



MAEDA

# MAEDA

ANNUAL REPORT 2010

*Corporation*



A  
D  
E  
M  
A



Koichi Obara, President and Representative Director

*I am pleased to have this opportunity to report the Company's operating results for fiscal 2010, which ended March 31, 2010, the 65th year since Maeda's incorporation.*

During fiscal 2010, the Japanese economy showed signs of recovery in exports and manufacturing accompanying the recovery of the U.S. and Chinese economies from the worldwide recession. However, the deterioration of the employment and income environments owing to a large drop in corporate profitability, the unrelenting weakness of capital investments, and other factors caused harsh conditions to continue.

Japan's construction industry faced a further increase in the severity of its new order acquisition environment due to a large revision of public works projects following the accession of a new Japanese government as well as to such other factors as the slackness of private-sector construction investment, which reflected the weakness of housing/real estate market conditions and a cooling off of investment motivation.

Amid these conditions, Maeda Corporation incorporated the goal of being the Japanese construction industry's top company in terms of "environmental management" within its medium- to long-term vision. At the same time, we made concerted efforts to implement the strategies emphasized by our 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." Moreover, we did our utmost to "thoroughly foster the development of personnel suitable for helping Maeda become among the most trusted of companies and reform the Company's fundamental constitution to build a base for realizing profitable business expansion."

## CONTENTS

- 2** Profile of the Corporation
- 3** Review of Operations
- 6** Topics of the Year
- 9** Financial Section
- 9** Consolidated Financial Highlights
- 10** Consolidated Balance Sheets
- 12** Consolidated Statements of Income
- 13** Consolidated Statements of Changes in Net Assets
- 14** Consolidated Statements of Cash Flows
- 15** Notes to the Consolidated Financial Statements
- 33** Report of Independent Certified Public Accountants
- 34** Corporate Information
- 35** Directory

As a result, we realized a transition to a corporate constitution that places strong emphasis on profitability while also attaining our targets for increasing operational efficiency and reducing expenses. Accompanying the confirmation of judicial decisions on infractions regarding the Waste Management and Public Cleaning Act in a previous fiscal year, the Company carried out a three-day temporary marketing suspension order during the fiscal year under review. We are responding by effectively implementing our already drafted plans for measures to prevent the recurrence of such problems, and we are also striving to ensure our comprehensively rigorous compliance with all relevant laws and regulations.

Regarding consolidated performance in fiscal 2010, net sales fell 16.3% year on year, to over ¥328.6 billion. Although the profitability of construction operations was robust, a drop in the profitability of other operations decreased the overall level of operating profit to above ¥2.6 billion. Net income amounted to over ¥2.3 billion.

Performance by business sector was as follows.

### Construction

The Maeda Group's operations in the construction segment generated more than ¥292.9 billion in consolidated net sales. We were able to expand our construction business profit margin by increasing our selectiveness regarding prospective orders and by taking steps to augment our cost-competitiveness power, and these measures boosted our construction segment operating profit to more than ¥5.6 billion.

Regarding the parent company, which accounts for most of the Maeda Group's construction operations, total orders for building projects grew 5.4% year on year, to ¥173.1 billion. Reflecting the acquisition of large-scale orders from government and other public entities, this rise was achieved despite the impact of the fall in housing construction investment and other challenges. In addition, total orders for civil engineering projects surged 9.7%, to ¥100.1 billion, reflecting an increase in overseas construction design changes and other factors. Thus, total new orders amounted to somewhat over ¥273.2 billion, up 6.9%.

On a nonconsolidated basis, 30.2% of total orders were received from government and other public entities, with the remaining 69.8% obtained from private-sector companies.

Nonconsolidated total sales for completed projects in the construction sector decreased 16.6%, to somewhat over ¥288.2 billion, reflecting a 23.2% drop in building project sales, to somewhat over ¥173.8 billion, and a 4.2% decline in civil engineering project sales, to somewhat over ¥114.4 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, decreased 4.7% year on year, to ¥306.6 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 ¥35.7 billion in consolidated net sales, down 5.2% year on year, and generated an operating loss somewhat greater than ¥1.6 billion. These figures reflect factors including the deterioration of the performance of a portion of the Company's consolidated subsidiaries.

Regarding future trends, although there are signs of a movement toward a recovery in corporate profitability, the autonomous momentum of this trend is weak. In light of this and the difficulty of projecting future developments in the employment and income environments, we are anticipating that economic conditions will continue to be harsh.

With respect to the construction industry, there is concern regarding the prospective impact of the government's reevaluation of large-scale public works projects and the reduction of budgets for public works investment. Because of this and expectations that private-sector investments will continue to be weak, we are projecting a protracted period of severe conditions in the management environment.

Amid these circumstances, Maeda is operating in accordance with a fundamental philosophy of "becoming a company that earns the maximum level of trust from all its stakeholders." To realize this philosophy, we have drafted a Medium-Term Management Plan covering the three-year period through fiscal 2013 that emphasizes the strategies of "being the No. 1 company in environmental management," "creating *zero-cushion* systems for all operational processes," and "undertaking continuous reforms in response to societal changes." Just as we have done since fiscal 2009, we will continue prominently positioning environmental management as a central theme of our operations. Moreover, based on our strategically emphasized measures, we will be making concerted Companywide efforts to provide comprehensive environmental services, increase our levels of productivity and profitability, and pioneer new markets. Through these and other initiatives, we will do our utmost to promote Maeda's corporate development in a sustained and dynamic manner.

I hope for shareholders' continued understanding and support.



June 2010  
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> Shuikou concrete gravity dam in Fujian Province.

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

Our list of representative projects completed after the 1970s includes: stations and 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 completed the construction of Stonecutters Bridge—one of the world's longest cable-stayed bridges in 2009.

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)



### Stonecutters Bridge

This project entailed the construction of a bridge—one of the world’s longest cable-stayed bridges, with a 1,018m long central span—that spans the Rambler Channel to connect Tsing Yi Island and Stonecutter’s Island. Its towers are 298m tall, and it offers 73.5m of clearance to enable the passage of large-scale container ships. In recognition of its outstanding features regarding bridge and metal structure engineering, the bridge won the fiscal 2009 Tanaka Award of the Japan Society of Civil Engineers.



### Aihara Section of Higashi-Meihan Expressway

Maeda handled the construction of the 1,340m Aihara section (between the Kosaka and Narumi districts of Nagoya’s Midori Ward) of the Higashi-Meihan Expressway’s 11.4km southeast section (between Ueda and the Nagoya South Junction). The Aihara section’s proximity to houses and apartment buildings necessitated special measures to ensure the prevention of problems with land subsidence and noise pollution, but Maeda completed the project without any such problems.



### Interchange and Tunnel of Shinjuku Portion of Yamate Tunnel

Of the 4.3km portion of the Metropolitan Expressway Central Circular Route (Yamate Tunnel) between the No. 3 Shibuya Route and the No. 4 Shinjuku Route, Maeda was responsible for constructing the Hatsudai-minami Interchange and a 200m part of the No. 4 Shinjuku Route tunnel. This project entailed employing unprecedented special construction techniques and undertaking excavation work to flexibly broaden previously prepared shield tunnels along roughly 33% of the circumference of those tunnels. The execution of design work concurrently with construction work enabled the completion of the project over an eight-year period with no accidents.



### Kyushu Shinkansen Kagoshima Route Chikugo Hainuzuka

Of the Kagoshima Route (between Hakata and Shin-Yatsuhiro) of the Kyushu Shinkansen high-speed train line project, Maeda constructed a 1,162m elevated track portion between Kurume station and Chikugo-Funagoya station. Because it was carried out in close proximity to the trains running on the JR Kyushu Kagoshima Main Line as well as nearby houses, the construction work required careful attention to safety factors.

## Completed Works (Building Projects)



### the SOHO

This office building houses 343 small-sized offices in Tokyo's Rinkai subcenter. Strong emphasis was placed on the SOHO's structural design. Interior designers, graphic designers, and other design specialists visited the site at various construction stages to provide advice, and construction work was executed while giving consideration to that advice.





### City Tower Ariake

Comprising one basement floor and 33 above-ground floors, this high-rise apartment building incorporates seismic isolation structures and contains 483 residential units. The spacious lobby has a three-story (9m) high ceiling without support pillars, and the building's upper floors offer an attractive view of central Tokyo. The considerable amount of glass materials incorporated in its exterior walls gives City Tower Ariake a distinctive transparent appearance that has made the building a prominent landmark in Tokyo's Ariake district.



### HOSHINOYA Kyoto

This project involved the remodeling of a venerable wooden inn with a view of the Katsura River in Kyoto's Arashiyama District—famous as the location of the Hozu-gawa riverboat ride—and the conversion of that inn into the HOSHINOYA Kyoto premium inn. To minimize the environmental impact of the renovated building, it was equipped with all-electric appliances as well as equipment for the recovery and reuse of waste heat from the kitchen's air-conditioning units and from such locations as bathing rooms.



### Earthquake-Resistance Reinforcement for Elmo Company's Head Office and West Plant

To enable the use of the buildings in this complex for 30 years going forward, Maeda undertook a renovation project involving earthquake-resistance reinforcement work, the replacement of building facilities and equipment, and energy efficiency enhancement work. Because the project was executed while the complex was in use as usual, Maeda strove to augment work safety and efficiency through such measures as those to reduce construction-related noise and vibration and to prepare safe passageways for pedestrians as well as the movement of construction materials.

# Maeda News

## Environmental Management Efforts

In April 2009, Maeda incorporated the goal of being the Japanese construction industry's top company in terms of "environmental management" within its medium- to long-term vision and announced the Maeda Environmental Policy, which serves as an action policy. In accordance with this policy and its goal of being an outstanding corporate citizen, Maeda is proactively taking diverse environmental initiatives throughout its operations while also encouraging its employees to make similar initiatives as good citizens of the Earth.

### As a Corporate Citizen

Positioning the Earth as an important stakeholder, Maeda is from fiscal 2011 implementing a "Dividend to the Earth" program that calls for using a specified percentage of the Company's profit to make contributions to the global environment. Most of these contributions are to be realized by means of donations to environmental NPOs.

The Company established the Maeda Action Guidelines for Biodiversity on May 22, 2010, which is the United Nations' International Day for Biological Diversity. In line with the Maeda Biodiversity Policy, the Company is moving ahead with measures throughout its operations—including design, construction, and other operational stages—to preserve and enable the sustained use of the biological diversity with which the Earth has been blessed.

### By Means of Business Operations

Maeda cooperates with its customers to contribute to the global environment through such initiatives as those to design and construct environment-friendly condominiums, highly energy-efficient structures, and facilities that make use of natural energy. The Company is also implementing various measures to reduce CO<sub>2</sub> emissions and waste generation during construction work and otherwise make construction processes more environment-friendly.

As a result of these activities, Maeda has begun supplementing the financial accounting information that it discloses on its website with reports on its environmental performance in individual fiscal periods as well as over multi-year periods. Plans also call for the Company to continue separately issuing corporate social responsibility (CSR) reports that offer a full range of information on the Maeda Group's environmental management systems, including information related to social contribution programs and biodiversity efforts.

### MAEDA Action Guidelines for Biodiversity

#### Basic Policy

MAEDA is committed to the upholding and protection of the variation of life forms within given ecosystems, or on the entire Earth and in this regard is determined to place the Earth among its stakeholders in all of its activities.

As a corporate body and as an individual, MAEDA shall sincerely and proactively work on environmental activities in order to help create a society where humans and nature may complement and support each other and promote the preservation and sustainable use of biodiversity that is a natural gift of immense value from the Earth.

#### Action Guidelines

##### Actions through business

##### Expansion into business operations

MAEDA, by placing significant emphasis for the environment and giving utmost respect for the various ecosystems in all fields of its business, including procurement and operation, strives for the preservation and sustainable use of biodiversity.

##### Research and technology development

MAEDA strives to amass information, which is used to develop advanced technologies and formulate plans of action that will contribute to the preservation, restoration, and sustainable use of biodiversity, thereby making positive and proactive proposals to customers and society.

##### Actions as a corporate body

##### Dividend to the Earth

MAEDA vows to provide active participation and support, by way of the ideology of "Dividend to the Earth," in a variety of modes in its social activities that will contribute to the preservation and restoration of biodiversity to ensure the abundant natural gifts of the ecosystems are sustained for the future.

##### Communication

MAEDA, by proactively disclosing information on its voluntary contributory actions and achievements related to sustaining biodiversity as well as sharing these in common with society, ensures that full cooperation and dialogue with customers, governments, local communities, and NGOs/NPOs, etc. are entirely transparent.

##### Education and awareness

MAEDA, through its environmental awareness education and practice, commits itself to facilitating for its Directors, employees, and subcontractors to understand and improve the awareness of the importance of protecting, restoring, and sustaining biodiversity and the ecosystems.

##### Actions as an individual

##### Providing opportunities

MAEDA endeavors to provide opportunities and actively encourages the participation of its Directors and employees in environmental activities in order that they may appreciate and understand the importance of biodiversity and to the importance of the conservation of ecosystems and thereby to convert that knowledge and realization into objective individual actions.

##### Activities as a global citizen

MAEDA's Directors and employees as global citizens participate in voluntary activities relating to the protection and preservation of biodiversity in cooperation with family and friends, neighbors, colleagues, and local communities to contribute to the health of the Earth and its ecosystems.



Maeda Corporation



### As Individual People

Maeda encourages its employees as well as employees' family members to participate in environmental programs, including programs related to the Company's operations as well as other programs related to the various non-Maeda-related interests of employees and their families. In accordance with this objective, the Company has since January 2010 begun operating its exclusive "Me-pon" eco-point system.

Under the "Me-pon" eco-point system, Maeda awards points to employees and employees' family members who carry out various eco-actions, such as switching from bus commuting to bicycle commuting or passing certification tests for environmental specialists. Accumulated eco-points can be exchanged for boxed chopstick sets (to replace disposable chopsticks), eco-bags, bicycles, environment-related donations, paid holidays, health-check subsidies, and other awards.

In addition, Maeda collects information on the energy-saving lifestyle ideas of employees and their families as well as articles on other environmental topics. This information is then disseminated via a dedicated website (HYPERLINK "<http://me-pon.net>" <http://me-pon.net>).

The 13th Environmental Management Survey of the *Nihon Keizai Shimbun* gave Maeda the second-highest ranking in the construction industry category. The survey evaluates approximately 4,400 of Japan's top listed companies with respect to (1) environmental management systems, (2) pollution countermeasures/biodiversity measures, (3) resource recycling, (4) product-related environmental measures, and (5) global-warming countermeasures. Maeda was given the top evaluation grade for two of these areas—environmental management systems and global-warming countermeasures—helping greatly elevate the Company's ranking in the construction industry category, from ninth in the previous year.

To earning widespread recognition of its outstanding environmental friendliness among its customers and society at large, Maeda intends to make unrelenting environmental efforts in all of its business fields going forward.



"Me-pon" website (Japanese only)

## Drafting of New Medium-Term Management Plan

Maeda has drafted a medium-term management plan covering the three-year period from fiscal 2011 through fiscal 2013.

The fundamental philosophy promoted by the plan, retained from the previous plan, is to “Become the most-trusted company from the perspective of all stakeholders.”

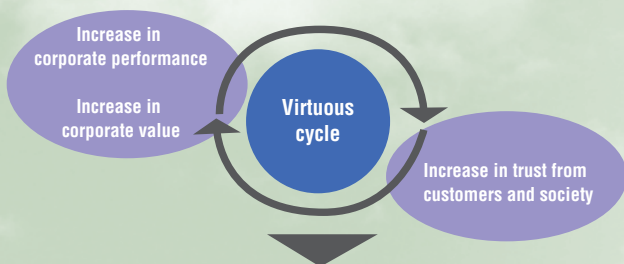
### Objective

“The source of a construction company’s corporate value is “trust,” which serves as a comprehensive foundation that supports Maeda’s survival and development.”

### Fundamental Philosophy

**Become the most-trusted company from the perspective of all stakeholders**  
—Increasing the visibility of trust leads to positive results—

#### Promoting Reforms to Strengthen the Foundation of Trust



#### Working to Ensure the Maeda Group’s Sustained Development

### Three Pillars

- 1. Being the No. 1 company in environmental management**
  - Proactive measures at corporate, business segment, and individual employee levels
- 2. Creating *zero-cushion* systems for all operational processes**
  - Make still greater efforts to pursue truly lower construction costs
  - Change work methods to boost productivity
- 3. Undertaking continuous reforms in response to societal changes**
  - Strengthen upstream and downstream manufacturing enhancement measures
  - Pioneer new markets

## Fantasy Marketing Department’s Fifth Project—“Let’s Create Mobile Suit Gundam and Earth Federation Force Base Jaburo”

Since its launch in July 2002, the Fantasy Marketing Department virtual project section of Maeda’s website has analyzed the feasibility of actually constructing such futuristic structures as the “Mazinger Z Aircraft Hanger” and the “Arrival and Departure Bridge for the Galaxy Express 999.”

The fifth virtual project centers on the Earth Federation Force Base Jaburo, which is the home base for Gundam and other mobile suit robot fighters featured in a Japanese television show originally broadcast in 1979. A special feature of this project is that Jaburo is located near the Amazon River, in a region that plays a very important role with respect to the global environment. Making use of this situation, the project presents information on crucial environmental protection methods, such as those for countering global warming and preserving bio-

diversity in the form of transcripts of meetings at which designers discuss Maeda’s sustained development of such environmental protection methods. Since April 2010, the project has posted a growing series of these articles, which are proving to be highly popular among Gundam fans as well a wide range of other people.

The Fantasy Marketing Department is also featuring comments from professional designers with respect to structures in famous video games, including the DENGKI PlayStation games of ASCII MEDIA WORKS Inc. and other well-known games of Capcom Co., Ltd.

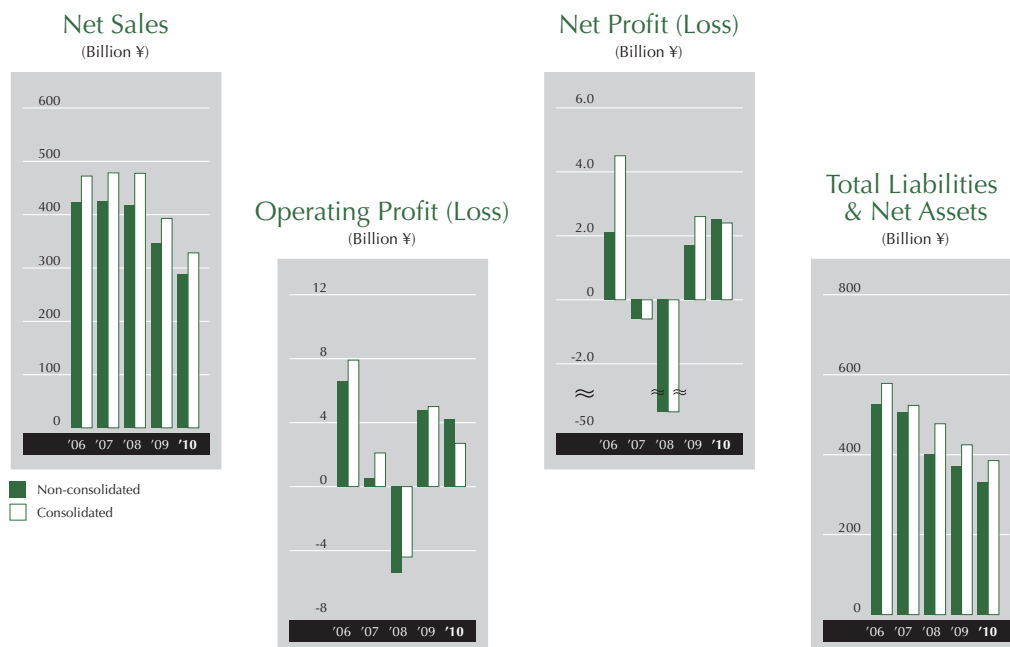
People with an interest in such visionary engineering work are invited to visit the Fantasy Marketing Department at the following address: <http://www.maeda.co.jp/fantasy/index.html>

# CONSOLIDATED FINANCIAL HIGHLIGHTS

Maeda Corporation and Consolidated Subsidiaries  
 Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note)
	2009	2010	2010
<b>For the year:</b>			
Net sales .....	¥392,463	<b>¥328,625</b>	<b>\$3,532,083</b>
Operating profit .....	4,969	<b>2,683</b>	<b>28,837</b>
Net profit .....	2,621	<b>2,376</b>	<b>25,537</b>
<b>At year-end:</b>			
Total liabilities & net assets .....	424,440	<b>384,986</b>	<b>4,137,855</b>
Total shareholders' equity .....	111,221	<b>112,357</b>	<b>1,207,621</b>

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of ¥93.04=US\$1, the exchange rate prevailing on March 31, 2010.





# CONSOLIDATED BALANCE SHEETS

Maeda Corporation and Subsidiaries  
March 31, 2009 and 2010

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 4)
	2009	2010	2010
<b>Current Assets:</b>			
Cash and time deposits.....	¥ 28,990	¥ 29,217	\$ 314,026
Marketable securities (Notes 5 and 6).....	520	20	215
Trade receivables:			
Notes .....	8,716	2,951	31,717
Accounts .....	121,259	111,862	1,202,300
Allowance for doubtful accounts .....	(1,475)	(1,458)	(15,670)
	128,500	113,355	1,218,347
Inventories (Notes 9 and 10).....	82,471	51,502	553,547
Deferred tax assets (Note 13).....	401	77	828
Other current assets.....	24,572	29,797	320,260
Total Current assets .....	265,454	223,968	2,407,223
<b>Investments and other assets:</b>			
Investments in securities (Notes 5, 6 and 10) .....	44,913	53,048	570,163
Investments in and advances to unconsolidated subsidiaries and affiliates.....	32,044	33,784	363,113
Deferred tax assets (Note 13).....	88	90	968
Intangible fixed assets .....	2,685	1,338	14,381
Long-term loans receivable.....	5,922	4,669	50,183
Claims provable in bankruptcy and other.....	8,164	4,873	52,375
Other investments.....	5,920	5,310	57,072
Allowance for doubtful accounts .....	(7,047)	(5,415)	(58,201)
Total Investments and other assets .....	92,689	97,697	1,050,054
<b>Property and equipment, at cost (Note 10):</b>			
Buildings and structures .....	61,675	61,708	663,242
Machinery and equipment .....	24,138	24,793	266,477
Vehicles .....	3,644	4,027	43,282
Tools, furniture and fixtures.....	6,799	6,944	74,635
Land.....	34,330	34,035	365,810
Construction in progress .....	217	—	—
Leased assets.....	301	325	3,493
	131,104	131,832	1,416,939
Accumulated depreciation .....	(64,807)	(68,511)	(736,361)
Property and equipment, net.....	66,297	63,321	680,578
<b>TOTAL ASSETS .....</b>	<b>¥424,440</b>	<b>¥384,986</b>	<b>\$4,137,855</b>

The accompanying notes are an integral part of these statements.

LIABILITIES & NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 4)
	2009	2010	2010
<b>Current Liabilities:</b>			
Short-term debt (Note 10) .....	¥ 79,166	¥ 62,857	\$ 675,591
Trade payables .....	69,337	44,563	478,966
Advances on construction work in progress .....	37,830	25,080	269,562
Accrued income taxes .....	530	443	4,761
Allowance for repairs and warranty .....	400	429	4,611
Accrued bonuses for employees .....	2,046	1,837	19,744
Accrued bonuses for directors .....	13	45	484
Reserve for defects on completed works .....	696	824	8,856
Allowance for losses on construction contracts .....	3,389	1,812	19,476
Allowance for losses on penal charges and other .....	48	—	—
Reserve for indemnification for completed contracts in the past fiscal years .....	1,085	602	6,470
Other current liabilities .....	17,913	19,195	206,309
Total Current liabilities .....	212,453	157,687	1,694,830
<b>Long-Term Liabilities:</b>			
Long-term debt (Note 10) .....	65,932	73,958	794,905
Reserve for retirement benefits (Note 12) .....	15,608	16,278	174,957
Deferred tax liabilities (Note 13) .....	4,501	7,005	75,290
Other long-term liabilities .....	3,490	3,784	40,671
Total Long-term liabilities .....	89,531	101,025	1,085,823
<b>Commitments and Contingent Liabilities (Note 15)</b>			
<b>Net Assets</b>			
<b>Shareholders' equity:</b>			
Common stock (Note 18) .....	23,455	23,455	252,096
Additional paid-in capital .....	31,710	31,710	340,821
Retained earnings .....	58,572	59,709	641,756
Treasury stock, at cost .....	(2,516)	(2,517)	(27,052)
Total Shareholders' equity .....	111,221	112,357	1,207,621
<b>Valuation and translation adjustments:</b>			
Unrealized gain on investments in securities .....	6,653	10,181	109,426
Foreign currency translation adjustments .....	(93)	(92)	(989)
Total Valuation and translation adjustments .....	6,560	10,089	108,437
<b>Minority interests in consolidated subsidiaries</b> .....	4,675	3,828	41,144
Total Net assets .....	122,456	126,274	1,357,202
<b>TOTAL LIABILITIES &amp; NET ASSETS</b> .....	¥424,440	¥384,986	\$4,137,855

# CONSOLIDATED STATEMENTS OF INCOME

Maeda Corporation and Subsidiaries  
Years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2009	2010	2010
<b>Net Sales</b> .....	¥392,463	¥328,625	\$3,532,083
<b>Cost of Sales</b> .....	362,352	302,883	3,255,406
Gross profit .....	30,111	25,742	276,677
<b>Selling, General and Administrative Expenses (Note 16)</b> .....	25,142	23,059	247,840
Operating profit .....	4,969	2,683	28,837
<b>Other income (expenses):</b>			
Interest and dividend income .....	1,746	1,323	14,220
Interest expenses.....	(2,267)	(2,450)	(26,333)
Gain on sale of investments in securities.....	7,828	110	1,182
Loss on sale of investments in securities.....	(612)	(21)	(226)
Loss on valuation of investments in securities .....	(7,233)	(495)	(5,320)
Reversal of loss on valuation of investment in securities.....	2,012	—	—
Foreign exchange gain (loss) .....	(999)	532	5,718
Investment profit on equity method.....	1,087	1,704	18,315
Impairment loss on fixed assets (Note 8) .....	(2)	(115)	(1,236)
Provision for doubtful accounts.....	(2,723)	(115)	(1,236)
Provision of the reserve for indemnification for completed contracts in the past fiscal years .....	(1,235)	(815)	(8,760)
Other, net.....	340	(276)	(2,967)
Profit before income taxes and minority interests.....	(2,058)	(618)	(6,643)
Profit before income taxes and minority interests.....	2,911	2,065	22,194
<b>Income taxes:</b>			
Current .....	327	324	3,482
Deferred.....	20	349	3,751
Profit before minority interests .....	347	673	7,233
Profit before minority interests .....	2,564	1,392	14,961
<b>Minority interests in net loss of consolidated subsidiaries</b> .....	57	984	10,576
Net profit .....	¥ 2,621	¥ 2,376	\$ 25,537
	Yen		U.S. dollars (Note 4)
<b>Per share:</b>			
Primary earnings .....	¥14.81	¥13.43	\$0.14

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, 2009 and 2010

	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, 2008</b> .....	¥23,455	¥31,710	¥ 57,190	¥(2,512)	¥109,843	¥19,508	¥(78)	¥19,430	¥5,211	¥134,484
Changes during the current period:										
Cash dividends paid										
at ¥7.0 per share .....	—	—	(1,239)	—	(1,239)	—	—	—	—	(1,239)
Net profit 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> .....	¥23,455	¥31,710	¥ 58,572	¥(2,516)	¥111,221	¥ 6,653	¥(93)	¥ 6,560	¥4,675	¥122,456
Changes during the current period:										
Cash dividends paid										
at ¥7.0 per share .....	—	—	(1,239)	—	(1,239)	—	—	—	—	(1,239)
Net profit for current period .....	—	—	2,376	—	2,376	—	—	—	—	2,376
Acquisition of treasury stock .....	—	—	—	(1)	(1)	—	—	—	—	(1)
Net changes other than shareholders' equity .....	—	—	—	—	—	3,528	1	3,529	(847)	2,682
Total changes during the current period .....	—	—	1,137	(1)	1,136	3,528	1	3,529	(847)	3,818
<b>Balance at March 31, 2010</b> .....	¥23,455	¥31,710	¥ 59,709	¥(2,517)	¥112,357	¥10,181	¥(92)	¥10,089	¥3,828	¥126,274

	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, 2009</b> .....	\$ 252,096	\$ 340,821	\$ 629,536	\$ (27,042)	\$ 1,195,411	\$ 71,507	\$ (1,000)	\$ 70,507	\$ 50,247	\$ 1,316,165
Changes during the current period:										
Cash dividends paid										
at \$0.08 per share .....	—	—	(13,317)	—	(13,317)	—	—	—	—	(13,317)
Net profit for current period .....	—	—	25,537	—	25,537	—	—	—	—	25,537
Acquisition of treasury stock .....	—	—	—	(10)	(10)	—	—	—	—	(10)
Net changes other than shareholders' equity .....	—	—	—	—	—	37,919	11	37,930	(9,103)	28,827
Total changes during the current period .....	—	—	12,220	(10)	12,210	37,919	11	37,930	(9,103)	41,037
<b>Balance at March 31, 2010</b> .....	\$252,096	\$340,821	\$641,756	\$(27,052)	\$1,207,621	\$109,426	\$ (989)	\$108,437	\$41,144	\$1,357,202

The accompanying notes are an integral part of these statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Maeda Corporation and Subsidiaries  
Years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2009	2010	2010
<b>Cash Flows from Operating Activities:</b>			
Profit before income taxes and minority interests .....	¥ 2,911	¥ 2,065	\$ 22,194
Depreciation .....	6,033	6,502	69,884
Impairment loss on fixed assets.....	2	115	1,236
Increase (decrease) in allowance for doubtful accounts.....	3,300	(1,623)	(17,444)
Increase (decrease) in allowance for losses on construction contracts.....	(2,791)	(1,576)	(16,939)
Decrease in reserve for retirement benefits.....	(5,221)	(747)	(8,029)
Interest and dividend income .....	(1,746)	(1,323)	(14,220)
Interest expenses.....	2,267	2,450	26,333
Foreign exchange loss (gain) .....	841	(393)	(4,224)
Loss (gain) on sale of securities .....	(7,217)	(89)	(956)
Loss on valuation of investments in securities.....	5,221	484	5,202
Decrease (increase) in trade receivables .....	25,834	14,714	158,147
Decrease in construction work in progress.....	16,247	19,843	213,274
Decrease (increase) in other inventories .....	(15,795)	679	7,298
Decrease (increase) in consumption tax receivables.....	(4,161)	3,956	42,520
Increase (decrease) in trade payables .....	(14,933)	(19,076)	(205,030)
Increase (decrease) in accounts payables.....	(5,206)	—	—
Decrease in advances on construction work in progress .....	(20,251)	(12,750)	(137,038)
Other .....	(9,672)	1,290	13,865
Subtotal.....	(24,337)	14,521	156,073
Receipt of interest and dividend income.....	2,031	1,548	16,638
Payment of interest expenses .....	(2,221)	(2,467)	(26,516)
Payment of income taxes .....	(42)	(251)	(2,698)
Cash flows from operating activities .....	(24,569)	13,351	143,497
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sale and redemption of marketable securities .....	1,500	522	5,611
Acquisition of property and equipment and intangible assets .....	(12,782)	(3,025)	(32,513)
Proceeds from sale of property and equipment and intangible assets.....	1,897	342	3,676
Acquisition of investments in securities .....	(3,490)	(3,031)	(32,577)
Proceeds from sale of investments in securities.....	10,902	725	7,792
Lending of long-term loans receivable .....	(575)	(400)	(4,299)
Collection of long-term loans receivable.....	2,434	413	4,439
Other .....	291	399	4,288
Cash flows from investing activities .....	177	(4,055)	(43,583)
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term loans.....	25,575	(17,727)	(190,531)
Increase in long-term loans.....	—	25,000	268,702
Repayment of long-term loans.....	(4,239)	(6,014)	(64,639)
Proceeds from issuance of bonds.....	12,698	5,755	61,855
Repayment of bonds .....	(5,000)	(15,000)	(161,221)
Payment of finance lease obligations.....	(34)	(77)	(827)
Payment of cash dividends.....	(1,239)	(1,239)	(13,317)
Acquisition of treasury stocks .....	(3)	(1)	(11)
Payment of cash dividends to minority shareholders.....	(48)	(29)	(312)
Other .....	—	241	2,590
Cash flows from financing activities.....	27,710	(9,091)	(97,711)
<b>Exchange difference of cash and cash equivalents.....</b>	<b>(336)</b>	<b>(26)</b>	<b>(279)</b>
<b>Increase (decrease) in cash and cash equivalents.....</b>	<b>2,982</b>	<b>179</b>	<b>1,924</b>
<b>Cash and cash equivalents at beginning of the year.....</b>	<b>25,874</b>	<b>28,856</b>	<b>310,146</b>
<b>Cash and cash equivalents at end of the year .....</b>	<b>¥28,856</b>	<b>¥29,035</b>	<b>\$312,070</b>

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.

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, 2010. 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	March 31, 2010		
	Equity ownership percentage, including indirect ownership	Common stock	Thousands of U.S. dollars
		Millions of yen	
Maeda Seisakusho Co., Ltd. ...	43.0%	¥3,160	\$33,964
JM Corporation. ....	100.0	350	3,762
Fujimi Koken Co., Ltd.....	50.0	250	2,687
Fujimi Building Services Co., Ltd. ....	75.0	100	1,075
Seiyu Estate Co., Ltd.....	98.8	50	537
Miyama Kogyo Co., Ltd.....	74.2	25	269
Anonymous Association—Shinonome Residential Tower .....	—	—	—
Anonymous Association—Aomi Seaside Project .....	—	—	—

Note: The account closing date of Anonymous Association—Shinonome Residential Tower is April 30, and its account is adjusted according to the account closing date of the Company for consolidation purposes.

The accounts of the other 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, 2010, 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, 2010 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.

Major unconsolidated subsidiary accounted by the equity method;  
MKK Technologies, Inc.

Major affiliates accounted by the equity method;  
Maeda Road Construction Co., Ltd.

Toyo Construction Co., Ltd.

Major unconsolidated subsidiary not accounted by the equity method;

Chiba City Consumer Life PFI Service Co., Ltd.

Major affiliate not accounted by the equity method;  
JFE Urban Residence Co., Ltd.

#### (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 recognized by the percentage-of-completion method for the construction contracts, whose profit/loss and stage of completion of the contracts can be estimated reliably at the balance sheet date, and by the completed-contract method for the other construction contracts.

Sales for the years ended March 31, 2009 and 2010 include ¥225,568 million and ¥223,489 million (\$2,402,074 thousand) of sales on the percentage-of-completion method, respectively.

### (2) Financial instruments

#### (a) Securities

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

**Other securities:**

**Securities with market value:**

The market price method based on the market value as of the balance sheet date. (Net unrealized gains or losses on these securities are reported as a separate item in net assets at a

net-of-tax amount, and sales costs are calculated based on the moving average cost method.)

**Securities without market value:** 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 and exchange rate fluctuations. 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 the decreased profitability method).

### (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.

#### **(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" (Accounting Standards Board of Japan (ASBJ) 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**

*For the year ended March 31, 2009;*

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

Effective the fiscal year ended March 31, 2009, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18 issued May 17, 2006) was adopted.

There was minor impact on operating profit and profit before income taxes and minority interests, respectively, by the adoption.

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

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

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

There was minor impact on net sales, operating profit and 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” (Accounting Standards Board of Japan Statement No. 13 issued June 17, 1993 by the first sub-committee of the Business Accounting Deliberation Council, and revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan Guidance No. 16 issued January 18, 1994, and revised on March 30, 2007 by the Accounting System Committee of the Japanese Institute of Certified Public Accountants) were adopted for the finance lease contracts. Until March 31, 2008, finance lease contracts without title-transfer were accounted for as ordinary operating lease contracts.

There was no impact on the operating profit and 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” (Accounting Standards Board of Japan Statement No. 13), out of the finance lease contracts without title-transfer were accounted for as ordinary operating lease contracts.

*For the year ended March 31, 2010;*

## **(1) Other Securities with Market Value**

Until the fiscal year ended March 31, 2009, other securities with market value had been reported based on the market value as of

the balance sheet date. (Sales costs were calculated based on the moving average cost method and unrealized gains on these securities were reported as a separate item in net assets at a net-of-tax amount, while unrealized losses were included in net profit or loss for the period.)

Effective the fiscal year ended March 31, 2010, the Company changed to the “principled method” whereby securities with market value are reported based on the market value as of the balance sheet date. (Sales costs are calculated based on the moving average cost method and net unrealized gains or losses on these securities are reported as a separate item in net assets at a net-of-tax amount.)

This method presents the profit or loss for the period more clearly, and makes comparison with other companies easier.

This change decreased profit before income taxes and minority interests by ¥881 million (\$9,469 thousand).

## **(2) Adoption of “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)”**

The “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) (Accounting Standards Board of Japan Statement No. 19 issued July 31, 2008)” has been adopted from the fiscal year ended March 31, 2010.

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

## **(3) Adoption of “Accounting Standard for Construction Contracts”**

The “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan Statement No. 15 issued December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan Guidance No. 18 issued December 27, 2007) have been adopted from the fiscal year ended March 31, 2010.

Under this accounting standard, the sales are recognized by the percentage-of-completion method for the construction contracts, whose profit/loss and stage of completion can be estimated reliably at the balance sheet date, and by the completed-contract method for the other construction contracts, though the percentage-of-completion method had been principally applied to the construction contracts of more than ¥100 million and construction periods longer than one year, with the completed-contract method to the other contracts until March 31, 2009.

The sales of the construction contracts, which commenced on or before March 31, 2009, of more than ¥100 million and construction periods longer than one year are still recognized by the percentage-of-completion method, and the others are by the completed-contract method.

This change increased sales by ¥6,880 million (\$73,947 thousand) and operating profit and profit before income taxes and minority interests by ¥667 million (\$7,169 thousand), respectively.

#### 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 ¥93.04=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2010. 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 FINANCIAL INSTRUMENTS

##### (1) Financial instruments

###### *i) Policy of financial instruments*

The Company and its group raise funds mainly necessary for construction business according to its financial planning by means of borrowings from banks and bonds.

Transient surplus funds are operated by means of safe and secured financial instruments. The Company has a policy of utilizing derivative transactions in order to avoid the Company's exposure to the risks mentioned below, but not for trading or speculative purposes.

###### *ii) Financial instruments, risks and risks management*

Notes and accounts of trade receivables are exposed to the credit risks of the clients. The Company attempts to reduce the risks of disability or delay in collection of debt by the routine confirmation of the debt balances and examination of credit standing of each client in accordance with the project award control procedures, the accounting rules and others of the Company. The consolidated subsidiaries manage the risks according to the Company's regulations.

Marketable securities and investments in securities include mainly the securities of subsidiaries, affiliates, and business partners. Marketable securities of the business partners are exposed to the stock market fluctuation risks, and the Company, examining the fair values and financial status of such companies, makes

continuous review of the possession situation, by taking a market and the relationship with such companies into consideration.

Trade payables and others as liabilities are to be paid mostly within one month. Part of foreign currency trade payables is exposed to the foreign exchange market fluctuation risks, but they are constantly within the amount of the same foreign currency trade receivables. Forward foreign exchange contracts are utilized against the payment for part of the amount fixed by the long-term contract in order to avoid the exchange rate fluctuation risks.

Loans and bonds are utilized for the purpose of operating fund (mainly from short-term debt) and investments in facilities and others (mainly from long-term debt), and the terms for redemption (repayment) are seven years at longest. Part of long-term debt is exposed to the interest rate fluctuation risks, and interest rate swaps transactions are utilized in order to fix interest. Forward foreign exchange contracts are utilized in order to hedge the exchange rate fluctuation risks against part of foreign currency loans.

The risks in funding liquidity are managed and controlled by monitoring and maintaining the funding liquidity in hand, and by preparing and reviewing the financial planning timely by the department in charge based on the reports from the subsidiaries, affiliates and the branches of the Company. The Cash Management System (CMS) is operated among the consolidated subsidiaries and affiliates in order to promote mutual exploitation of surplus funds within the Company's group. It enhances efficiency of funding, and is useful for the maintenance and management of the funding liquidity in hand.

The derivative transactions are conducted and managed in accordance with the Company's regulations for authority for approval, and such transactions are conducted only with highly rated financial institutions in order to reduce the credit risks.

The explanation for hedging instruments, hedged items, policy for hedge accounting and evaluation of effectiveness of hedging activities are provided in the aforementioned "(b) Derivatives" of "(2) Financial instruments" in Note "2. Summary of Significant Accounting Policies".

###### *iii) Supplemental explanation on fair value of financial instruments*

The fair values of financial instruments are based on the fair market value. The financial instruments without market value are evaluated by reasonable assessment, and such evaluations based on variable factors may be fluctuated by the adoption of the other assumptions.



## (2) Fair value and other

Fair values of financial instruments, except for those recognized extremely difficult to be evaluated, as of March 31, 2010 are summarized as follows:

March 31, 2010	Millions of yen		
	Book value	Fair value	Difference
(a) Cash and time deposits .....	¥ 29,217	¥ 29,217	¥ —
(b) Trade receivables .....	114,813	114,004	(809)
(c) Marketable securities and investments in securities .....	80,181	67,568	(12,613)
Assets Total.....	¥224,211	¥210,789	¥(13,422)
(a) Trade payables.....	¥ 44,563	¥ 44,563	¥ —
(b) Short-term debt.....	62,857	62,857	—
(c) Corporate bonds.....	43,876	43,826	(50)
(d) Long-term loans.....	30,082	30,038	(44)
Liabilities Total.....	¥181,378	¥181,284	¥ (94)
(a) Derivative transactions.....	¥ (13)	¥ (13)	¥ —

March 31, 2010	Thousands of U.S. dollars		
	Book value	Fair value	Difference
(a) Cash and time deposits ....	\$ 314,026	\$ 314,026	\$ —
(b) Trade receivables .....	1,234,018	1,225,323	(8,695)
(c) Marketable securities and investments in securities .....	861,791	726,225	(135,566)
Assets Total.....	\$2,409,835	\$2,265,574	\$(144,261)
(a) Trade payables.....	\$ 478,966	\$ 478,966	\$ —
(b) Short-term debt.....	675,591	675,591	—
(c) Corporate bonds.....	471,582	471,045	(537)
(d) Long-term loans.....	323,323	322,850	(473)
Liabilities Total.....	\$1,949,462	\$1,948,452	\$ (1,010)
(a) Derivative transactions.....	\$ (140)	\$ (140)	\$ —

Receivables and liabilities incurred from derivative transactions are stated in a net balance of them, and the net balance of liabilities is in parentheses.

Notes: 1. Method of evaluation of financial instruments, securities and derivatives

### Assets:

#### (a) Cash and time deposits

Cash and time deposits are stated at book value since all of the time deposits are placed in a short term and their fair value is almost equivalent to the book value.

#### (b) Trade receivables—Notes and Accounts

Each trade receivable is evaluated by the present value discounted by the rate in consideration of the maturity period of each trade receivable classified by period and credit risk of each debtor.

#### (c) Marketable securities and investments in securities

The values of stocks are based on market value, and the values of bonds are based on market value or the evaluations presented by the banking correspondents and others.

### Liabilities:

#### (a) Trade payables and (b) short-term debt

Trade payables and short-term debt are stated at book value since they are settled in a short term and their fair value is almost equivalent to the book value.

#### (c) Corporate bonds

The values of bonds are based on market value.

The values of bonds without market value are evaluated by the present value of the principals and interests discounted by the rate in consideration of the remaining period of bonds and credit risks of issuers.

#### (d) Long-term loans

Long-term loans with floating interest rates are stated at book value since they are reflected by the market rate in a short term and their fair value is almost equivalent to the book value.

Long-term loans with fixed interest rates are evaluated by the present value discounted by the expected rate applied to new loans equivalent to the principal and interest of present long-term loans with a fixed interest rate.

### Derivative transactions:

#### (a) Derivative transactions

Forward foreign exchange contracts are based on the evaluations and others presented by the financial institutions.

The fair values of interest rate swaps transactions designated as “hedging instruments” are included in the fair values of long-term loans since the fair values are accounted for together with the hedged long-term loans.

#### 2. Financial instruments recognized extremely difficult to be evaluated

Unlisted stocks and others of ¥6,671 million (\$71,700 thousand) at book value are not included in “Marketable securities and investments in securities” since their fair values are recognized as extremely difficult to be evaluated without market value and there is no way to estimate their future cash flows.

#### 3. Repayment schedule of trade receivables, marketable securities and investments in securities with fixed term and other

March 31, 2010	Millions of yen			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
(1) Cash and time deposits.....	¥ 29,217	¥ —	¥ —	¥ —
(2) Trade receivables—				
Notes & Accounts .....	101,844	12,717	252	—
(3) Marketable securities and investments in securities:				
Securities held to maturity				
National/Municipal bonds...	—	—	20	—
Corporate bonds.....	20	750	—	—
Other securities w/fixed term				
National/Municipal bonds...	—	100	—	—
Corporate bonds.....	—	821	—	242
Total .....	¥131,081	¥14,388	¥272	¥242

March 31, 2010	Thousands of U.S. dollars			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
(1) Cash and time deposits.....	\$ 314,026	\$ —	\$ —	\$ —
(2) Trade receivables—				
Notes & Accounts .....	1,094,626	136,683	2,708	—
(3) Marketable securities and investments in securities:				
Securities held to maturity				
National/Municipal bonds...	—	—	215	—
Corporate bonds.....	215	8,061	—	—
Other securities w/fixed term				
National/Municipal bonds...	—	1,075	—	—
Corporate bonds.....	—	8,824	—	2,601
Total .....	\$1,408,867	\$154,643	\$2,923	\$2,601

#### 4. Repayment schedule of corporate bonds, long-term debt and lease obligation

Repayment schedule of corporate bonds, long-term loans and lease obligation is presented in “10. Short-Term Debt, Long-Term Debt and Lease Obligations”.

Effective the fiscal year ended March 31, 2010, the “Accounting Standard for Financial Instruments (Accounting Standards Board of Japan Statement No. 10 issued March 10, 2008)” and the “Guidance on Disclosures about Fair Value of Financial Instruments (Accounting Standards Board of Japan Guidance No. 19) issued March 10, 2008” have been adopted.

## 6 FAIR VALUE INFORMATION ON MARKETABLE SECURITIES AND INVESTMENTS IN SECURITIES

Fair value information on marketable securities and investment in securities as of March 31, 2009 and 2010 is summarized as follows:

*As of March 31, 2009:*

### (1) Securities held to maturity with market value

March 31, 2009	Millions of yen		
	Book value	Fair value	Net
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)

### (2) Other securities with market value

March 31, 2009	Millions of yen		
	Book value	Acquisition cost	Net
Other securities with book values that exceed acquisition cost:			
Stocks.....	¥29,137	¥17,584	¥11,553
National/Municipal bonds .....	101	100	1
Corporate bonds .....	—	—	—
Other .....	—	—	—
Subtotal.....	¥29,238	¥17,684	¥11,554
Other securities with book values that do not exceed acquisition cost:			
Stocks.....	¥ 9,591	¥11,848	¥ (2,257)
National/Municipal bonds .....	—	—	—
Corporate bonds .....	—	—	—
Other .....	852	922	(70)
Subtotal.....	10,443	12,770	(2,327)
Total.....	¥39,681	¥30,454	¥ 9,227

Note: Loss on impairment of other securities with market value for the year ended March 31, 2009 amounted to ¥7,103 million.

### (3) “Other securities” sold

Year ended March 31, 2009	Millions of yen
Amount sold .....	¥10,820
Gain.....	7,828
Loss.....	(612)

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

Book value as of March 31, 2009	Millions of yen
Securities held to maturity:	
Overseas unlisted bonds .....	¥ 100
Domestic unlisted bonds .....	440
Other securities:	
Unlisted stocks .....	5,163

Note: Loss on impairment of other securities without market value for the year ended March 31, 2009 amounted to ¥89 million.

### (5) Repayment schedule of other securities with fixed term and bonds held to maturity

March 31, 2009	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Securities				
National/Municipal bonds .....	¥ —	¥101	¥ —	¥ —
Corporate bonds .....	0	50	—	—
Other .....	520	68	—	201
Other with fixed term.....	—	37	191	376
Total.....	¥520	¥256	¥191	¥577

*As of March 31, 2010:*

### (1) Securities held to maturity

March 31, 2010	Millions of yen		
	Book value	Fair value	Net
Securities with market value that exceed book value:			
National/Municipal bonds .....	¥ 20	¥ 20	¥ 0
Corporate bonds .....	244	262	18
Subtotal.....	¥264	¥282	¥18
Securities with market value that do not exceed book value:			
National/Municipal bonds .....	¥ —	¥ —	¥—
Corporate bonds .....	520	511	(9)
Subtotal.....	520	511	(9)
Total.....	¥784	¥793	¥ 9

March 31, 2010	Thousands of U.S. dollars		
	Book value	Fair value	Net
Securities with market value that exceed book value:			
National/Municipal bonds .....	\$ 215	\$ 215	\$ 0
Corporate bonds .....	2,622	2,816	194
Subtotal.....	<u>\$2,837</u>	<u>\$3,031</u>	<u>\$194</u>
Securities with market value that do not exceed book value:			
National/Municipal bonds .....	\$ —	\$ —	\$ —
Corporate bonds .....	5,589	5,492	(97)
Subtotal.....	<u>5,589</u>	<u>5,492</u>	<u>(97)</u>
Total.....	<u>\$8,426</u>	<u>\$8,523</u>	<u>\$ 97</u>

## (2) Other securities

March 31, 2010	Millions of yen		
	Book value	Acquisition cost	Net
Other securities with book values that exceed acquisition cost:			
Stocks.....	¥42,356	¥24,276	¥18,080
National/Municipal bonds .....	102	100	2
Corporate bonds .....	—	—	—
Other .....	85	48	37
Subtotal.....	<u>¥42,543</u>	<u>¥24,424</u>	<u>¥18,119</u>
Other securities with book values that do not exceed acquisition cost:			
Stocks.....	¥ 4,381	¥ 4,894	¥ (513)
National/Municipal bonds .....	—	—	—
Corporate bonds .....	—	—	—
Other .....	478	507	(29)
Subtotal.....	<u>4,859</u>	<u>5,401</u>	<u>(542)</u>
Total.....	<u>¥47,402</u>	<u>¥29,825</u>	<u>¥17,577</u>

March 31, 2010	Thousands of U.S. dollars		
	Book value	Acquisition cost	Net
Other securities with book values that exceed acquisition cost:			
Stocks.....	\$455,245	\$260,920	\$194,325
National/Municipal bonds .....	1,096	1,075	21
Corporate bonds .....	—	—	—
Other .....	914	516	398
Subtotal.....	<u>\$457,255</u>	<u>\$262,511</u>	<u>\$194,744</u>
Other securities with book values that do not exceed acquisition cost:			
Stocks.....	\$ 47,087	\$ 52,601	\$ (5,514)
National/Municipal bonds .....	—	—	—
Corporate bonds .....	—	—	—
Other .....	5,138	5,449	(311)
Subtotal.....	<u>52,225</u>	<u>58,050</u>	<u>(5,825)</u>
Total.....	<u>\$509,480</u>	<u>\$320,561</u>	<u>\$188,919</u>

Note: Unlisted stocks and others of ¥4,862 million (\$52,257 thousand) at book value are not included in the “(2) Other securities” since their fair values are recognized extremely difficult to be evaluated without market quotations available.

## (3) “Other securities” sold

Year ended March 31, 2010	Millions of yen		
	Amount sold	Gain	Loss
Stocks.....	¥327	¥ 96	¥(21)
Other .....	327	14	—
Total.....	<u>¥654</u>	<u>¥110</u>	<u>¥(21)</u>

Year ended March 31, 2010	Thousands of U.S. dollars		
	Amount sold	Gain	Loss
Stocks.....	\$3,514	\$1,032	\$(226)
Other .....	3,515	150	—
Total.....	<u>\$7,029</u>	<u>\$1,182</u>	<u>\$(226)</u>

## (4) Impairment loss on other securities

Loss on impairment of other securities without market value for the year ended March 31, 2010 amounted to ¥495 million (\$5,320 thousand).

## 7 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments information as of March 31, 2009 was summarized as follows:

### (1) Outline of derivative transactions

#### i) 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 swaps transactions.

#### ii) 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.

#### iii) Purpose of derivative transactions

The Company enters into currency-related derivative transactions, such as forward foreign exchange contracts, for the purpose of avoiding the exchange rate fluctuation 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 swaps transactions, for the purpose of avoiding risks of interest rate fluctuations in the future markets due to changes in market interest rates.

#### iv) 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 swaps 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.

#### v) 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.

#### vi) 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

Derivative financial instruments information as of March 31, 2010 is summarized as follows:

#### (1) Derivative transactions not designated as "hedging instruments"

##### Currency-related derivative transactions

	Millions of yen			
	Contract amount	Over 1 year contract	Fair value	Unrealized profit (loss)
<b>March 31, 2010</b>				
Off market transactions				
Forward foreign exchange contracts (Buy order)				
EUR.....	¥256	¥100	¥(14)	¥(14)
HKD.....	502	—	1	1
Total.....	¥758	¥100	¥(13)	¥(13)

	Thousands of U.S. dollars			
	Contract amount	Over 1 year contract	Fair value	Unrealized profit (loss)
<b>March 31, 2010</b>				
Off market transactions				
Forward foreign exchange contracts (Buy order)				
EUR.....	\$2,751	\$1,075	\$(151)	\$(151)
HKD.....	5,396	—	11	11
Total.....	\$8,147	\$1,075	\$(140)	\$(140)

Note: Forward foreign exchange contracts are based on the evaluations and others presented by the financial institutions.



## (2) Derivative transactions designated as “hedging instruments”

### Interest-rate-related derivative transactions

March 31, 2010	Millions of yen			Fair value
	Hedged item	Contract amount	Over 1 year contract	
Deferral accounting as “hedging instruments”				
Interest rate swaps transactions				
Varied interest received and fixed interest paid	<b>Long-term loans</b>	<b>¥27,450</b>	<b>¥18,150</b>	<b>See Note</b>

March 31, 2010	Thousands of U.S. dollars			Fair value
	Hedged item	Contract amount	Over 1 year contract	
Deferral accounting as “hedging instruments”				
Interest rate swaps transactions				
Varied interest received and fixed interest paid	<b>Long-term loans</b>	<b>\$295,034</b>	<b>\$195,077</b>	<b>See Note</b>

Note: The fair values of interest rate swaps transactions designated as “hedging instruments” are included in the fair values of the long-term loans under the special hedge accounting method for interest rate swaps.

## 8 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.

¥115 million (\$1,236 thousand) of impairment loss on fixed assets is recorded since the book values of the properties have been reduced to the recoverable values due to the decreased profitability in an industrial segment of a consolidated subsidiary and the plummet of idle land prices.

Impairment losses on fixed assets for the years ended March 31, 2009 and 2010 are summarized as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Nagano and other:			
Land:			
Idle.....	¥ 2	¥ —	\$ —
Nagano and other:			
Land, buildings and machinery & equipment:			
Subsidiary’s factory			
Idle.....	—	115	1,236
Total.....	¥ 2	¥115	\$1,236

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 3.4%.

## 9 INVENTORIES

Inventories as of March 31, 2009 and 2010, are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Real estate held for sale.....	¥ 6,120	¥27,063	\$290,875
Merchandise and finished products.....	1,800	1,497	16,090
Construction work in progress .....	33,648	16,084	172,872
Project costs for development & others.....	27,175	6,086	65,413
Materials in stock.....	13,728	772	8,297
Total.....	¥82,471	¥51,502	\$553,547

Notes: 1. Inventories as of March 31, 2009 were written down according to the decreased profitability method and ¥162 million of loss on write-down of inventories was included in “Cost of Sales” of Consolidated Statements of Income.

2. Inventories as of March 31, 2010 are written down according to the decreased profitability method and ¥1,779 million (\$19,121 thousand) of loss on write-down of inventories is included in “Cost of Sales” of Consolidated Statements of Income.

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

Short-term debt and lease obligations due within one year as of March 31, 2009 and 2010 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Bank loans bearing interest with average rate of 1.0% per annum ..	¥63,886	¥45,741	\$491,627
Current portion of long-term loans .....	15,280	17,116	183,964
Total short-term debt .....	¥79,166	¥62,857	\$675,591
Lease obligations due within one year.....	¥ 58	¥ 84	\$ 903
Total:.....	¥79,224	¥62,941	\$676,494

Long-term debt and lease obligations as of March 31, 2009 and 2010 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Corporate bonds			
—Issued by Maeda Corporation			
0.79% 10th series bonds due in 2009.....	¥15,000	¥ —	\$ —
1.81% 11th series bonds due in 2011.....	10,000	10,000	107,481
2.23% 12th series bonds due in 2013.....	5,000	5,000	53,740
1.71% 13th series bonds due in 2012.....	5,000	5,000	53,740
1.69% 14th series bonds due in 2012.....	5,000	5,000	53,740
2.24% 15th series bonds due in 2014.....	10,000	10,000	107,481
2.13% 16th series bonds due in 2012.....	3,000	3,000	32,244
—Issued by Anonymous Association Shinonome Residential Tower			
6-month TSR+1.25% bonds due in 2012.....	—	5,876	63,156
Subtotal.....	53,000	43,876	471,582
Long-term loans due in between 2010-2015 bearing interest with average rate of 1.9% per annum.....	28,212	47,198	507,287
Less—Portion due within one year.....	(15,280)	(17,116)	(183,964)
Total.....	¥65,932	¥73,958	\$794,905
Lease obligations due after one year.....	¥ 222	¥ 386	\$ 4,149
Total.....	¥66,154	¥74,344	\$799,054

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 since 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, 2010. Average rates of interest of lease obligations are omitted since the balance of lease obligations in the balance sheets includes the interests thereof.

The annual maturities of long-term debt and lease obligations as of March 31, 2010 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
2011.....	¥17,116	¥ 84	\$183,964	\$ 903
2012.....	22,488	84	241,703	903
2013.....	24,120	83	259,243	892
2014.....	18,500	74	198,839	795
2015 and thereafter ....	8,850	145	95,120	1,559
Total.....	¥91,074	¥470	\$978,869	\$5,052

The assets pledged as collateral for short-term debt and long-term debt as of March 31, 2009 and 2010 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Real estate held for sale.....	¥ —	¥11,182	\$120,185
Project costs for development and others .....	17,182	5,819	62,543
Buildings and structures .....	1,115	1,034	11,114
Land.....	389	389	4,181
Investments in securities.....	813	1,269	13,639
Total.....	¥19,499	¥19,693	\$211,662

The secured liabilities as of March 31, 2009 and 2010 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Short-term loans.....	¥13,180	¥ 7,880	\$ 84,695
Long-term loans .....	10,432	4,652	50,000
Corporate bonds .....	—	5,876	63,155
Other long-term liabilities .....	291	283	3,042
Total.....	¥23,903	¥18,691	\$200,892

Supplemental Information:

1. The Company lends ¥14,328 million (\$153,998 thousand) of stocks, included in “Investments in securities” of the balance sheets, to the securities company in exchange of cash under loan agreement as of March 31, 2010.
2. The Company entered into committed loan facility agreements in the total amount of ¥20,000 million (\$214,961 thousand) with 5 banks. There is no outstanding balance under those agreements as of March 31, 2010.

## 11 LEASE TRANSACTIONS

### Finance lease contracts without title-transfer

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 and 2010 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	2010	2010
Acquisition cost.....	¥529	¥368	\$3,955
Accumulated depreciation.....	310	239	2,569
Net book value.....	¥219	¥129	\$1,386
Lease rental expenses.....	¥107	¥ 87	\$ 935
Depreciation cost.....	¥107	¥ 87	\$ 935

The amount of acquisition cost is computed by the method that the lease payments include the interests thereon since 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, 2009 and 2010, which include the portion of interest thereon, are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Finance leases contracts			
without title-transfer:			
Minimum lease payments:			
Within one year.....	¥ 89	¥ 57	\$ 612
Over one year.....	130	72	774
Total.....	¥219	¥129	\$1,386

The amount of outstanding minimum lease payments is computed by the method that the lease payments include the interest thereon since 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	2010	2010
As lessee:			
Minimum lease payments			
Within one year.....	¥214	¥287	\$3,085
Over one year.....	462	550	5,911
Total.....	¥676	¥837	\$8,996
As lessor:			
Minimum lease payments			
Within one year.....	¥ —	¥ 7	\$ 75
Over one year.....	—	79	849
Total.....	¥ —	¥ 86	\$ 924

## 12 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 lump-sum payment 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, 2010, the Company and its consolidated subsidiaries, as a group, have a single corporate pension fund and a single employees' pension fund, and 7 companies of the group have the lump-sum payment plan.

The reserves for retirement benefits as of March 31, 2009 and 2010 are analyzed as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
(a) Projected benefit obligations...	¥(49,586)	¥(50,023)	\$(537,651)
(b) Plan assets .....	21,809	24,361	261,834
(c) Unfunded benefit obligations			
[(a)+(b)] .....	(27,777)	(25,662)	(275,817)
(d) Unrecognized actuarial differences .....	22,032	18,264	196,303
(e) Unrecognized prior service cost .....	(9,863)	(8,880)	(95,443)
Reserve for retirement benefits [(c)+(d)+(e)] .....	¥(15,608)	¥(16,278)	\$(174,957)

Retirement benefits expenses related to the retirement benefits for the years ended March 31, 2009 and 2010 are as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
(a) Service cost.....	¥1,565	¥1,425	\$15,316
(b) Interest cost .....	1,089	991	10,651
(c) Expected return on plan assets.....	(574)	(436)	(4,686)
(d) Amortization of actuarial differences .....	1,871	2,218	23,839
(e) Amortization of prior service cost .....	(983)	(983)	(10,565)
Retirement benefits expense [(a)+(b)+(c)+(d)+(e)] .....	2,968	3,215	34,555
(f) Contribution cost to defined contribution pension plan .....	504	491	5,277
Total [(a)+(b)+(c)+(d)+(e)+(f)] .....	¥3,472	¥3,706	\$39,832

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

	2009	2010
(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, 2009 and 2010 are as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
(a) Pension fund assets .....	¥214,436	¥172,459	\$1,853,601
(b) Projected benefit obligations.....	242,567	242,475	2,606,137
(c) Balance [(a)-(b)] .....	¥(28,131)	¥(70,016)	\$(752,536)

- Notes: 1. The amounts shown above as of March 31, 2009 and 2010 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 1.13% as of March 31, 2008, and 1.19% as of March 31, 2009.  
3. The minus balance of ¥70,016 million (\$752,536 thousand) mainly comes from ¥10,325 million (\$110,974 thousand) of projected prior service cost, ¥17,739 million (\$190,660 thousand) of adjusted revaluation of assets and ¥39,472 million (\$424,248 thousand) of deficiency for the current year.



### 13 INCOME TAXES

Significant components of deferred tax assets and liabilities as of March 31, 2009 and 2010 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred tax assets:			
Net loss carried forward.....	¥13,608	<b>¥16,045</b>	<b>\$172,453</b>
Reserve for retirement benefits ..	6,521	<b>6,797</b>	<b>73,055</b>
Write-down of inventories.....	5,418	<b>4,421</b>	<b>47,517</b>
Impairment loss on fixed assets..	3,543	<b>3,521</b>	<b>37,844</b>
Allowance for doubtful accounts.....	2,641	<b>2,427</b>	<b>26,085</b>
Allowance for losses on construction contracts .....	1,391	<b>737</b>	<b>7,921</b>
Unrealized intercompany profit of fixed assets .....	236	<b>207</b>	<b>2,225</b>
Other .....	5,452	<b>4,316</b>	<b>46,389</b>
Total .....	38,810	<b>38,471</b>	<b>413,489</b>
Less—Valuation allowance .....	(38,321)	<b>(38,304)</b>	<b>(411,694)</b>
Deferred tax assets .....	489	<b>167</b>	<b>1,795</b>
Deferred tax liabilities:			
Unrealized gain on investment ..	(4,501)	<b>(7,005)</b>	<b>(75,290)</b>
Total deferred tax liabilities....	(4,501)	<b>(7,005)</b>	<b>(75,290)</b>
Net deferred tax liabilities.....	¥(4,012)	<b>¥(6,838)</b>	<b>\$ (73,495)</b>

The details of the difference between the statutory tax rate and effective income tax rate as of March 31, 2009 and 2010 are as follows:

March 31	2009	2010
Statutory tax rate.....	40.7%	<b>40.7%</b>
Decrease in taxes resulting from:		
Expenses not deductible for tax purposes.....	15.7	<b>16.9</b>
Income not deductible for tax purposes.....	(6.1)	<b>(4.3)</b>
Per capita levy .....	7.3	<b>10.6</b>
Investment profit on equity method.....	(15.2)	<b>(33.6)</b>
Less—Valuation allowance and other .....	(30.5)	<b>2.3</b>
Effective income tax rate .....	11.9%	<b>32.6%</b>

### 14 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 distribution of retained earnings attributable to the year ended March 31, 2010 was duly resolved at a General shareholders meeting held on June 25, 2010 as follows:

Year ended March 31, 2010	Millions of yen	Thousands of U.S. dollars
Cash dividends of ¥7.0 per share .....	<b>¥1,239</b>	<b>\$13,317</b>

### 15 COMMITMENTS AND CONTINGENT LIABILITIES

The contingent liabilities of the Company as of March 31, 2009 and 2010 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Endorsed trade notes receivable.....	¥ 8,958	<b>¥ 566</b>	<b>\$ 6,083</b>
Guarantees on securitized			
trade notes receivable.....	2,178	<b>1,129</b>	<b>12,135</b>
Letters of guarantee for affiliates .....	2,068	<b>2,540</b>	<b>27,300</b>
Other .....	1,891	<b>1,715</b>	<b>18,433</b>
Total.....	¥15,095	<b>¥5,950</b>	<b>\$63,951</b>

Note: Guarantee liabilities of ¥296 million (\$3,181 thousand) by the Company related to its employees' home acquisition loans with banking institutions are not included in the above contingent liabilities since such loans are fully covered by insurance and no loss is incurred by the Company in future.

## 16 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, 2009 and 2010 are as follows:

Year ended March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Salaries to employees .....	¥9,446	<b>¥8,561</b>	<b>\$92,014</b>
Retirement benefit expenses .....	1,240	<b>1,211</b>	<b>13,016</b>
Provision for bonuses			
for employees .....	872	<b>796</b>	<b>8,555</b>
Provision for doubtful accounts .....	878	<b>266</b>	<b>2,859</b>
Provision for bonuses			
for directors .....	—	<b>45</b>	<b>484</b>

## 17 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, 2009 and 2010 are as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Research and development expenses ...	¥1,820	<b>¥1,787</b>	<b>\$19,207</b>

## 18 CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS INFORMATION

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

	Thousands of shares	
	Outstanding stock	Treasury stock
	Type: Common stock	Common stock
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 shares as of March 31, 2009 .....	<b>185,213</b>	<b>8,235</b>

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.

	Thousands of shares	
	Outstanding stock	Treasury stock
	Type: Common stock	Common stock
Number of shares as of March 31, 2009 .....	185,213	8,235
Increase for the year ended March 31, 2010 ....	—	5
Decrease for the year ended March 31, 2010 ...	—	—
Number of shares as of March 31, 2010 .....	<b>185,213</b>	<b>8,240</b>

Note: The increase in the number of treasury stock of 5 thousand common stocks consists of 3 thousand due to purchase of less-than-one-unit stocks and 1 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, 2009

Cash dividends of ¥7.0 per common share 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 27, 2008.

(b) Cash dividends distributed during the year ended March 31, 2010

Cash dividends of ¥7.0 (\$0.08) per common share at March 31, 2009 in the total amount of ¥1,239 million (\$13,317 thousand) out of the retained earnings were distributed to shareholders subject to the resolution of a General shareholders meeting held on June 26, 2009.

(c) Cash dividends to be distributed during the year ending March 31, 2011

Cash dividends of ¥7.0 (\$0.08) per common share at March 31, 2010 in the total amount of ¥1,239 million (\$13,317 thousand) out of the retained earnings are to be distributed to shareholders subject to the resolution of a General shareholders meeting held on June 25, 2010.

## 19 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, 2009 and 2010 are presented as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
“Cash and time deposits” balance in the consolidated balance sheets.....	¥28,990	¥29,217	\$314,026
Less—Time deposits exceeding the period of 3 months.....	(134)	(182)	(1,956)
Cash and cash equivalents at end of year .....	¥28,856	¥29,035	\$312,070

## 20 INVESTMENT AND RENTAL PROPERTIES

The Company and its consolidated subsidiaries possess rental properties like office buildings, complex facilities and others in Tokyo, Osaka prefecture, and the other major cities throughout Japan. Profit on rental properties for the year ended March 31, 2010 amounted to ¥571 million (\$6,137 thousand).

The book value, increase or decrease in book value during the year, and fair value of rental properties are as follows:

	Millions of yen	Thousands of U.S. dollars
Book value as of March 31, 2009 .....	¥25,928	\$278,676
Increase (decrease) during the year.....	(664)	(7,137)
Book value as of March 31, 2010 .....	¥25,264	\$271,539
Fair value as of March 31, 2010 .....	¥28,614	\$307,545

Notes: 1. Book value comes from acquisition cost with deduction of accumulated depreciation cost and impairment loss.

2. Decrease in book value results mainly from depreciation cost of buildings.

3. Fair value as of March 31, 2010 is based on real property appraisal from independent real property appraisers.

### Supplemental Information:

Effective the fiscal year ended March 31, 2010, the “Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (Accounting Standards Board of Japan Statement No. 20 issued November 28, 2008) and the “Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (Accounting Standards Board of Japan Guidance No. 23 issued November 28, 2008) have been adopted.

## 21 SEGMENT INFORMATION

### (1) Industry segment information

The Company operates principally in the following three industrial segments:

Construction....	Civil engineering, building and other businesses related to construction work
Real estate .....	Sales and renting of real estate
Other .....	Production and sales of construction machinery and concrete secondary products Related service businesses and other

Note: The industry segment, previously in two segments of “Construction” and “Other”, is presented in three segments of “Construction”, “Real estate” and “Other” for the year ended March 31, 2010 in order to present the current business status of the Company and its consolidated subsidiaries properly and to enhance the usability of segment information in a situation of the growing importance of the real estate business.

The segment information of the Company for the year ended March 31, 2009 and March 31, 2010 is presented as follows:

Year ended March 31, 2009	Millions of yen			Consolidated
	Construction	Other	Elimination/ Corporate	
I. Net sales and operating profit				
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 (loss).....	¥ 4,180	¥ 1,917	¥ (1,128)	¥ 4,969
II. Assets, depreciation, impairment loss on fixed assets and capital expenditure				
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

Notes: 1. Unallocated operating expenses included in the column “Elimination/Corporate” of “Operating expenses” is ¥1,106 million, 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, 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.

Year ended March 31, 2010	Millions of yen				Consolidated
	Construction	Real estate	Other	Elimination/ Corporate	
I. Net sales and operating profit					
Net sales:					
(1) Sales to outside customers .....	¥292,912	¥12,946	¥22,767	¥ —	¥328,625
(2) Intersegment sales .....	4,252	24	4,344	(8,620)	—
Total.....	297,164	12,970	27,111	(8,620)	328,625
Operating expenses.....	291,557	13,574	28,201	(7,390)	325,942
Operating profit (loss) .....	¥ 5,607	¥ (604)	¥(1,090)	¥(1,230)	¥ 2,683
II. Assets, depreciation, impairment loss on fixed assets and capital expenditure					
Assets .....	¥286,200	¥54,286	¥25,424	¥19,076	¥384,986
Depreciation .....	3,859	829	1,808	6	6,502
Impairment loss on fixed assets.....	—	—	115	—	115
Capital expenditure....	1,751	68	1,265	(83)	3,001

Year ended March 31, 2010	Thousands of U.S. dollars				Consolidated
	Construction	Real estate	Other	Elimination/ Corporate	
I. Net sales and operating profit					
Net sales:					
(1) Sales to outside customers .....	\$3,148,237	\$139,145	\$244,701	\$ —	\$3,532,083
(2) Intersegment sales.....	45,701	258	46,689	(92,648)	—
Total.....	3,193,938	139,403	291,390	(92,648)	3,532,083
Operating expenses.....	3,133,674	145,894	303,106	(79,428)	3,503,246
Operating profit (loss) .....	\$ 60,264	\$ (6,491)	\$ (11,716)	\$ (13,220)	\$ 28,837
II. Assets, depreciation, impairment loss on fixed assets and capital expenditure					
Assets .....	\$3,076,096	\$583,470	\$273,259	\$205,030	\$4,137,855
Depreciation .....	41,477	8,910	19,433	64	69,884
Impairment loss on fixed assets.....	—	—	1,236	—	1,236
Capital expenditure.....	18,820	731	13,596	(892)	32,255

Notes: 1. Unallocated operating expenses included in the column "Elimination/Corporate" of "Operating expenses" is ¥952 million (\$10,232 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 ¥31,736 million (\$341,101 thousand), 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.

3. Effective the fiscal year ended March 31, 2010, the "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No. 15 issued December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Guidance No. 18 issued December 27, 2007) have been adopted.

This change increased net sales and operating profit of the "Construction" segment by ¥6,880 million (\$73,947 thousand) and ¥667 million (\$7,169 thousand), respectively, in comparison with the precedent accounting standard.

## (2) Geographic segment information

The disclosure of geographic segment information is omitted since the amounts of sales and assets in Japan for the years ended March 31, 2009 and 2010 exceed 90% of the consolidated sales and assets.

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

The disclosure of details of overseas sales is omitted since the amounts of overseas sales for the years ended March 31, 2009 and 2010 are less than 10% of the consolidated sales.



## 22 RELATED PARTY INFORMATION

### (1) Related party transactions

Transactions with related party for the years ended March 31, 2009 and 2010 are as follows:

*For the year ended March 31, 2009*

Effective the year ended March 31, 2009, the “Accounting Standard for Related Party Disclosures” (Accounting Standards Board of Japan Statement No. 11 issued October 17, 2006), and the “Guidance on Accounting Standard for Related Party Disclosures” (Accounting Standards Board of Japan Guidance No. 13 issued October 17, 2006) were 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 were to be newly disclosed.

Related party	: Hikarigaoka Corporation
Attribution	: Affiliate
Address	: Nerima-ku, Tokyo
Capital	: ¥1,055 million
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 Gain on sale: ¥688 million

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

*For the year ended March 31, 2010*

Related party	: Masaru Matsuzaki
Attribution	: Auditor
Type of business	: Lawyer
Voting right held	: —
Nature of transaction	: Legal service
Amount of transaction	: ¥23 million (\$247 thousand)

Note: The lawyer’s reward was determined in consideration of actual legal cases handled.

### (2) Significant affiliate

Maeda Road Construction Co., Ltd. is a significant affiliate as of March 31, 2009 and 2010, and the summary of its financial statements are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Total current assets .....	¥ 80,871	¥ 91,852	\$ 987,231
Total non-current assets.....	77,647	78,133	839,779
Total current liabilities.....	37,746	42,877	460,845
Total long-term liabilities .....	6,145	6,789	72,969
Total net assets .....	114,627	120,318	1,293,186
Net sales.....	175,157	176,061	1,892,315
Profit before income taxes.....	7,872	12,248	131,642
Net profit .....	4,528	7,052	75,795

## 23 PER SHARE INFORMATION

March 31	Yen		U.S. dollars
	2009	2010	2010
Net assets per share.....	¥665.51	¥691.89	\$7.44
Earnings per share .....	14.81	13.43	0.14

Note: Diluted earnings per share are not presented since there were no dilutive potential common stocks in existence during the years ended March 31, 2009 and 2010.

The above information is calculated based on the following facts:

March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Net profit .....	¥2,621	¥2,376	\$25,537
Amount not attributable to common shareholders.....	—	—	—
Net profit attributable to common shareholders .....	¥2,621	¥2,376	\$25,537

During the fiscal year ended March 31	Thousands	
	2009	2010
Average number of shares .....	176,985	176,975



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, 2010 and 2009, 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, 2010 and 2009, 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.

### *Supplemental Information*

As described in Note 3(1) to the consolidated financial statements, effective the year ended March 31, 2010, for other securities with market value, the Company changed which was from the market price method, based on the market value as of the balance sheet date (unrealized gains on these securities were reported as a separate item in net assets at a net-of-tax amount, while unrealized losses were included in net profit or loss for the period), to the principled method based on the market value as of the balance sheet date (unrealized gains or losses on these securities are reported as separate item in net assets at a net-of-tax amount).

As described in Note 3(3) to the consolidated financial statements, effective the year ended March 31, 2010, the "Accounting Standard for Construction Contracts" and the "Guidance on Accounting Standard for Construction Contracts" has been adopted.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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.

*Ernst & Young ShinNihon LLC*

June 25, 2010

A member firm of Ernst & Young Global Limited

## Outline of the Corporation

(As of March 31, 2010)

### Year of Establishment

1919

### Date of Incorporation

November 6, 1946

### Number of Employees

2,748

### 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 25, 2010)

### Chairman and 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

Hiroataka Nishikawa

Yoshihiko Hayasaka

Toru Ogura

### Outside Directors

Toru Hambayashi

Akira Watanabe

### Corporate Auditors (full-time)

Yutaka Tokui

Ken Nakanishi

Hideyuki Wada

### Corporate Auditor

Masaru Matsuzaki

### Outside Auditor

Toshiyuki Watanabe

## Executive Officers

(As of June 25, 2010)

### 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

Hiroataka Nishikawa

Hiroshi Yokota

Yoshihiko Hayasaka

Takayuki Okui

Toshiaki Inazu

Toshiaki Shoji

### Executive Officers

Toru Ogura

Yoshinobu Sugimoto

Akihiko Kakinuma

Masakatsu Kato

Yoshiyasu Nomura

Toshihisa Aoki

Masakazu Kawanobe

Toshifumi Kakuda

Yuzo Inamura

Tetsuji Nishimoto

Masaharu Katsumata

Yuji Hatakama

Kazunari Kibe

Hiroyuki Yanagita

Yasuhiko Imaizumi

### 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 Office

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

4F, 45 Trieu Viet Vuong Street,  
Hai Ba Trung District,  
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

### Shanghai Office

Room 321, Shanghai Airport City  
Terminal Mansion, 1600 West Nanjing Road,  
Shanghai, People's Republic of China  
Tel: (86)-21-6249-6112  
Fax: (86)-21-6249-6117

### Delhi Office

No. B-310 Third Floor, Statesman House,  
148 Barakhamba Road,  
New Delhi-110 001, India  
Tel: (91)-11-4352-3002-4  
Fax: (91)-11-4352-3005

### U.S.A. Office

39209 West Six Mile Road, Suite 204,  
Livonia, Michigan 48152-2660, U.S.A.  
Tel: (1)-734-462-2230

### Taiwan Office

4F, No. 1-1, Sec. 1, Chongqing N. Road,  
Datong District, Taipei 10349, 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.





**M A E D A**

## **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/>