564
(c) Expected return on plan assets.....	(906)	(8,437)
(d) Amortization of actuarial differences.....	2,861	26,641
(e) Amortization of prior service costs.....	(729)	(6,788)
(f) Net pension expenses		
[(a)+(b)+ (c)+(d)+(e)+(f)] .....	¥5,581	\$51,969

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

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

For the year ended March 31, 2005

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



## 11 INCOME TAXES

At March 31, 2004 and 2005, significant components of deferred tax assets and liabilities were as follows:

At March 31,	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Deferred tax assets:			
Reserve for retirement benefits...	¥11,675	<b>¥10,653</b>	<b>\$ 99,199</b>
Net loss carryforwards .....	4,464	771	7,179
Allowance for doubtful accounts ...	4,315	<b>4,432</b>	<b>41,270</b>
Unrealized intercompany			
profit on fixed assets .....	3,480	<b>2,890</b>	<b>26,911</b>
Write-down of inventories .....	3,503	<b>2,933</b>	<b>27,312</b>
Impairment loss on fixed assets..	—	<b>3,879</b>	<b>36,121</b>
Other .....	6,481	<b>7,363</b>	<b>68,564</b>
Total .....	33,918	<b>32,921</b>	<b>306,556</b>
Less—Valuation allowance .....	(3,213)	<b>(4,188)</b>	<b>(38,998)</b>
Deferred tax assets .....	30,705	<b>28,733</b>	<b>267,558</b>
Deferred tax liabilities:			
Unrealized gains on investments...	(2,125)	<b>(1,974)</b>	<b>(18,382)</b>
Special tax-purpose reserve			
for condensed booking of			
tangible assets .....	(10,505)	<b>(11,536)</b>	<b>(107,422)</b>
Other .....	(339)	<b>(352)</b>	<b>(3,277)</b>
Total deferred tax liabilities ..	(12,969)	<b>(13,862)</b>	<b>(129,081)</b>
Net deferred tax assets .....	¥17,736	<b>¥14,871</b>	<b>\$138,477</b>

For the year ended March 31, 2005

Statutory tax rate .....	<b>40.7%</b>
Increase in taxes resulting from:	
Expenses not deductible for income tax purposes.....	<b>17.3</b>
Income not deductible for income tax purposes .....	<b>(2.8)</b>
Per capita levy .....	<b>5.0</b>
Less—Valuation allowance and so on .....	<b>23.4</b>
Effective income tax rate .....	<b>83.6%</b>

## 12 COMMITMENTS AND CONTINGENT LIABILITIES

The Company was contingently liable at March 31, 2005 for endorsed trade notes receivable of ¥13,354 million (\$124,350 thousand) and liquidated trade notes receivable of ¥4,741 million (\$44,147 thousand). In addition, the Company was contingently liable as the guarantor of loans incurred by affiliates and others in the amount of ¥9,965 million (\$92,793 thousand) at March 31, 2005.

## 13 SEGMENT INFORMATION

### (1) Industry Segment Information

The Company operates principally in the following two industrial segments:

- Construction...Civil engineering, building and other businesses related to construction work
- 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, 2004 and 2005 is presented below:

	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.....	¥ 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

- Notes: 1. Unallocated operating expenses of ¥727 million 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 in the column "Elimination/Corporate" mainly consisted of surplus working funds (cash and marketable securities), long-term investment funds (investment in securities) and other assets which belong to the administrative departments.

	For the year ended March 31, 2005			
	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales				
(1) Sales to outside customers.....	¥418,865	¥44,910	¥ —	¥463,775
(2) Intersegment sales .....	2,843	9,300	(12,143)	—
Total .....	421,708	54,210	(12,143)	463,775
Operating expenses.....	412,471	53,950	(11,943)	454,478
Operating income .....	¥ 9,237	¥ 260	¥ (200)	¥ 9,297
II. Assets, depreciation and capital expenditure				
Assets.....	¥462,442	¥76,368	¥54,344	¥593,154
Depreciation.....	3,055	2,808	(26)	5,837
Impairment loss on fixed assets.....	396	7,955	(358)	7,993
Capital expenditure .....	4,611	1,302	(37)	5,876

	For the year ended March 31, 2005			
	Thousands of U.S. dollars			
	Construction	Other	Elimination/ Corporate	Consolidated
I. Net sales and operating income				
Net sales				
(1) Sales to outside customers .....	\$3,900,410	\$418,195	\$ —	\$4,318,605
(2) Intersegment sales .....	26,474	86,600	(113,074)	—
Total .....	3,926,884	504,795	(113,074)	4,318,605
Operating expenses.....	3,840,870	502,374	(111,211)	4,232,033
Operating income .....	\$ 86,014	\$ 2,421	\$ (1,863)	\$ 86,572
II. Assets, depreciation and capital expenditure				
Assets.....	\$4,306,192	\$711,128	\$506,043	\$5,523,363
Depreciation.....	28,448	26,147	(242)	54,353
Impairment loss on fixed assets.....	3,687	74,076	(3,333)	74,430
Capital expenditure .....	42,937	12,124	(345)	54,716

Notes: 1. Unallocated operating expenses of ¥888 million (\$8,269 thousand) in the column "Elimination/Corporate" mainly consisted of corporate expenses at the administrative department of Maeda Corporation's headquarters.  
2. Common assets of ¥62,723 million (\$584,067 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.

## 14 SUBSEQUENT EVENT

The annual meeting of shareholders approved the following appropriations of Maeda Corporation's retained earnings on June 29, 2005.

Appropriations	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥9.0 per share) .....	¥1,666	\$15,514
Total appropriations .....	¥1,666	\$15,514

## ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS 

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

Report of Independent Auditors

To the Board of Directors and Shareholders of Maeda Corporation

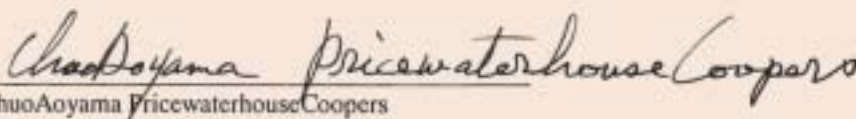
We have audited the accompanying consolidated balance sheets of Maeda Corporation and its subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial 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, 2005 and 2004, 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 5, effective for the year ended March 31, 2005, Maeda Corporation and its subsidiaries have adopted the accounting standards for impairment of fixed assets.

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, 2005

## Outline of the Corporation

(As of March 31, 2005)

### Year of Establishment

1919

### Date of Incorporation

November 6, 1946

### Number of Employees

3,427

### 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

10-26, Fujimi 2-chome, Chiyoda-ku,

Tokyo 102-8151, Japan

Tel: (81)-3-3265-5551

Fax: (81)-3-3262-3339

URL: <http://www.maeda.co.jp/>

## Board of Directors

(As of June 29, 2005)

### Honorary Chairman and Director

Matabee Maeda

### Chairman and Director

Yoichi Fuse

### Vice Chairman and Director

Mamoru Minemoto

### President and Representative Director

Yasuji Maeda

### Representative Directors

Keiichiro Ueda

Tadashi Hirota

Nobuyoshi Kawashima

### Directors

Yusaku Tomobe

Kazuo Kudo

Soji Maeda

Masayoshi Ejiri

Hiroataka Nishikawa

Kojiro Fukuda

### Corporate Auditors

Tatsuo Kaigo

Toshio Kato

Keiji Uesugi

Yasumitsu Kiuchi

Katsutoshi Kuwata

## Executive Officers

(As of June 29, 2005)

### President and Chief Executive Officer

Yasuji Maeda

### Executive Vice Presidents

Keiichiro Ueda

Tadashi Hirota

Nobuyoshi Kawashima

### Senior Managing Officers

Akira Kato

Yusaku Tomobe

Kazuo Kudo

Soji Maeda

Masayoshi Ejiri

### Managing Officers

Minoru Yamato

Yasunao Tomioka

Yasuaki Fujimori

Jiro Nakajima

Kazuo Yamada

Toshihide Ooki

Yasuiku Hase

Makoto Nagao

Kazuo Yokozawa

Mikio Taguchi

Hiroataka Nishikawa

### Executive Officers

Kojiro Fukuda

Ryuzaburo Inoue

Tsutomu Takahashi

Hiroshi Yokota

Hiroataka Kenchi

Shoichiro Kawase

Masaaki Akashima

Yasuhiko Ichikawa

Shuichi Shindo

Toshimasa Takeuchi

Minoru Obara

Masaaki Kato

Shigeo Hashimoto

Masayuki Asano

Koichi Obara

### Head Office

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### Hong Kong Office

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Fax: (852)-2724-4046

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### Jakarta Office

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JL. H. R. Rasuna Said Kav. X-O.,  
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### Phnom Penh Office

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Tak Thla Commune,  
Russe Keo District,  
Phnom Penh, Cambodia  
Tel: (855)-23-884456/7  
Fax: (855)-23-884458

### Hanoi Office

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53 Quang Trung Street,  
Hoan Kiem District, Hanoi, Vietnam  
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Fax: (84)-4-9436314

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37 Ton Duc Thang,  
District 1, Ho Chi Minh, Vietnam  
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Wisara Road, Bahan Township,  
Yangon, Myanmar  
Tel: (95)-1-501784  
Fax: (95)-1-501784

### Guam Office

Room D, Maeda Pacific Corporation Bldg.,  
150 Harmon Sink Road,  
Tamuning, Guam 96911, U.S.A.  
P.O. Box 3247 Agana, Guam 96932  
Tel: (1)-671-649-7617  
Fax: (1)-671-649-7620

### Beijing Office

Beijing Hotel, Room 5302,  
No. 33 Dong Chang An Street,  
Beijing, People's Republic of China  
Tel: (86)-10-6525-9523  
Fax: (86)-10-6523-2394

### Shanghai Office

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Mansion, 1600 West Nanjing Road,  
Shanghai, People's Republic of China  
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Fax: (86)-21-6249-6117

### Taiwan Office

8F-1, 139 Sungjiang Road,  
Taipei, Taiwan  
Tel: (886)-2-2504-3787  
Fax: (886)-2-2504-7446

### Los Angeles Office

50 B Peninsula Center Dr. #526,  
Rolling Hills Estates, Los Angeles,  
CA 90274-3506, U.S.A.  
Tel: (1)-310-375-4918  
Fax: (1)-310-375-4928

### ◆ Branches:

**Hokkaido, Tohoku, Kanto,  
Higashi-Kanto, Kita-Kanto,  
Yokohama, Nagano, Hokuriku,  
Fukui, Chubu, Kansai, Kobe,  
Shikoku, Chugoku, Kyushu**

### 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.





**M A E D A**

**Maeda Corporation**

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