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# MAEDA

ANNUAL REPORT 2009

*Corporation*



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## A MESSAGE FROM THE PRESIDENT



**Koichi Obara**, President and Representative Director

*I am pleased to have this opportunity to report the Company's operating results for fiscal 2009, which ended March 31, 2009, the 64th year since Maeda's incorporation.*

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The Japanese economy was impacted midway through fiscal 2009 by the global recession that stemmed from the United States. This caused a large deterioration in corporate performances centered on the performances of export-oriented companies, which had previously been locomotives of economic growth. At the same time, the harshness of the income environment and employment situation caused a decrease in personal consumption. These and other factors led to a rapid cooling down in economic conditions.

While the downturn in public investment was halted by the implementation of the government's supplemental public investment budget, Japan's construction industry faced a further increase in the severity of its new order acquisition environment amid a large drop in private-sector construction investment that resulted from such factors as a sharp deterioration of real estate market conditions and the postponement of corporate capital investments.

Amid these conditions, Maeda Corporation implemented its annual revision of its Medium-Term Management Plan and, based on the plan, implemented Companywide measures to combine and eliminate organizational units with the goal of building an efficient organizational structure with competitive power as well as to integrate marketing and construction units with the goal of augmenting our worksite capabilities. At the same time, we worked to increase our profitability through

thorough measures to be highly selective in accepting orders. Moreover, we proactively utilized such IT solutions through such initiatives as those to build quality management systems centered on our Total Process Management System (TPMs®), and we, in this and other ways, strove to increase our productivity.

Regarding consolidated performance in fiscal 2009, net sales fell 17.8% year on year, to over ¥392.4 billion, but a rise in the profitability of construction operations boosted the level of operating income to above ¥4.9 billion. While we recorded a foreign exchange loss and write-downs of securities and made provisions for the allowance for doubtful accounts, these factors were partially offset by our gains on the sale of investment securities, enabling us to generate in excess of ¥2.6 billion in net income.

### **Construction**

The Maeda Group's operations in the construction segment generated more than ¥354.7 billion in consolidated net sales. Our measures to improve our profit margins in building projects and reduce selling, general & administrative (SG&A) expenses supported operating profit at somewhat above ¥4.1 billion.

Regarding the parent company, which accounts for most of the Maeda Group's construction operations, total orders for building projects dropped 23.3% year on year, to ¥164.3 billion, reflecting the impact of the fall in housing construction investment and other factors. Total orders for civil engineering projects decreased 7.9%, to ¥91.2 billion, mainly due to declines in overseas and domestic large-scale orders. Thus, total new orders amounted to somewhat over ¥255.6 billion, down 18.4%. On a nonconsolidated basis, 28.1% of total orders were received from government and other public entities, with the remaining 71.9% obtained from private-sector companies.

Nonconsolidated total sales for completed projects in the construction sector decreased 17.2%, to somewhat over ¥345.8 billion, reflecting a 7.5% drop in building project sales, to somewhat over ¥226.4 billion, and a 31.0% fall in civil engineering project sales, to somewhat over ¥119.4 billion. The value of uncompleted construction sector work for the fiscal year under review, the balance of which will be carried forward to the next fiscal year, dropped 21.9% year on year, to ¥322.8 billion.

### **Other**

The Maeda Group's operations in the other sector—encompassing a broad range of developing operations that are centered on construction-related operations and extend to service operations—recorded more than ¥37.6 billion in consolidated net

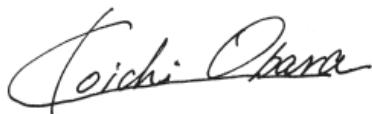
sales, down 22.4% year on year, and consolidated operating profit for the sector was somewhat above ¥1.9 billion.

Regarding future trends, it appears that the impact of the worldwide recession will continue reducing Japan's exports and manufacturing activities and that the harshness of domestic employment and earnings environments will increase amid that trend. These and other factors appear to indicate that the economic recession will be prolonged.

The construction industry is expected to continue facing weak public-sector investment, and it is feared that a recovery in private-sector investment will be delayed due to the slackness of economic conditions. In view of these and other factors, it is projected that the industry's operating environment will increase still further in harshness. Regarding the incidence of the Company's involvement with collusive bidding in a previous fiscal year and a temporary marketing suspension order during the fiscal year under review, we have already laid plans for increasing the comprehensiveness of our legal compliance systems and strengthening our internal control systems, and we will continue doing our utmost to augment the rigor of these systems going forward.

Amid these circumstances, Maeda will sustain its concerted efforts to implement the strategies emphasized by its current Medium-Term Management Plan covering the period through fiscal 2010—including those aimed at creating a company that “undertakes continuous reforms,” “operates as a service company with a manufacturing base,” and “is thoroughly engaged in CSR programs.” At the same time, we are resolutely endeavoring to enhance our profitability, build new business models, increase our corporate value, and create a “Reborn Maeda” that effectively earns the growing trust and confidence of society and customers. Moreover, through our proactive measures to protect the natural environment, we are seeking to be the Japanese construction industry’s top company in terms of “environmental management,” and we expect this positioning to add still greater momentum to Maeda’s corporate development going forward.

I hope for shareholders’ continued understanding and support.



June 2009

Koichi Obara

President 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> Shuihou 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 tun-

nels 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 2,400 MW.

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 current 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)*



Tohoku Line Akaiwa Overpass between Yono and Saitama Shintoshin

This order entailed the rebuilding of an overpass spanning the tracks of 11 railway lines (including the Tohoku, Keihin-Tohoku, and other lines) at a location near Yono Station in Saitama City. This overpass, known as the Shintoshin Ohashi, has a 73m span and a special Single Lohse beam structure featuring a single arch in the center. In view of the distinctive characteristics of this bridge, it was awarded the fiscal 2008 Japan Society of Civil Engineers Tanaka Prize.

This overpass was constructed using the manual extension launching method, which begins with the assembly—in a yard adjacent to the bridge site—of the bridge girder itself and of the “manual extension device” that serves as a temporary guide and support for the extension and positioning of the girder. After the assembly work, rollers, wheeled platforms, and other devices are used to extend the girder from one side of the spanned gap to the other.



Daini-Keihan (Osaka-Kita Road) Kamimabushi District Support Structures, Etc.

This project required the construction of support pillars and cross girders as well as the emplacement of related foundation pilings for an approximately 570m-long elevated section of both limited-access and general-access roadway of the Daini-Keihan route in the Kamimabushi district by the northern periphery of Kadoma City. Because the site encompassed a major traffic artery and nearby residential neighborhoods, the construction implementation required particularly careful attention to safety, and it was completed without any accidents.



Shimane Nuclear Power Station Unit No. 3 Reclamation

This order involved the cutting away of approximately 2.7 million m<sup>3</sup> of soil and reclamation of approximately 130,000m<sup>2</sup> of land to the west of an existing power plant. Because the work was performed while the No. 1 and No. 2 nuclear power generation units of the power station were in operation, various countermeasures—including the positioning of a blasting vibration measurement system and the installation of special safety devices on all vehicles passing through tunnels—were taken to reduce the impact of vibration, noise, and dust on those units.

### Public Road Rebuilding Work: Umetani Tunnel (Ikeda Section)

This project required the construction of a 1,656m portion of the 2,156m Umetani Tunnel on the Gifu-Sekigahara portion of prefectural route 53, which was designed to increase the convenience and safety of transportation in a mountainous district. Because the construction site was near the Ikeda Hot Spring and houses, special measures were taken to reduce noise related to blasting work and temporary tunneling facilities, and the project was completed without any accidents.



## *Completed Works (Building Projects)*



### I'LAND GRACE

The I'LAND GRACE apartment building complex comprises seven buildings with 538 households located in Kawasaki Ward of Kawasaki City. The complex's apartments are in 17-story reinforced concrete buildings (including a portion of 11-story structures) with foundations that incorporate seismic isolation structures. I'LAND GRACE's self-parking-type parking garage—which can house up to 549 automobiles—features a garden on its roof, and the complex itself is surrounded with greenery and offers a restfully spacious environment.



### IKEA Shin-Misato Store

Located in Misato, Saitama Prefecture, this structure is the fifth outlet in Japan of IKEA, which markets furniture and other home furnishing products. Constructed as part of the redevelopment plan for the area surrounding the Shin-Misato train station, it is considered to be a key facility with the ability to help reinvigorate the surrounding region. A four-story structure\*, the store is a large-scale facility with 87,600m<sup>2</sup> of floor space. Its construction was completed quite quickly, in only about 8.5 months.

\* The parking-structure portion of the building is four-stories tall, while the actual store portion is relatively low.



### APITA Inazawa-Higashi Store

Maeda designed and constructed this commercial facility in Inazawa, Aichi Prefecture, which comprises a directly managed store, leased space for specialty shops, and a parking lot. It has two above-ground floors with 79,980m<sup>2</sup> of floor space. Besides being designed to serve as a life center that harmonizes with the lush greenery of surrounding streets, the store is an environment-friendly facility with such special features as those that help reduce CO<sub>2</sub> emissions and make use of green energy.



### APA Sendai Project New Construction

This complex very close to the JR Sendai train station includes five buildings, including a hotel building, three condominium buildings, and a self-parking-type parking garage. Staff with condominium construction-related experience based at numerous Maeda branches were brought together to participate in the structural design process, during which they took various initiatives such as those related to proposals of seismic isolation structures. Special measures were taken to ensure that construction work did not interfere with the operation of trains on the adjacent tracks of the Tohoku Shinkansen Line, and the project was completed without any accidents.

# Maeda News

## Interview with the President



### Career Overview

Name:	Koichi Obara
Birth date:	June 22, 1949
Birthplace:	Tokyo
1972 April	Entered Maeda
2003 November	General Manager of the Corporate Planning Department of the Business Administration Division
2005 April	Executive Officer
2007 January	Deputy General Manager of Procurement Division
2007 June	Director
2007 November	General Manager of Procurement Division
2008 June	Managing Officer and General Manager of the Business Administration Division
2009 April	President and Representative Director

### Q1 What are your ambitions upon assuming the position of president?

**A:** To increase corporate value, I want to build strong relationships of trust with shareholders and investors, customers, employees and their families, and all other types of stakeholders as well as thereby make Maeda the “most trusted company.” In addition, to ensure that we can continue living up to the trust and expectations of customers and society at large, I would like to proactively contribute to the quality of the global environment so that Maeda becomes viewed as “No. 1 in environmental management.”

### Q2 Could you explain what you mean by “No. 1 in environmental management”?

**A:** The special aspect of our environmental management is that, besides helping protect the global environment while operating as a public service enterprise or a manufacturing enterprise, we also develop our environmental programs to a degree that they extend throughout the daily lives of all Maeda officers and employees. We consider the results of our environmental programs to be important economic indicators, and we are publicly announcing those results.

As a result of our environment-related efforts, we believe we can realize excellent environmental management that is good for the earth, for customers, and for our Company.

### Q3 What business field would you like to emphasize amid the current management environment?

**A:** The worldwide recession is presenting us with an extremely harsh management environment, but we are proactively seeking to meet needs in such promising markets as those related to economic countermeasures, disaster prevention and control, and environmental protection. Moreover, we are now beginning to reap the benefits of various initiatives we have been implementing for the past two years, including those associated with increased selectiveness regarding new contracts and organizational restructuring measures. In addition, we are steadily developing construction services that other construction companies cannot offer—such as the Total Process Management System (TPMs®), the cost of sales disclosure-method project organization system, and the Naoshiya Matabee retail business—and we intend to continue building systems for generating profits going forward.

## Maeda Wins Top Prize in International Earthquake Analysis Simulation Contest

Maeda participated in an international earthquake analysis simulation contest sponsored by the Hyogo Earthquake Engineering Research Center of the National Research Institute for Earth Science and Disaster Prevention and won the top prize in the 3D analysis designer/technician portion of the contest.

The contest included 3D and 2D analysis sections, and each of those sections included a researcher portion and a 3D analysis designer/technician portion. More than 100 teams were entered in the first stage of the contest, and there were 47 teams remaining at the time of the final results announcement.

The contestants were judged based on the accuracy of their predictions of 14 items regarding the behavior of a four-story steel framed structure subjected to a simulated earthquake at levels of 0.6 time and 1 time the level of the Hyogo Nanbu Earthquake until the first story portion was destroyed. The 14 items include the maximum disfiguration of each story, maximum shear force (how much power was focused where), maximum acceleration, and collapse time.

Maeda has gained considerable experience in business reinforcing the earthquake resistance of high-rise apartment buildings and in other business involving earthquake countermeasures, and it plans to make the most of this experience in such work as that related to the design and construction of superhigh-rise steel framed structures.



Destructive test of a four-story steel framed structure

## Maeda Team Takes Grand Prix in BIM\* Construction Competition

At the February 2009, "Build Live Tokyo 2009" event sponsored by the International Alliance for Interoperability Japan Association, the SKUNK WORKS team comprising members from Maeda, Advanced Knowledge Laboratory, GRAPHISOFT JAPAN, Tekla Japan, and RIK Co., Ltd., won the BIM Grand Prix.

Often referred to as "the F1 race of the building design world," this virtual design competition required teams to compete in using BIM to create 3D models over the Internet in a 48-hour period. Another special aspect of the competition is that judges, competitors, and others can view each team's works in progress over the Internet during the 48-hour period.

This session of the competition involved the construction of an "Environmental Technology Center" on a fictional landfilled island near the Toyosu district of Tokyo's Koto Ward. The center complex had to be designed in line with the usage specifications, site characteristics, and other conditions and restrictions provided by the competition's organizers. Maeda considered planning, design, structural, and facility aspects of the center as well as environmental simulation and other factors in a limited time. For this work, the Company's earned the evaluation that it is highly skilled in the use of BIM and was able to create a quite advanced integrated model.

\* Building Information Modeling (BIM) is a method for comprehensively digitally modeling objects with respect to shape, performance, schedules, costs, and other characteristics.



One view of the 3D model of the SKUNK WORKS team

## Worksite Report: YOKOHAMA TIRE MANUFACTURING (THAILAND) CO., LTD.

In the Amata City Industrial Estates, about 120 kilometers south of Bangkok, Maeda affiliate Thai Maeda Corporation, Ltd., is building a factory for YOKOHAMA TIRE MANUFACTURING (THAILAND) CO., LTD.

The current project is for the third stage construction of a passenger car and light truck (PC/LT) tire factory at the Yokohama Tire manufacturing complex, following previous orders Thai Maeda obtained for the first stage construction of a truck and bus tire factory and for the first two stages of the passenger car and light truck tire factory. Obtaining the order entailed asking specific questions about how the factory building will be used and then undertaking all processes from planning through cost estimation, contract drafting, and construction implementation.

With respect to the construction work, because of the low incidence of earthquakes in Thailand, the factory's walls are being built by stacking concrete blocks between reinforced concrete pillars and performing plastering work to finish the wall surfaces. In addition, because very strong rains can drop large volumes of water in short periods of time during the local rainy season, the factory roof is being equipped with unusually capacious rain gutters and large-diameter rain spouts, the site is being equipped with street gutters, and other measures are being taken to promote the smooth drainage of rainwater.

Thai Maeda took part in a tree-planting ceremony held by Yokohama Tire in December 2008 by participating in the actual tree planting. By cooperating in activities aimed at protecting the natural environment in Thailand and in other ways, Thai Maeda plans to steadily strengthen its ties with local residents going forward.

### Project Details

Project name:	YOKOHAMA TIRE MANUFACTURING (THAILAND) PC/LT Third-Stage Construction
Location:	Amata City Industrial Estates, Rayon Province, Thailand
Customer:	YOKOHAMA TIRE MANUFACTURING (THAILAND) CO., LTD.
Construction period:	July 1, 2008, to June 30, 2009
Site area:	207,437.0m <sup>2</sup>
Building area:	35,784.5m <sup>2</sup>
Floor area:	37,062.0m <sup>2</sup>
Structure:	Reinforced concrete structure, single-story building (roof supported by steel frame trusses) with a two-story portion
Main uses:	Factory and product warehouse



A nearby factory building  
in operation



Large rain gutters and spouts to cope with Thailand's powerful rain squalls



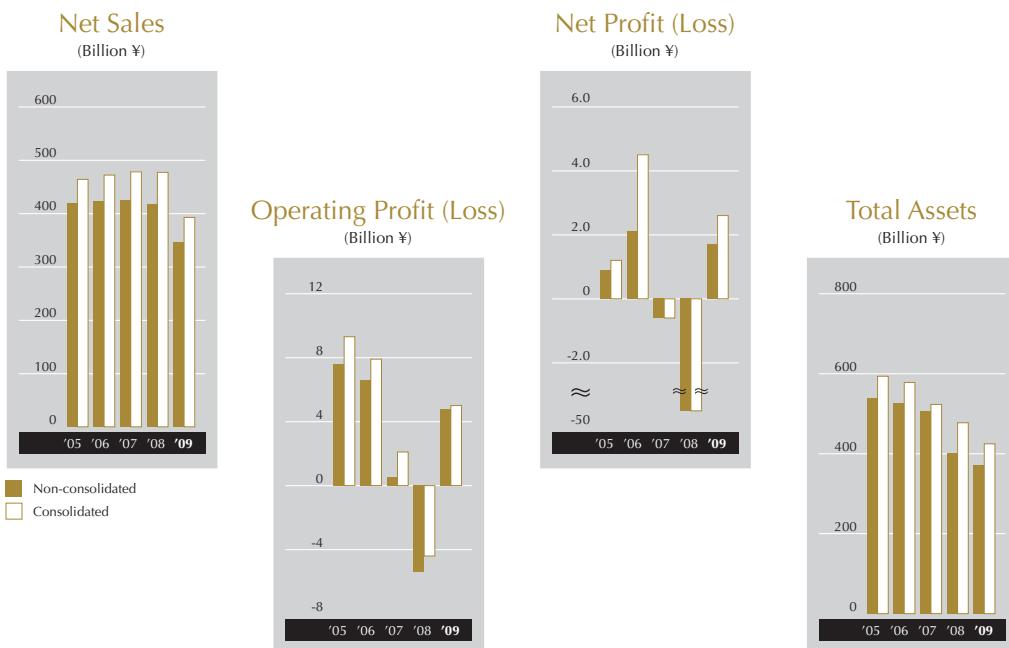
Construction progress as of November 2008

## CONSOLIDATED FINANCIAL HIGHLIGHTS

Maeda Corporation and Consolidated Subsidiaries  
Years ended March 31

	Millions of yen	Thousands of U.S. dollars (Note)
	2008	2009
<b>For the year:</b>		
Net sales .....	¥477,476	<b>¥392,463</b>
Operating profit (loss) .....	(4,373)	<b>4,969</b>
Net profit (loss) .....	(45,807)	<b>2,621</b>
<b>At year-end:</b>		
Total assets .....	453,130	<b>424,440</b>
Total shareholders' equity .....	109,843	<b>111,221</b>
<b>1,132,251</b>		

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of ¥98.23=US\$1, the exchange rate prevailing on March 31, 2009.



# CONSOLIDATED BALANCE SHEETS

Maeda Corporation and Subsidiaries  
March 31, 2008 and 2009

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 4)
	2008	2009	2009
<b>Current Assets:</b>			
Cash and time deposits.....	¥ 26,408	¥ 28,990	\$ 295,124
Marketable securities (Note 5).....	1,520	520	5,294
Trade receivables:			
Notes .....	22,201	8,716	88,730
Accounts .....	134,446	121,259	1,234,440
Allowance for doubtful accounts .....	(931)	(1,475)	(15,016)
	<u>155,716</u>	<u>128,500</u>	<u>1,308,154</u>
Inventories (Notes 8 and 9).....	60,062	82,471	839,570
Deferred tax assets (Note 12).....	438	401	4,082
Other current assets.....	28,585	24,572	250,148
Total Current assets .....	<u>272,729</u>	<u>265,454</u>	<u>2,702,372</u>
<b>Investments and other assets:</b>			
Investments in securities (Notes 5 and 9) .....	72,995	44,913	457,223
Investments in and advances to unconsolidated subsidiaries and affiliates.....	31,633	32,044	326,214
Deferred tax assets (Note 12).....	237	88	896
Intangible fixed assets .....	3,670	2,685	27,334
Long-term loans receivable .....	7,785	5,922	60,287
Claims provable in bankruptcy and other .....	3,213	8,164	83,111
Other investments.....	5,732	5,920	60,267
Allowance for doubtful accounts .....	(4,291)	(7,047)	(71,740)
Total Investments and other assets .....	<u>120,974</u>	<u>92,689</u>	<u>943,592</u>
<b>Property and equipment, at cost (Note 9):</b>			
Buildings and structures .....	59,710	61,675	627,863
Machinery and equipment .....	23,232	24,138	245,730
Ship and vehicles.....	3,792	3,644	37,097
Tools, furniture and fixtures.....	6,861	6,799	69,215
Land.....	29,905	34,330	349,486
Construction in progress .....	145	217	2,209
Leased assets .....	—	301	3,064
Accumulated depreciation .....	(64,218)	(64,807)	(659,748)
Property and equipment, net .....	<u>59,427</u>	<u>66,297</u>	<u>674,916</u>
<b>TOTAL ASSETS</b> .....	<u>¥453,130</u>	<u>¥424,440</u>	<u>\$4,320,880</u>

The accompanying notes are an integral part of these statements.

<b>LIABILITIES &amp; NET ASSETS</b>	Millions of yen		Thousands of U.S. dollars (Note 4)
	2008	2009	2009
<b>Current Liabilities:</b>			
Short-term debt (Note 9) .....	¥ 44,884	¥ 79,166	\$ 805,925
Trade payables .....	72,223	69,337	705,864
Advances on construction work in progress .....	58,081	37,830	385,116
Accrued income taxes .....	418	530	5,395
Allowance for repairs and warranty.....	655	400	4,072
Accrued bonuses for employees .....	2,091	2,046	20,829
Accrued bonuses for directors.....	27	13	132
Reserve for defects on completed works.....	620	696	7,085
Allowance for losses on construction contracts .....	6,180	3,389	34,501
Allowance for losses on penal charges and other .....	48	48	489
Reserve for indemnification for completed contracts in the past fiscal years .....	—	1,085	11,046
Other current liabilities .....	35,104	17,913	182,358
Total Current liabilities.....	220,331	212,453	2,162,812
<b>Long-Term Liabilities:</b>			
Long-term debt (Note 9).....	61,213	65,932	671,200
Reserve for retirement benefits (Note 11) .....	17,951	15,608	158,893
Deferred tax liabilities (Note 12) .....	13,683	4,501	45,821
Other long-term liabilities .....	5,468	3,490	35,529
Total Long-term liabilities .....	98,315	89,531	911,443
<b>Commitments and Contingent Liabilities (Note 14)</b>			
<b>Net Assets</b>			
<b>Shareholders' equity:</b>			
Common stock (Note 17) .....	23,455	23,455	238,776
Additional paid-in capital.....	31,710	31,710	322,814
Retained earnings.....	57,190	58,572	596,274
Treasury stock, at cost.....	(2,512)	(2,516)	(25,613)
Total Shareholders' equity.....	109,843	111,221	1,132,251
<b>Valuation and translation adjustments:</b>			
Unrealized gain on investments in securities .....	19,508	6,653	67,729
Foreign currency translation adjustments .....	(78)	(93)	(947)
Total Valuation and translation adjustments .....	19,430	6,560	66,782
<b>Minority interests in consolidated subsidiaries</b> .....			
Total Net assets.....	5,211	4,675	47,592
<b>TOTAL LIABILITIES &amp; NET ASSETS</b> .....	134,484	122,456	1,246,625
	¥453,130	¥424,440	\$4,320,880

# CONSOLIDATED STATEMENTS OF INCOME

Maeda Corporation and Subsidiaries  
Years ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2008	2009	2009
<b>Net Sales</b> .....	¥477,476	¥392,463	<b>\$3,995,348</b>
<b>Cost of Sales</b> .....	454,154	362,352	<b>3,688,812</b>
Gross profit .....	23,322	30,111	<b>306,536</b>
<b>Selling, General and Administrative Expenses (Note 15)</b> .....	27,695	25,142	<b>255,950</b>
Operating profit (loss) .....	(4,373)	4,969	<b>50,586</b>
 <b>Other income (expenses):</b>			
Interest and dividend income .....	1,954	1,746	17,775
Interest expenses.....	(2,324)	(2,267)	(23,079)
Gain on sale of investments in securities.....	7	7,828	79,691
Loss on sale of investments in securities.....	—	(612)	(6,230)
Loss on valuation of investments in securities .....	(4,546)	(7,233)	(73,633)
Reversal of loss on valuation of investment in securities.....	—	2,012	20,482
Foreign exchange gain (loss) .....	813	(999)	(10,170)
Investment profit on equity method .....	1,756	1,087	11,066
Impairment loss on fixed assets (Note 6) .....	(4,683)	(2)	(20)
Provision for doubtful accounts.....	—	(2,723)	(27,721)
Provision of the reserve for indemnification for completed projects in the past fiscal years .....	—	(1,235)	(12,573)
Extra payments for early retirement.....	(5,744)	—	—
Appraisal loss of real estate held for sale.....	(1,675)	—	—
Overseas typhoon casualty loss .....	(102)	—	—
Other, net.....	(1,947)	340	3,461
	(16,491)	(2,058)	(20,951)
Profit (loss) before income taxes and minority interests.....	(20,864)	2,911	<b>29,635</b>
 <b>Income taxes:</b>			
Current .....	461	327	3,329
Deferred.....	24,936	20	204
	25,397	347	3,533
Profit (loss) before minority interests .....	(46,261)	2,564	26,102
 <b>Minority interests in net loss of consolidated subsidiaries</b> .....	454	57	<b>580</b>
Net profit (loss) .....	¥(45,807)	¥ 2,621	\$ 26,682
 <b>Per share:</b>			
Primary earnings .....	¥(258.73)	¥14.81	<b>\$0.15</b>

The accompanying notes are an integral part of these statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Maeda Corporation and Subsidiaries  
Years ended March 31, 2008 and 2009

	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	Foreign currency translation adjustments	Total Valuation and translation adjustments	Minority interests in consolidated subsidiaries	Total Net assets
<b>Balance at March 31, 2007 .....</b>	<b>¥23,455</b>	<b>¥31,710</b>	<b>¥104,236</b>	<b>¥(2,492)</b>	<b>¥156,909</b>	<b>¥33,759</b>	<b>¥(32)</b>	<b>¥33,727</b>	<b>¥5,759</b>	<b>¥196,395</b>
Changes during the current period:										
Cash dividends paid at ¥7.0 per share.....	—	—	(1,240)	—	(1,240)	—	—	—	—	(1,240)
Increase by a newly consolidated subsidiary.....	—	—	1	—	1	—	—	—	—	1
Net profit (loss) for current period.....	—	—	(45,807)	—	(45,807)	—	—	—	—	(45,807)
Acquisition of treasury stock....	—	—	—	(5)	(5)	—	—	—	—	(5)
Increase of treasury stock by change of equities in subsidiaries and affiliates.....	—	—	—	(15)	(15)	—	—	—	—	(15)
Net changes other than shareholders' equity.....	—	—	—	—	—	(14,251)	(46)	(14,297)	(548)	(14,845)
Total changes during the current period.....	—	—	(47,046)	(20)	(47,066)	(14,251)	(46)	(14,297)	(548)	(61,911)
<b>Balance at March 31, 2008 .....</b>	<b>¥23,455</b>	<b>¥31,710</b>	<b>¥ 57,190</b>	<b>¥(2,512)</b>	<b>¥109,843</b>	<b>¥19,508</b>	<b>¥(78)</b>	<b>¥19,430</b>	<b>¥5,211</b>	<b>¥134,484</b>
Changes during the current period:										
Cash dividends paid at ¥7.0 per share.....	—	—	(1,239)	—	(1,239)	—	—	—	—	(1,239)
Net profit (loss) for current period.....	—	—	2,621	—	2,621	—	—	—	—	2,621
Acquisition of treasury stock....	—	—	—	(3)	(3)	—	—	—	—	(3)
Increase of treasury stock by change of equities in subsidiaries and affiliates.....	—	—	—	(1)	(1)	—	—	—	—	(1)
Net changes other than shareholders' equity.....	—	—	—	—	—	(12,855)	(15)	(12,870)	(536)	(13,406)
Total changes during the current period.....	—	—	1,382	(4)	1,378	(12,855)	(15)	(12,870)	(536)	(12,028)
<b>Balance at March 31, 2009 .....</b>	<b>¥23,455</b>	<b>¥31,710</b>	<b>¥ 58,572</b>	<b>¥(2,516)</b>	<b>¥111,221</b>	<b>¥ 6,653</b>	<b>¥(93)</b>	<b>¥ 6,560</b>	<b>¥4,675</b>	<b>¥122,456</b>

	Thousands of U.S. dollars (Note 4)									
	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	Foreign currency translation adjustments	Total Valuation and translation adjustments	Minority interests in consolidated subsidiaries	Total Net assets
<b>Balance at March 31, 2008 .....</b>	<b>\$238,776</b>	<b>\$322,814</b>	<b>\$582,205</b>	<b>\$(25,573)</b>	<b>\$1,118,222</b>	<b>\$198,595</b>	<b>\$(794)</b>	<b>\$197,801</b>	<b>\$53,049</b>	<b>\$1,369,072</b>
Changes during the current period:										
Cash dividends paid at \$0.07 per share.....	—	—	(12,613)	—	(12,613)	—	—	—	—	(12,613)
Net profit (loss) for current period.....	—	—	26,682	—	26,682	—	—	—	—	26,682
Acquisition of treasury stock....	—	—	—	(30)	(30)	—	—	—	—	(30)
Increase of treasury stock by change of equities in subsidiaries and affiliates.....	—	—	—	(10)	(10)	—	—	—	—	(10)
Net changes other than shareholders' equity.....	—	—	—	—	—	(130,866)	(153)	(131,019)	(5,457)	(136,476)
Total changes during the current period.....	—	—	14,069	(40)	14,029	(130,866)	(153)	(131,019)	(5,457)	(122,447)
<b>Balance at March 31, 2009 .....</b>	<b>\$238,776</b>	<b>\$322,814</b>	<b>\$596,274</b>	<b>\$(25,613)</b>	<b>\$1,132,251</b>	<b>\$ 67,729</b>	<b>\$(947)</b>	<b>\$ 66,782</b>	<b>\$47,592</b>	<b>\$1,246,625</b>

The accompanying notes are an integral part of these statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Maeda Corporation and Subsidiaries  
Years ended March 31, 2008 and 2009

	Millions of yen	Thousands of U.S. dollars (Note 4)
	2008	2009
<b>Cash Flows from Operating Activities:</b>		
Profit (loss) before income taxes and minority interests .....	¥(20,864)	\$ 29,635
Depreciation .....	6,252	61,417
Impairment loss on fixed assets.....	4,683	20
Increase in allowance for doubtful accounts.....	213	33,595
Increase (decrease) in allowance for losses on construction contracts.....	2,588	(28,413)
Decrease in reserve for retirement benefits .....	(3,155)	(53,151)
Interest and dividend income .....	(1,954)	(17,775)
Interest expenses.....	2,324	23,079
Foreign exchange loss (gain) .....	(1,645)	8,562
Loss (gain) on sale of securities .....	14	(73,470)
Loss on valuation of investments in securities .....	4,546	53,151
Decrease (increase) in trade receivables .....	(8,879)	262,995
Decrease in construction work in progress.....	58,287	165,397
Decrease (increase) in other inventories .....	5,490	(160,796)
Decrease (increase) in consumption tax receivables.....	4,570	(42,360)
Increase (decrease) in trade payables .....	1,428	(152,021)
Increase (decrease) in accounts payables.....	7,664	(52,998)
Decrease in advances on construction work in progress .....	(53,492)	(206,159)
Other .....	1,619	(98,463)
Subtotal.....	9,689	(24,337)
Receipt of interest and dividend income.....	3,168	20,676
Payment of interest expenses .....	(2,284)	(22,610)
Payment of income taxes .....	(750)	(428)
Cash flows from operating activities .....	<u>9,823</u>	<u>(24,569)</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of marketable securities.....	(1,500)	—
Proceeds from sale of marketable securities .....	1,349	15,270
Acquisition of property and equipment and intangible assets .....	(4,779)	(130,123)
Proceeds from sale of property and equipment and intangible assets.....	19	19,312
Acquisition of investments in securities .....	(8,838)	(35,529)
Proceeds from sale of investments in securities.....	490	110,984
Lending of long-term loans receivable .....	(543)	(5,854)
Collection of long-term loans receivable .....	1,068	24,779
Other .....	587	2,963
Cash flows from investing activities .....	<u>(12,147)</u>	<u>177</u>
<b>Cash Flows from Financing Activities:</b>		
Increase in short-term loans.....	5,898	260,358
Borrowing of long-term loans.....	10,500	—
Repayment of long-term loans.....	(809)	(43,154)
Proceeds from issuance of bonds.....	—	129,268
Payment of finance lease obligations.....	—	(346)
Repayment of bonds .....	(13,000)	(50,901)
Payment of cash dividends.....	(1,239)	(12,612)
Acquisition of treasury stocks .....	(5)	(31)
Payment of cash dividends to minority shareholders.....	(47)	(489)
Cash flows from financing activities.....	<u>1,298</u>	<u>282,093</u>
<b>Exchange difference of cash and cash equivalents.....</b>	<u>(239)</u>	<u>(3,420)</u>
<b>Increase (decrease) in cash and cash equivalents.....</b>	<u>(1,265)</u>	<u>30,358</u>
<b>Cash and cash equivalents at beginning of year .....</b>	<u>27,005</u>	<u>263,402</u>
<b>Cash and cash equivalents increased by newly consolidated subsidiary .....</b>	<u>134</u>	<u>—</u>
<b>Cash and cash equivalents at end of year.....</b>	<u>¥(25,874)</u>	<u>\$293,760</u>

The accompanying notes are an integral part of these statements.

## 1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

### (1) Accounting principles and presentation

Maeda Corporation (the "Company") and its consolidated subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those countries of domicile.

Effective April 1, 2008, the Company adopts the "Practical Solution to Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18)." In accordance with PITF No. 18, the accompanying consolidated financial statements for the year ended March 31, 2009 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. Until March 31, 2008, the accompanying consolidated financial statements had been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with accounting principles generally accepted in their countries of domicile. (see Note 3 (1))

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

### (2) Scope of consolidation

The Company has 21 subsidiaries ("controlling companies," wherein the decision-making body of entity is controlled) as of March 31, 2009. The accompanying consolidated financial statements include the accounts of the Company and eight significant subsidiaries, controlled directly or indirectly by the

Company, as listed below:

Name of subsidiary	Equity ownership percentage, including indirect ownership	March 31, 2009	
		Capital stock Millions of yen	Thousands of U.S. dollars
Maeda Seisakusho Co., Ltd. ....	43.0%	¥3,160	\$32,169
JM Corporation. ....	100.0	350	3,563
Fujimi Koken Co., Ltd. ....	50.0	250	2,545
Fujimi Building Services Co., Ltd. ....	75.0	100	1,018
Seiyu Estate Co., Ltd. ....	98.8	50	509
Miyama Kogyo Co., Ltd. ....	74.2	25	255
* Anonymous Association— Shinonome Residential Tower.....	—	—	—
* Anonymous Association— Aomi Seaside Project.....	—	—	—

Notes: 1. The accounts of the above two anonymous associations are newly consolidated with the Company from the fiscal year ended March 31, 2009 since the ratios of capital contribution in those two anonymous associations are high and substantially controlled by the Company.  
2. The account of Anonymous Association – Shinonome Residential Tower is adjusted according to the account closing date of the Company because of its account closing at April 30.

The accounts of the remaining 13 subsidiaries have not been consolidated with the Company because of the insignificant amount of total assets, net sales, net profit and retained earnings, but four of the unconsolidated subsidiaries are accounted for by the equity method.

### (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.

Differences between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies which are accounted for by the equity method are amortized by the straight-line method over periods not exceeding 5 years. However, immaterial goodwill and negative goodwill are charged or credited to income in the year of acquisition.

#### **(4) Investments in unconsolidated subsidiaries and affiliates**

As of March 31, 2009, the Company has nine 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 four unconsolidated subsidiaries and four affiliates are accounted for by the equity method, under which the Company's equity in the net profit of these affiliates is included in consolidated profit with appropriate elimination of intercompany profit as of March 31, 2009 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 profit 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 (\$1,018 thousand) for short-term (less than one year), which are on the completed-contract method.

Sales for the years ended March 31, 2008 and 2009 include ¥255,712 million and ¥225,568 million (\$2,296,325 thousand) of sales on the percentage-of-completion method, respectively.

### **(2) Financial instruments**

#### *(a) Securities*

**Bonds held to maturity:** Amortized cost method

**Available-for-sale securities:**

**Securities with market quotation available:**

Market price method based on the fair market value as of the date of the balance sheet (Sales costs are calculated based on 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 net assets 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 net assets 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.

### **(3) Inventories**

Construction work in progress is stated at the specific identification cost.

Real estate held for sale, merchandise and finished products, project costs for development and others and materials in stock are stated at the specific identification cost (write-down according to plunge of the profitability method).

The "Accounting Standards for Measurement of Inventory" (the Accounting Standards Board of Japan Statement No. 9 dated July 5, 2006) is applied from the fiscal year ended March 31, 2009, and the valuation standards for real estate held for sale and project costs for development and others are mainly changed from the lower of specific identification cost or market value method to the cost method (write-down according to plunge of the profitability method), and for merchandise and finished

products and materials in stock are mainly changed from the cost method to the cost method (write-down according to plunge of the profitability method).

There is minor impact to the operating profit and the profit before income taxes and minority interests respectively by the above changes.

#### (4) Property and equipment

Depreciation costs of property and equipment are 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 costs are 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 Corporation Tax Act of Japan.

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

#### *For the year ended March 31, 2008*

The depreciation costs of property and equipment acquired after April 1, 2007 have been computed in accordance with the depreciation method defined in the Corporation Tax Act of Japan revised in 2007.

This change increased the operating loss and the loss before income taxes and minority interests by ¥220 million respectively.

The residual values of the property and equipment, which were acquired before March 31, 2007 and fully depreciated to the allowable limit, have been depreciated on a straight-line basis over 5 years in accordance with the Corporation Tax Act of Japan revised in 2007.

This change increased the operating loss and the loss before income taxes and minority interests by ¥213 million respectively.

One of the consolidated subsidiaries, Maeda Seisakusho Co., Ltd., had changed the method of accounting for depreciation of the self-propelled operating machines for rent, from the declining-balance method to the straight-line method on April 1, 2007.

This change decreased the operating loss and the loss before income taxes and minority interests by ¥372 million respectively.

#### *For the year ended March 31, 2009*

The useful lives of machinery and equipment have been changed on the basis of the status of use of them in accordance with the

Corporation Tax Act of Japan revised in 2008.

There is minor impact to the operating profit and the profit before income taxes and minority interests respectively by the above changes.

#### (5) Leased assets

The leased assets with title-transfer to lessees in relation to the finance lease contracts are depreciated by the same method applicable to the Company's own fixed assets, but the leased assets without title-transfer are fully depreciated up to nil value by the straight-line method over the period of the lease contract.

Finance lease contracts without title-transfer to the lessee, which had commenced before the commencement year of the adoption of the "Accounting Standard for Lease Transactions" (the Accounting Standards Board of Japan Statement No. 13), out of the finance lease contracts without title-transfer are accounted for as ordinary operating lease contracts.

#### (6) Bond issue expense

The expense for bond issue is fully amortized at once when it is expended.

#### (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 indemnification for completed contracts in the past fiscal years**

A reserve has been provided for losses estimated in relation to the repair works and others of the contracts far beyond the defect liability periods.

#### **(14) 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.

#### **(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, all highly liquid investments with maturities of three months or less and commercial paper.

### **3 Accounting Changes**

#### **(1) Adoption of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”**

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force No. 18 dated May 17, 2006) is adopted from the fiscal year ended March 31, 2009.

There is minor impact to the operating profit and the profit before income taxes and minority interests respectively by the adoption.

#### **(2) “Accounting Standard for Construction Contracts”**

The “Accounting Standard for Construction Contracts” (the Accounting Standards Board of Japan Statement No. 15 dated December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (the Accounting Standards Board of Japan Guidance No. 18 dated December 27, 2007), allowed to be adopted in the year before the fiscal year starting April 1, 2009, are adopted by a consolidated subsidiary to the recognition of the sales of secondary concrete products effective the fiscal year ended March 31, 2009.

The percentage-of-completion method (progress by pro-rata at cost) is applied to the construction contracts principally, commencing in the fiscal year starting from April 1, 2008, and the completed-contract method is applied to other contracts.

There is minor impact to the net sales, the operating profit and the profit before income taxes and minority interests respectively by the adoption of the above standards.

#### **(3) Accounting Standard for Lease Transactions**

Effective the year ended March 31, 2009, the “Accounting Standard for Lease Transactions” (the Accounting Standards Board of Japan Statement No. 13 dated June 17, 1993 by the first subcommittee of the Business Accounting Deliberation Council, and revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (the Accounting Standards Board of Japan Guidance No. 16 dated January 18, 1994, and revised on March 30, 2007 by the Accounting System Committee of the Japanese Institute of Certified Public Accountants) are adopted for the finance lease contracts. Until March 31, 2008, finance lease contracts without title-transfer are accounted for as ordinary operating lease contracts.

There is no impact to the operating profit and the profit before income taxes and minority interests respectively by the adoption of the above standards.

Finance lease contracts without title-transfer to the lessee, which had commenced before the commencement year of the adoption of the “Accounting Standard for Lease Transactions” (the Accounting Standards Board of Japan Statement No. 13), out of the finance lease contracts without title-transfer are accounted for as ordinary operating lease contracts.

## 4 U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥98.23=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2009. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

## 5 MARKET VALUE INFORMATION

Market value information on marketable securities and investment in securities as of March 31, 2008 and 2009 is summarized as follows:

### (1) Market value of bonds held to maturity

	Millions of yen		
	Book value	Market value	Net
March 31, 2008			
Securities with market value			
that exceed book value:			
Corporate bonds .....	¥—	¥—	¥—
Subtotal.....	—	—	—
Securities with market value that			
do not exceed book value:			
Corporate bonds .....	¥—	¥—	¥—
Subtotal.....	—	—	—
Total.....	¥—	¥—	¥—
March 31, 2009			
Securities with market value			
that exceed book value:			
Corporate bonds .....	¥—	¥—	¥—
Subtotal.....	—	—	—
Securities with market value that			
do not exceed book value:			
Corporate bonds .....	¥50	¥40	¥(10)
Subtotal.....	50	40	(10)
Total.....	¥50	¥40	¥(10)

	Thousands of U.S. dollars		
	Book value	Market value	Net
March 31, 2009			
Securities with market value			
that exceed book value:			
Corporate bonds .....	\$ —	\$ —	\$ —
Subtotal.....	—	—	—
Securities with market value that			
do not exceed book value:			
Corporate bonds .....	\$509	\$407	\$(102)
Subtotal.....	509	407	(102)
Total.....	\$509	\$407	\$(102)

### (2) Available-for-sale securities with defined values

	Millions of yen		
	Acquisition cost	Book value	Net
March 31, 2008			
Securities with book values that			
exceed acquisition cost:			
Stocks.....	¥22,977	¥56,634	¥33,657
National/Municipal bonds .....	100	100	0
Corporate bonds .....	—	—	—
Other .....	104	110	6
Subtotal.....	¥23,181	¥56,844	¥33,663
Securities with book values that			
do not exceed acquisition cost:			
Stocks.....	¥12,946	¥ 8,825	¥(4,121)
National/Municipal bonds .....	—	—	—
Corporate bonds .....	—	—	—
Other .....	1,479	1,162	(317)
Subtotal.....	14,425	9,987	(4,438)
Total.....	¥37,606	¥66,831	¥29,225

Note: ¥523 million of the loss on impairment of available-for-sale securities with defined values for the year ended March 31, 2008 was recorded.

March 31, 2009	Millions of yen		
	Acquisition cost	Book value	Net
<b>Securities with book values that exceed acquisition cost:</b>			
Stocks.....	<b>¥17,584</b>	<b>¥29,137</b>	<b>¥11,553</b>
National/Municipal bonds .....	<b>100</b>	<b>101</b>	<b>1</b>
Corporate bonds .....	—	—	—
Other .....	—	—	—
<b>Subtotal.....</b>	<b>¥17,684</b>	<b>¥29,238</b>	<b>¥11,554</b>

March 31, 2009	Millions of yen		
	Acquisition cost	Book value	Net
<b>Securities with book values that do not exceed acquisition cost:</b>			
Stocks.....	<b>¥11,848</b>	<b>¥ 9,591</b>	<b>¥ (2,257)</b>
National/Municipal bonds .....	—	—	—
Corporate bonds .....	—	—	—
Other .....	<b>922</b>	<b>852</b>	<b>(70)</b>
<b>Subtotal.....</b>	<b>¥12,770</b>	<b>¥10,444</b>	<b>(2,326)</b>
<b>Total.....</b>	<b>¥30,454</b>	<b>¥39,681</b>	<b>¥ 9,227</b>

March 31, 2009	Thousands of U.S. dollars		
	Acquisition cost	Book value	Net
<b>Securities with book values that exceed acquisition cost:</b>			
Stocks.....	<b>\$179,008</b>	<b>\$296,620</b>	<b>\$117,612</b>
National/Municipal bonds ....	<b>1,018</b>	<b>1,028</b>	<b>10</b>
Corporate bonds .....	—	—	—
Other .....	—	—	—
<b>Subtotal.....</b>	<b>\$180,026</b>	<b>\$297,648</b>	<b>\$117,622</b>
<b>Securities with book values that do not exceed acquisition cost:</b>			
Stocks.....	<b>\$120,615</b>	<b>\$ 97,638</b>	<b>\$ (22,977)</b>
National/Municipal bonds ....	—	—	—
Corporate bonds .....	—	—	—
Other .....	<b>9,386</b>	<b>8,674</b>	<b>(712)</b>
<b>Subtotal.....</b>	<b>\$130,001</b>	<b>\$106,312</b>	<b>(23,689)</b>
<b>Total.....</b>	<b>\$310,027</b>	<b>\$403,960</b>	<b>\$ 93,933</b>

Note: ¥7,103 million (\$72,310 thousand) of the loss on impairment of available-for-sale securities with defined values for the year ended March 31, 2009 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
	2008	2009	
Amount sold .....	¥31	¥10,820	\$110,150
Gains.....	7	7,828	79,691
Losses.....	(21)	(612)	(6,230)

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

Book value as of March 31	Millions of yen		Thousands of U.S. dollars
	2008	2009	
<b>Bonds held to maturity:</b>			
Overseas unlisted bonds .....	¥ 100	¥ 100	\$ 1,018
Domestic unlisted bonds.....	1,100	440	4,479
<b>Other securities:</b>			
Unlisted stocks.....	5,236	5,163	52,560
Overseas unlisted bonds .....	250	—	—
Beneficiary rights in monetary trust.....	1,000	—	—

Notes: 1. ¥115 million of the loss on impairment of other securities without market value for the year ended March 31, 2008 was recorded.

2. ¥89 million (\$906 thousand) of the loss on impairment of other securities without market value for the year ended March 31, 2009 is recorded.

### (5) Repayment schedule for available-for-sale securities and bonds held to maturity

Book value as of March 31	Millions of yen		Thousands of U.S. dollars
	2008	2009	
Within 1 year .....	¥1,520	¥520	\$5,294
Over 1 year and within 5 years .....	893	256	2,606
Over 5 years and within 10 years.....	170	191	1,944
Over 10 years .....	1,139	577	5,874

## 6 IMPAIRMENT LOSS ON FIXED ASSETS

Fixed assets for business use are grouped by a unit of business establishment, and its fixed assets for rent, golf courses, and the fixed assets to be disposed are grouped based on an individual asset.

¥2 million (\$20 thousand) of impairment loss on fixed assets is recorded because the book values of the properties have been reduced to the recoverable values due to the declines of land prices.

Impairment loss on fixed assets for the years ended March 31, 2008 and 2009 consist of the following:

Year ended March 31	Millions of yen		Thousands of U.S. dollars 2009
	2008	2009	
Nagano and other:			
Land:			
Idle.....	¥ —	¥ 2	\$20
Tokyo metropolitan area:			
Land, buildings and other:			
For business.....	2,827	—	—
For rent .....	1,438	—	—
For other .....	—	—	—
Other:			
Land and buildings:			
For business and other.....	418	—	—
Total.....	¥4,683	¥ 2	\$20

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 3.8%.

## 7 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 funding 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, the management believes that there are no credit risks such as default of counterparties.

#### (e) Risk management of derivative transactions

The management of the Company and its subsidiaries determines their fundamental policies on derivative transactions of the Company. Executions of the transactions are performed by each 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 of 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

## 8 INVENTORIES

Inventories as of March 31, 2008 and 2009, are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars	2009
	2008	2009		
Real estate held for sale.....	¥ 5,500	¥ 6,120	\$ 62,303	
Merchandise and finished products..	1,894	1,800	18,324	
Construction work in progress .....	49,895	33,648	342,543	
Project costs for development & others.....	1,608	27,175	276,647	
Materials in stock .....	1,165	13,728	139,753	
Total.....	¥60,062	¥82,471	\$839,570	

Note: Inventories as of March 31, 2009 are revaluated by write-down according to plunge of the profitability method and ¥162 million (\$1,649 thousand) of loss on revaluation of inventories is included in "Cost of Sales" of Consolidated Statements of Income.

## 9 SHORT-TERM DEBT, LONG-TERM DEBT AND LEASE OBLIGATIONS

Short-term debt and lease obligations due within one year as of March 31, 2008 and 2009 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars	2009
	2008	2009		
Bank loans bearing interest with average rate of 1.2% per annum ...	¥38,645	¥63,886	\$650,372	
Current portion of long-term debt .....	6,239	15,280	155,553	
Total short-term debt .....	¥44,884	¥79,166	\$805,925	
Lease obligations due within one year.....	¥ —	¥ 58	\$ 590	
Total:.....	¥44,884	¥79,224	\$806,515	

Long-term debt and lease obligations as of March 31, 2008 and 2009 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars	2009
	2008	2009		
10-year TSR+0.15% 1st series bonds due in 2008 .....	¥ —	¥ —	\$ —	—
1.60% 6th series bonds due in 2008.....	5,000	—	—	—
1.16% 7th series bonds due in 2007.....	—	—	—	—
0.79% 10th series bonds due in 2009.....	15,000	15,000	152,703	
1.81% 11th series bonds due in 2011.....	10,000	10,000	101,802	
2.23% 12th series bonds due in 2013.....	5,000	5,000	50,901	
1.71% 13th series bonds due in 2012.....	5,000	5,000	50,901	
1.69% 14th series bonds due in 2012.....	5,000	5,000	50,901	
2.24% 15th series bonds due in 2014.....	—	10,000	101,802	
2.13% 16th series bonds due in 2012.....	—	3,000	30,540	
Long-term loans due in between 2010–2014 bearing interest with average rate of 1.8% per annum ...	22,452	28,212	287,203	
	67,452	81,212	826,753	
Less—Portion due within one year.....	(6,239)	(15,280)	(155,553)	
Total.....	¥61,213	¥65,932	\$671,200	
Lease obligations due after one year.....	¥ —	¥ 222	\$ 2,260	
Total.....	¥61,213	¥66,154	\$673,460	

Notes: 1. Lease obligations due within one year and lease obligations due after one year are included in "Other current liabilities" of "Current Liabilities", and in "Other long-term liabilities" of "Long-Term Liabilities", respectively because they are immaterial in amount.

2. Average rates of interest are calculated by the weighted average method using the interest rates as of the year-end and the loan balances as of March 31, 2009. Average rates of interest of lease obligations are omitted because the balance of lease obligations in the balance sheet includes the interests thereof.

The annual maturities of long-term debt and lease obligations as of March 31, 2009 are as follows:

Year ending March 31	Millions of yen		Thousands of U.S. dollars	
	Long-term debt	Lease obligation	Long-term debt	Lease obligation
2010.....	¥15,280	¥ 58	\$155,553	\$ 590
2011.....	14,780	58	150,463	590
2012.....	25,652	58	261,142	590
2013.....	10,000	58	101,802	590
2014 and thereafter ....	15,500	48	157,793	490
Total.....	¥81,212	¥280	\$826,753	\$2,850

The assets pledged as collateral for short-term debt and long-term debt as of March 31, 2008 and 2009 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars 2009
	2008	2009	
Project costs for			
development and others .....	¥ —	¥17,182	\$174,916
Buildings and structures .....	2,144	1,115	11,351
Land.....	1,363	389	3,960
Investments in securities.....	1,784	813	8,277
Total.....	¥5,291	¥19,499	\$198,504

The secured liabilities as of March 31, 2008 and 2009 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars 2009
	2008	2009	
Short-term debt.....	¥8,639	¥13,180	\$134,175
Long-term debt .....	713	10,432	106,200
Other long-term liabilities .....	297	291	2,962
Total.....	¥9,649	¥23,903	\$243,337

## 10 LEASE TRANSACTIONS

### Finance lease contracts without title-transfer

The finance lease contracts without title-transfer as of March 31, 2008 and the finance lease contracts without title-transfer which had commenced before the commencement year of the adoption of the “Accounting Standard for Lease Transactions” as of March 31, 2009 are presented as below:

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 2009
	2008	2009	
Acquisition cost.....	¥588	¥529	\$5,385
Accumulated depreciation .....	303	310	3,156
Net book value.....	¥285	¥219	\$2,229
Lease rental expenses .....	¥111	¥107	\$1,089
Depreciation cost .....	111	107	1,089

The amount of acquisition cost is computed by the method that the lease payments include the interests thereon because the ratio of the outstanding minimum lease payments against the balance of the tangible assets at the year-end is low.

Depreciation cost is computed by the straight-line method over the lease term of the leased assets up to nil value.

The amounts of outstanding minimum lease payments as of March 31, 2008 and 2009, which include the portion of interest thereon, are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars 2009
	2008	2009	
Finance leases contracts without title-transfer:			
Minimum lease payments:			
Within one year .....	¥ 92	¥ 89	\$ 906
Over one year.....	193	130	1,323
Total.....	¥285	¥219	\$2,229

The amount of outstanding minimum lease payments is computed by the method that the lease payments include the interest thereon because the ratio of the outstanding minimum lease payments against the balance of the tangible assets at the year-end is low.

### **Finance lease contracts: (as lessee)**

Leased assets include tangible assets, which mainly consist of the machinery for rental contracts in the construction machinery sales and related service business of a consolidated subsidiary Maeda Seikakusho Co., Ltd.

Depreciation cost of leased assets is computed by the straight-line method over the lease term of the leased assets up to nil value.

### **Operating lease contracts:**

March 31	Millions of yen		Thousands of U.S. dollars 2009
	2008	2009	
<b>Minimum lease payments:</b>			
Within one year .....	¥ 91	¥214	\$2,179
Over one year .....	61	462	4,703
Total.....	¥152	¥676	\$6,882

## **11 RETIREMENT BENEFIT PLANS**

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

The Company and its consolidated subsidiaries may pay extra severance pay, which is not subject to the pension obligation mathematically calculated in accordance with the retirement benefit accounting to employees on retirement and others.

As of March 31, 2009, 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 reserve for retirement benefits as of March 31, 2008 and 2009 is analyzed as follows:

	Millions of yen		Thousands of U.S. dollars 2009
	2008	2009	
(a) Projected benefit obligations...	¥(54,501)	¥(49,586)	\$ (504,795)
(b) Plan assets .....	28,701	21,809	222,020
(c) Unfunded benefit obligations			
[(a)+(b)] .....	(25,800)	(27,777)	(282,775)
(d) Unrecognized actuarial differences .....	18,696	22,032	224,290
(e) Unrecognized prior service cost .....	(10,847)	(9,863)	(100,408)
Reserve for retirement benefits			
[(c)+(d)+(e)] .....	¥(17,951)	¥(15,608)	\$ (158,893)

Retirement benefits expenses related to the retirement benefits for the years ended March 31, 2008 and 2009 are as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars 2009
	2008	2009	
(a) Service cost.....	¥1,575	¥1,565	\$15,932
(b) Interest cost .....	1,093	1,089	11,086
(c) Expected return on plan assets.....	(639)	(574)	(5,843)
(d) Amortization of actuarial differences .....	1,593	1,871	19,047
(e) Amortization of prior service cost .....	(983)	(983)	(10,007)
Retirement benefits expense			
[(a)+(b)+(c)+(d)+(e)] .....	2,639	2,968	30,215
(f) Contribution cost to defined contribution pension plan .....	577	504	5,131
(g) Extra payment for early retirement .....	5,311	—	—
Total [(a)+(b)+(c)+(d)+(e)+(f)+(g)]....	¥8,527	¥3,472	\$35,346

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

	2008	2009
(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>

A consolidated subsidiary participates in a trading-association-type employees' pension fund (National Construction Industry Employees' Pension Fund), and its contribution to the pension fund is included in the above in "Retirement benefits expense." The pension fund assets as of March 31, 2008 and 2009 are as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
(a) Pension fund assets.....	¥234,769	<b>¥214,436</b>	<b>\$2,182,999</b>
(b) Projected benefit obligations.....	230,853	<b>242,567</b>	<b>2,469,378</b>
(c) Balance [(a)-(b)] .....	¥ 3,916	<b>¥(28,131)</b>	<b>\$ (286,379)</b>

- Notes: 1. The amounts shown above as of March 31, 2008 and 2009 are based on the information as of the end of the previous fiscal year.  
 2. The consolidated subsidiary's portions of the National Construction Industry Employees' Pension Fund are 1.09% as of March 31, 2007, and 1.13% as of March 31, 2008.  
 3. The minus balance of ¥28,131 million mainly comes from ¥11,890 million of projected prior service cost and ¥13,760 million of adjusted revaluation of assets.  
 4. Effective the fiscal year ended March 31, 2008, the "Accounting Standard for Retirement Benefits-Partial Revision No. 2 (the Accounting Standards Board of Japan Statement No. 14 dated May 15, 2007)" was adopted by the fund.

## 12 INCOME TAXES

Significant components of deferred tax assets and liabilities as of March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31	2008	2009
<b>Deferred tax assets:</b>			
Net loss carried forward.....	¥ 9,203	<b>¥13,608</b>	<b>\$138,532</b>
Reserve for retirement benefits	7,477	<b>6,521</b>	<b>66,385</b>
Write-down of inventories.....	6,404	<b>5,418</b>	<b>55,156</b>
Impairment loss on fixed assets	4,168	<b>3,543</b>	<b>36,068</b>
Allowance for losses on construction contracts .....	2,515	<b>2,641</b>	<b>26,886</b>
Allowance for doubtful accounts.....	1,101	<b>1,391</b>	<b>14,161</b>
Unrealized intercompany profit of fixed assets .....	209	<b>236</b>	<b>2,403</b>
Other .....	8,919	<b>5,452</b>	<b>55,502</b>
Total .....	39,996	<b>38,810</b>	<b>395,093</b>
Less—Valuation allowance .....	(39,321)	<b>(38,321)</b>	<b>(390,115)</b>
Deferred tax assets .....	675	<b>489</b>	<b>4,978</b>
<b>Deferred tax liabilities:</b>			
Unrealized gain on investment	(13,683)	<b>(4,501)</b>	<b>(45,821)</b>
Total deferred tax liabilities..	(13,683)	<b>(4,501)</b>	<b>(45,821)</b>
Net deferred tax liabilities.....	¥(13,008)	<b>¥ (4,012)</b>	<b>\$ (40,843)</b>

The details of the difference between the statutory tax rate and effective income tax rate as of March 31, 2008 were omitted because of loss before income taxes and minority interests for the year ended at March 31, 2008.

The details of the difference between the statutory tax rate and effective income tax rate as of March 31, 2009 are as follows:

Statutory tax rate.....	<b>40.7%</b>
Decrease in taxes resulting from:	
Expenses not deductible for tax purposes.....	15.7
Income not deductible for tax purposes.....	(6.1)
Per capita levy .....	7.3
Investment profit on equity method.....	(15.2)
Less—Valuation allowance and other .....	(30.5)
Effective income tax rate .....	<b>11.9%</b>

### 13 SHAREHOLDERS' EQUITY

The Corporation Law of Japan provides that an amount equivalent to 10% of the amount of the deduction from surplus as a result of the payment of dividends of surplus be recorded as capital reserves or retained earnings reserves, until the sum of the capital reserves and the retained earnings reserves equals 25% of the capital stock amount. Such a distribution of dividends of surplus can be made by resolution of a shareholders meeting, or by the Board of Directors if certain conditions are met.

The following distribution of retained earnings applicable to the year ended March 31, 2009 was duly approved at a General shareholders meeting held on June 26, 2009:

Year ended March 31, 2009	Millions of yen	Thousands of U.S. dollars
Cash dividends of ¥7 per share .....	¥1,239	\$12,613

### 14 COMMITMENTS AND CONTINGENT LIABILITIES

The contingent liabilities of the Company as of March 31, 2008 and 2009 are summarized as follows:

March 31	Thousands of		
	Millions of yen	U.S. dollars	2009
Endorsed trade notes receivable.....	¥ 7,922	¥ 8,958	\$ 91,194
Guarantees on securitized			
trade notes receivable.....	2,778	2,178	22,172
Letters of guarantee for affiliates .....	1,684	2,068	21,053
Other .....	2,954	1,891	19,251
Total.....	<u>¥15,338</u>	<u>¥15,095</u>	<u>\$153,670</u>

### 15 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, 2008 and 2009 are as follows:

Year ended March 31,	Thousands of		
	Millions of yen	U.S. dollars	2009
Salaries to employees .....	¥10,933	¥9,446	\$96,162
Retirement benefit expenses .....	1,160	1,240	12,623
Provision for doubtful accounts.....	532	878	8,938
Provision for bonuses			
for employees .....	1,098	872	8,877

### 16 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in the selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2008 and 2009 are as follows:

Year ended March 31	Thousands of		
	Millions of yen	U.S. dollars	2009
Research and development expenses ...	¥1,577	¥1,820	\$18,528

### 17 CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS INFORMATION

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

Type:	Thousands of stocks		
	Outstanding stocks	Treasury stock	Common stocks
	Common stocks	Common stocks	
Number of shares as of March 31, 2007 .....	185,213	8,160	
Increase for the year ended March 31, 2008 ....	—	63	
Decrease for the year ended March 31, 2008....	—	—	
Number of stocks as of March 31, 2008.....	<u>185,213</u>	<u>8,223</u>	

Note: The increase in the number of treasury stock of 63 thousand common stocks consists of 10 thousand due to purchase of less-than-one-unit stocks and 53 thousand due to the change of the Company's equities in subsidiaries and affiliates.

Type:	Thousands of stocks	
	Outstanding stocks	Treasury stock
Common stocks	Common stocks	
Number of shares as of March 31, 2008 .....	185,213	8,223
Increase for the year ended March 31, 2009 ....	—	12
Decrease for the year ended March 31, 2009...	—	—
Number of stocks as of March 31, 2009 .....	<u>185,213</u>	<u>8,235</u>

Note: The increase in the number of treasury stock of 12 thousand common stocks consists of 10 thousand due to purchase of less-than-one-unit stocks and 2 thousand due to the change of the Company's equities in subsidiaries and affiliates.

## (2) Dividends

### (a) Cash dividends distributed during the year ended March 31, 2008

Cash dividends of ¥7.0 per common stock at March 31, 2008 in the total amount of ¥1,239 million were distributed to shareholders subject to the resolution of a General shareholders meeting held on June 28, 2007.

### (b) Cash dividends distributed during the year ended March 31, 2009

Cash dividends of ¥7.0 (\$0.07) per common stock at March 31, 2008 in the total amount of ¥1,239 million (\$12,613 thousand) were distributed to shareholders subject to the resolution of a General shareholders meeting held on June 27, 2008.

### (c) Cash dividends to be distributed during the year ending March 31, 2010

Cash dividends of ¥7.0 (\$0.07) per common stock at March 31, 2009 in the total amount of ¥1,239 million (\$12,613 thousand) out of the retained earnings are to be distributed to shareholders subject to the resolution of a General shareholders meeting held on June 26, 2009.

## 18 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, 2008 and 2009 are presented as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
"Cash and time deposits" balance in the Consolidated Balance Sheets...	¥26,408	<b>¥28,990</b>	<b>\$295,124</b>
Less—Time deposits exceeding the period of 3 months.....	(534)	(134)	(1,364)
Cash and cash equivalents at end of year .....	<u>¥25,874</u>	<u>¥28,856</u>	<u>\$293,760</u>

### (2) Assets, liabilities and others of newly consolidated anonymous associates

The accounts of two Anonymous Associations of Shinonome Residential Tower and Aomi Seaside Project are consolidated with the Company from the year ended March 31, 2009 because of the investments in those anonymous associations by a consolidated subsidiary, and the assets and liabilities of them at the beginning of the consolidation and the amount of investments and the proceeds from the investments are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets.....	¥11,140	\$113,407
Investments and other assets.....	2	20
Goodwill.....	5	51
Current liabilities .....	(218)	(2,219)
Long-term liabilities .....	(10,000)	(101,802)
Negative goodwill.....	(12)	(122)
Total.....	<u>¥ 917</u>	<u>\$ 9,335</u>

Investments by a subsidiary before consolidation .....	¥ (517)	\$ (5,263)
Investments in newly consolidated subsidiaries.....	400	4,072
Cash and cash equivalents of newly consolidated subsidiaries.....	557	5,670
Proceeds by newly consolidated subsidiaries.....	<u>¥ 157</u>	<u>\$ 1,598</u>

## 19 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 renting of real estate
	Related service businesses and other

The segment information of the Company for the year ended March 31, 2008 was presented below:

Year ended March 31, 2008	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
<b>I. Net sales and operating profit</b>				
Net sales:				
(1) Sales to outside customers.....	¥428,888	¥48,588	¥ —	¥477,476
(2) Intersegment sales...	430	5,347	(5,777)	—
Total.....	429,318	53,935	(5,777)	477,476
Operating expenses.....	434,060	52,790	(5,001)	481,849
Operating profit (loss).....	¥ (4,742)	¥ 1,145	¥ (776)	¥ (4,373)
<b>II. Assets, depreciation, impairment loss on fixed assets and capital expenditure</b>				
Assets .....	¥367,859	¥58,251	¥27,020	¥453,130
Depreciation .....	4,320	2,004	(72)	6,252
Impairment loss on fixed assets.....	2,350	2,360	(27)	4,683
Capital expenditure .....	2,544	2,567	(230)	4,881

- Notes:
- Unallocated operating expenses included in the column "Elimination/Corporate" of "Operating expenses" is ¥952 million, which mainly consist of the administrative expenses of the Company's headquarters.
  - Corporate assets included in the column "Elimination/Corporate" of "Assets" is ¥31,303 million, which mainly consist of management surplus fund (cash, deposits and securities), long-term investment fund (investments in securities, and other) and the assets under the administrative department of the Company's headquarters.
  - The depreciation of property and equipment acquired after April 1, 2007 was computed in accordance with the depreciation method defined in the Corporate Tax Act of Japan revised in 2007. This change increases "Operating loss" of "Construction" by ¥169 million, but decreases "Operating profit" of "Other" by ¥51 million.

4. The residual value of the property and equipment, which were acquired before March 31, 2007 and fully depreciated to the allowable limit, was depreciated on a straight-line basis over 5 years in accordance with the Corporate Tax Act of Japan revised in 2007.

This change increased "Operating loss" of "Construction" by ¥168 million but decreases "Operating profit" of "Other" by ¥45 million, respectively.

5. One of the consolidated subsidiaries, Maeda Seisakusho Co., Ltd., changed the method of accounting for depreciation of the self-propelled operating machines for rent, from the declining balance method to the straight-line method on April 1, 2007.

This change increased "Operating profit" of "Other" by ¥372 million.

The segment information of the Company for the year ended March 31, 2009 is presented below:

Year ended March 31, 2009	Millions of yen			
	Construction	Other	Elimination/ Corporate	Consolidated
<b>I. Net sales and operating profit</b>				
Net sales:				
(1) Sales to outside customers .....	¥354,776	¥37,687	¥ —	¥392,463
(2) Intersegment sales...	3,116	5,027	(8,143)	—
Total.....	357,892	42,714	(8,143)	392,463
Operating expenses.....	353,712	40,797	(7,015)	387,494
Operating profit .....	¥ 4,180	¥ 1,917	¥(1,128)	¥ 4,969
<b>II. Assets, depreciation, impairment loss on fixed assets and capital expenditure</b>				
Assets .....	¥320,328	¥77,681	¥26,431	¥424,440
Depreciation .....	4,167	1,933	(67)	6,033
Impairment loss on fixed assets.....	—	2	—	2
Capital expenditure .....	2,719	9,093	716	12,528

Year ended March 31, 2009	Thousands of U.S. dollars			
	Construction	Other	Elimination/ Corporate	Consolidated
<b>I. Net sales and operating profit</b>				
Net sales:				
(1) Sales to outside customers.....				
\$3,611,687	\$383,661	\$ —	\$3,995,348	
(2) Intersegment sales.....				
31,721	51,176	(82,897)	—	
Total.....	3,643,408	434,837	(82,897)	3,995,348
Operating expenses..	3,600,855	415,321	(71,414)	3,944,762
Operating profit .....	\$ 42,553	\$ 19,516	\$ (11,483)	\$ 50,586
<b>II. Assets, depreciation, impairment loss on fixed assets and capital expenditure</b>				
Assets .....	\$3,261,000	\$790,807	\$269,073	\$4,320,880
Depreciation .....	42,421	19,678	(682)	61,417
Impairment loss on fixed assets.....	—	20	—	20
Capital expenditure...	27,680	92,568	7,289	127,537

Notes: 1. Unallocated operating expenses included in the column "Elimination/Corporate" of "Operating expenses" is ¥1,106 million (\$11,259 thousand), which mainly consist of the administrative expenses of the Company's headquarters.

2. Corporate assets included in the column "Elimination/Corporate" of "Assets" is ¥32,645 million (\$332,332 thousand), which mainly consist of a management surplus fund (cash, deposits and securities), a long-term investment fund (investments in securities and other) and the assets under the administrative department of the Company's headquarters.

## (2) Geographic segment information

Since the amounts of sales in Japan for the years ended March 31, 2008 and 2009 exceed 90% of the consolidated amounts, the disclosure of geographic segment information is omitted.

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

Since the amounts of overseas sales for the years ended March 31, 2008 and 2009 are less than 10% of the consolidated sales, the disclosure of details of overseas sales is omitted.

## 20 RELATED PARTY INFORMATION

### (1) Related party transactions

Transactions with related party for the years ended March 31, 2008 and 2009 are as follows:

#### *For the year ended March 31, 2008*

Related party	:	Masaru Matsuzaki
Attribution	:	Auditor
Type of business	:	Lawyer
Voting right held	:	0.0% (held by others)
Nature of transaction	:	Legal service
Amount of transaction	:	¥5 million (\$51 thousand)

Note: Lawyer's reward was determined in consideration of actual legal cases handled.

#### *For the year ended March 31, 2009*

Effective the year ended March 31, 2009, the "Accounting Standard for Related Party Disclosures" (the Accounting Standards Board of Japan Statement No. 11 dated October 17, 2006), and the "Guidance on Accounting Standard for Related Party Disclosures" (the Accounting Standards Board of Japan Guidance No. 13 dated October 17, 2006) are adopted. As a result, the transactions of the Company's consolidated subsidiaries with the directors of significant subsidiaries and their close relatives and the transactions with the pension funds for employees are to be newly disclosed.

Related party	:	Hikarigaoka Corporation
Attribution	:	Affiliate
Address	:	Nerima-ku, Tokyo
Capital	:	¥1,055 million (\$10,740 thousand)
Type of business	:	Trading firm
Voting right held	:	23.8% (held by the Company)
Business relationship	:	Purchase of construction materials and equipment and rental of real properties
Nature of transaction	:	Sales of real properties
Amount of transaction	:	Sale amount: ¥826 million (\$8,409 thousand) Gain on sale: ¥688 million (\$7,004 thousand)

Note: Sale amount of property was determined considering the valuations of independent real-estate appraisers.

## (2) Significant affiliate

Maeda Road Construction Co., Ltd. is a significant affiliate as of March 31, 2009, and the summary of its financial statements are as follows:

March 31, 2009	Millions of yen	Thousands of U.S. dollars
Total current assets .....	¥ 80,871	\$ 823,282
Total investments and other assets .....	15,159	154,321
Total property and equipment .....	62,488	636,140
Total current liabilities .....	37,746	384,261
Total long-term liabilities .....	6,145	62,557
Total net assets .....	114,627	1,166,925
Net sales .....	175,157	1,783,131
Profit before income taxes .....	7,872	80,138
Net profit .....	4,528	46,096

## 21 NET ASSETS / NET INCOME PER SHARE

March 31	Yen		U.S. dollars 2009
	2008	2009	
Net assets per share .....	¥730.40	¥665.51	\$6.78
Earnings per share .....	(258.73)	14.81	0.15

Note: Diluted earnings per share are not presented because there were no dilutive potential common stocks in existence during the years ended March 31, 2008 and 2009.

The above information is calculated based on the following facts:

March 31	Millions of yen		Thousands of U.S. dollars 2009
	2008	2009	
Net profit (loss) .....	¥(45,807)	¥2,621	\$26,682
Amount not attributable to common shareholders .....	—	—	—
Net profit (loss) attributable to common shareholders .....	¥(45,807)	¥2,621	\$26,682

During the fiscal year of	Thousands	
	2008	2009
Average number of stocks .....	177,047	176,985

## 22 SUPPLEMENTAL INFORMATION

Cosmos Initia Co., Ltd., our client, applied to the Japanese Association of Turnaround Professionals, an organization, handling the Alternative Dispute Resolution for Rehabilitation of business under Act on Special Measures concerning Industrial Revitalization, authorized by the Ministry of Justice and the Ministry of Economy, Trade and Industry, for the use of the procedures for Alternative Dispute Resolution for Rehabilitation of business on April 17, 2009, and it was accepted on the same day.

The amounts of the debts and credits to Cosmos Initia Co., Ltd. as of March 31, 2009 are as follows:

March 31, 2009	Millions of yen	Thousands of U.S. dollars
Trade receivables:		
Notes .....	¥1,269	\$12,919
Accounts .....	67	682



**Ernst & Young ShinNihon LLC**  
Hibiya Kokusai Bldg.  
2-2-3, Uchisaiwai-cho,  
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100  
Fax: +81 3 3503 1197

### Report of Independent Auditors

The Board of Directors  
Maeda Corporation

We have audited the accompanying consolidated balance sheets of Maeda Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Maeda Corporation and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2, to the consolidated financial statements, Maeda Seisakusho Co., Ltd., a consolidated subsidiary, changed its method of accounting for depreciation of the self-propelled operating machines for rent, from the declining balance method to the straight-line method on April 1, 2007.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4.

*Ernest & Young ShinNihon LLC*

June 23, 2009

A member firm of Ernst & Young Global Limited

## Outline of the Corporation

(As of March 31, 2009)

**Year of Establishment**

1919

**Date of Incorporation**

November 6, 1946

**Number of Employees**

2,739

**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)-3-5276-5161

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

## Board of Directors

(As of June 26, 2009)

**Chairman and Representative Director**

Yasuji Maeda

**Vice Chairman and Director**

Tadashi Hirota

**President and Representative Director**

Koichi Obara

**Executive Vice President and Representative Director**

Masayoshi Ejiri

**Directors**

Soji Maeda

Kojiro Fukuta

**Representative Director**

Yasuiku Hase

**Directors**

Makoto Nagao

Hirotaka Nishikawa

Toru Ogura

Hidetsugu Ooe

Toru Hambayashi

Akira Watanabe

**Corporate Auditors (full-time)**

Yutaka Tokui

Ken Nakanishi

Hideyuki Wada

**Corporate Auditors**

Masaru Matsuzaki

Toshiyuki Watanabe

## Executive Officers

(As of June 26, 2009)

**President and Chief Executive Officer**

Koichi Obara

**Executive Vice President**

Masayoshi Ejiri

**Senior Managing Officers**

Soji Maeda

Kojiro Fukuta

**Managing Officers**

Yasuiku Hase

Makoto Nagao

Hirotaka Nishikawa

Hiroshi Yokota

Masaaki Kato

Yoshihiko Hayasaka

Takayuki Okui

Toshiaki Inazu

**Executive Officers**

Toru Ogura

Hidetsugu Ooe

Yoshinobu Sugimoto

Isamu Saga

Yoshinobu Gomi

Toshiaki Shoji

Akihiko Kakinuma

Masakatsu Kato

Yoshiyasu Nomura

Toshihisa Aoki

Masakazu Kawanobe

Tsutomu Imai

Toshifumi Kakuda

Yuzo Inamura

Tetsuji Nishimoto

Masaharu Katsumata

Yuji Hatakama

**Head Office**

10-26, Fujimi 2-chome, Chiyoda-ku,  
Tokyo 102-8151, Japan  
Tel: (81)-3-3265-5551  
Fax: (81)-3-5276-5161  
URL: <http://www.maeda.co.jp/>

**Hong Kong Branch**

Rooms 1601-1605, New East Ocean Centre,  
9 Science Museum Road, T.S.T. East,  
Kowloon, Hong Kong,  
S.A.R., People's Republic of China  
Tel: (852)-2369-9267  
Fax: (852)-2724-4046

**Bangkok Office**

18th Floor, Thaniya Plaza Building,  
52 Silom Road, Suriyawong, Bangrak,  
Bangkok 10500, Thailand  
Tel: (66)-2-231-2470/2  
Fax: (66)-2-231-2473

**Phnom Penh Office**

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

**Hanoi Office**

Room 03, 8th Floor,  
57 Quang Trung Street,  
Hanoi, Vietnam  
Tel: (84)-4-3943-6311/2  
Fax: (84)-4-3943-6314

**Guam Office**

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

**Beijing Office**

Beijing Hotel, Room No. D-4311A,  
No. 33 Dong Chang An Street,  
Beijing, People's Republic of China  
Tel: (86)-10-6525-9523  
Fax: (86)-10-6523-2394

**Taiwan Office**

4F, No. 76, Nanjing W. Road,  
Datong District, Taipei 10352, Taiwan  
Tel: (886)-2-2558-6380  
Fax: (886)-2-2558-6390

**Sri Lanka Office**

No. 73, Jawatta Road, Colombo 05,  
Sri Lanka  
Tel: (94)-11-255-3866  
Fax: (94)-11-452-8260

**◆ Branches:**

**Hokkaido, Tohoku, Kanto, Tokyo,**  
**Yokohama, Hokuriku, Chubu,**  
**Kansai, Chugoku, Kyushu, Hong Kong**

**Principal Subsidiaries  
and Affiliates****Overseas:**

- ◆ **MKK Technologies, Inc.**
- ◆ **Thai Maeda Corporation, Ltd.**
- ◆ **Maeda Vietnam Co., Ltd.**
- ◆ **Maeda (Beijing) Business Consulting Co., Ltd.**

**Domestic:**

- ◆ **Maeda Road Construction Co., Ltd.**
- ◆ **Toyo Construction Co., Ltd.**
- ◆ **Maeda Seisakusho Co., Ltd.**
- ◆ **Hikarigaoka Corporation**
- ◆ **Fujimi Koken Co., Ltd.**
- ◆ **Seiyu Estate Co., Ltd.**
- ◆ **Fujimi Building Services Co., Ltd.**
- ◆ **Miyama Kogyo Co., Ltd.**
- ◆ **JM (Japanese Management) Corporation**
- ◆ **Koho Co., Ltd.**

**Maeda Corporation**

10-26, Fujimi 2-chome, Chiyoda-ku, Tokyo 102-8151, Japan

Tel: (03) 3265-5551, (03) 5276-5154 Fax: (03) 3262-3339

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