

Maeda Corporation



MAEDA

ANNUAL REPORT

For the year ended March 31, 2013

2013

BUILDING AND CIVIL ENGINEERING FOR THE WORLD

MAEDA Corporation Profile

Maeda Corporation is a comprehensive building and civil engineering contractor founded in Japan in 1919 and operating internationally since 1963. Over 3,700 employees have built a portfolio of civil engineering projects around the world, from dams, railways, subways, tunnels and subterranean works to highways and bridges, from water supply systems, to hydro, thermal, and nuclear power stations. Maeda also constructs schools, office buildings, hospitals and other public and commercial buildings and provides other related services.

With accumulated expertise and know-how in areas such as cost reduction, functional enhancement and risk avoidance, Maeda serves complete project needs, from planning and design through construction to maintenance.

Corporate Motto, enacted in January 1968

技 意 誠
術 欲 実

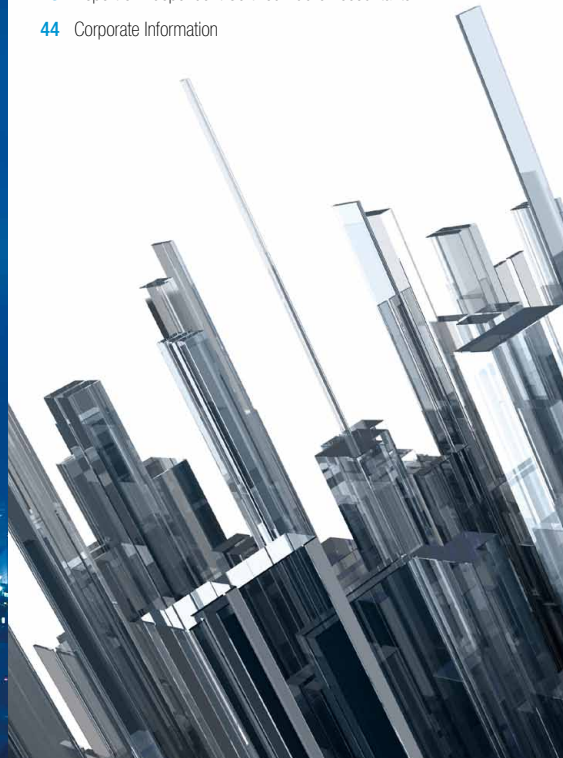


“Sincerity”

As long as business is kept ongoing, a company has to profit from it. Provided, however, that if it merely takes account of making profit regardless of the circumstances, the business may not last long. Only where a company conducts itself sincerely and keeps a genuine rapport with its clients, will its business last and develop. “Sincerity” is a pillar in carrying on business.

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“Willpower”

Being at work which is challenging, one has to fight with his very self. Without self-confidence, whereby one believes he shall in no event lose to anyone else in terms of technology, price and construction period, and without “Willpower” whereby one whips himself into overcoming challenges, no one can proceed with works. In essence, “ownership” does mean a lot to one’s working. “Willpower” is a resource that nourishes morale that is indispensable to one’s work as well as one’s life.

“Technology”

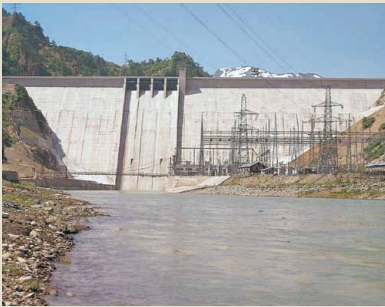
Maeda is a firm that sells its “Technology.” It is Maeda’s constant desire to deliver a work product which, with just a glance at its workmanship, can easily be identified as one completed by Maeda. It is the “Technology” that competitors like to borrow from Maeda, rather than that which Maeda tends to borrow from them, which gives Maeda an edge on them.

Forward-looking statement

This annual report contains forward-looking statements regarding the MAEDA Corporation future plans and strategies, as well as its results, estimates and forecasts. These statements are not based on historical fact, but represent management’s assumptions and beliefs based on information currently available, and involve certain risks and uncertainties. Potential risks and uncertainties include, but are not limited to, intense competition, market demand and various regulations relevant to the construction industry. Actual results and business performance may differ materially from these statements. Accordingly, investors are cautioned not to base investment decisions exclusively on forward-looking statements.

Maeda's history began with the construction of a hydroelectric power plant in 1919. Over 90 years later, Maeda is today broadly active internationally in construction of dams, tunnels and high-rise buildings, with demonstrated capabilities and an earned reputation for reliability.

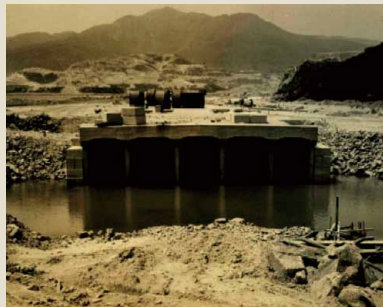
1955



Tagokura Dam (Fukushima)

Tagokura Dam, a concrete gravity dam located in an upstream area of the Tadami River, was completed in November 1960. The dam height of 145m and volume of 1,985,000m³ made it the largest dam in Asia at the time. This was an enormous, make-or-break project for Maeda Corporation, which had not long before been reorganized and established as a joint-stock company in 1946, after the Second World War. The project attracted considerable attention in Japan, even becoming the subject of several novels. Maeda set a world record for concrete volume poured per day of 8,462m³.

1963



Kwai Chung Development Project (Hong Kong)

In 1963, Maeda, having established a strong track record in Japan, won an order in international competitive bidding for the Kwai Chung Development Project in Hong Kong. The objective for what was phase two of construction in the comprehensive development of the Kwai Chung district, decided upon by the Government of Hong Kong, was the creation of industrial and residential land through reclamation of Gin Drinkers Bay with spoil obtained by leveling the hills on the Lai Chi Kok Peninsula to the east of the bay and the Texaco Peninsula to the west. Although construction was plagued by a continuous onslaught of typhoons and other difficulties, Maeda completed the project by the contract deadline, an accomplishment considered unusual in Hong Kong at the time. Maeda subsequently made Hong Kong a base for expansion of its overseas business activities into Southeast Asia.



Seikan Tunnel (Hokkaido)

The 53.85-km Seikan Tunnel, which travels beneath the Tsugaru Strait and links Honshu and Hokkaido, is the world's longest undersea railway tunnel. Maeda was responsible for construction of the 14.7-km Yoshioka section, the deepest portion of the undersea section of the tunnel, located near the Hokkaido end. Construction began in 1972, and the main tunnel breakthrough occurred in March 1985 after the overcoming of problems of soft ground and water inflow at the incredible rate of 80 tons per minute.

1972

1982



Batang Ai Project (Malaysia)

In the Batang Ai hydroelectric project, Maeda built a main dam and three saddle dams with a height of 85m, length of 810m, and volume of 4 million m³ on Malaysia's Sarawak Island. All four dams are concrete-face rockfill dams, a type of dam of which there were few construction examples in Japan at the time. For the main dam (the Batang Ai Dam), Maeda built a 0.3-m thick steel-reinforced concrete facing by moving slip forms at a speed of 2.5 to 3.5 meters per hour.



Fukuoka Dome (Fukuoka)

The retractable dome roof, made of three fan-shaped panels, is 220m in diameter and 84-m high and takes only about 20 minutes to open or close. The key to achieving the functionality of the retractable dome was construction of the complexly shaped track for the trolleys that move the dome, which is shaped like a gutter with a three-dimensional curved surface. To build the track, Maeda used a construction method adapted from tunneling technology involving the use of a large sliding frame.



Hong Kong International Airport Passenger Terminal Building (Hong Kong)

A five-member consortium of British, Chinese, and Japanese companies including Maeda won the order from the Airport Authority Hong Kong for construction of a passenger terminal building with a total floor area of 498,000m² on a 1,248-hectare artificial island. Hong Kong International Airport is an international hub airport that has consistently been selected as the world's best airport since 2001 by an aviation-related research firm in the U.K. Maeda has subsequently continued to win orders for projects such as area expansion construction.



The Tokyo Towers (Tokyo)

The Tokyo Towers is a residential project consisting of two 193.5-m high-rise buildings housing a total of 2,794 condominium units. Each tower has 2 underground floors and 58 aboveground floors. High-strength concrete was used for the building frames and a four-m thick concrete mat slab for the foundations. Precast concrete materials were used for the columns, beams, corridors, and floors. As an earthquake countermeasure, 576 stud-type dampers have been installed in each tower. A pool, gym, party room, mini-theater and guestrooms are available for the use of residents.

1991

1995



Trans-Tokyo Bay Highway (Chiba)

Maeda was responsible for construction of Kisarazu Artificial Island (Umihotaru, photo), and the northern (eastbound) tunnel from Umihotaru to Kawasaki Artificial Island on the 15.1-km Trans-Tokyo Bay Highway, also known as the Tokyo Bay Aqua-Line, and often called the final large construction project of the 20th century. The large-diameter shield tunneling machine used for the project, the world's largest at the time, was 14.14m in outer diameter and 13.5m in length and weighed 3,200 tons. Leading-edge technologies were applied to segment assembly and direction control, including underground docking of two shield machines under the seabed.

1998

2001



Chiba Consumer Affairs Center (Chiba)

In 2001, Chiba City and a special purpose company, with Maeda as the lead company, entered into a project agreement for the design, construction, operation and maintenance of a public facility (a consumer affairs center and measurement and inspection laboratory complex) and the conduct of periodic inspections of specified measuring instruments previously conducted by Chiba City. The project is modeled on the build-operate-transfer (BOT) financing method, with Maeda designing, building, and owning the complex, which it rents to Chiba City. After thirty years, the complex will be transferred to the city. This approach enables stable, community-based business operation.

2004

2007



Stonecutters Bridge (Hong Kong)

Stonecutters Bridge, which straddles Rambler Channel between Tsing Yi and Cheung Sha Wan, is a component of Route 8, which links Hong Kong International Airport and Sha Tin in Kowloon. It is one of the world's largest cable-stayed bridges: 1,596m in total length, with 289-m high towers, and a main span of 1,018m. Maeda was also in charge of construction of the Kap Shui Mun Bridge in Hong Kong (a cable-stayed bridge for road and railway traffic completed in 1992 shown in the background of the photo). An image of Kap Shui Mun Bridge appears on the Hong Kong \$100 bill.



TAKING ON NEW CHALLENGES

Koichi Obara
President and Representative Director

Since its founding, Maeda Corporation has continually taken on a variety of challenges arising from the needs of the times, and delivered successful solutions: the world's longest and deepest undersea tunnel, the largest rockfill dam in the Asia Pacific region, Japan's first domed baseball stadium with a retractable roof and the country's largest super high-rise residential complex. In addition to this wide-range of technical challenges, Maeda Corporation has begun to address a whole new category of challenge—new business endeavors such as Japan's first PFI (Private Finance Initiative) business.

For the year under review, despite strong gains in sales, the overall business performance was impacted by the increasingly competitive environment in the construction industry in addition to a sudden rise in labor costs and deterioration in the profitability of a large-scale overseas project, and fell well short of target.

Specifically, a fall in profits in the construction business led to an operating loss of ¥7.1 billion, as the Group recorded net losses of ¥5.3 billion. Consolidated net sales that grew by 17.8% from the previous fiscal year in to ¥369.1 billion, were one bright note.

The year ending March 2014 is a fresh start, and we intend to make the most of the opportunities ahead. For starters, the market environment in Japan is expected to undergo a dramatic improvement under the National Infrastructure Resilience Programme, a government growth strategy that aims at building a strong and secure nation with a primary focus on preventing and mitigating

disasters, plus additional resources for infrastructure maintenance and upgrade. The Programme makes active use of PPP (public-private partnerships) and PFI (private finance initiatives). Outside of Japan, newly developing countries, especially those in Asia, are also demanding large amounts of new infrastructure development.

In light of changing social needs and a thorough review of what led to our disappointing performance in the most recent fiscal year, we have developed the new medium-term management plan “Maeda STEP '13 – '15” in order to realize sustainable growth by Maeda Corporation. This plan weights our priorities firmly on the side of profit, not necessarily on pursuing orders for their total value. It has two pillars, 1) ensuring profits in core businesses and 2) establishing new revenue channels.

In line with the new priority, we have set the consolidated business performance targets for 2015, the final year of the new medium-term management plan, at net sales of ¥390.0 billion and operating income of ¥10.0 billion.

Within the framework of “establishing new revenue channels,” Maeda will focus on 1) globalization, 2) de-contracting and 3) environmental management.

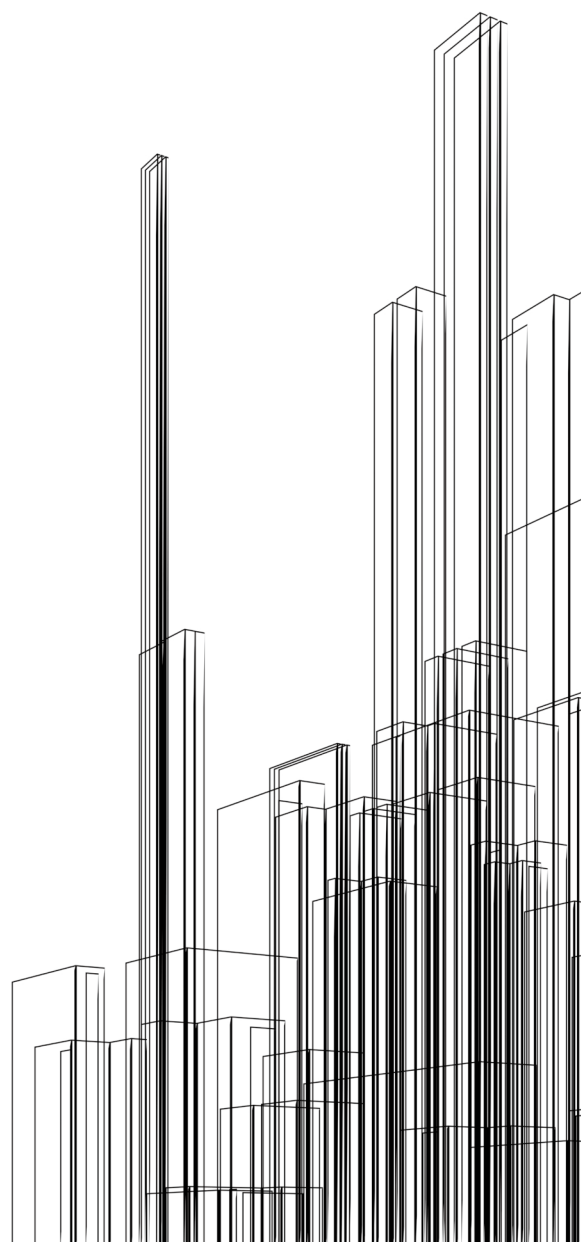
Specifically, to enhance our globalization, we set up the International Operations Division in 2012 while strengthening the management structure for global expansion by, for example, establishing new offices in Myanmar and Indonesia. We have been seeing encouraging results in the business alliance with COFICO, a general contractor in Vietnam as part of our goal to enhance competitiveness and profitability in overseas business by moving forward on alliances with local partners in other regions.

De-contracting is a strategy to capture more of the revenue channels from a given project by providing planning and design upstream of contracting work and services such as operation, inspection and maintenance following completion of construction. A primary area of focus for our de-contracting efforts is renewable energy such as megasolar and offshore wind power generation businesses. We are also aggressively involved in PPP projects in airports and toll roads and other areas with future promise.

Lastly, in environmental management, we are proud of continuing our distinctive environmental conservation activities named “Dividends for the Earth,”¹ since 2009. Maeda, as a corporation, is not only involved in financial contribution activities but also in continuing initiatives to lower the environmental impact of our worksites. Using an eco-point system, Maeda provides proactive support to environmental activities involving its employees under their own initiative as private individuals.

In response to new demands based on social needs in Japan and overseas, Maeda Corporation will take on new challenges by providing value to society in a variety of ways that capitalize on Maeda’s proven know-how and technology. The profits earned as a result will be returned to all of our stakeholders—shareholders, partners, employees, and the earth too. Through this recirculation, we aim for sustainable growth of both Maeda and society.

Note: 1. “Dividends for the Earth” is the name of our unique plan to contribute 2% of consolidated net profit towards environmental conservation of the earth.



Maeda is one of the leading companies in Japan's construction industry. Here are the track records of major works completed in the past year.

BUILDING PROJECTS



Nakamachidai New Residential

This building, located adjacent to a large, verdant public park in the Kohoku New Town district of Yokohama, is a large, seven-story suburban-type housing complex of reinforced concrete structures for 245 families designed and built by Maeda. The exterior is a dignified, classical design modeled after a stone-clad European building that blends in harmoniously with the surroundings.

KYB-Cadac Co., Ltd. New Plant Construction Project

This building, located in the Kaminokura Industrial Park in Ueda City, Nagano Prefecture, is a two-story steel casting plant designed and built by Maeda. The building was designed with improvement of the work environment in the plant and safety in mind. For instance, dust collection ducts in the plant are buried underground. Construction of the plant, which has a total floor area of 31,335m², was completed in just 9.5 months, including the midwinter season, thanks to harmonious cooperation from partner companies and site office personnel.





*BIM is an abbreviation for "building information modeling," a framework for promoting efficiency and streamlining in design, construction, and management processes by digitizing construction information.

Heat Recovery and Recycling Facility

This building is a heat recovery and recycling facility (waste disposal plant) located in Sayo, Sayo-gun, Hyogo Prefecture. The complex, with a total floor area of 11,058m², consists of a four-story steel and steel-reinforced concrete building and two two-story steel buildings. Collaborative design using Maeda's BIM* system made it possible to engage in efficient construction by integrating building and facilities construction.



Oita City Cultural Exchange Complex Facilities Development Project

This building, constructed as a PFI* project, is a multipurpose complex with a total floor area of 38,000m² that has seven functions: exchange, culture, public welfare, health, information, education and industry. As one of the project contractors, Maeda was able to methodically and systematically perform construction work by proposing construction methods from the design stage.

*PFI is an abbreviation for "private finance initiative," a method of building and operating public facilities utilizing private-sector funds, skills, and technologies.

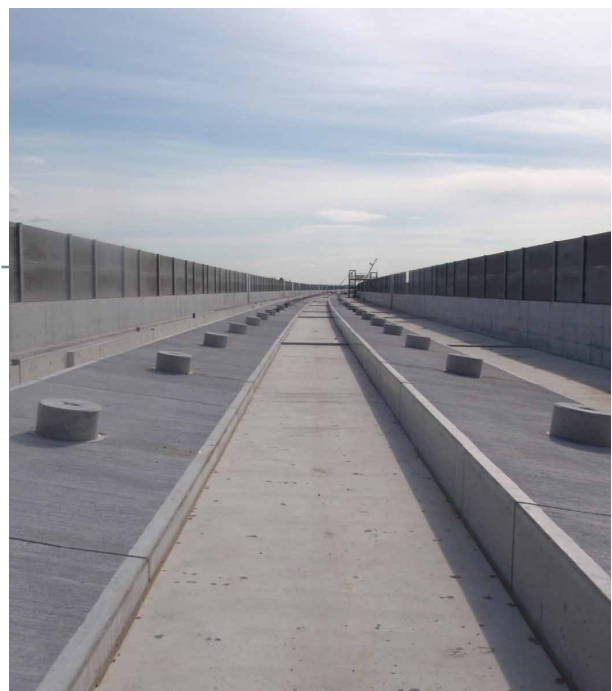
CIVIL ENGINEERING PROJECT

Hokkaido Shinkansen Iida Viaduct

Hokkaido Shinkansen illustration



This was a project to build a viaduct with a total length of 1,906m in Hokkaido, on a 38-km section of the Hokkaido Shinkansen (between Shin-Aomori and Shin-Hakodate) which is currently under construction and scheduled for completion in March 2016. The construction site received numerous visitors and extensive media coverage, and the project played a role in publicizing the Hokkaido Shinkansen. During construction, Maeda maintained close communications with local communities, by measures such as offering tours for students at nearby elementary schools.





National Route 13, Kami-Innai Tunnel Construction

This was a project to build a new 1,585-m tunnel on the Innai Road, a 3-km expressway under construction for use as a bypass on National Route 13 between Kami-innai and Shimo-innai in Yuzawa City, Akita Prefecture. This area is one with some of the heaviest snowfalls in the Tohoku Region, and the purpose of the bypass is to ensure wintertime traffic safety and reduce the number of traffic accidents. Since there are residential areas and hot spring facilities nearby, Maeda took measures to prevent noise, vibration and muddy water.



Nissai Akanuma Road Bridge Superstructure and Substructure Construction

This was a project to build the superstructure embankments for abutments and river protection on both sides of a bridge on the Nissai Akanuma Road, a municipal road in Sakado City. The bridge, with a total length of 219.2m and an effective width of 16.0m, spans the Oppe River, a Class-A river in the Arakawa River system. Since the main deck girder is narrow (approximately 6.8m in width), the bridge employs an innovative structure with reinforced concrete pillars supporting pedestrian walkways that jut out from the main girder. The project involved work within the river channel, and Maeda applied their ingenuity in ways such as limiting the principal construction work to the low-water season.

Toyomi Hydroelectric Power Plant Renewal Project

This was a project for large-scale repair work on a hydroelectric power plant that Maeda built on the left bank of the Agano River in Agano, Niigata Prefecture from 1927 to 1929, soon after the company was founded. The objective was to increase the plant's maximum power output from 56,400kW to 61,700kW through equipment efficiency improvements, while utilizing the existing dam, fishway and other facilities. Maeda engaged in environment-friendly construction practices such as effectively utilizing the many resulting concrete masses for purposes such as recycled aggregate concrete and backfill material within the site.



As demand in the construction market in Asia grows, seizing opportunities in Southeast Asia.

Gain a stronger foothold and Cultivate new operational bases

India

Mainly working for Japanese manufacturers. Offices in Delhi and Chennai

Myanmar

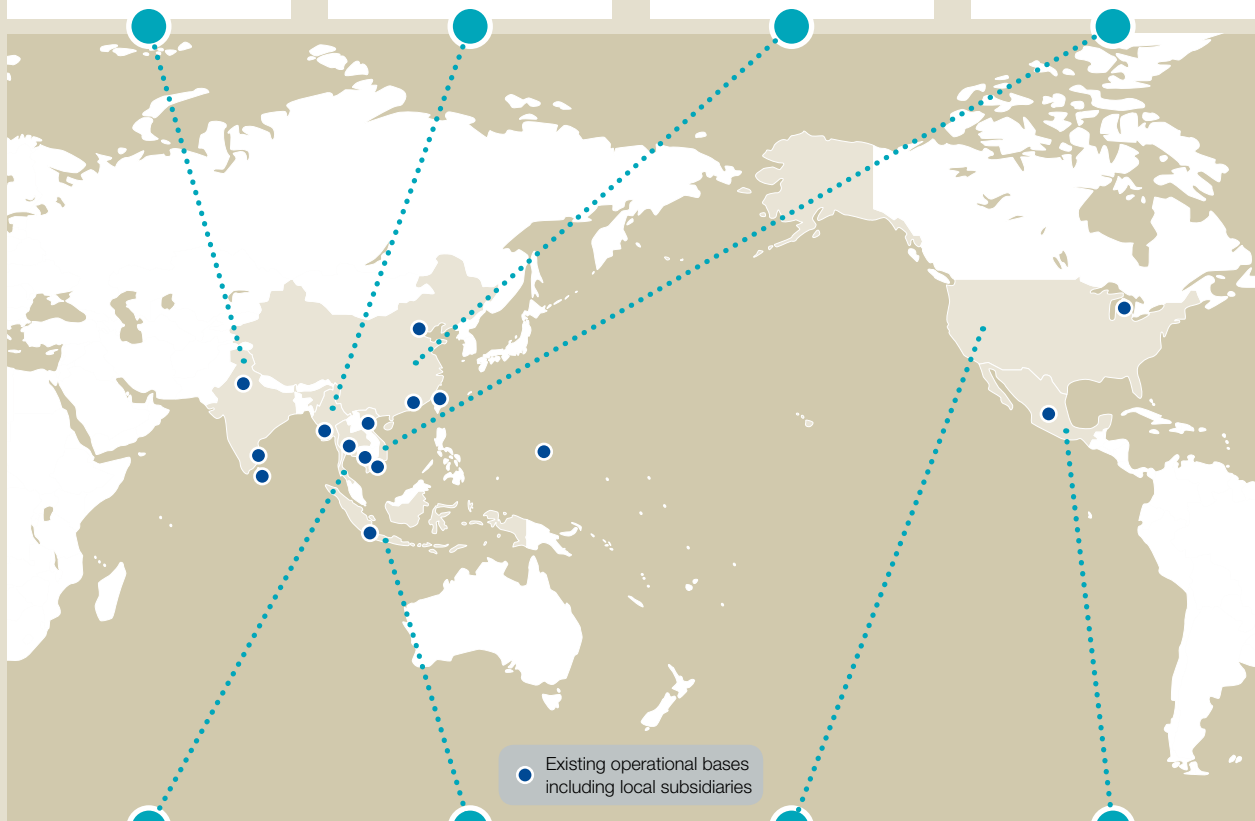
Promising attractive construction market with growth potential, opened new office in Yangon in Jan. 2013

China

Over 50 years in Hong Kong. And providing consultancy services in China

Vietnam

Enhancing ties with local partner to increase competitiveness



Thailand

Entered into Thailand in 1964 with a highway project, and established local subsidiary in 1984

Indonesia

Many Japanese manufacturers are entering the market. Reopened office in Jan. 2013

U.S.A.

Started business in 1985, mainly working on building works

Mexico

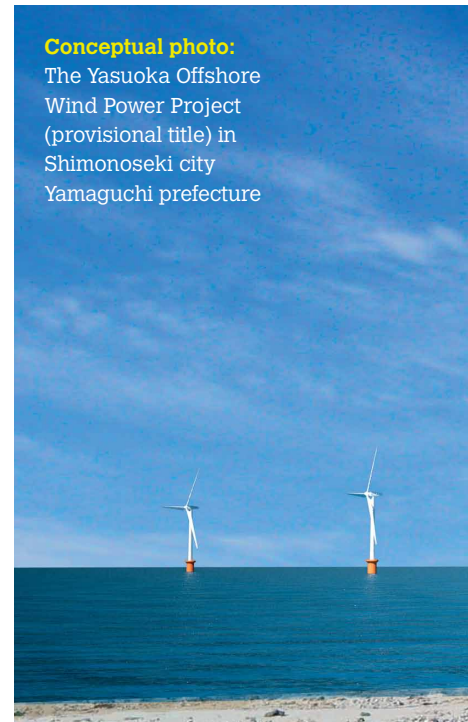
New office to be opened in 2013

Maeda's CSR

AIMING TO BE A COMPANY THAT IS NEEDED BY THE SOCIETY AND ITS CLIENTS.

Conceptual photo:

The Yasuoka Offshore
Wind Power Project
(provisional title) in
Shimonoseki city
Yamaguchi prefecture



Maeda has been conducting its business activities concentrating on the four promises to stakeholders to realize a sustainable society. By taking on the challenge of social issues through its business, Maeda aims to become a company needed by its stakeholders, including society and our clients.

Considering an Energy Portfolio

After the experience with the tsunami-caused nuclear power plant accident following the Great East Japan Earthquake, the country faces the critical challenge of finding the means to secure safe and reliable energy.

Embarking on its environmental business, Maeda has pushed ahead with renewable energy initiatives earlier than other companies in its field. Through acquisition of an EPC business involved in facilities construction for terrestrial wind power and our experience in solar power generation on Company sites, we have amassed considerable know-how in renewable energy production.

Capitalizing on this expertise, we are moving ahead with plans to enter big projects as a business operator. The offshore wind power business near Shimonoseki City in Yamaguchi Prefecture is one example of these projects. Involving itself not only in facilities construction, Maeda is expanding into “de-contracting”— a business area where the Company can leverage its corporate advantages.

In this way, Maeda has tied its business to pressing social issues and is embarking on new initiatives in these areas through our business operations.

Promises to Stakeholders

Supply of construction services for structures of high quality

>> See P.06

Initiatives to conserve the environment

Here

Social and regional contribution activities as a corporate citizen

Here

Compliance

>> See P.12

The Earth and the Future are also Maeda Stakeholders

Dividends for the Earth

The earth and the corporation, what kind of relationship do they have?

A construction company, for example, conducts its business with numerous resources and materials supplied from the earth, including oil, cement, lumber and steel.

Corporations have benefited from these resources in a one-sided manner as simple blessings from the earth. Maeda believes it is necessary to move a step away from this conventional corporate business relationship with the earth.

What this means is to transform the concept of our relationship to one in which the earth invests resources in our business, and just as we set aside a portion of the added value we produce and return it to our shareholders, we must consider it an obligation to redeem and distribute a portion of its invested value to repay our obligation to the earth.

This distribution is called “Dividends for the Earth.” We have set our aim at taking 2% of consolidated net profit and donating it to non-business activities that contribute to the earth’s environment. In the year ended



March 31, 2013, this total dividend distribution amounted to ¥40 million.

In implementing “Dividends for the Earth,” Maeda will put its pledge behind the non-business nature and the transparency of the contribution. The main actor will no longer be “the corporation,” but rather “those bearing responsibility for the earth’s environment and its activities.” We have therefore established the “Maeda Green Commitment” as an integrated plan for directing contributions based on “a Dividends for the Earth.”

Maeda will promote a variety of activities in such areas as environmental education, forest management, and preserving biodiversity by earning the cooperation of employees and their families together with the local community and non-profit organizations.

Structure and Internal Controls

Structure

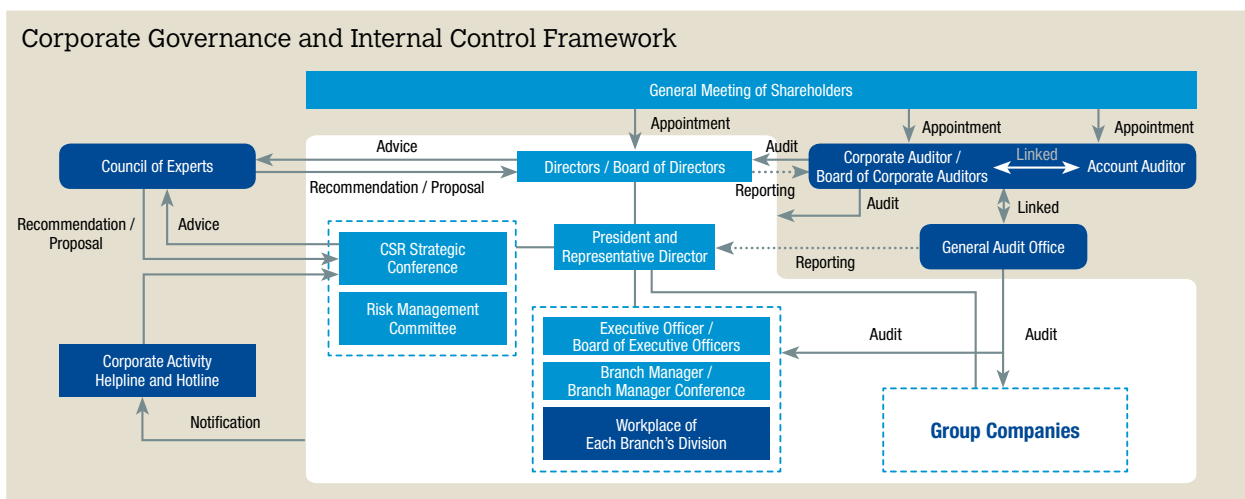
Maeda Corporation has put in place a management structure that aims to raise the efficiency, soundness, and transparency of business management and to better fulfill our responsibility to explain our business activities. We have introduced an executive officer system and shortened directors' terms of office to one year. As a measure to reinforce corporate governance, we have appointed two outside directors (out of a total of 13), and as a measure to reinforce the checking function, we have appointed three outside corporate auditors. The outside directors and outside corporate auditors attend all Board of Directors meetings. We have also established a "Council of Experts" composed of the President, responsible executive officers

and outside experts in law and accounting. The Expert Committee meets every month.

Internal controls

• Operation of an internal control system

In pursuit of thorough and consistent internal controls, Maeda has declared the basic policy of the internal control system and, with the aim of raising the effectiveness of the internal control system, has established a "CSR Strategy Committee" and a "Risk Management Committee" run at the upper management level with the President serving as Chairman, together with a "General Audit Office" to conduct audits independent of the execution departments.

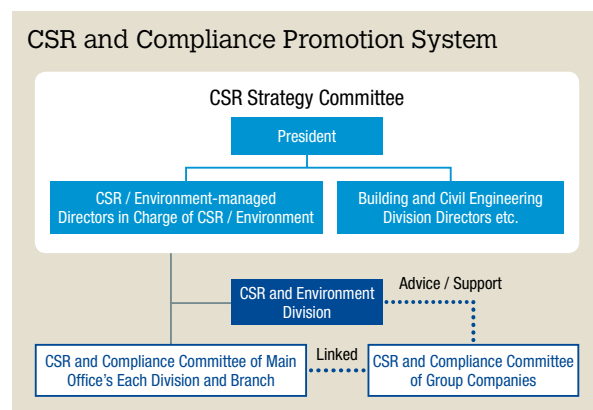


CSR and Compliance

Structure

Each company in the Maeda Group has established a corporate conduct charter and constructed a CSR and compliance system, and is rolling out activities in this area while creating linkages among these systems. Among the initiatives advanced in the CSR and compliance areas, a CSR and Compliance Committee has been set up at each business division, branch office, and Group company. Appointed committee members supplement the President, General Managers of Branches and Head Office and Division General Managers. And, in order to broaden, deepen, and firmly establish various activities related to CSR and compliance, the Company strives to have its company-wide policies assimilated in each

workplace in a thorough and consistent manner as well as to move forward on education, legal compliance, and locally based social contribution activities.



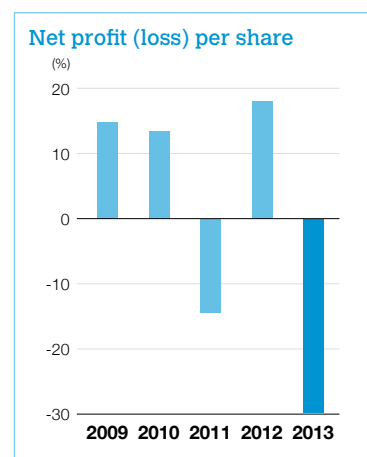
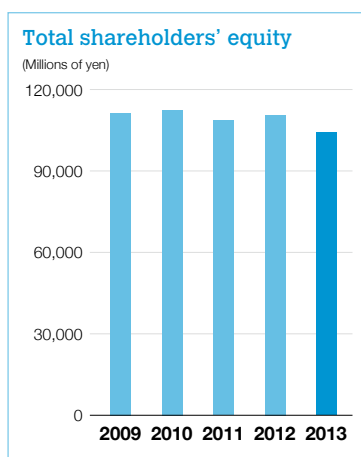
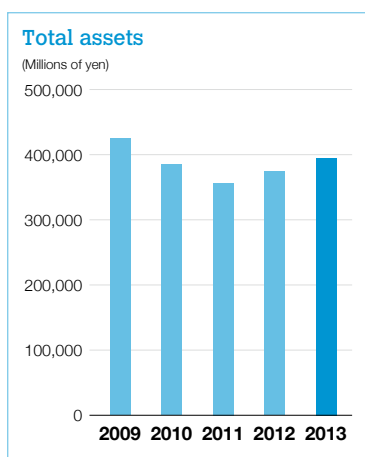
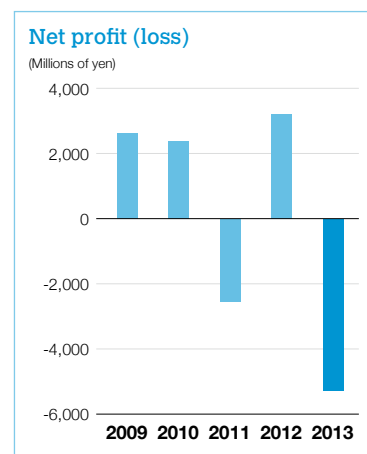
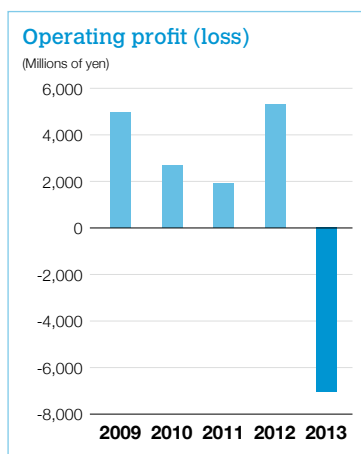
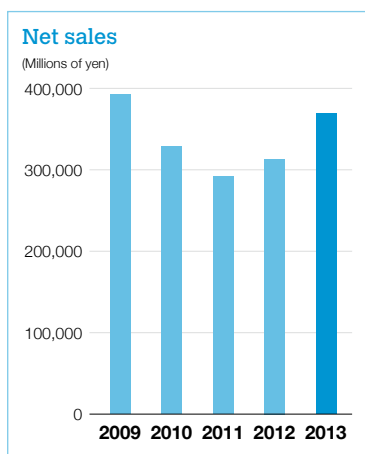
Consolidated Financial Highlights

Maeda Corporation and its consolidated subsidiaries
Years ended March 31

| | Millions of yen | | Thousands of U.S. dollars (Note) |
|----------------------------|-----------------|-----------------|----------------------------------|
| | 2012 | 2013 | 2013 |
| For the year: | | | |
| Net sales | ¥313,327 | ¥369,158 | \$3,925,125 |
| Operating profit (loss) | 5,299 | (7,051) | (74,971) |
| Net profit (loss) | 3,197 | (5,272) | (56,055) |
| At year-end: | | | |
| Total assets | 373,950 | 394,633 | 4,195,991 |
| Total shareholders' equity | 110,628 | 104,112 | 1,106,985 |

| | Yen | | U.S. dollars |
|-------------------|-------|----------------|---------------|
| | 2012 | 2013 | 2013 |
| Per share: | | | |
| Net profit (loss) | 18.07 | (29.74) | (0.32) |
| Cash dividends | 7.00 | 7.00 | 0.09 |

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of at ¥94.05 = U.S.\$1.00, the exchange rate prevailing on March 31, 2013.



Consolidated Balance Sheets

Maeda Corporation and Subsidiaries
As of March 31

| ASSETS | Millions of yen | | Thousands of U.S. dollars (Note 5) |
|--|-----------------|-----------|---------------------------------------|
| | 2012 | 2013 | 2013 |
| Current assets: | | | |
| Cash and time deposits | ¥ 33,398 | ¥ 35,002 | \$ 372,164 |
| Marketable securities (Notes 6 & 7) | 403 | — | — |
| Trade receivables: | | | |
| Notes | 3,316 | 2,144 | 22,796 |
| Accounts | 117,371 | 126,096 | 1,340,734 |
| Allowance for doubtful accounts | (524) | (406) | (4,317) |
| | 120,163 | 127,834 | 1,359,213 |
| Inventories (Notes 10 & 11) | 44,470 | 37,136 | 394,854 |
| Deferred tax assets (Note 14) | 104 | 122 | 1,297 |
| Other current assets | 26,405 | 31,688 | 336,927 |
| Total current assets | 224,943 | 231,782 | 2,464,455 |
| Investments and other assets: | | | |
| Investments in securities (Notes 6, 7 & 11) | 42,708 | 54,150 | 575,758 |
| Investments in and advances to unconsolidated subsidiaries and affiliates | 36,680 | 39,102 | 415,758 |
| Deferred tax assets (Note 14) | 93 | 92 | 978 |
| Intangible fixed assets | 650 | 695 | 7,390 |
| Long-term loans receivable | 2,581 | 2,520 | 26,794 |
| Claims provable in bankruptcy and other | 8,626 | 8,183 | 87,007 |
| Other investments | 5,325 | 5,286 | 56,204 |
| Allowance for doubtful accounts | (6,703) | (6,632) | (70,516) |
| Total investments and other assets | 89,960 | 103,396 | 1,099,373 |
| Property and equipment, at cost: (Note 11) | | | |
| Buildings and structures | 58,768 | 58,423 | 621,191 |
| Machinery and equipment | 24,207 | 26,288 | 279,511 |
| Vehicles | 3,466 | 3,166 | 33,663 |
| Tools, furniture and fixtures | 6,875 | 7,194 | 76,491 |
| Land | 31,859 | 31,763 | 337,724 |
| Construction in progress | 3,137 | 2,764 | 29,389 |
| Leased assets | 390 | 754 | 8,017 |
| | 128,702 | 130,352 | 1,385,986 |
| Accumulated depreciation | (69,655) | (70,897) | (753,823) |
| Property and equipment, net | 59,047 | 59,455 | 632,163 |
| TOTAL ASSETS | ¥ 373,950 | ¥ 394,633 | \$ 4,195,991 |

The accompanying notes are an integral part of the statements.

| LIABILITIES & NET ASSETS | Millions of yen | | Thousands of U.S. dollars (Note 5) |
|--|-----------------|-----------|---------------------------------------|
| | 2012 | 2013 | 2013 |
| Current liabilities: | | | |
| Short-term debt (Note 11) | ¥ 44,707 | ¥ 40,469 | \$ 430,292 |
| Trade payables | 62,312 | 81,151 | 862,850 |
| Lease obligations | 90 | 114 | 1,212 |
| Advances on construction work in progress | 30,498 | 33,065 | 351,568 |
| Accrued income taxes | 976 | 452 | 4,806 |
| Allowance for repairs and warranty | 486 | 412 | 4,381 |
| Accrued bonuses for employees | 1,978 | 1,735 | 18,448 |
| Accrued bonuses for directors | 11 | 29 | 308 |
| Reserve for defects on completed works | 581 | 778 | 8,272 |
| Allowance for loss on construction contracts (Note 19) | 2,175 | 4,290 | 45,614 |
| Reserve for indemnification for completed contracts in prior fiscal years | 174 | 0 | 0 |
| Other current liabilities | 20,136 | 26,890 | 285,912 |
| Total current liabilities | 164,124 | 189,385 | 2,013,663 |
| Long-term liabilities: | | | |
| Long-term debt (Note 11) | 62,845 | 54,225 | 576,555 |
| Lease obligations | 271 | 506 | 5,380 |
| Reserve for retirement benefits (Note 13) | 17,241 | 17,637 | 187,528 |
| Deferred tax liabilities (Note 14) | 3,424 | 6,811 | 72,419 |
| Other long-term liabilities | 4,886 | 4,512 | 47,975 |
| Total long-term liabilities | 88,667 | 83,691 | 889,857 |
| Commitments & contingent liabilities (Note 16) | | | |
| Net Assets | | | |
| Shareholders' equity: | | | |
| Common stock (Note 21) | 23,455 | 23,455 | 249,389 |
| Additional paid-in capital | 31,715 | 31,715 | 337,214 |
| Retained earnings | 57,882 | 51,369 | 546,188 |
| Treasury stock, at cost | (2,424) | (2,427) | (25,806) |
| Total shareholders' equity | 110,628 | 104,112 | 1,106,985 |
| Accumulated other comprehensive income: | | | |
| Unrealized gain on investments in securities | 6,944 | 13,710 | 145,773 |
| Foreign currency translation adjustments | (32) | (19) | (202) |
| Total accumulated other comprehensive income | 6,912 | 13,691 | 145,571 |
| Minority interests in consolidated subsidiaries | 3,619 | 3,754 | 39,915 |
| Total net assets | 121,159 | 121,557 | 1,292,471 |
| TOTAL LIABILITIES & NET ASSETS | ¥ 373,950 | ¥ 394,633 | \$ 4,195,991 |

The accompanying notes are an integral part of the statements.

Consolidated Statements of Income

Maeda Corporation and Subsidiaries
For the years ended March 31, 2012 and 2013

| | Millions of yen | | Thousands of U.S. dollars (Note 5) |
|---|-----------------|-----------|---------------------------------------|
| | 2012 | 2013 | 2013 |
| Net sales | ¥ 313,327 | ¥ 369,158 | \$ 3,925,125 |
| Cost of sales (Note 19) | 287,220 | 353,916 | 3,763,062 |
| Gross profit | 26,107 | 15,242 | 162,063 |
| Selling, general and administrative expenses (Note 17) | 20,808 | 22,293 | 237,034 |
| Operating profit (loss) | 5,299 | (7,051) | (74,971) |
| Other income (expenses): | | | |
| Interest and dividend income | 1,008 | 854 | 9,080 |
| Interest expenses | (2,135) | (1,843) | (19,596) |
| Gain on sale of investments in securities | 32 | 21 | 223 |
| Loss on sale of investments in securities | (320) | (88) | (936) |
| Loss on valuation of investments in securities | (373) | (130) | (1,382) |
| Foreign exchange gain (loss) | (525) | 1,223 | 13,004 |
| Gain on equity method investments | 1,894 | 2,687 | 28,570 |
| Impairment loss on fixed assets (Note 9) | (38) | (54) | (574) |
| Provision for doubtful accounts | (272) | — | — |
| Restoration support for the Great East Japan Earthquake | (144) | — | — |
| Other, net | (330) | (383) | (4,072) |
| | (1,203) | 2,287 | 24,317 |
| Profit (loss) before income taxes and minority interests | 4,096 | (4,764) | (50,654) |
| Income taxes: | | | |
| Current | 790 | 406 | 4,317 |
| Deferred | (22) | (19) | (202) |
| | 768 | 387 | 4,115 |
| Profit (loss) before minority interests | 3,328 | (5,151) | (54,769) |
| Minority interests in net income (loss) of consolidated subsidiaries | 131 | 121 | 1,286 |
| Net profit (loss) | ¥ 3,197 | ¥ (5,272) | \$ (56,055) |

| | Yen | | U.S. dollars |
|-------------------|---------|-----------|--------------|
| | 2012 | 2013 | 2013 |
| Per share: | | | |
| Primary earnings | ¥ 18.07 | ¥ (29.74) | \$ (0.32) |

The accompanying notes are an integral part of the statements.

Consolidated Statements of Comprehensive Income

Maeda Corporation and Subsidiaries
For the years ended March 31, 2012 and 2013

| | Millions of yen | | Thousands of U.S. dollars (Note 5) |
|--|-----------------|-----------|---------------------------------------|
| | 2012 | 2013 | 2013 |
| Profit (loss) before minority interests | ¥ 3,328 | ¥ (5,151) | \$ (54,769) |
| Other comprehensive income: | | | |
| Unrealized gain (loss) on investments in securities | ¥ 345 | ¥ 6,641 | \$ 70,612 |
| Share of other comprehensive income of companies accounted for by equity method | 115 | 147 | 1,563 |
| Total other comprehensive income (Note 20) | 460 | 6,788 | 72,175 |
| Total comprehensive income | ¥ 3,788 | ¥ 1,637 | \$ 17,406 |
| Total comprehensive income attributable to: | | | |
| Shareholders of Maeda Corporation | ¥ 3,709 | ¥ 1,508 | \$ 16,034 |
| Minority interests | 79 | 129 | 1,372 |

The accompanying notes are an integral part of the statements.

Consolidated Statements of Changes in Net Assets

Maeda Corporation and Subsidiaries
For the years ended March 31, 2012 and 2013

Millions of yen

| | Shareholders' equity | | | | Total shareholders' equity | Accumulated other comprehensive income | | | Minority interests in consolidated subsidiaries | Total net assets |
|---|----------------------|----------------------------|-------------------|-------------------------|----------------------------|--|--|--|---|------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock, at cost | | Unrealized gain on investments in securities | Foreign currency translation adjustments | Total Accumulated other comprehensive income | | |
| Balance at April 1, 2011 | ¥ 23,455 | ¥ 31,710 | ¥ 55,923 | ¥ (2,519) | ¥ 108,569 | ¥ 6,430 | ¥ (30) | ¥ 6,400 | ¥ 3,470 | ¥ 118,439 |
| Changes during the year: | | | | | | | | | | |
| Cash dividends paid at ¥7.0 per share | — | — | (1,238) | — | (1,238) | — | — | — | — | (1,238) |
| Net profit for the year | — | — | 3,197 | — | 3,197 | — | — | — | — | 3,197 |
| Acquisition of treasury stock | — | — | — | (0) | (0) | — | — | — | — | (0) |
| Sale of treasury stock | — | 5 | — | 95 | 100 | — | — | — | — | 100 |
| Net changes other than shareholders' equity | — | — | — | — | — | 514 | (2) | 512 | 149 | 661 |
| Total changes during the year | — | 5 | 1,959 | 95 | 2,059 | 514 | (2) | 512 | 149 | 2,720 |
| Balance at April 1, 2012 | ¥ 23,455 | ¥ 31,715 | ¥ 57,882 | ¥ (2,424) | ¥ 110,628 | ¥ 6,944 | ¥ (32) | ¥ 6,912 | ¥ 3,619 | ¥ 121,159 |
| Changes during the year: | | | | | | | | | | |
| Cash dividends paid at ¥7.0 per share | — | — | (1,241) | — | (1,241) | — | — | — | — | (1,241) |
| Net loss for the year | — | — | (5,272) | — | (5,272) | — | — | — | — | (5,272) |
| Acquisition of treasury stock | — | — | — | (3) | (3) | — | — | — | — | (3) |
| Sale of treasury stock | — | — | — | — | — | — | — | — | — | — |
| Net changes other than shareholders' equity | — | — | — | — | — | 6,766 | 13 | 6,779 | 135 | 6,914 |
| Total changes during the year | — | — | (6,513) | (3) | (6,516) | 6,766 | 13 | 6,779 | 135 | 398 |
| Balance at March 31, 2013 | ¥ 23,455 | ¥ 31,715 | ¥ 51,369 | ¥ (2,427) | ¥ 104,112 | ¥ 13,710 | ¥ (19) | ¥ 13,691 | ¥ 3,754 | ¥ 121,557 |

Thousands of U.S. dollars (Note 5)

| | Shareholders' equity | | | | Total shareholders' equity | Accumulated other comprehensive income | | | Minority interests in consolidated subsidiaries | Total net assets |
|---|----------------------|----------------------------|-------------------|-------------------------|----------------------------|--|--|--|---|------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock, at cost | | Unrealized gain on investments in securities | Foreign currency translation adjustments | Total Accumulated other comprehensive income | | |
| Balance at April 1, 2012 | \$ 249,389 | \$ 337,214 | \$ 615,439 | \$ (25,774) | \$ 1,176,268 | \$ 73,833 | \$ (340) | \$ 73,493 | \$ 38,480 | \$ 1,288,241 |
| Changes during the year: | | | | | | | | | | |
| Cash dividends paid at \$0.09 per share | — | — | (13,195) | — | (13,195) | — | — | — | — | (13,195) |
| Net loss for the year | — | — | (56,056) | — | (56,056) | — | — | — | — | (56,056) |
| Acquisition of treasury stock | — | — | — | (32) | (32) | — | — | — | — | (32) |
| Sale of treasury stock | — | — | — | — | — | — | — | — | — | — |
| Net changes other than shareholders' equity | — | — | — | — | — | 71,940 | 138 | 72,078 | 1,435 | 73,513 |
| Total changes during the year | — | — | (69,251) | (32) | (69,283) | 71,940 | 138 | 72,078 | 1,435 | 4,230 |
| Balance at March 31, 2013 | \$ 249,389 | \$ 337,214 | \$ 546,188 | \$ (25,806) | \$ 1,106,985 | \$ 145,773 | \$ (202) | \$ 145,571 | \$ 39,915 | \$ 1,292,471 |

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

Maeda Corporation and Subsidiaries
For the years ended March 31, 2012 and 2013

| | Millions of yen | | Thousands of U.S. dollars (Note 5) |
|---|-----------------|-----------|---------------------------------------|
| | 2012 | 2013 | 2013 |
| Cash Flows from Operating Activities: | | | |
| Profit (loss) before income taxes and minority interests | ¥ 4,096 | ¥ (4,764) | \$ (50,654) |
| Depreciation | 4,353 | 3,946 | 41,956 |
| Impairment loss on fixed assets | 38 | 54 | 574 |
| Increase (decrease) in allowance for doubtful accounts | 5 | (189) | (2,010) |
| Increase (decrease) in allowance for losses on construction contracts | 825 | 2,115 | 22,488 |
| Increase (decrease) in reserve for retirement benefits | 412 | 396 | 4,210 |
| Interest and dividend income | (1,008) | (854) | (9,080) |
| Interest expenses | 2,135 | 1,843 | 19,596 |
| Foreign exchange loss (gain) | 64 | (554) | (5,890) |
| Loss (gain) on sales of short-term and long-term investment securities | 288 | 85 | 904 |
| Loss (gain) on valuation of short-term and long-term investment securities | 471 | 61 | 649 |
| (Increase) decrease in trade receivables | (11,655) | (7,553) | (80,308) |
| (Increase) decrease in construction work in progress | 1,695 | (225) | (2,392) |
| (Increase) decrease in other inventories | (327) | 7,909 | 84,093 |
| (Increase) decrease in consumption tax receivables | (634) | 383 | 4,072 |
| Increase (decrease) in trade payables | 13,117 | 18,839 | 200,308 |
| Increase (decrease) in advances on construction work in progress | 7,312 | 2,566 | 27,283 |
| Other | 198 | (2,299) | (24,444) |
| Sub-total | 21,385 | 21,759 | 231,355 |
| Receipt of interest and dividend income | 1,309 | 1,653 | 17,576 |
| Payment of interest expenses | (2,107) | (1,820) | (19,351) |
| Payment of income taxes | (171) | (852) | (9,059) |
| Cash flows provided by operating activities | 20,416 | 20,740 | 220,521 |
| Cash Flows from Investing Activities: | | | |
| Proceeds from sale and redemption of marketable securities | — | 406 | 4,317 |
| Acquisition of property and equipment and intangible assets | (2,702) | (4,734) | (50,335) |
| Proceeds from sale of property and equipment and intangible assets | 170 | 347 | 3,689 |
| Acquisition of investments in securities | (1,286) | (1,695) | (18,022) |
| Proceeds from sale of investments in securities | 469 | 131 | 1,393 |
| Lending of long-term loans receivable | (46) | (209) | (2,222) |
| Collection of long-term loans receivable | 288 | 300 | 3,190 |
| Other | (639) | 954 | 10,143 |
| Cash flows used in investing activities | (3,746) | (4,500) | (47,847) |
| Cash Flows from Financing Activities: | | | |
| Increase (decrease) in short-term loans | (5,703) | (7,777) | (82,690) |
| Increase in long-term loans | 4,500 | 14,700 | 156,300 |
| Repayment of long-term loans | (2,793) | (20,964) | (222,903) |
| Proceeds from issuance of bonds | 14,905 | 9,952 | 105,816 |
| Repayment of bonds | (20,000) | (8,876) | (94,375) |
| Payment of finance lease obligations | (91) | (112) | (1,191) |
| Payment of cash dividends | (1,238) | (1,241) | (13,195) |
| Sale of treasury stock | 100 | — | — |
| Acquisition of treasury stock | (0) | (1) | (11) |
| Cash flows used in financing activities | (10,320) | (14,319) | (152,249) |
| Exchange difference of cash and cash equivalents | (112) | 612 | 6,507 |
| Increase (decrease) in cash and cash equivalents | 6,238 | 2,533 | 26,932 |
| Cash and cash equivalents at beginning of the year | 25,953 | 32,191 | 342,276 |
| Cash and cash equivalents at end of the year | ¥ 32,191 | ¥ 34,724 | \$ 369,208 |

The accompanying notes are an integral part of the statements.

Notes to the Consolidated Financial Statements

Maeda Corporation and Subsidiaries

01 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 adopted 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 years ended March 31, 2012 and 2013 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 nineteen (19) subsidiaries ("controlled companies", wherein the decision-making body of entity is controlled) as of March 31, 2013. The accompanying consolidated financial statements include the accounts of the Company and seven (7) significant subsidiaries, controlled directly or indirectly by the Company, as listed below:

Consolidated subsidiaries:

| Name of subsidiary | Segment (Main business) | Equity ownership percentage | March 31, 2013 | |
|--|---|-----------------------------|-----------------|---------------------------|
| | | | Millions of yen | Thousands of U.S. dollars |
| Maeda Seisakusho Co., Ltd. | Other (Manufacturing, sales and rental of construction machinery and others) | 43.0% *{0.7} **{9.8} | ¥ 3,160 | \$ 33,599 |
| JM Corporation | Building | 100.0 *{—} | 350 | 3,721 |
| Fujimi Koken Co., Ltd. | Other (Production and sales of construction materials) | 50.0 *{—} | 250 | 2,658 |
| Fujimi Building Services Co., Ltd. | Building | 75.0 *{25.0} | 100 | 1,063 |
| Seiyu Estate Co., Ltd. | Real estate | 98.8 *{2.4} | 50 | 532 |
| Miyama Kogyo Co., Ltd. | Civil engineering | 74.2 *{24.2} | 25 | 266 |
| Anonymous Association—Aomi Seaside Project | Real estate | — *{—} | — | — |

* The corresponding figures represent the indirect ownership percentage included in "Equity ownership percentage."

** The corresponding figure represents the ownership percentage of those closely related or with ties to the Company not included in "Equity ownership percentage."

Note: One of the consolidated subsidiaries, Anonymous Association—Shinonome Residential Tower was liquidated during the period ended March 31, 2013.

The accounts of the other twelve (12) subsidiaries have not been consolidated with the Company because of the insignificant amount of total assets, net sales, net profit and retained earnings, but two (2) 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 inter-company 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, 2013, the Company has twelve (12) affiliates (“influenced 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 two (2) unconsolidated subsidiaries and four (4) 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 inter-company profit as of March 31, 2013, 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;

Thai Maeda Corporation Ltd.

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;

Jindai Hospital Parking Service Co., Ltd.

02 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 year ended March 31, 2013 include ¥290,451 million (\$3,088,262 thousand) of sales based on the percentage-of-completion method.

(2) Financial instruments

1) Securities

Bonds held to maturity: Amortized cost method

Other securities:

Securities with market value:

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

2) 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 foreign 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 risks 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 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 production.

(5) Intangible fixed assets and long-term prepaid expense

The straight-line method is adopted. Software for the Company is amortized by the straight-line method over 5 years, the useful life set by the Company.

(6) Leased assets

The leased assets under finance lease contracts that transfer ownership to the lessee are depreciated by the same method applicable to the Company's own fixed assets, but the leased assets that do not transfer ownership are fully depreciated to a zero residual value by the straight-line method over the period of the lease contract.

Finance lease contracts that do not transfer ownership to the lessee, which had commenced prior to 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.

(7) Bond issuance expense

Bond issuance expenses are fully amortized at the time of issuance.

(8) 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.

(9) Allowance for repairs and warranty

An allowance for repair costs of heavy machinery has been provided based on an estimate cost as of the end of the fiscal year.

(10) Accrued bonuses for employees

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

(11) Accrued bonuses for directors

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

(12) Reserve for defects on completed works

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

(13) Allowance for loss on construction contracts

An allowance for loss 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.

(14) 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.

(15) 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.

(16) Amortization of goodwill

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

In case that there is no significance in amount, goodwill is, however, amortized at once.

(17) 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 (3) months or less and commercial paper.

(18) Consumption tax

Consumption tax payable or receivable is excluded from each account in the consolidated statements of income.

03 Accounting Changes

Effective the fiscal year ended March 31, 2013, the Company and its domestic subsidiaries apply the revised method for calculating depreciation costs of tangible assets acquired on or after April 1, 2012 in accordance with the revised Corporation Tax Act of Japan.

The impact on profit for the fiscal year ended March 31, 2013 due to this change was immaterial.

04 Accounting Standards Issued but Not Yet Effective

Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 issued May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 issued May 17, 2012) have not been applied for the year ended March 31, 2013.

The ASBJ has been deliberating establishment of a revised accounting standard for retirement benefits from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on (a) how actuarial gains and losses and past service costs should be accounted for, (b) how retirement benefit obligations and current service costs should be determined and (c) enhancement of disclosures.

The above Accounting Standard and Guidance shall be applied from the end of the fiscal year ending March 31, 2014, but the revised computation method for retirement benefit obligations and current service costs shall be applied from the fiscal year starting April 1, 2014.

The effects of adopting the Accounting Standard and Guidance are currently being evaluated.

05 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 ¥94.05 = U.S.\$1.00, the approximate rate of exchange in effect on March 29, 2013, instead of March 31, 2013, which fell on a holiday for financial institutions in Japan. 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.

06 Financial Instruments

(1) Financial instruments

1) 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.

Temporary surplus funds are managed 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.

2) 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 other rules 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 year. 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 funds (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. 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 aforementioned "(2) Derivatives" of "(2) Financial instruments" in Note "2. Summary of Significant Accounting Policies".

3) 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 change in line with by the adoption of the new assumptions.

(2) Fair value and other

Fair values of financial instruments, except for those for which the fair value is recognized as extremely difficult to determine, as of March 31, 2012 and 2013 are summarized as follows:

| March 31, 2012 | Millions of yen | | |
|--|------------------|------------------|------------------|
| | Book value | Fair value | Difference |
| (a) Cash and time deposits | ¥ 33,398 | ¥ 33,398 | ¥ — |
| (b) Trade receivables | 120,687 | 119,903 | (784) |
| (c) Marketable securities and investment in securities | 73,069 | 66,446 | (6,623) |
| Total assets | ¥ 227,154 | ¥ 219,747 | ¥ (7,407) |
| (a) Trade payables | ¥ 62,312 | ¥ 62,312 | ¥ — |
| (b) Short-term loans | 35,831 | 35,831 | — |
| (c) Corporate bonds* | 51,976 | 52,380 | 404 |
| (d) Long-term loans | 19,745 | 19,934 | 189 |
| Total liabilities | ¥ 169,864 | ¥ 170,457 | ¥ 593 |
| (a) Derivative transactions** | ¥ — | ¥ — | ¥ — |

| March 31, 2013 | Millions of yen | | |
|---|------------------|------------------|------------------|
| | Book value | Fair value | Difference |
| (a) Cash and time deposits | ¥ 35,002 | ¥ 35,002 | ¥ — |
| (b) Trade receivables | 128,240 | 127,973 | (267) |
| (c) Marketable securities and investments in securities | 85,940 | 79,657 | (6,283) |
| Total assets | ¥ 249,182 | ¥ 242,632 | ¥ (6,550) |
| (a) Trade payables | ¥ 81,151 | ¥ 81,151 | ¥ — |
| (b) Short-term loans | 15,369 | 15,369 | — |
| (c) Corporate bonds* | 53,100 | 52,962 | (138) |
| (d) Long-term loans | 26,225 | 26,246 | 21 |
| Total liabilities | ¥ 175,845 | ¥ 175,728 | (117) |
| (a) Derivative transactions** | ¥ — | ¥ — | ¥ — |

Notes to the Consolidated Financial Statements

| March 31, 2013 | Thousands of U.S. dollars | | |
|---|---------------------------|--------------|-------------|
| | Book value | Fair value | Difference |
| (a) Cash and time deposits | \$ 372,164 | \$ 372,164 | \$ — |
| (b) Trade receivables | 1,363,530 | 1,360,691 | (2,839) |
| (c) Marketable securities and investments in securities | 913,769 | 846,964 | (66,805) |
| Total assets | \$ 2,649,463 | \$ 2,579,819 | \$ (69,644) |
| (a) Trade payables | \$ 862,850 | \$ 862,850 | \$ — |
| (b) Short-term loans | 163,413 | 163,413 | — |
| (c) Corporate bonds* | 564,593 | 563,126 | (1,467) |
| (d) Long-term loans | 278,841 | 279,064 | 223 |
| Total liabilities | \$ 1,869,697 | \$ 1,868,453 | \$ (1,244) |
| (a) Derivative transactions** | \$ — | \$ — | \$ — |

* "(c) Corporate bonds" includes those to be redeemed within one year.

** The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

Notes: 1. Method of determining the fair values of financial instruments, securities and derivatives

Assets:

(a) Cash and time deposits

Cash and time deposits are stated at book value since all time deposits are 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 values provided by corresponding financial institutions.

Liabilities:

(a) Trade payables and (b) short-term loans

Trade payables and short-term loans 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 rate are stated at book value since the market rates are reflected in a short term and their fair value is almost equivalent to the book value.

Long-term loans with fixed interest rate 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 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 for which the fair value is recognized as extremely difficult to determine

Unlisted stocks and others of ¥6,721 million as of March 31, 2012 at book value were not included in "Investments in securities" since their fair values are recognized as extremely difficult to determine without market value and their future cash flows cannot be estimated.

Unlisted stocks and others of ¥7,312 million (\$77,746 thousand) as of March 31, 2013 at book value are not included in "Marketable securities and investments in securities" since their fair values are recognized as extremely difficult to determine without market value and their future cash flows cannot be estimated.

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

| March 31, 2012 | Millions of yen | | | |
|--|-----------------|--------------------------|----------------------------|---------------|
| | Within 1 year | Over 1 year within 5 yrs | Over 5 years within 10 yrs | Over 10 years |
| (1) Cash and time deposits | ¥ 33,398 | ¥ — | ¥ — | ¥ — |
| (2) Trade receivables—Notes and accounts | 103,293 | 16,261 | 969 | 164 |
| (3) Investments in securities: | | | | |
| Held-to-maturity securities | | | | |
| National/Municipal bonds | — | — | 20 | — |
| Corporate bonds | — | — | — | — |
| Other securities w/fixed term | | | | |
| National/Municipal bonds | 100 | — | 200 | — |
| Corporate bonds | 351 | 1,094 | — | 147 |
| Total | ¥ 137,142 | ¥ 17,355 | ¥ 1,189 | ¥ 311 |

| March 31, 2013 | Millions of yen | | | |
|--|------------------|--------------------------|----------------------------|---------------|
| | Within 1 year | Over 1 year within 5 yrs | Over 5 years within 10 yrs | Over 10 years |
| (1) Cash and time deposits | ¥ 35,002 | ¥ — | ¥ — | ¥ — |
| (2) Trade receivables—Notes and accounts | 116,767 | 11,106 | 227 | 139 |
| (3) Investments in securities: | | | | |
| Held-to-maturity securities | | | | |
| National/Municipal bonds | — | — | 20 | — |
| Corporate bonds | — | — | — | — |
| Other securities w/fixed term | | | | |
| National/Municipal bonds | — | 101 | 200 | — |
| Corporate bonds | — | 1,263 | 100 | 147 |
| Total | ¥ 151,769 | ¥ 12,470 | ¥ 547 | ¥ 286 |

| March 31, 2013 | Thousands of U.S. dollars | | | |
|--|---------------------------|--------------------------|----------------------------|-----------------|
| | Within 1 year | Over 1 year within 5 yrs | Over 5 years within 10 yrs | Over 10 years |
| (1) Cash and time deposits | \$ 372,164 | \$ — | \$ — | \$ — |
| (2) Trade receivables—Notes and accounts | 1,241,541 | 118,086 | 2,414 | 1,478 |
| (3) Investments in securities: | | | | |
| Held-to-maturity securities | | | | |
| National/Municipal bonds | — | — | 213 | — |
| Corporate bonds | — | — | — | — |
| Other securities w/fixed term | | | | |
| National/Municipal bonds | — | 1,074 | 2,126 | — |
| Corporate bonds | — | 13,429 | 1,063 | 1,563 |
| Total | \$ 1,613,705 | \$ 132,589 | \$ 5,816 | \$ 3,041 |

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 "11. Short-Term Debt, Long-Term Debt and Lease Obligations".

07 Fair Value Information on Marketable Securities and Investments in Securities

Fair value information on marketable securities and investments in securities as of March 31, 2012 and 2013 are summarized as follows:

(1) Held-to-maturity securities

| March 31, 2012 | Millions of yen | | |
|--|-----------------|-------------|------------------------|
| | Book value | Fair value | Unrealized gain (loss) |
| Securities with fair value that exceed book value | | | |
| National/Municipal bonds | ¥ 20 | ¥ 21 | ¥ 1 |
| Corporate bonds | — | — | — |
| Sub-total | ¥ 20 | ¥ 21 | ¥ 1 |
| Securities with fair value that do not exceed book value | | | |
| National/Municipal bonds | ¥ — | ¥ — | ¥ — |
| Corporate bonds | — | — | — |
| Sub-total | ¥ — | ¥ — | ¥ — |
| Total | ¥ 20 | ¥ 21 | ¥ 1 |

| March 31, 2013 | Millions of yen | | |
|--|-----------------|-------------|------------------------|
| | Book value | Fair value | Unrealized gain (loss) |
| Securities with fair value that exceed book value | | | |
| National/Municipal bonds | ¥ 20 | ¥ 22 | ¥ 2 |
| Corporate bonds | — | — | — |
| Sub-total | ¥ 20 | ¥ 22 | ¥ 2 |
| Securities with fair value that do not exceed book value | | | |
| National/Municipal bonds | ¥ — | ¥ — | ¥ — |
| Corporate bonds | — | — | — |
| Sub-total | ¥ — | ¥ — | ¥ — |
| Total | ¥ 20 | ¥ 22 | ¥ 2 |

Notes to the Consolidated Financial Statements

| March 31, 2013 | Thousands of U.S. dollars | | |
|--|---------------------------|------------|------------------------|
| | Book value | Fair value | Unrealized gain (loss) |
| Securities with fair value that exceed book value | | | |
| National/Municipal bonds | \$ 213 | \$ 234 | \$ 21 |
| Corporate bonds | — | — | — |
| Sub-total | \$ 213 | \$ 234 | \$ 21 |
| Securities with fair value that do not exceed book value | | | |
| National/Municipal bonds | \$ — | \$ — | \$ — |
| Corporate bonds | — | — | — |
| Sub-total | \$ — | \$ — | \$ — |
| Total | \$ 213 | \$ 234 | \$ 21 |

(2) Other securities

| March 31, 2012 | Millions of yen | | |
|--|-----------------|------------------|------------------------|
| | Book value | Acquisition cost | Unrealized gain (loss) |
| Other securities with book value that exceed acquisition cost | | | |
| Stocks | ¥ 29,808 | ¥ 17,679 | ¥ 12,129 |
| Securities | | | |
| National/Municipal bonds | 317 | 301 | 16 |
| Other | 46 | 46 | 0 |
| Other | 5 | 4 | 1 |
| Sub-total | ¥ 30,176 | ¥ 18,030 | ¥ 12,146 |
| Other securities with book value that do not exceed acquisition cost | | | |
| Stocks | ¥ 7,190 | ¥ 8,568 | ¥ (1,378) |
| Securities | | | |
| National/Municipal bonds | — | — | — |
| Other | 869 | 881 | (12) |
| Other | 112 | 131 | (19) |
| Sub-total | ¥ 8,171 | ¥ 9,580 | ¥ (1,409) |
| Total | ¥ 38,347 | ¥ 27,610 | ¥ 10,737 |

Note: Unlisted stocks and others of ¥4,742 million at book value were not included in the "(2) Other securities" since their fair values were recognized as extremely difficult to determine without market quotations available.

| March 31, 2013 | Millions of yen | | |
|--|-----------------|------------------|------------------------|
| | Book value | Acquisition cost | Unrealized gain (loss) |
| Other securities with book value that exceed acquisition cost | | | |
| Stocks | ¥ 44,976 | ¥ 23,786 | ¥ 21,190 |
| Securities | | | |
| National/Municipal bonds | 327 | 301 | 26 |
| Other | 445 | 376 | 69 |
| Other | — | — | — |
| Sub-total | ¥ 45,748 | ¥ 24,463 | ¥ 21,285 |
| Other securities with book value that do not exceed acquisition cost | | | |
| Stocks | ¥ 2,713 | ¥ 3,138 | ¥ (425) |
| Securities | | | |
| National/Municipal bonds | — | — | — |
| Other | 502 | 504 | (2) |
| Other | 86 | 100 | (14) |
| Sub-total | ¥ 3,301 | ¥ 3,742 | ¥ (441) |
| Total | ¥ 49,049 | ¥ 28,205 | ¥ 20,844 |

| March 31, 2013 | Thousands of U.S. dollars | | |
|--|---------------------------|------------------|------------------------|
| | Book value | Acquisition cost | Unrealized gain (loss) |
| Other securities with book value that exceed acquisition cost | | | |
| Stocks | \$ 478,214 | \$ 252,908 | \$ 225,306 |
| Securities | | | |
| National/Municipal bonds | 3,477 | 3,200 | 277 |
| Other | 4,731 | 3,998 | 733 |
| Other | — | — | — |
| Sub-total | \$ 486,422 | \$ 260,106 | \$ 226,316 |
| Other securities with book value that do not exceed acquisition cost | | | |
| Stocks | \$ 28,846 | \$ 33,365 | \$ (4,519) |
| Securities | | | |
| National/Municipal bonds | — | — | — |
| Other | 5,338 | 5,359 | (21) |
| Other | 914 | 1,063 | (149) |
| Sub-total | \$ 35,098 | \$ 39,787 | \$ (4,689) |
| Total | \$ 521,520 | \$ 299,893 | \$ 221,627 |

Note: Unlisted stocks and others of ¥5,081 million (\$54,024 thousand) at book value are not included in the "(2) Other securities" since their fair values are recognized as extremely difficult to determine without market quotations available.

(3) "Other securities" sold

| Year ended March 31, 2012 | Millions of yen | | |
|---------------------------|-----------------|------|---------|
| | Proceeds | Gain | Loss |
| Stocks | ¥ 299 | ¥ — | ¥ (312) |
| Securities | | | |
| National/Municipal bonds | — | — | — |
| Corporate bonds | — | — | — |
| Other | — | — | — |
| Other | 61 | 28 | (8) |
| Total | ¥ 360 | ¥ 28 | ¥ (320) |

| Year ended March 31, 2013 | Millions of yen | | |
|---------------------------|-----------------|------|---------|
| | Proceeds | Gain | Loss |
| Stocks | ¥ 80 | ¥ 0 | ¥ (68) |
| Securities | | | |
| National/Municipal bonds | — | — | — |
| Corporate bonds | — | — | — |
| Other | 328 | — | (18) |
| Other | 45 | 34 | (23) |
| Total | ¥ 453 | ¥ 34 | ¥ (109) |

| Year ended March 31, 2013 | Thousands of U.S. dollars | | |
|---------------------------|---------------------------|--------|------------|
| | Proceeds | Gain | Loss |
| Stocks | \$ 851 | \$ 0 | \$ (723) |
| Securities | | | |
| National/Municipal bonds | — | — | — |
| Corporate bonds | — | — | — |
| Other | 3,488 | — | (191) |
| Other | 478 | 362 | (245) |
| Total | \$ 4,817 | \$ 362 | \$ (1,159) |

(4) Impairment loss on other securities

Impairment loss on securities amounted to ¥373 million, including ¥339 million of stocks with market value in other securities, ¥29 million of stocks without market value in other securities and ¥5 million of affiliates' stocks for the year ended March 31, 2012.

Impairment loss on securities amounted to ¥130 million (\$1,382 thousand), including ¥127 million (\$1,350 thousand) of stocks with market value in other securities and ¥3 million (\$32 thousand) of stocks without market value in other securities for the year ended March 31, 2013.

Notes to the Consolidated Financial Statements

08 Derivative Financial Instruments

Derivative financial instruments information as of March 31, 2012 and 2013 are summarized as follows:

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

Currency-related transactions

For the year ended March 31, 2012 : Not applicable

For the year ended March 31, 2013 : Not applicable

(2) Derivative transactions designated as "hedging instruments"

Interest-rate-related transactions

| March 31, 2012 | Millions of yen | | | Fair value |
|--|-----------------|-----------------|-----------------------------|------------|
| | Hedged item | Contract amount | Contract amount over 1 year | |
| Deferral accounting as "hedging instruments" | | | | |
| Interest rate swap transactions —Variable interest received and fixed interest paid | Long-term loans | ¥ 24,550 | ¥ 13,550 | See Note |

| March 31, 2013 | Millions of yen | | | Fair value |
|--|-----------------|-----------------|-----------------------------|------------|
| | Hedged item | Contract amount | Contract amount over 1 year | |
| Deferral accounting as "hedging instruments" | | | | |
| Interest rate swap transactions —Variable interest received and fixed interest paid | Long-term loans | ¥ 19,550 | ¥ 18,750 | See Note |

| March 31, 2013 | Thousands of U.S. dollars | | | Fair value |
|--|---------------------------|-----------------|-----------------------------|------------|
| | Hedged item | Contract amount | Contract amount over 1 year | |
| Deferral accounting as "hedging instruments" | | | | |
| Interest rate swap transactions —Variable interest received and fixed interest paid | Long-term loans | \$ 207,868 | \$ 199,362 | See Note |

Note: Fair value of interest rate swap transactions designated as "hedging instruments" is included in the fair values of the long-term loans under the special hedge accounting method for interest rate swaps.

09 Impairment Loss on Fixed Assets

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

Impairment loss of ¥38 million for the year ended March 31, 2012 was recorded since the book values of the properties had been reduced to the recoverable values due to the decline in land prices and other.

The recoverable amounts of the fixed assets were of their net realizable values based on amounts determined by valuations made in accordance with real estate appraisal standards or publicly-assessed land values and other for the year ended March 31, 2012.

Impairment loss of ¥54 million (\$574 thousand) for the year ended March 31, 2013 is recorded since the book values of the properties have been reduced to the recoverable values due to the decline in the value of the fixed assets for rent and other.

The recoverable amounts of the fixed assets are of their net realizable values based on amounts determined by valuations made in accordance with real estate appraisal standards or publicly-assessed land values and other for the year ended March 31, 2013.

Impairment losses on fixed assets for the years ended March 31, 2012 and 2013 are summarized as follows:

| Years ended March 31 | | | Millions of yen | | Thousands of U.S. dollars |
|----------------------|---------------------------|--------------------|-----------------|------|---------------------------|
| | | | 2012 | 2013 | 2013 |
| Location | Type of assets | Use | | | |
| Niigata, and other | Buildings, land and other | Idle and Other | ¥ 38 | ¥ — | \$ — |
| Fukui, and other | Land and building | For rent and other | — | 54 | 574 |
| Total | | | ¥ 38 | ¥ 54 | \$ 574 |

10 Inventories

Inventories as of March 31, 2012 and 2013 are summarized as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------------|---------------------------|
| | 2012 | 2013 | 2013 |
| Real estate held for sale | ¥ 15,500 | ¥ 17,785 | \$ 189,102 |
| Merchandise and finished products | 1,147 | 900 | 9,569 |
| Construction work in progress | 13,017 | 13,243 | 140,808 |
| Project costs for development and others | 13,964 | 4,316 | 45,891 |
| Materials in stock | 842 | 892 | 9,484 |
| Total | ¥ 44,470 | ¥ 37,136 | \$ 394,854 |

Notes: 1. Inventories are written down based on the decreased profitability and ¥94 million of loss on write-down of inventories for the year ended March 31, 2012 and ¥1,284 million (\$13,652 thousand) of loss on write-down of inventories for the year ended March 31, 2013 are included in "Cost of Sales" in the Consolidated Statements of Income.

2. The amount of construction work in progress is not offset by the allowance for losses on construction contracts and both are presented. The amounts of construction work in progress for which an allowance for losses on construction contracts is provided are ¥481 million for the year ended March 31, 2012 and ¥39 million (\$415 thousand) for the year ended March 31, 2013.

11 Short-Term Debt, Long-Term Debt and Lease Obligations

Short-term debt and lease obligations due within one year as of March 31, 2012 and 2013 are summarized as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------------|---------------------------|
| | 2012 | 2013 | 2013 |
| Bank loans bearing interest with an average rate of 0.9% per annum | ¥ 19,087 | ¥ 11,369 | \$ 120,882 |
| Current portion of long-term loans | 25,620 | 29,100 | 309,410 |
| Total short-term debt | ¥ 44,707 | ¥ 40,469 | \$ 430,292 |
| Lease obligations due within one year | ¥ 90 | ¥ 114 | \$ 1,212 |
| Total | ¥ 44,797 | ¥ 40,583 | \$ 431,504 |

Long-term debt and lease obligations as of March 31, 2012 and 2013 are summarized as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------------|---------------------------|
| | 2012 | 2013 | 2013 |
| Corporate bonds | | | |
| —Issued by Maeda Corporation | | | |
| 2.23% 12th series bonds due in 2013 | ¥ 5,000 | ¥ 5,000 | \$ 53,163 |
| 2.24% 15th series bonds due in 2014 | 10,000 | 10,000 | 106,327 |
| 2.13% 16th series bonds due in 2012 | 3,000 | — | — |
| 1.28% 17th series bonds due in 2013 | 10,000 | 10,000 | 106,327 |
| 1.58% 18th series bonds due in 2014 | 3,000 | 3,000 | 31,898 |
| 0.90% 19th series bonds due in 2014 | 10,000 | 10,000 | 106,326 |
| 0.85% 21st series bonds due in 2015 | — | 10,000 | 106,326 |
| 1.42% 20th series bonds due in 2016 | 5,000 | 5,000 | 53,163 |
| —Issued by Anonymous Association Shinonome Residential Tower | | | |
| 6-month TSR+1.25% 1st series bonds due in 2012 | 5,876 | — | — |
| —Issued by JM Corporation | | | |
| 0.55% 1st series bonds due in 2013 | 100 | 100 | 1,063 |
| Sub-total | 51,976 | 53,100 | 564,593 |
| Long-term loans due in between 2013–2018 bearing interest with an average rate of 1.6% per annum | 36,489 | 30,225 | 321,372 |
| | 88,465 | 83,325 | 885,965 |
| Less—Portion due within one year | (25,620) | (29,100) | (309,410) |
| Total | ¥ 62,845 | ¥ 54,225 | \$ 576,555 |
| Lease obligations due after one year | ¥ 271 | ¥ 506 | \$ 5,380 |
| Total | ¥ 63,116 | ¥ 54,731 | \$ 581,935 |

Note: Average rates of interest are calculated by weighted average method using the interest rates and the loan balance as of the year end. Average rates of interest of lease obligations are omitted since the balance of lease obligations in the balance sheets includes the interests thereof.

Notes to the Consolidated Financial Statements

The annual maturities of short-term debt, corporate bonds, long-term debt and lease obligations as of March 31, 2012 and 2013 are as follows:

| Year ending March 31 | Millions of yen | | | |
|----------------------|-----------------|-----------------|-----------------|-------------------|
| | March 31, 2012 | | | |
| | Short-term debt | Corporate bonds | Long-term debt | Lease obligations |
| 2013 | ¥ 19,086 | ¥ 8,876 | ¥ 16,744 | ¥ 90 |
| 2014 | — | 25,100 | 8,020 | 95 |
| 2015 | — | 13,000 | 8,150 | 159 |
| 2016 | — | — | 300 | 12 |
| 2017 | — | 5,000 | 3,275 | 5 |
| 2018 and thereafter | — | — | — | — |
| Total | ¥ 19,086 | ¥ 51,976 | ¥ 36,489 | ¥ 361 |

| Year ending March 31 | Millions of yen | | | |
|----------------------|-----------------|-----------------|-----------------|-------------------|
| | March 31, 2013 | | | |
| | Short-term debt | Corporate bonds | Long-term debt | Lease obligations |
| 2014 | ¥ 11,369 | ¥ 25,100 | ¥ 4,000 | ¥ 114 |
| 2015 | — | 13,000 | 8,350 | 245 |
| 2016 | — | 10,000 | 3,600 | 69 |
| 2017 | — | 5,000 | 3,275 | 121 |
| 2018 | — | — | 11,000 | 60 |
| 2019 and thereafter | — | — | — | 11 |
| Total | ¥ 11,369 | ¥ 53,100 | ¥ 30,225 | ¥ 620 |

| Year ending March 31 | Thousands of U.S. dollars | | | |
|----------------------|---------------------------|-------------------|-------------------|-------------------|
| | March 31, 2013 | | | |
| | Short-term debt | Corporate bonds | Long-term debt | Lease obligations |
| 2014 | \$ 120,882 | \$ 266,879 | \$ 42,531 | \$ 1,212 |
| 2015 | — | 138,225 | 88,783 | 2,605 |
| 2016 | — | 106,326 | 38,277 | 734 |
| 2017 | — | 53,163 | 34,822 | 1,286 |
| 2018 | — | — | 116,959 | 638 |
| 2019 and thereafter | — | — | — | 117 |
| Total | \$ 120,882 | \$ 564,593 | \$ 321,372 | \$ 6,592 |

The assets pledged as collateral for short-term debt and long-term debt as of March 31, 2012 and 2013 are summarized as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------------|---------------------------|
| | 2012 | 2013 | 2013 |
| Marketable securities | ¥ 85 | ¥ — | \$ — |
| Real estate held for sale | 10,558 | 10,192 | 108,368 |
| Project costs for development and others | 11,959 | — | — |
| Buildings and structures | 918 | 864 | 9,187 |
| Land | 389 | 389 | 4,136 |
| Investments in securities | 1,703 | 1,812 | 19,266 |
| Total | ¥ 25,612 | ¥ 13,257 | \$ 140,957 |

The secured liabilities as of March 31, 2012 and 2013 are summarized as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------|-----------------|---------|---------------------------|
| | 2012 | 2013 | 2013 |
| Short-term loans | ¥ 5,100 | ¥ 5,100 | \$ 54,227 |
| Corporate bonds due within one year | 5,876 | — | — |
| Trade payables | 8 | 8 | 85 |
| Corporate bonds | — | — | — |
| Long-term loans | 5,395 | 4,375 | 46,518 |
| Other long-term liabilities | 260 | 252 | 2,679 |
| Total | ¥ 16,639 | ¥ 9,735 | \$ 103,509 |

The Company entered into committed loan facility agreements in the total amount of ¥20,000 million (\$212,653 thousand) with 5 banks. There is no outstanding balance under those agreements as of March 31, 2013.

12 Lease Transactions

Finance lease contracts that do not transfer ownership

The finance lease contracts that do not transfer ownership commencing on or before March 31, 2008, are accounted in accordance with the standard lease contracts transactions, and their details as of March 31, 2012 and 2013 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, 2012 | Millions of yen | | |
|-------------------------------|------------------|--------------------------|----------------|
| | Acquisition cost | Accumulated depreciation | Net book value |
| Machinery and equipment | ¥ 25 | ¥ 21 | ¥ 4 |
| Vehicles | 264 | 241 | 23 |
| Tools, furniture and fixtures | 4 | 0 | 4 |
| Total | ¥ 293 | ¥ 262 | ¥ 31 |

| March 31, 2013 | Millions of yen | | |
|-------------------------------|------------------|--------------------------|----------------|
| | Acquisition cost | Accumulated depreciation | Net book value |
| Vehicles | ¥ 11 | ¥ 9 | ¥ 2 |
| Tools, furniture and fixtures | 4 | 1 | 3 |
| Total | ¥ 15 | ¥ 10 | ¥ 5 |

| March 31, 2013 | Thousands of U.S. dollars | | |
|-------------------------------|---------------------------|--------------------------|----------------|
| | Acquisition cost | Accumulated depreciation | Net book value |
| Vehicles | \$ 117 | \$ 96 | \$ 21 |
| Tools, furniture and fixtures | 42 | 10 | 32 |
| Total | \$ 159 | \$ 106 | \$ 53 |

The amount equivalent to acquisition cost includes the interest expense portion due to the immateriality of the outstanding minimum lease payments.

The amounts of outstanding minimum lease payments as of March 31, 2012 and 2013, which include the portion of interest thereon, are summarized as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|------------------------|-----------------|------|---------------------------|
| | 2012 | 2013 | 2013 |
| Minimum lease payments | | | |
| Within one year | ¥ 26 | ¥ 3 | \$ 32 |
| Over one year | 5 | 2 | 21 |
| Total | ¥ 31 | ¥ 5 | \$ 53 |

Notes to the Consolidated Financial Statements

The amount of outstanding minimum lease payments includes the interest expense thereon due to the immateriality of the outstanding minimum lease payments.

Lease rental expenses and corresponding depreciation cost

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|-----------------------|-----------------|------|---------------------------|
| | 2012 | 2013 | 2013 |
| Lease rental expenses | ¥ 46 | ¥ 26 | \$ 276 |
| Depreciation cost | 46 | 26 | 276 |

Depreciation cost is computed by the straight-line method over the lease term of the leased assets with a zero residual value.

Finance lease contracts: (as lessee)

Finance lease contracts that do not transfer ownership

Leased assets include:

tangible assets, which mainly consist of machinery for rent in the construction machinery sales and related service business of a consolidated subsidiary Maeda Seisakusho Co., Ltd.

Depreciation cost of leased assets is computed by:

the straight-line method over the lease term of the leased assets with a zero residual value.

Operating lease contracts:

Outstanding minimum lease payments under non-cancelable operating lease contracts

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|------------------------|-----------------|----------|---------------------------|
| | 2012 | 2013 | 2013 |
| (As lessee) | | | |
| Minimum lease payments | | | |
| Within one year | ¥ 174 | ¥ 81 | \$ 861 |
| Over one year | 323 | 307 | 3,264 |
| | ¥ 497 | ¥ 388 | \$ 4,125 |
| (As lessor) | | | |
| Minimum lease payments | | | |
| Within one year | 632 | 651 | 6,922 |
| Over one year | 8,559 | 9,384 | 99,777 |
| Total | ¥ 9,191 | ¥ 10,035 | \$ 106,699 |

13 Retirement Benefit Plans

The Company and its consolidated subsidiaries have a corporate pension plan and an employees' pension plan as defined benefit pension plan, in addition to 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, 2013, 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, 2012 and 2013 are analyzed as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|------------|------------------------------|
| | 2012 | 2013 | 2013 |
| (a) Projected benefit obligations | ¥ (47,869) | ¥ (53,118) | \$ (564,785) |
| (b) Plan assets | 23,891 | 26,297 | 279,607 |
| (c) Unfunded benefit obligations [(a)+(b)] | (23,978) | (26,821) | (285,178) |
| (d) Unrecognized actuarial differences | 13,651 | 15,115 | 160,712 |
| (e) Unrecognized prior service cost | (6,914) | (5,931) | (63,062) |
| Reserve for retirement benefits [(c)+(d)+(e)] | ¥ (17,241) | ¥ (17,637) | \$ (187,528) |

Retirement benefits expenses related to the retirement benefits for the years ended March 31, 2012 and 2013 are as follows:

| Years ended March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|---------|------------------------------|
| | 2012 | 2013 | 2013 |
| (a) Service cost | ¥ 1,352 | ¥ 1,329 | \$ 14,131 |
| (b) Interest cost | 973 | 957 | 10,175 |
| (c) Expected return on plan assets | (474) | (478) | (5,082) |
| (d) Amortization of actuarial differences | 2,109 | 2,082 | 22,137 |
| (e) Amortization of prior service cost | (983) | (983) | (10,452) |
| Retirement benefits expenses [(a)+(b)+(c)+(d)+(e)] | 2,977 | 2,907 | 30,909 |
| (f) Contribution cost to defined contribution pension plan | 495 | 495 | 5,263 |
| Total [(a)+(b)+(c)+(d)+(e)+(f)] | ¥ 3,472 | ¥ 3,402 | \$ 36,172 |

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

| | 2012 | 2013 |
|---|--|--|
| (a) Method of attributing the projected benefits to periods of services | Straight-line basis | Straight-line basis |
| (b) Discount rate | 2.0% | 1.0% |
| (c) Expected rate of return on plan assets | 2.0% | 2.0% |
| (d) Amortization of unrecognized actuarial differences | Over 10 to 15 years (expenses from the next year) | Over 10 to 15 years (expenses from the next year) |
| (e) Amortization of unrecognized prior service cost | 15 years | 15 years |

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 above in "Retirement benefits expenses". The pension fund assets as of March 31, 2011 and 2012 are as follows:

| Years ended March 31 | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|------------|------------------------------|
| | 2012 | 2013 | 2013 |
| (a) Pension fund assets | ¥ 200,505 | ¥ 202,443 | \$ 2,152,504 |
| (b) Projected benefit obligations | 217,370 | 217,139 | 2,308,761 |
| (c) Balance [(a)-(b)] | ¥ (16,865) | ¥ (14,696) | \$ (156,257) |

- Notes: 1. The amounts stated above as of March 31, 2012 and 2013 are based on the information as of the end of the previous fiscal year, respectively.
2. The consolidated subsidiary's portions of the National Construction Industry Employees' Pension Fund are 1.04% as of March 31, 2011 and 1.00% as of March 31, 2012.
3. The above negative balance of ¥14,696 million (\$156,257 thousand) mainly comprises ¥13,733 million (\$146,018 thousand) of a deficit in projected pension financing, ¥13,396 million (\$142,435 thousand) of unamortized balance of projected prior service cost offset by ¥12,433 million (\$132,196 thousand) increase in plan assets for the year ended March 31, 2013.

Notes to the Consolidated Financial Statements

14 Income Taxes

Significant components of deferred tax assets and liabilities as of March 31, 2012 and 2013 are as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|-----------|---------------------------|
| | 2012 | 2013 | 2013 |
| Deferred tax assets: | | | |
| Net loss carried forward | ¥ 13,188 | ¥ 14,324 | \$ 152,302 |
| Reserve for retirement benefits | 6,382 | 6,485 | 68,953 |
| Write-down of inventories and other | 4,487 | 4,894 | 52,036 |
| Impairment loss on fixed assets | 3,215 | 3,034 | 32,259 |
| Allowance for doubtful accounts | 2,566 | 2,516 | 26,752 |
| Allowance for losses on construction contracts | 817 | 1,595 | 16,959 |
| Unrealized inter-company profit of fixed assets | 185 | 191 | 2,031 |
| Other | 4,044 | 5,008 | 53,248 |
| Total | 34,884 | 38,047 | 404,540 |
| Less—Valuation allowance | (34,558) | (37,704) | (400,893) |
| Deferred tax assets | 326 | 343 | 3,647 |
| Deferred tax liabilities: | | | |
| Unrealized gain on investment | (3,528) | (6,913) | (73,504) |
| Other | (26) | (27) | (287) |
| Total deferred tax liabilities | (3,554) | (6,940) | (73,791) |
| Net deferred tax liabilities | ¥ (3,228) | ¥ (6,597) | \$ (70,144) |

The details of the difference between the statutory tax rate and effective income tax rate for the years ended March 31, 2012 and 2013 are as follows:

| March 31 | 2012 | 2013 |
|---|--------|------|
| Statutory tax rate | 40.7% | — |
| Changes in the tax rate resulting from: | | |
| Non-deductible expenses | 6.9 | — |
| Non-taxable income | (0.1) | — |
| Per capita levy | 4.6 | — |
| Investment profit on equity method | (18.8) | — |
| Less—Valuation allowance and other | (14.5) | — |
| Effective income tax rate | 18.8% | — |

Note: A reconciliation for the year ended March 31, 2013 is omitted since the Company recognized a loss before income taxes and minority interests.

15 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.

16 Commitments and Contingent Liabilities

The contingent liabilities of the Company as of March 31, 2012 and 2013 are summarized as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------------|---------------------------|
| | 2012 | 2013 | 2013 |
| Endorsed trade notes receivable | ¥ 1,320 | ¥ 968 | \$ 10,292 |
| Guarantees on securitized trade notes receivable | 1,384 | 2,389 | 25,401 |
| Loan guarantee for Asai Construction Co., Ltd. | 1,620 | 1,555 | 16,534 |
| Letters of guarantee for affiliates | | | |
| Toyo Construction Co., Ltd. | 7,876 | 8,185 | 87,028 |
| Thai Maeda Corporation Ltd. | 42 | 26 | 277 |
| Total | ¥ 12,242 | ¥ 13,123 | \$ 139,532 |

Note: Trade notes due on March 31, 2012 and 2013 which fell on holidays for financial institutions in Japan are settled on the date of clearance. The following trade notes due on March 31, 2012 and 2013 are included in the balance of each account:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-------|---------------------------|
| | 2012 | 2013 | 2013 |
| Notes receivable | ¥ 138 | ¥ 171 | \$ 1,818 |
| Endorsed trade notes receivable | 89 | 81 | 861 |
| Guarantees on securitized trade notes receivable | 298 | 314 | 3,339 |

17 Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses in the consolidated statements of income for the years ended March 31, 2012 and 2013 are as follows:

| Years ended March 31 | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------|-----------------|---------|---------------------------|
| | 2012 | 2013 | 2013 |
| Salaries to employees | ¥ 8,248 | ¥ 8,137 | \$ 86,518 |
| Retirement benefit expenses | 1,037 | 1,003 | 10,665 |
| Provision for bonuses for employees | 903 | 753 | 8,006 |
| Provision for doubtful accounts | (40) | 224 | 2,382 |
| Provision for bonuses for directors | 10 | 16 | 170 |

18 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, 2012 and 2013 are as follows:

| Years ended March 31 | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|---------|---------------------------|
| | 2012 | 2013 | 2013 |
| Research and development expenses | ¥ 1,577 | ¥ 1,686 | \$ 17,927 |

19 Allowance for Loss on Construction Contracts

Provision of allowance for loss on construction contracts included in cost of sales for the years ended March 31, 2012 and 2013 amounted to ¥1,525 million and ¥3,555 million (\$37,799 thousand), respectively.

Notes to the Consolidated Financial Statements

20 Consolidated Statements of Comprehensive Income

The reclassification adjustments and tax effects associated with other comprehensive income for the years ended March 31, 2012 and 2013 are as follows:

| Years ended March 31 | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
| | 2012 | 2013 | 2013 |
| Unrealized gain (loss) on Investments in securities | | | |
| Recognized amount for the year | ¥ (1,493) | ¥ 9,884 | \$ 105,093 |
| Amount of reclassification adjustments | 651 | 142 | 1,510 |
| Before tax effect adjustment | ¥ (842) | ¥ 10,026 | \$ 106,603 |
| Amount of tax effect | 1,187 | (3,385) | (35,992) |
| Sub-total | ¥ 345 | ¥ 6,641 | \$ 70,611 |
| Share of other comprehensive income of the companies accounted for by equity method | | | |
| Recognized amount for the year | (17) | 147 | 1,563 |
| Amount of reclassification adjustments | 132 | — | — |
| Sub-total | ¥ 115 | ¥ 147 | \$ 1,563 |
| Total other comprehensive income | ¥ 460 | ¥ 6,788 | \$ 72,174 |

21 Consolidated Statements of Changes in Net Assets

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

| Type | Thousands of shares | |
|--|---------------------|----------------|
| | Outstanding stock | Treasury stock |
| | Common stock | |
| Number of shares as of April 1, 2011 | 185,214 | 8,246 |
| Increase for the year ended March 31, 2012 | — | 0 |
| Decrease for the year ended March 31, 2012 | — | 318 |
| Number of shares as of March 31, 2012 | 185,214 | 7,928 |

Note: The treasury stock decreased by 318 thousand due to the sale of the Company's stock by a consolidated subsidiary.

| Type | Thousands of shares | |
|--|---------------------|----------------|
| | Outstanding stock | Treasury stock |
| | Common stock | |
| Number of shares as of April 1, 2012 | 185,214 | 7,928 |
| Increase for the year ended March 31, 2013 | — | 8 |
| Decrease for the year ended March 31, 2013 | — | — |
| Number of shares as of March 31, 2013 | 185,214 | 7,936 |

Note: The increase in treasury stock of 8 thousand common stocks consisted of 3 thousand due to the purchase of less-than-one-unit stocks and 5 thousand due to the change of the Company's equities in subsidiaries and affiliates.

(2) Dividends

Cash dividends distributed during the year ended March 31, 2012

Cash dividends of ¥7.0 per common share at March 31, 2011 in total amount of ¥1,238 million out of the retained earnings were distributed to shareholders subject to the resolution of General shareholders meeting held on June 28, 2011.

Cash dividends distributed during the year ended March 31, 2013

Cash dividends of ¥7.0 (\$0.07) per common share at March 31, 2012 in total amount of ¥1,241 million (\$13,195 thousand) out of the retained earnings were distributed to shareholders subject to the resolution of General shareholders meeting held on June 27, 2012.

Cash dividends to be distributed during the year ending March 31, 2014

Cash dividends of ¥7.0 (\$0.07) per common share at March 31, 2013 in total amount of ¥1,241 million (\$13,195 thousand) out of the retained earnings are to be distributed to shareholders subject to the resolution of General shareholders meeting held on June 26, 2013.

Note: The total amounts of cash dividends are after deduction of the dividends to the stocks held by the affiliates.

22 Consolidated Statements of Cash Flows

(1) Cash and cash equivalents at year end

The balances of "Cash and time deposits" in the consolidated balance sheets are reconciled to "Cash and cash equivalents at end of the year" in the consolidated statements of cash flows for the years ended March 31, 2012 and 2013 as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
| | 2012 | 2013 | 2013 |
| "Cash and time deposits" balance in the consolidated balance sheets | ¥ 33,398 | ¥ 35,002 | \$ 372,164 |
| Less—Time deposits exceeding the period of 3 months | (1,207) | (278) | (2,956) |
| Cash and cash equivalents at end of the year | ¥ 32,191 | ¥ 34,724 | \$ 369,208 |

23 Investment and Rental Properties

The Company and its consolidated subsidiaries own rental properties such as office buildings, complex facilities and others in Tokyo, Osaka prefecture, and the other major cities throughout Japan. Profits on rental properties are ¥842 million and ¥985 million (\$10,473 thousand) for the years ended March 31, 2012 and 2013, respectively.

The book value, increase or decrease in book value during the year, and fair value of rental properties for the years ended March 31, 2012 and 2013 are as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------|-----------------|----------|---------------------------|
| | 2012 | 2013 | 2013 |
| Book value as of March 31, 2011 | ¥ 23,614 | | |
| Increase (decrease) during the year | (546) | | |
| Book value as of March 31, 2012 | ¥ 23,068 | ¥ 23,068 | \$ 245,274 |
| Increase (decrease) during the year | | (709) | (7,539) |
| Book value as of March 31, 2013 | | ¥ 22,359 | \$ 237,735 |
| Fair value as of the year end | ¥ 25,681 | ¥ 24,765 | \$ 263,317 |

Notes: 1. Book value represents the acquisition cost less accumulated depreciation cost and cumulative impairment loss.
2. Decrease in book value results mainly from depreciation cost of buildings.
3. Fair values of main properties are based on real property appraisal from independent real property appraisers.

24. Segment Information

(1) Segment information

1) Summary of reportable segments:

The reportable segments of the Company's group are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors of the Company to make decisions about resource allocation and assess performance.

The operations of the Company's group consist of the business and services operated by the operational divisions of the Company and consolidated subsidiaries, and are composed of four operating segments as follows:

| | |
|-----------------------|--|
| Building..... | Contract work for building and other related services |
| Civil engineering.... | Contract work for civil engineering and other related services |
| Real estate..... | Sales and renting of real estates and other related services |
| Other..... | Production and sales of construction machinery and concrete secondary products, and other related services |

Notes to the Consolidated Financial Statements

2) Net sales, profit (loss), and other by segment

The accounting policies of the reportable operating segments are substantially the same as those described in "Summary of Significant Accounting Policies". Profit (loss) of reportable segments are evaluated based on operating profit (loss). Inter-segment sales are among the consolidated subsidiaries, and are recorded at the same prices used in transactions with third parties.

3) Reportable segments information

| Year ended March 31, 2012 | Millions of yen | | | | | Consolidated statements of income |
|---------------------------------|-----------------|-------------------|-------------|----------|------------|-----------------------------------|
| | Building | Civil engineering | Real estate | Other | Adjustment | |
| Net sales | | | | | | |
| Sales to outside customers | ¥ 186,494 | ¥ 90,760 | ¥ 12,161 | ¥ 23,912 | ¥ — | ¥ 313,327 |
| Inter-segment sales | 3,015 | 711 | 12 | 2,278 | (6,016) | — |
| Total | 189,509 | 91,471 | 12,173 | 26,190 | (6,016) | 313,327 |
| Profit (loss) by segment | ¥ 3,642 | ¥ (1,243) | ¥ 2,895 | ¥ 187 | ¥ (182) | ¥ 5,299 |
| Other | | | | | | |
| Depreciation | ¥ 1,753 | ¥ 941 | ¥ 180 | ¥ 1,504 | ¥ (25) | ¥ 4,353 |
| Impairment loss on fixed assets | — | — | — | 38 | — | 38 |

Notes: 1. "Adjustment" of "Profit (loss) by segment" included ¥182 million of Inter-segment transaction.
 2. "Profit (loss) by segment" was adjusted in accordance with the Operating profit (loss) of Consolidated Statements of Income.
 3. The amount of assets in each segment was not listed since corporate assets were not allocated to each segment.

| Year ended March 31, 2013 | Millions of yen | | | | | Consolidated statements of income |
|---------------------------------|-----------------|-------------------|-------------|----------|------------|-----------------------------------|
| | Building | Civil engineering | Real estate | Other | Adjustment | |
| Net sales | | | | | | |
| Sales to outside customers | ¥ 218,587 | ¥ 109,367 | ¥ 17,627 | ¥ 23,577 | ¥ — | ¥ 369,158 |
| Inter-segment sales | 2,629 | 891 | 12 | 2,910 | (6,442) | — |
| Total | 221,216 | 110,258 | 17,639 | 26,487 | (6,442) | 369,158 |
| Profit (loss) by segment | ¥ (1,624) | ¥ (5,784) | ¥ 799 | ¥ (105) | ¥ (337) | ¥ (7,051) |
| Other | | | | | | |
| Depreciation | ¥ 1,518 | ¥ 855 | ¥ 79 | ¥ 1,540 | ¥ (46) | ¥ 3,946 |
| Impairment loss on fixed assets | 10 | — | 42 | 2 | — | 54 |

| Year ended March 31, 2013 | Thousands of U.S. dollars | | | | | Consolidated statements of income |
|---------------------------------|---------------------------|-------------------|-------------|------------|------------|-----------------------------------|
| | Building | Civil engineering | Real estate | Other | Adjustment | |
| Net sales | | | | | | |
| Sales to outside customers | \$ 2,324,157 | \$ 1,162,860 | \$ 187,422 | \$ 250,686 | \$ — | \$ 3,925,125 |
| Inter-segment sales | 27,953 | 9,474 | 127 | 30,941 | (68,495) | — |
| Total | 2,352,110 | 1,172,334 | 187,549 | 281,627 | (68,495) | 3,925,125 |
| Profit (loss) by segment | \$ (17,268) | \$ (61,499) | \$ 8,495 | \$ (1,116) | \$ (3,583) | \$ (74,971) |
| Other | | | | | | |
| Depreciation | \$ 16,140 | \$ 9,091 | \$ 840 | \$ 16,374 | \$ (489) | \$ 41,956 |
| Impairment loss on fixed assets | 106 | — | 447 | 21 | — | 574 |

Notes: 1. "Adjustment" of "Profit (loss) by segment" includes ¥337 million (\$3,583 thousand) of Inter-segment transaction.
 2. "Profit (loss) by segment" is adjusted in accordance with the Operating profit (loss) of Consolidated Statements of Income.
 3. The amount of assets in each segment is not listed since corporate assets were not allocated to each segment.

(2) Related information

1) Products and services segment information

Description is omitted since it is described previously in (1) Segment information.

2) Geographic segment information

(a) Sales

The disclosure of geographic segment information is omitted since the amount of sales to outside customers in Japan for the years ended March 31, 2012 and 2013 exceeds 90% of the sales in the Consolidated Statements of Income.

(b) Fixed assets

The disclosure of geographic segment information is omitted since the amount of fixed assets in Japan as of March 31, 2012 and 2013 exceeds 90% of fixed assets in the Consolidated Balance Sheets.

3) Major customer segment information

The disclosure of major customer segment information is omitted since the amount of sales to any customer for the years ended March 31, 2012 and 2013 is not more than 10% of the sales to outside customers in the Consolidated Statements of Income.

(3) Impairment loss on fixed assets by segment

| Years ended March 31 | Millions of yen | | Thousands of U.S. dollars |
|----------------------|-----------------|------|---------------------------|
| | 2012 | 2013 | 2013 |
| Building | ¥ — | ¥ 10 | \$ 106 |
| Civil engineering | — | — | — |
| Real estate | — | 42 | 447 |
| Other | 38 | 2 | 21 |
| Adjustment | — | — | — |
| Total | ¥ 38 | ¥ 54 | \$ 574 |

(4) Amortization and residual value of goodwill information

Segment information of amortization and residual value of goodwill is omitted since the amount is immaterial.

(5) Profit on negative goodwill information

Segment information of profit on negative goodwill is omitted since the amount is immaterial.

25. Related Party Information

(1) Related party transactions

Transactions with a related party for the years ended March 31, 2012 and 2013 are as follows:

For the year ended March 31, 2012;

| | |
|-----------------------|---|
| Related Party | : Toyo Construction Co., Ltd. |
| Attribution | : Affiliate |
| Location | : Chuo-ku, Osaka, Japan |
| Capital | : ¥10,683 million |
| Type of business | : Construction |
| Voting right held | : 20.2% directly by the Company/ 0.1% of the Company directly by Toyo Construction Co., Ltd. |
| Nature of transaction | : Debt guarantee* |
| Amount of transaction | : ¥7,876 million |

Notes to the Consolidated Financial Statements

For the year ended March 31, 2013;

| | |
|-----------------------|---|
| Related Party | : Toyo Construction Co., Ltd. |
| Attribution | : Affiliate |
| Location | : Chuo-ku, Osaka, Japan |
| Capital | : ¥10,683 million (\$113,589 thousand) |
| Type of business | : Construction |
| Voting right held | : 20.2% directly by the Company/ 0.1% of the Company directly by Toyo Construction Co., Ltd. |
| Nature of transaction | : Debt guarantee* |
| Amount of transaction | : ¥8,185 million (\$87,028 thousand) |

*The Company undertakes a joint and several guarantor for tender bond, performance bond and others of the construction contracts awarded to Toyo Construction Co., Ltd.

(2) Major affiliate

Maeda Road Construction Co., Ltd. is a major affiliate as of March 31, 2012 and 2013, and a summary of its financial statements as of March 31, 2012 and 2013 and for the years then ended is as follows:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------|-----------------|-----------|---------------------------|
| | 2012 | 2013 | 2013 |
| Total current assets | ¥ 110,288 | ¥ 112,368 | \$ 1,194,769 |
| Total non-current assets | 78,103 | 81,353 | 864,997 |
| Total current liabilities | ¥ 50,234 | ¥ 46,105 | \$ 490,218 |
| Total long-term liabilities | 7,670 | 8,616 | 91,611 |
| Total net assets | ¥ 130,487 | ¥ 139,000 | \$ 1,477,937 |
| Net sales | ¥ 197,579 | ¥ 204,689 | \$ 2,176,385 |
| Profit before income taxes | 13,506 | 16,285 | 173,153 |
| Net profit | 7,495 | 9,780 | 103,987 |

26. Per Share Information

| March 31 | Yen | | U.S. dollars |
|---------------------------|----------|----------|--------------|
| | 2012 | 2013 | 2013 |
| Net assets per share | ¥ 663.00 | ¥ 664.51 | \$ 7.07 |
| Earnings (loss) per share | 18.07 | (29.74) | (0.32) |

Note: Diluted earnings per share are omitted since there were no common stocks with dilutive potential in existence during the years ended March 31, 2012 and 2013.

The above information is calculated based on the following:

| March 31 | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|-----------|---------------------------|
| | 2012 | 2013 | 2013 |
| Net profit (loss) | ¥ 3,197 | ¥ (5,272) | \$ (56,055) |
| Amount not attributable to common shareholders | — | — | — |
| Net profit (loss) attributable to common shareholders | ¥ 3,197 | ¥ (5,272) | \$ (56,055) |

| | Thousands of stocks | |
|--------------------------|---------------------|---------|
| | 2012 | 2013 |
| Average number of shares | 177,016 | 177,284 |



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Independent Auditor's Report

The Board of Directors
Maeda Corporation

We have audited the accompanying consolidated financial statements of Maeda Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Maeda Corporation and its consolidated subsidiaries as at March 31, 2013 and 2012, and their consolidated financial performance and cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 5.

Ernst & Young ShinNihon LLC

June 25, 2013
Tokyo, Japan

Outline of the Corporation

(As of March 31, 2013)

Name in English

Maeda Corporation

Establishment

In January 1919

Incorporation

In November 1946

Registered Address

2-8-8, Sarugakucho Chiyoda-ku,
Tokyo 101-0064, Japan
Tel: (81)-3-3265-5551
Fax: (81)-3-5217-9611
URL: <http://www.maeda.co.jp/>

Company Registration No.

0100-01-008789
(With Tokyo Legal Affairs Bureau)

Number of Employees

2,756

Paid-in Capital

¥23,455 million

Stock Listing

On the First Section of the
Tokyo Stock Exchange

Board of Directors

(As of June 26, 2013)

President and Representative Director

Koichi Obara

Executive Vice President and Representative Director

Masayoshi Ejiri

Representative Director Executive Vice President

Kojiro Fukuta

Representative Director Senior Managing Officer

Akihiko Kakinuma

Directors and Senior Managing Officers

Soji Maeda
Makoto Nagao
Yoshihiko Hayasaka
Shogo Sekimoto
Toshiaki Shoji

Directors and Managing Officers

Masakazu Kawanobe
Hiromi Adachi

Outside Directors

Toru Hambayashi
Akira Watanabe

Board of Auditors

(As of June 26, 2013)

Corporate Auditors

Yutaka Tokui (Outside Auditor)
Toshiaki Inazu
Hideyuki Wada
Masaru Matsuzaki (Outside Auditor)
Motohiro Sato (Outside Auditor)

Executive Officers

(As of June 26, 2013)

Senior Managing Officer

Yasuiku Hase

Managing Officers

Toru Ogura
Yuji Hatakama
Toshihisa Aoki
Yasuhiko Imaizumi

Executive Officers

Masakatsu Kato
Yoshiyasu Nomura
Toshifumi Kakuda
Tetsuji Nishimoto
Masaharu Katsumata
Kazunari Kibe
Hiroyuki Yanagita
Nobuya Hirakawa
Yoichi Kawashima
Tadayuki Kozakai
Shigemi Shoji
Masakazu Noguchi
Akira Fujiwara
Naoya Okawa

Directory Overseas

Hong Kong Office

Rooms 1601-1605 New East Ocean
Centre, 9 Science Museum Road,
T.S.T. East, Kowloon, Hong Kong, 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

Guam Office

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Bldg., 150 Harmon Sink Road,
Tamuning, Guam 96911, U.S.A.
Tel: 1-671-649-7617
Fax: 1-671-649-7620

Phnom Penh Office

#53 E0 E1 E2, Street 01A,
Touk Thlar Village, Touk Thlar Commune,
Khan Sen Sok, Phnom Penh, Cambodia
Tel: 855-23-884456/7
Fax: 855-23-884458

Hanoi Office

4F, 45 Trieu Viet Vuong Street,
Hai Ba Trung Dist., Hanoi, Vietnam
Tel: 84-4-3943-6311/2
Fax: 84-4-3943-6314

Taiwan Office

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

U.S.A. Office

39209 West Six Mile Road, Suite 204,
Livonia, Michigan, 48152-2660, U.S.A.
Tel: 1-734-462-2230
Fax: 1-734-462-2232

Yangon Office

Room 601, Wizaya Plaza, Corner of
Dhammazed Street & U Wisara Road,
Bahan Township, Yangon, Myanmar
Tel: 95-1-513-758

Jakarta Office

Summitmas II, 19th Floor,
Jl. Jend. Sudirman Kav. 61-62,
Jakarta 12190 Indonesia
Tel: 62-21-252-6833
Fax: 62-21-252-6834

Principal Subsidiaries and Affiliates

Overseas:

Thai Maeda Corporation Ltd.

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

Maeda Vietnam Co., Ltd.

Room 9 (Area B), 19th Floor,
Vincom Center, 72 Le Thanh Ton Street,
Ben Nghe Ward, District 1,
Ho Chi Minh City, Vietnam
Tel: 84-8-3936-9000/9132/9133
Fax: 84-8-3936-9111

Maeda Corporation India Private Ltd.

401-402, 4/F., DLF South Court,
Saket, New Delhi-110 017, India
Tel: 91-11-4973-8888
Fax: 91-11-4973-8899

Maeda (Beijing) Business Consulting Co., Ltd.

Room No. D6304, Beijing Hotel,
No. 33 East Changan Avenue,
Dongcheng District, Beijing 10004,
China
Tel: 86-10-6551-6093
Fax: 86-106553-5396

Domestic:

- Maeda Road Construction Co., Ltd.
- Toyo Construction Co., Ltd.
- Maeda Seisakusho Co., Ltd.
- Higarigaoka Corporation
- Fujimi Koken Co., Ltd.
- Seiyu Estate Co., Ltd.
- Fujimi Building Services Co., Ltd.
- Miyama Kogyo Co., Ltd.
- JM Corporation
- Koho Co., Ltd.



Maeda Corporation

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