Maeda Corporation

ANNUAL REPORT 2014

For the year ended March 31, 2014

MAEDA

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. 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.

Now with over 3,800 employees, Maeda has 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 public and commercial buildings such as schools, office buildings, and hospitals, along with other related services.

Forward-looking statements

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.

Corporate Motto, enacted in January 1968

"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.

"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.

Contents

PHOTO: The Iidabashi Grand Bloom building in Tokyo, site of Maeda Corporation's new headquarters from July 22, 2014.

The History of Maeda Corporation

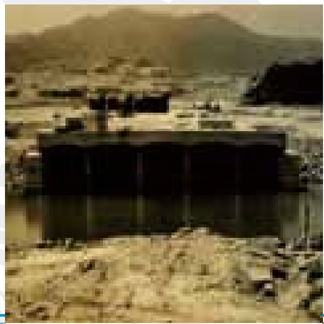
Maeda's history began with the construction of a hydroelectric power plant in 1919. Over 90 years later, Maeda is today broadly active internationally in construction of dams, tunnels, and high-rise buildings, with demonstrated capabilities and an earned reputation for reliability.

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 1,985,000m^3 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 8,462m^3.

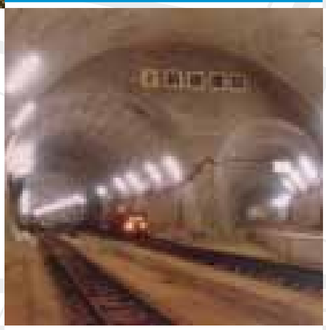
1963



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.

1972



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.

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 m^3 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.

1991

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.

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

Hong Kong International Airport Passenger Terminal Building (Hong Kong)

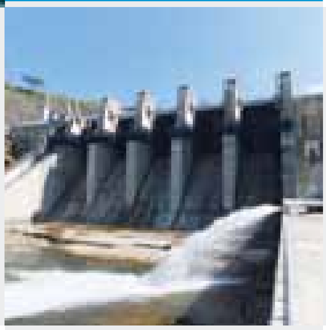
A five-member consortium of British, Chinese, and Japanese companies including Maeda won the order from the Airport Authority Hong Kong for construction of a passenger terminal building with a total floor area of 498,000m^2 on a 1,248-hectare artificial island. Hong Kong International Airport is an international 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.

2004

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 two 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.

2005



Kotmale Description
(Sri Lanka)

Maeda's involvement in the Upper Kotmale Hydro Power Project in Sri Lanka started in September 2005 with Lot 01 Preparatory Work followed by Lot 02 Main Civil Work, which started construction on January 1, 2007, and was completed on February 25, 2014. The project consists of a 36-m high dam, a headrace tunnel with a total length of 15 km, and total power capacity of 150 MW (two turbines generating 75 MW each). In honor of the 60th anniversary of diplomatic relations between Japan and Sri Lanka, a commemorative coin engraved with an image of this dam was issued.

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.

RETURNING TO POSITIVE RESULTS

Maeda Corporation was born in 1919 and went global nearly 50 years ago with work in China, Hong Kong, and Thailand. We based our success on a thorough knowledge of each country and its people. To achieve uniformly high levels of quality, safety, and environmental conservation, we are simultaneously building a global supply chain while optimizing localization. New policies on serving more aspects of each project from planning and design through construction to maintenance and on profitability over volume are winning us satisfied customers and satisfying financial results.

Koichi Obara
President and
Representative Director

Business performance for the year under review met or exceeded targets as we zeroed in on planned orders emphasizing profitability in the face of the severe business environment that characterizes the construction industry—an environment featuring fierce competition along with sharp rises in labor and material costs.

Specifically, the Group's consolidated business performance included a 7.2% increase in net sales from the previous fiscal year to ¥395.5 billion, while strong results in the construction business led to operating income of over ¥7.8 billion. The Group also reversed previous-year losses by earning over ¥11.2 billion in ordinary income and ¥9.2 billion in net income.

The general outlook for the construction market in Japan is for a step up in growth resulting from cooperation between the public and private sectors, including the promotion of a national growth strategy and increased efforts for the upkeep and renewal of existing infrastructure being implemented through active use of PPP (public-private partnerships) and PFI (private finance initiatives).

In light of our understanding of this environment, the Maeda Group in its 2012 medium-term management plan outlined a dual-growth strategy designed to put the Group ahead of other companies in the field. We are now executing on that strategy, which consists of "de-contracting," the building of an original business model offering services both upstream and downstream of physical construction, together with "globalization," the establishment of a system to raise profits in construction services abroad as well as in Japan. In pursuit of profitability and continued growth into the future, the Group is also moving forward on two key policies.

Under the first policy, "ensuring profits in core business," we have begun turning a laser-like focus on profits, by taking a hard look at future construction demand and refusing to chase volume for its own sake. The current situation, manifested by rising wages and materials, makes the outlook uncertain. It is therefore imperative that we wring out the risks that have yet to surface by employing a cross-organizational approach that spans the gamut from sales effort to bid estimate to design to construction and to raise the level of our risk-solving ability.

In the second key policy, "establishing new revenue channels," we seek to set Maeda apart from its rivals by constantly carrying through with initiatives focused on the three pillars of "de-contracting," "globalization," and "environment management."

In de-contracting, we are fully engaged with our ongoing involvement in the renewable energy business through megasolar power generation and adding to it with vigorous endeavors directed at an offshore wind power generation venture and entry into the concession business.

To help execute this strategy, we have established a new Maeda-Macquarie joint venture. The Macquarie Group manages numerous infrastructure projects throughout the world while possessing a wealth of knowledge and a world-leading track record in financing and operation management. Maeda is embarking with Macquarie on a new "de-contracting venture." The venture aims to capture the first-starter advantage by quickly expanding the business domain in fields that cross over the boundaries between industries.

The next pillar, "globalization," joins de-contracting as a new revenue channel. In preparation for the oncoming shrinkage of the Japanese market, Maeda must take on globalization by shifting to a system that raises profits overseas. For this reason, the most important task is to build partnerships based on trust in which we do not fail to advance together with local companies and local staff. This task we will perform with a focus on the flourishing demand of newly developing countries.

As a new steppingstone, Maeda has set up a branch office in Mexico and is moving ahead on an endeavor in Turkey. These moves come as part of a further aim to secure construction capability and raise profitability through business expansion that remains focused on offices that plant their roots in the local community.

Lastly, joining de-contracting and globalization as the third pillar is our continuing initiative in environment management, which serves as a foundation for all corporate activity.

Preservation of the earth's environment constitutes an extraordinarily large social challenge where failure is not an option. As our corporate responsibility, it is incumbent upon us to make steady headway on initiatives undertaken at the business, corporate, and individual levels. At the same time that we intensify the activity in our environmental efforts that are already under way, we will take on new environmental initiatives that lead to profit in areas such as renewable energy and environmental technology development. In our aim to be a "company that also earns the trust of future society," we are actively engaged in environmental management through corporate initiatives in sustainability, all driven by an earnest look at the Company's impact on the environment, an active desire to contribute to environmental preservation, and the well-tuned technical skills to support this desire.

As we move into the future, Maeda Corporation will continue to tackle the challenges we bear as "the initiator of a new era," by forever holding a keen sensibility towards social changes and exercising Maeda know-how and technology. The profits earned as a result will be returned to all of our stakeholders, not only to shareholders, partner companies, and employees but also to the earth and the future. We seek to further our earnest and ambitious initiatives in order to achieve customer satisfaction, a pleasant environment for people, preservation of the earth's environment, and business expansion—all at the same time.

Review of Operations:
Completed Works

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.

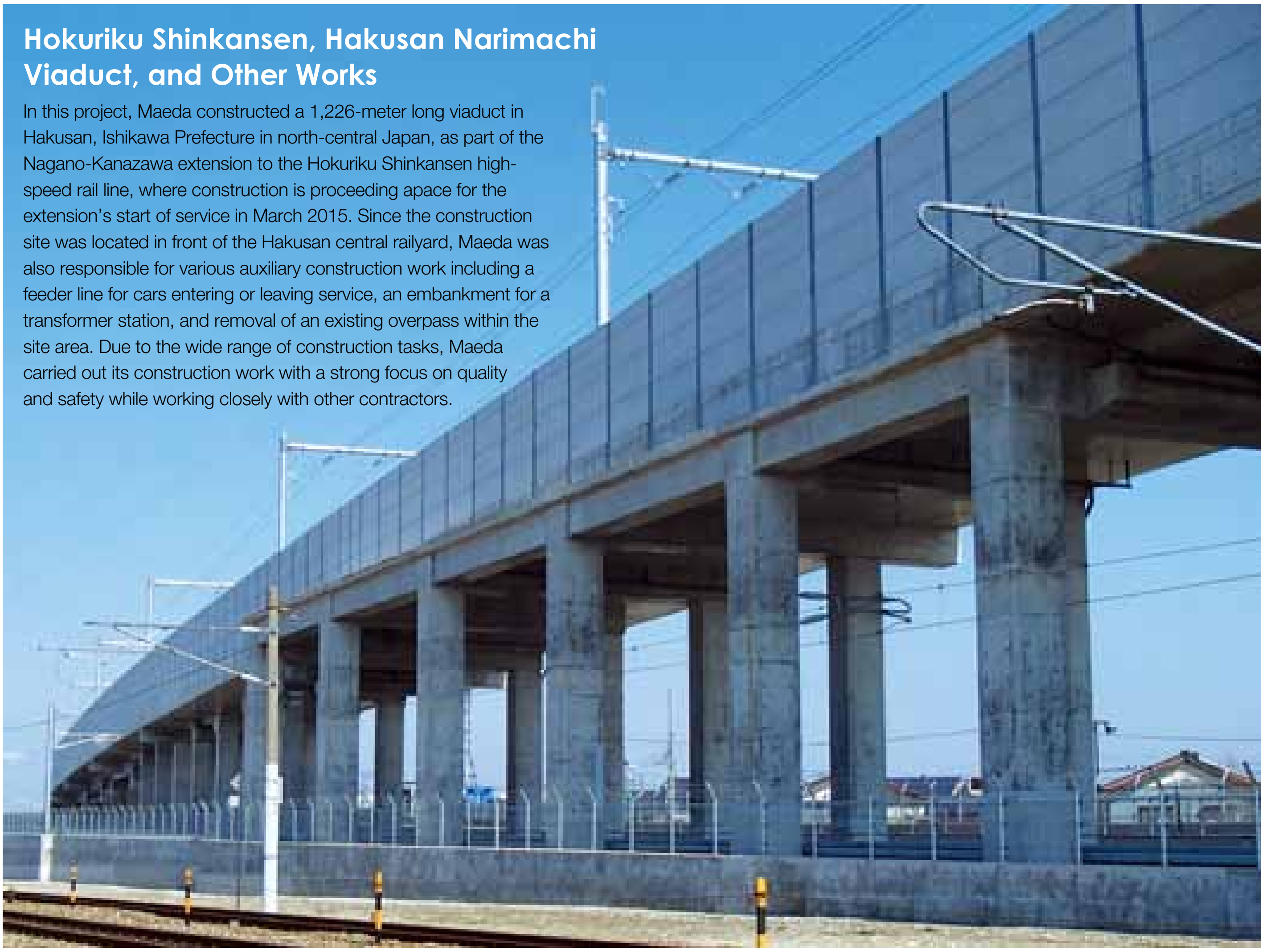
BUILDING PROJECTS

Heiwa Corporation, New Head Office in Higashi Ueno 1-chome

This project is a 16-story office building located between the Ueno and Okachimachi stations in Tokyo of East Japan Railways (JR East). The multilayered exterior wall employs a double-skin curtain wall structure with enhanced shielding against solar radiation, finished in a special exterior design. Construction took place adjacent to the Shuto Expressway, some subway tracks and faced a national highway with heavy traffic, so it had to be carried out without compromising safety and with full attention to the nearby environment.

Maizuru Mid-block Primary-Middle School Complex (provisional name) New Construction Work

This construction project, located in a school zone in the central part of the city of Fukuoka in western Japan, brings together the Maizuru Middle School and three primary schools and alters the facilities into a single, connected primary-middle school. The multipurpose complex also includes a community center and an activities room for after-school care. The new facility consists of four buildings in a six-story, plus single-basement, complex with total floor space of 24,200m^2, featuring outside athletic grounds on top of a roof that covers the two gyms for the middle and primary schools and an indoor pool. After completion of construction, Maeda was commended by the city of Fukuoka for excellence in construction work.



Hokuriku Shinkansen, Hakusan Narimachi Viaduct, and Other Works

In this project, Maeda constructed a 1,226-meter long viaduct in Hakusan, Ishikawa Prefecture in north-central Japan, as part of the Nagano-Kanazawa extension to the Hokuriku Shinkansen high-speed rail line, where construction is proceeding apace for the extension's start of service in March 2015. Since the construction site was located in front of the Hakusan central railyard, Maeda was also responsible for various auxiliary construction work including a feeder line for cars entering or leaving service, an embankment for a transformer station, and removal of an existing overpass within the site area. Due to the wide range of construction tasks, Maeda carried out its construction work with a strong focus on quality and safety while working closely with other contractors.

CIVIL ENGINEERING PROJECTS

Yura River Water System, Takinoshiri River—Nishiki Dam Construction

This project involved construction of a multipurpose dam, having a height of 26.7m and capacity of 38,400m^3, on the Takinoshiri River that flows through Sasayama, Hyogo Prefecture, in west-central Japan. Using our patented pre-cast construction method*, Maeda was able to meet a strict construction schedule through such techniques as constructing an observation corridor passing through the interior of the dam. Since the surrounding area is a habitat for rare plant species, the construction work employed an ingenious set of techniques to help preserve the environment.

* Pre-cast construction: A construction technique in which steel-reinforced concrete panels are manufactured in advance at a factory and then assembled at the construction site.

NEW AUTOMOBILE FACTORY (PH-1)

In this project, Maeda built a new automobile assembly plant for Suzuki Vietnam in the southern province of Dong Nai at the Long Binh industrial zone, located 40 km northeast of Ho Chi Minh City. Construction of this reinforced concrete structure providing 13,217m^2 of total floor space started in August 2012 and was completed in August 2013. The same 159,330 m^2 site also houses a motorcycle assembly plant, constructed by Maeda with completion of work in December 2005.

OVERSEAS PROJECTS

YOKOHAMA TIRE INDIA FACTORY PH-1 PROJECT

This project in Industrial Estate Bahadurgarh in the state of Haryana, India, consisted of building a tire factory for Yokohama Tire Co. Ltd. in India. Maeda started construction in October 2012 of this reinforced concrete structure with total floor space of 16,194m^2 and expects to finish work in July 2014. Because trees in India are registered with the government and cannot be cut down without official permission, Maeda had to carry out its construction while securing a cultivated area with an eye toward future factory expansion.

Wonder 8 Data Centre at Tseung Kwan O Industrial Estate

This project, which was performed on order from NTT Worldwide Telecommunications Hong Kong, consisted of a six-story data center building with total floor space of 36,600m^2, a management office building with total floor space of 6,200m^2, two free-standing security guard stations, and two buried fuel tanks that can hold a total of 60,000 liters for use in off-grid power generation. All work had to be completed within the allotted 475-day construction period. Project features include the performance of design and construction aimed at creating a Tier IV data center, the highest rank in data center reliability, and earning LEED Gold certification under the Leadership in Energy & Environmental Design certification schema originating from the U.S.

Design and Construction of Tsuen Wan Drainage Tunnel

This project was built to protect against flooding resulting from the recent upsurge in heavy rains that has accompanied urbanization in the built-up areas of Hong Kong. The project facilities are laid out to catch runoff at three locations in the Tsuen Wan watershed in Hong Kong's New Territories, pass this rainwater through a drainage tunnel having a total length of 5km and inner diameter of 6.5m, and then discharge it into the sea at the north side of Tsing Yi Island. Demonstrating consideration for the environment, Maeda avoided the use of blasting for digging through rock. Instead, it constructed the water intake shafts with noise reduction mechanical excavation equipment and built the main drainage shaft by using a tunnel boring machine.

Overseas Operations

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

Gain a stronger foothold and cultivate new operational bases

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

U.S.A.

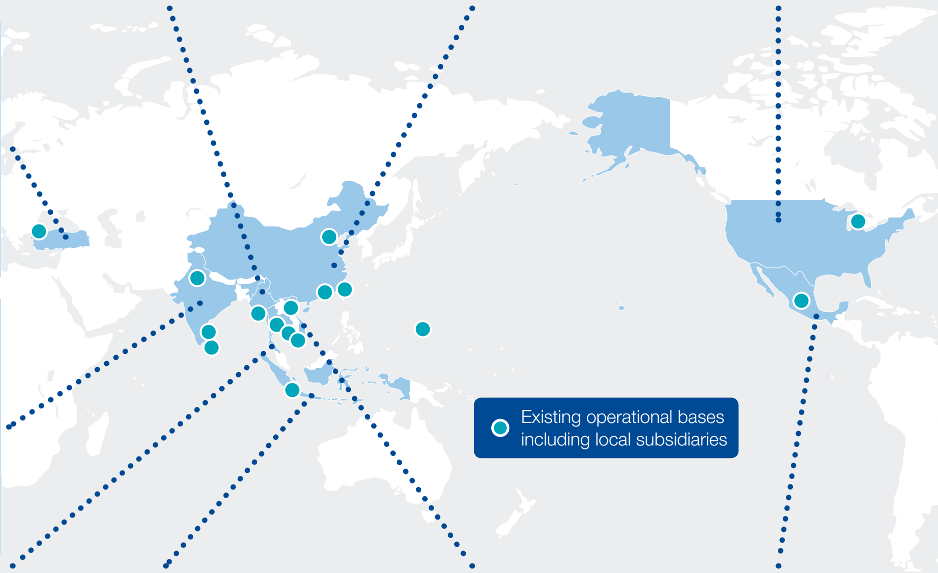
Started business in 1985, mainly working on building works

Turkey

Newly established joint venture company together with one of the major construction companies in Turkey (incorporated in April 2014)

India

Mainly working for Japanese manufacturers. Offices in Delhi and Chennai



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

Vietnam

Enhancing ties with local partner to increase competitiveness

Mexico

Operating in Mexico since 2013, responding to increasing Japanese investments in the country

VERIFYING THE INFLUENTIAL "POWER" OF "DIVIDENDS FOR THE EARTH"

—An impact assessment—

Maeda places importance on the earth, one of its major stakeholders, by contributing 2% of consolidated net income to environmental preservation programs. This we call "Dividends for the earth."

"Dividends for the earth" consists of endeavors to fit the power of all stakeholders in Maeda's universe towards creating a "more abundant and beautiful future".

Sample impact assessment of a "Dividends for the earth" activity

Plan	Maeda Forests
Activity	**New employee training at Maeda Forest-Saku** • Since 2012, holding new employee training together with an NPO that is active at Maeda-owned woodlands in Saku, Nagano Prefecture • Holding environmental education through forestry experience including building of forest paths and carrying away materials from tree-trimming
Assisted organization	An NPO
Post-activity output for the assisted organization	• Transport of tree-trimming materials (10m^3) • A method for developing a field training program
Medium-term outcomes	• **[Action]** Doing field work through an expanded training program (Unexpected benefits) • NPO enjoys greater credibility with outside world due to concrete results from activity with Maeda • Implemented program receives acclaim from local community groups for new possibilities in forestry and its contribution to the community

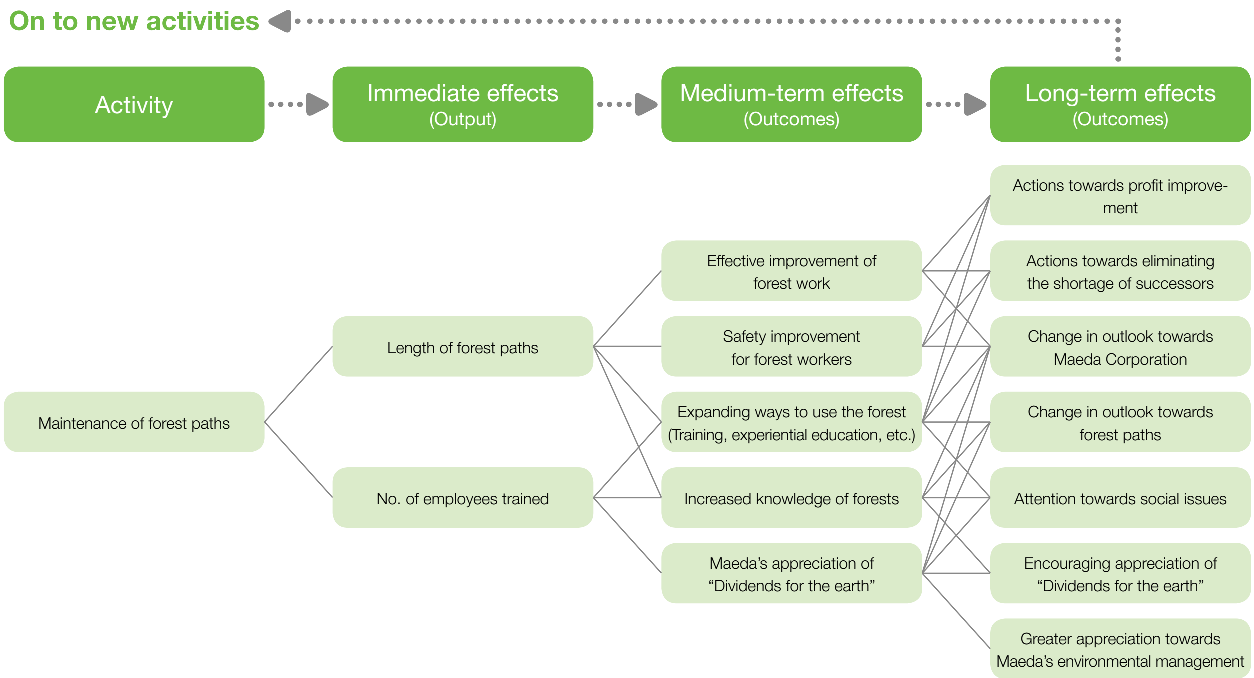
Since 2010, Maeda has been engaged in environmental preservation through its "Dividends for the earth" program. These activities have been primarily involved in the fight against global warming, preserving ecosystems, teaching about the environment, making a worldwide contribution, and other supporting efforts. To these we added a sixth category, "Green R&D," in the fiscal year under review to enable us to contribute to research and development and formation of new ventures that can lead to preservation of the earth's environment.

Until now, Maeda's "Dividends for the earth" program has been assesed according to the tangible results achieved directly after individual activities concluded, such as number of trees planted or the count of participants. But upon reflection, through constant engagement, we must go beyond the direct output towards a clear statement of the medium- and long-term outcomes engendered by these activities, such as increasing awareness and behavioral changes, and of their ultimate impact.

For this reason, Maeda has initiated efforts at impact assessment using a "Theory of Change" approach to these projects. Using the "Maeda Forest-Saku" exercise from new employee training as an example, Maeda's belief in a theory that "one should look to the ultimate impact created by an activity" as shown in the chart below. This illustration shows a theory of effects concerning the NPOs supported by Maeda. Based on this theory, we have administered a survey and interviews with those organizations receiving assistance about the medium- to long-term outcomes to be obtained as a direct consequence of the activity. This is shown in the chart below. Examples from other categories will also have their results shown following a similar assessment and verification.

To promote future expansion of "Dividends for the earth," Maeda will continue to perform these assessments and report them to the public.

Maeda's theory of "change through the ultimate impact created by an activity" (focus on NPOs)






Corporate Governance

Structure and Internal Controls

Structure

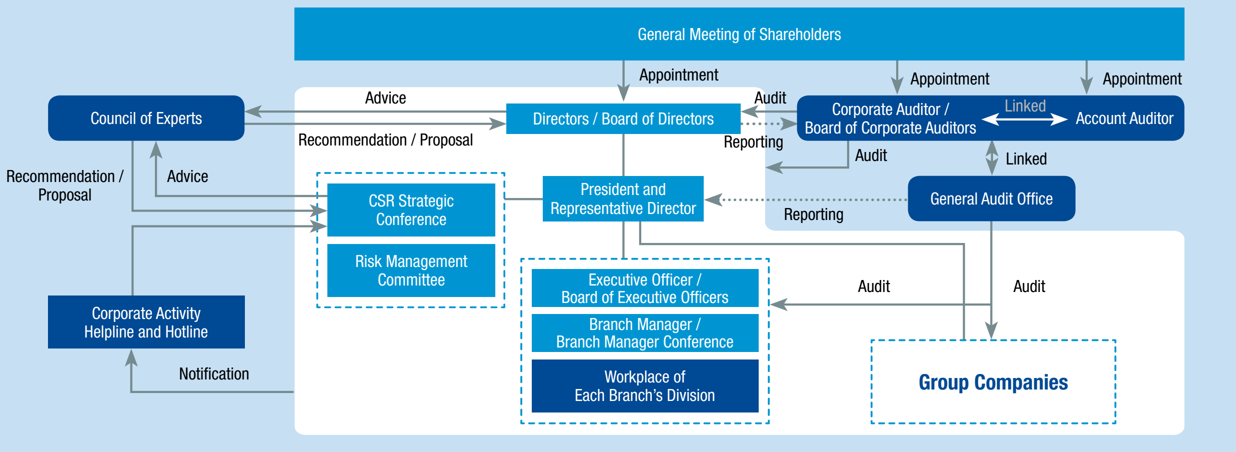
Maeda Corporation has put in place a management structure that aims to raise the efficiency, soundness, and transparency of business management and to better fulfill our responsibility to explain our business activities. We have introduced an executive officer system and shortened directors' terms of 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. 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.

Corporate Governance and Internal Control Framework

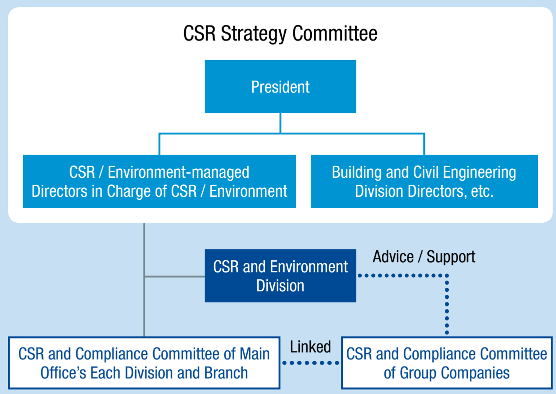


CSR and Compliance

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.

CSR and Compliance Promotion System

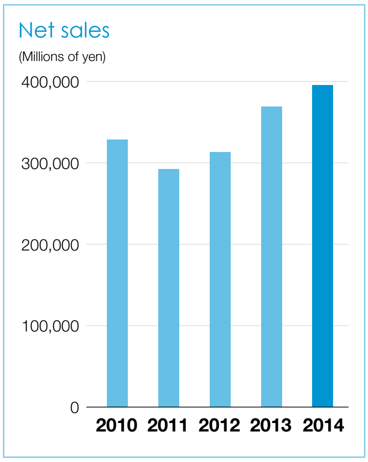


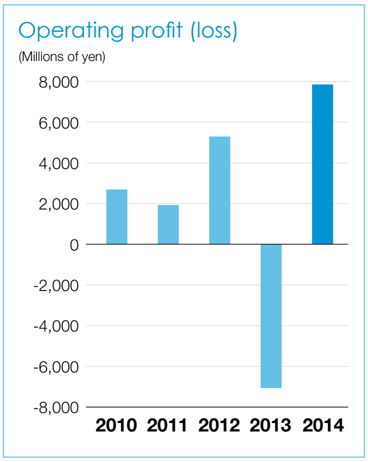
Consolidated Financial Highlights

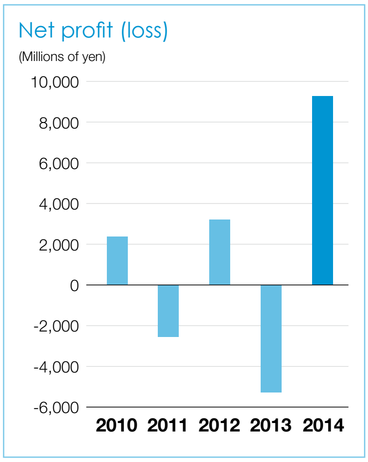
Maeda Corporation and its consolidated subsidiaries
Years ended March 31

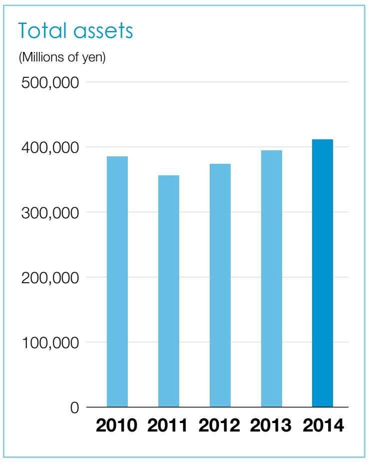
	Millions of yen		Thousands of U.S. dollars (Note)
	2013	2014	2014
For the year:			
Net sales	¥ 369,158	**¥ 395,573**	**$ 3,843,500**
Operating profit (loss)	(7,051)	**7,854**	**76,312**
Net profit (loss)	(5,272)	**9,266**	**90,031**
At year-end:			
Total assets	394,633	**411,396**	**3,977,240**
Total shareholders' equity	104,112	**112,135**	**1,089,535**
	Yen		U.S. dollars
Per share:			
Net profit (loss)	(29.74)	**52.27**	**0.51**
Cash dividends	7.00	**7.00**	**0.07**

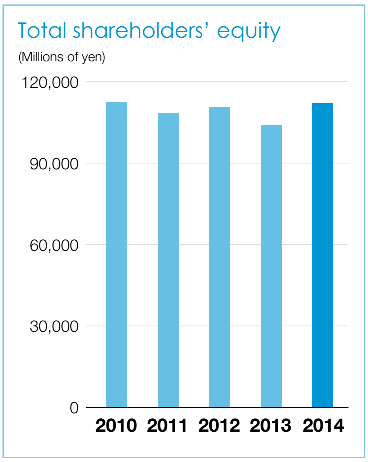
Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of at ¥102.92 = U.S.$1.00, the exchange rate prevailing on March 31, 2014.

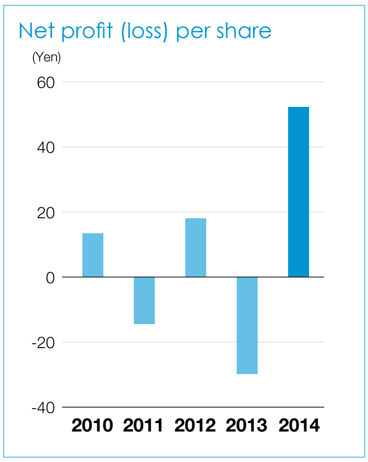












Consolidated Balance Sheets

Maeda Corporation and Subsidiaries
As of March 31

	Millions of yen		Thousands of U.S. dollars (Note 4)
ASSETS	2013	**2014**	**2014**
Current assets:			
Cash and time deposits (Note 5)	¥ 35,002	**¥ 21,174**	**$ 205,733**
Trade receivables: (Note 5)			
Notes	2,144	**2,004**	**19,471**
Accounts	126,096	**152,084**	**1,477,691**
Allowance for doubtful accounts	(406)	**(150)**	**(1,457)**
	127,834	**153,938**	**1,495,705**
Marketable securities (Notes 5 & 6)	—	**817**	**7,938**
Inventories (Notes 9 & 10)	37,136	**24,679**	**239,788**
Deferred tax assets (Note 13)	122	**178**	**1,730**
Other current assets	31,688	**31,140**	**302,565**
Total current assets	231,782	**231,926**	**2,253,459**
Investments and other assets:			
Investments in securities (Notes 5, 6 & 10)	54,150	**62,610**	**608,336**
Investments in and advances to unconsolidated subsidiaries and affiliates	39,102	**41,000**	**398,368**
Deferred tax assets (Note 13)	92	**105**	**1,020**
Intangible fixed assets	695	**878**	**8,531**
Long-term loans receivable	2,520	**4,209**	**40,896**
Claims provable in bankruptcy and other	8,183	**5,382**	**52,293**
Other investments	5,286	**5,197**	**50,496**
Allowance for doubtful accounts	(6,632)	**(6,363)**	**(61,825)**
Total investments and other assets	103,396	**113,018**	**1,098,115**
Property and equipment, at cost: (Notes 10 & 23)			
Buildings and structures	58,423	**62,718**	**609,386**
Machinery and equipment	26,288	**26,730**	**259,716**
Vehicles	3,166	**2,982**	**28,974**
Tools, furniture and fixtures	7,194	**7,368**	**71,590**
Land	31,763	**34,164**	**331,947**
Construction in progress	2,764	**3,129**	**30,402**
Leased assets	754	**985**	**9,571**
	130,352	**138,076**	**1,341,586**
Accumulated depreciation	(70,897)	**(71,624)**	**(695,920)**
Property and equipment, net	59,455	**66,452**	**645,666**
TOTAL ASSETS	¥ 394,633	**¥ 411,396**	**$ 3,997,240**

The accompanying notes are an integral part of the statements.

LIABILITIES & NET ASSETS	Millions of yen 2013	2014	Thousands of U.S. dollars (Note 4) 2014
Current liabilities:			
Short-term debt (Notes 5 & 10)	¥ 40,469	¥ 40,201	$ 390,604
Trade payables (Note 5)	81,151	80,941	786,446
Lease obligations	114	243	2,361
Advances on construction work in progress	33,065	36,397	353,644
Accrued income taxes	452	1,777	17,266
Allowance for repairs and warranty	412	308	2,992
Accrued bonuses for employees	1,735	2,280	22,153
Accrued bonuses for directors	29	92	894
Reserve for defects on completed works	778	1,037	10,076
Allowance for loss on construction contracts (Note 18)	4,290	3,735	36,290
Other current liabilities	26,890	24,694	239,934
Total current liabilities	189,385	191,705	1,862,660
Long-term liabilities:			
Long-term debt (Notes 5 & 10)	54,225	52,920	514,186
Lease obligations	506	750	7,287
Liability for retirement benefits (Note 12)	17,637	23,586	229,168
Deferred tax liabilities (Note 13)	6,811	9,962	96,794
Other long-term liabilities	4,512	3,569	34,677
Total long-term liabilities	83,691	90,787	882,112
Commitments & contingent liabilities (Note 15)			
Net Assets (Note 21)			
Shareholders' equity:			
Common stock	23,455	23,455	227,895
Additional paid-in capital	31,715	31,715	308,152
Retained earnings	51,369	59,394	577,089
Treasury stock, at cost	(2,427)	(2,429)	(23,601)
Total shareholders' equity	104,112	112,135	1,089,535
Accumulated other comprehensive income:			
Unrealized gain on investments in securities	13,710	19,876	193,121
Foreign currency translation adjustments	(19)	(20)	(194)
Retirement benefits liability adjustments	—	(7,642)	(74,252)
Total accumulated other comprehensive income	13,691	12,214	118,675
Minority interests in consolidated subsidiaries	3,754	4,555	44,258
Total net assets	121,557	128,904	1,252,468
TOTAL LIABILITIES & NET ASSETS	¥ 394,633	¥ 411,396	$ 3,997,240

The accompanying notes are an integral part of the statements.

Consolidated Statements of Operations

Maeda Corporation and Subsidiaries
For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2013	2014	2014
Net sales	¥ 369,158	¥ 395,573	$ 3,843,500
Cost of sales (Note 18)	353,916	365,958	3,555,752
Gross profit	15,242	29,615	287,748
Selling, general and administrative expenses (Note 16)	22,293	21,761	211,436
Operating profit (loss)	(7,051)	7,854	76,312
Other income (expenses):			
Interest and dividend income	854	915	8,890
Interest expenses	(1,843)	(1,488)	(14,458)
Gain on sale of fixed assets (Note 19)	12	3,177	30,869
Gain on sale of investments in securities	21	34	330
Loss on sale of investments in securities	(88)	(21)	(204)
Loss on valuation of investments in securities	(130)	(248)	(2,410)
Foreign exchange gain	1,223	585	5,684
Gain on equity method investments	2,687	3,521	34,211
Impairment loss on fixed assets (Note 8)	(54)	(2,092)	(20,326)
Other, net	(395)	(382)	(3,712)
	2,287	4,001	38,874
Profit (loss) before income taxes and minority interests	(4,764)	11,855	115,186
Income taxes:			
Current	406	1,981	19,248
Deferred	(19)	(78)	(758)
	387	1,903	18,490
Profit (loss) before minority interests	(5,151)	9,952	96,696
Minority interests in net income (loss) of consolidated subsidiaries	121	686	6,665
Net profit (loss) (Note 26)	¥ (5,272)	¥ 9,266	$ 90,031

	Yen		U.S. dollars
Per share: (Note 26)			
Primary earnings	¥ (29.74)	¥ 52.27	$ 0.51

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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2013	2014	2014
Profit (loss) before minority interests	¥ (5,151)	**¥ 9,952**	**$ 96,696**
Other comprehensive income:			
Unrealized gain on investments in securities	6,641	**5,987**	**58,171**
Foreign currency translation adjustments	—	**(3)**	**(29)**
Share of other comprehensive income of companies accounted for by equity method	147	**207**	**2,012**
Total other comprehensive income (Note 20)	6,788	**6,191**	**60,154**
Total comprehensive income	¥ 1,637	**¥ 16,143**	**$ 156,850**
Total comprehensive income attributable to:			
Shareholders of Maeda Corporation	¥ 1,508	**¥ 15,431**	**$ 149,932**
Minority interests	129	**712**	**6,918**

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, 2013 and 2014

	Millions of yen										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost (Note 21)	Total shareholders' equity	Unrealized gain on investments in securities	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 12)	Total Accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
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 April 1, 2013	¥ 23,455	¥ 31,715	¥ 51,369	¥ (2,427)	¥ 104,112	¥ 13,710	¥ (19)	—	¥ 13,691	¥ 3,754	¥ 121,557
Changes during the year:											
Cash dividends paid at ¥7.0 per share	**—**	**—**	**(1,241)**	**—**	**(1,241)**	**—**	**—**	**—**	**—**	**—**	**(1,241)**
Net profit for the year	**—**	**—**	**9,266**	**—**	**9,266**	**—**	**—**	**—**	**—**	**—**	**9,266**
Acquisition of treasury stock	**—**	**—**	**—**	**(2)**	**(2)**	**—**	**—**	**—**	**—**	**—**	**(2)**
Sale of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net changes other than shareholders' equity	**—**	**—**	**—**	**—**	**—**	**6,166**	**(1)**	**(7,642)**	**(1,477)**	**801**	**(676)**
Total changes during the year	**—**	**—**	**8,025**	**(2)**	**8,023**	**6,166**	**(1)**	**(7,642)**	**(1,477)**	**801**	**7,347**
Balance at March 31, 2014	**¥ 23,455**	**¥ 31,715**	**¥ 59,394**	**¥ (2,429)**	**¥ 112,135**	**¥ 19,876**	**¥ (20)**	**¥ (7,642)**	**¥ 12,214**	**¥ 4,555**	**¥ 128,904**

	Thousands of U.S. dollars (Note 4)										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost (Note 21)	Total shareholders' equity	Unrealized gain on investments in securities	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 12)	Total Accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2013	$ 227,895	$ 308,152	$ 499,116	$ (23,581)	$ 1,011,582	$ 133,210	$ (185)	$ —	$ 133,025	$ 36,475	$ 1,181,082
Changes during the year:											
Cash dividends paid at $0.09 per share	**—**	**—**	**(12,058)**	**—**	**(12,058)**	**—**	**—**	**—**	**—**	**—**	**(12,058)**
Net profit for the year	**—**	**—**	**90,031**	**—**	**90,031**	**—**	**—**	**—**	**—**	**—**	**90,031**
Acquisition of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Sale of treasury stock	**—**	**—**	**—**	**(20)**	**(20)**	**—**	**—**	**—**	**—**	**—**	**(20)**
Net changes other than shareholders' equity	**—**	**—**	**—**	**—**	**—**	**59,911**	**(9)**	**(74,252)**	**(14,350)**	**7,783**	**(6,567)**
Total changes during the year	**—**	**—**	**77,973**	**(20)**	**77,953**	**59,911**	**(9)**	**(74,252)**	**(14,350)**	**7,783**	**71,386**
Balance at March 31, 2014	**$ 227,895**	**$ 308,152**	**$ 577,089**	**$ (23,601)**	**$ 1,089,535**	**$ 193,121**	**$ (194)**	**$ (74,252)**	**$ 118,675**	**$ 44,258**	**$ 1,252,468**

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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2013	2014	2014
Cash Flows from Operating Activities:			
Profit (loss) before income taxes and minority interests	¥ (4,764)	¥ 11,855	$ 115,187
Depreciation	3,946	4,168	40,497
Impairment loss on fixed assets	54	2,092	20,326
Increase (decrease) in allowance for doubtful accounts	(189)	(524)	(5,091)
Increase (decrease) in allowance for losses on construction contracts	2,115	(555)	(5,393)
Increase (decrease) in reserve for retirement benefits	396	—	—
Increase (decrease) in liability for retirement benefits	(2,687)	(229)	(2,225)
Interest and dividend income	(854)	(915)	(8,890)
Interest expenses	1,843	1,488	14,458
Foreign exchange loss (gain)	(554)	(209)	(2,031)
Equity in losses (earnings) of affiliates	—	(3,521)	(34,211)
Loss (gain) on sales of short-term and long-term investment securities	85	(13)	(126)
Loss (gain) on valuation of short-term and long-term investment securities	61	216	2,099
Loss (gain) on sale of fixed assets	24	(3,161)	(30,713)
(Increase) decrease in trade receivables	(7,553)	(24,624)	(239,254)
(Increase) decrease in construction work in progress	(225)	(2,046)	(19,880)
(Increase) decrease in project costs for development & others	9,998	(1,154)	(11,213)
(Increase) decrease in other inventories	(2,089)	5,879	57,122
(Increase) decrease in consumption tax receivables	383	1,346	13,078
Increase (decrease) in trade payables	18,839	(1,018)	(9,891)
Increase (decrease) in advances on construction work in progress	2,566	2,581	25,077
Other	364	(1,382)	(13,428)
Sub-total	21,759	(9,726)	(94,502)
Receipt of interest and dividend income	1,653	1,653	16,061
Payment of interest expenses	(1,820)	(1,566)	(15,215)
Payment of income taxes	(852)	(649)	(6,305)
Cash flows used in operating activities	20,740	(10,288)	(99,961)
Cash Flows from Investing Activities:			
Proceeds from sale and redemption of marketable securities	406	—	—
Acquisition of property and equipment and intangible assets	(4,734)	(3,989)	(38,758)
Proceeds from sale of property and equipment and intangible assets	347	4,220	41,003
Acquisition of investments in securities	(1,695)	(1,616)	(15,702)
Proceeds from sale of investments in securities	131	554	5,383
Lending of long-term loans receivable	(209)	(1,789)	(17,382)
Collection of long-term loans receivable	300	1,339	13,010
Other	954	12	117
Cash flows used in investing activities	(4,500)	(1,269)	(12,329)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term loans	(7,777)	7,445	72,338
Increase in long-term loans	14,700	10,000	97,163
Repayment of long-term loans	(20,964)	(4,000)	(38,865)
Proceeds from issuance of bonds	9,952	—	—
Repayment of bonds	(8,876)	(25,100)	(243,879)
Proceeds from issuance of zero coupon convertible bonds	—	10,037	97,522
Payment of finance lease obligations	(112)	(161)	(1,564)
Acquisition of treasury stock	(1)	(3)	(29)
Payment of cash dividends	(1,241)	(1,240)	(12,048)
Payment of cash dividends to minority shareholders	—	(56)	(544)
Cash flows used in financing activities	(14,319)	(3,078)	(29,906)
Exchange difference of cash and cash equivalents	612	246	2,389
Increase (decrease) in cash and cash equivalents	2,533	(14,389)	(139,807)
Cash and cash equivalents at beginning of the year	32,191	34,724	337,388
Increase due to inclusion in consolidation	—	569	5,528
Cash and cash equivalents at end of the year (Note 22)	¥ 34,724	¥ 20,904	$ 203,109

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, 2013 and 2014 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 twenty-two (22) subsidiaries ("controlled companies", wherein the decision-making body of entity is controlled) as of March 31, 2014. The accompanying consolidated financial statements include the accounts of the Company and eight (8) significant subsidiaries, controlled directly or indirectly by the Company, as listed below:

Consolidated subsidiaries:

		March 31, 2014		
			Millions of yen	Thousands of U.S. dollars
Name of subsidiary	Segment (Main business)	Equity ownership percentage	Common stock	
Maeda Seisakusho Co., Ltd.	Other (Manufacturing, sales and rental of construction machinery and others)	43.0% *{0.7} **[9.8]	¥ 3,160	$ 30,703
JM Corporation	Building	100.0 *{—}	350	3,401
Fujimi Koken Co., Ltd.	Other (Production and sales of construction materials)	50.0 *{—}	250	2,429
Fujimi Building Services Co., Ltd.	Building	75.0 *{25.0}	100	972
Seiyu Estate Co., Ltd.	Real estate	98.8 *{2.4}	50	486
Miyama Kogyo Co., Ltd.	Civil engineering	74.2 *{24.2}	25	243
Thai Maeda Corporation Ltd.	Building	45.0 *{—}	***20	616
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."
*** The amount is presented as thousands of Thai Baht.

Note: One of the consolidated subsidiaries, Thai Maeda Corporation Ltd. was newly included in the scope of consolidation during the year ended March 31, 2014.

The accounts of the other fourteen (14) subsidiaries have not been consolidated with the Company because of the insignificant amount of total assets, net sales, net profit and retained earnings, but one (1) of the unconsolidated subsidiaries is 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, 2014, 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 one (1) unconsolidated subsidiary 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, 2014, 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;
    J. City Corporation
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, 2014 include ¥317,426 million ($3,084,201 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 represent the estimated amount of bonuses to employees attributable to their services rendered within the period.

(11) Accrued bonuses for directors

Accrued bonuses for directors represent 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 retirement benefits

The accrued retirement benefit represents the estimated present value of projected benefit obligations and plan assets for the employees. Unrecognized actuarial differences are amortized on a straight-line basis over 10 to 15 years from the following fiscal year.

Unrecognized prior service costs are amortized on a straight-line basis over 15 years.

(15) Amortization of goodwill

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

In case the amount is not significant, goodwill is, however, expensed immediately.

(16) Cash and cash equivalents

For the preparation of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of overdrafts, all highly liquid investments with maturities of three (3) months or less and commercial paper.

(17) Consumption tax

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

(18) Standards issued but not yet effective

Accounting standards for retirement benefits

On May 17, 2012, the ASBJ issued “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Statement No. 25), which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidance, being followed by partial amendments from time to time through 2009.

1) Overview

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior service costs, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

2) Scheduled date of adoption

The revised accounting standard and guidance were adopted as of the end of the fiscal year ended March 31, 2014. However, revisions to the calculation methods for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2015.

3) Impact of adopting revised accounting standards and guidance

The Company is currently evaluating the effect of adopting these revised standards on its consolidated financial statements.

03 Accounting Changes

The Company adopted “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012) (except for certain provisions described in the main clause of Section 35 of the standard and in the main clause of Section 67 of the guidance) as of the end of the fiscal year ended March 31, 2014. These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as a liability for retirement benefits. In addition, unrecognized actuarial differences and unrecognized prior service costs are recorded as a liability for retirement benefits. Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Clause 37 of the standard, the effects of such changes in the current fiscal year have been recorded in retirement benefits liability adjustments through accumulated other comprehensive income. As a result of this change, a liability for retirement benefits was recognized in the amount of ¥23,586 million ($229,168 thousand) and accumulated other comprehensive income decreased by ¥7,642 million ($74,252 thousand) as of March 31, 2014. In addition, the impact of the accounting change on net assets per share is disclosed in Note 26 “Per Share Information.”

04 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 ¥102.92 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014. 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.

05 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 the market situation 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.

Notes to the Consolidated Financial Statements

(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, 2013 and 2014 are summarized as follows:

	Millions of yen		
March 31, 2013	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 investment 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**	¥ —	¥ —	¥ —

	Millions of yen		
March 31, 2014	Book value	Fair value	Difference
(a) Cash and time deposits	¥ 21,174	¥ 21,174	¥ —
(b) Trade receivables	154,089	153,786	(303)
(c) Marketable securities and investments in securities	96,555	93,604	(2,951)
Total assets	¥ 271,818	¥ 268,564	¥ (3,254)
(a) Trade payables	¥ 80,941	¥ 80,941	¥ —
(b) Short-term loans	27,201	27,201	—
(c) Corporate bonds*	28,000	28,049	49
(d) Long-term loans	27,875	27,931	56
Total liabilities	¥ 164,017	¥ 164,122	¥ 105
(a) Derivative transactions**	¥ —	¥ —	¥ —

	Thousands of U.S. dollars		
March 31, 2014	Book value	Fair value	Difference
(a) Cash and time deposits	$ 205,733	$ 205,733	$ —
(b) Trade receivables	1,497,173	1,494,229	(2,944)
(c) Marketable securities and investments in securities	938,156	909,483	(28,673)
Total assets	$ 2,641,062	$ 2,609,445	$ (31,617)
(a) Trade payables	$ 786,446	$ 786,446	—
(b) Short-term debt	264,293	264,293	—
(c) Corporate bonds*	272,056	272,532	476
(d) Long-term loans	270,841	271,386	545
Total liabilities	$ 1,593,636	$ 1,594,657	$ 1,021
(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 ¥7,312 million as of March 31, 2013 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 ¥7,871 million ($76,477 thousand) as of March 31, 2014 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.

Zero coupon convertible bonds of ¥10,044 million ($97,590 thousand) issued during the fiscal year ended March 31, 2014, are not included below since their fair values are recognized as extremely difficult to determine without market value.

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

	Millions of yen			
March 31, 2013	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

	Millions of yen			
March 31, 2014	Within 1 year	Over 1 year within 5 yrs	Over 5 years within 10 yrs	Over 10 years
(1) Cash and time deposits	¥ 21,174	¥ —	¥ —	¥ —
(2) Trade receivables—Notes and accounts	146,297	7,501	176	114
(3) Investments in securities:				
Held-to-maturity securities				
National/Municipal bonds	—	—	20	—
Corporate bonds	—	—	—	—
Other securities w/fixed term				
National/Municipal bonds	—	150	200	—
Corporate bonds	820	229	100	144
Total	¥ 168,291	¥ 7,880	¥ 496	¥ 258

	Thousands of U.S. dollars			
March 31, 2014	Within 1 year	Over 1 year within 5 yrs	Over 5 years within 10 yrs	Over 10 years
(1) Cash and time deposits	$ 205,733	$ —	$ —	$ —
(2) Trade receivables –Notes and accounts	1,421,463	72,882	1,710	1,108
(3) Investments in securities:				
Held-to-maturity securities				
National/Municipal bonds	—	—	194	—
Corporate bonds	—	—	—	—
Other securities w/fixed term				
National/Municipal bonds	—	1,457	1,943	—
Corporate bonds	7,967	2,225	972	1,399
Total	$ 1,635,163	$ 76,564	$ 4,819	$ 2,507

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

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

06 Fair Value Information on Marketable Securities and Investments in Securities

Fair value information on marketable securities and investments in securities as of March 31, 2013 and 2014 are summarized as follows:

(1) Held-to-maturity securities

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

March 31, 2014	Millions of yen Book value	Fair value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National/Municipal bonds	**¥ 20**	**¥ 21**	**¥ 1**
Corporate bonds	**—**	**—**	**—**
Sub-total	**¥ 20**	**¥ 21**	**¥ 1**
Securities with fair value that does not exceed book value			
National/Municipal bonds	**¥ —**	**¥ —**	**¥ —**
Corporate bonds	**—**	**—**	**—**
Sub-total	**—**	**—**	**—**
Total	**¥ 20**	**¥ 21**	**¥ 1**

March 31, 2014	Thousands of U.S. dollars Book value	Fair value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National/Municipal bonds	**$ 194**	**$ 204**	**$ 10**
Corporate bonds	**—**	**—**	**—**
Sub-total	**$ 194**	**$ 204**	**$ 10**
Securities with fair value that does not exceed book value			
National/Municipal bonds	**$ —**	**$ —**	**$ —**
Corporate bonds	**—**	**—**	**—**
Sub-total	**—**	**—**	**—**
Total	**$ 194**	**$ 204**	**$ 10**

(2) Other securities

March 31, 2013	Millions of yen Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds 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 does 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

Note: Unlisted stocks and others of ¥5,081 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, 2014	Millions of yen Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	**¥ 54,870**	**¥ 24,837**	**¥ 30,033**
Securities			
National/Municipal bonds	**277**	**251**	**26**
Other	**479**	**444**	**35**
Other	**201**	**198**	**3**
Sub-total	**¥ 55,827**	**¥ 25,730**	**¥ 30,097**
Other securities with book value that does not exceed acquisition cost			
Stocks	**¥ 1,974**	**¥ 2,104**	**¥ (130)**
Securities			
National/Municipal bonds	**100**	**100**	**(0)**
Other	**301**	**305**	**(4)**
Other	**77**	**87**	**(10)**
Sub-total	**¥ 2,452**	**¥ 2,596**	**¥ (144)**
Total	**¥ 58,279**	**¥ 28,326**	**¥ 29,953**

March 31, 2014	Book value	Acquisition cost	Unrealized gain (loss)
	Thousands of U.S. dollars		
Other securities with book value that exceeds acquisition cost			
Stocks	$ 533,133	$ 241,323	$ 291,810
Securities			
National/Municipal bonds	2,691	2,439	252
Other	4,654	4,314	340
Other	1,953	1,924	29
Sub-total:	$ 542,431	$ 250,000	$ 292,431
Other securities with book value that does not exceed acquisition cost			
Stocks	$ 19,180	$ 20,443	$ (1,263)
Securities			
National/Municipal bonds	972	972	(0)
Other	2,925	2,963	(38)
Other	748	845	(97)
Sub-total	$ 23,825	$ 25,223	$ (1,398)
Total	$ 566,256	$ 275,223	$ 291,033

Note: Unlisted stocks and others of ¥5,127 million ($49,815 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, 2013	Proceeds	Gain	Loss
	Millions of yen		
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, 2014	Proceeds	Gain	Loss
	Millions of yen		
Stocks	¥ 245	¥ 33	¥ —
Securities			
National/Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	201	0	—
Other	103	0	—
Total	¥ 549	¥ 33	¥ —

Year ended March 31, 2014	Proceeds	Gain	Loss
	Thousands of U.S. dollars		
Stocks	$ 2,380	$ 321	$ —
Securities			
National/Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	1,953	0	—
Other	100	0	—
Total	$ 4,433	$ 321	$ —

(4) Impairment loss on other securities

Impairment loss on securities amounted to ¥130 million, including ¥127 million of stocks with market value in other securities, ¥3 million of stocks without market value in other securities for the year ended March 31, 2013.

Impairment loss on securities amounted to ¥247 million ($2,400 thousand), including ¥40 million ($389 thousand) of stocks with market value in other securities and ¥148 million ($1,438 thousand) of stocks without market value in other securities and ¥58 million ($564 thousand) of affiliates' stocks for the year ended March 31, 2014.

07 Derivative Financial Instruments

Derivative financial instruments as of March 31, 2013 and 2014 are summarized as follows:

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

Currency-related transactions

For the year ended March 31, 2013 : Not applicable

For the year ended March 31, 2014 : Not applicable

(2) Derivative transactions designated as "hedging instruments"

Interest-rate-related transactions

	Millions of yen			
March 31, 2013	Hedged item	Contract amount	Contract amount over 1 year	Fair value
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

	Millions of yen			
March 31, 2014	Hedged item	Contract amount	Contract amount over 1 year	Fair value
Deferral accounting as "hedging instruments"				
Interest rate swap transactions —Variable interest received and fixed interest paid	**Long-term loans**	**¥ 20,250**	**¥ 14,500**	**See Note**

	Thousands of U.S. dollars			
March 31, 2014	Hedged item	Contract amount	Contract amount over 1 year	Fair value
Deferral accounting as "hedging instruments"				
Interest rate swap transactions —Variable interest received and fixed interest paid	**Long-term loans**	**$ 197**	**$ 141**	**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.

Notes to the Consolidated Financial Statements

08 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 ¥54 million for the year ended March 31, 2013 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 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 loss of ¥2,092 million ($20,326 thousand) for the year ended March 31, 2014 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 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, 2014. The recoverable amounts are also determined with future cash flows discounted at 4.6%.

Impairment losses on fixed assets for the years ended March 31, 2013 and 2014 are summarized as follows:

			Millions of yen		Thousands of U.S. dollars
Years ended March 31			2013	2014	2014
Location	Type of assets	Use			
Fukui, and other	Land and building	For rent and other	¥ 54	¥ —	$ 525
Tokyo	Land and building	For rent	—	1,374	13,350
Niigata, and other	Land and building	For rent and other	—	718	6,976
		Total	¥ 54	¥ 2,092	$ 20,851

09 Inventories

Inventories as of March 31, 2013 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Real estate held for sale	¥ 17,785	¥ 2,222	$ 21,590
Merchandise and finished products	900	835	8,113
Construction work in progress	13,243	15,289	148,552
Project costs for development and others	4,316	5,470	53,148
Materials in stock	892	863	8,385
Total	¥ 37,136	¥ 24,679	$ 239,788

Notes: 1. Inventories are written down based on the decreased profitability and ¥1,284 million of loss on write-down of inventories for the year ended March 31, 2013 and ¥530 million ($5,149 thousand) of loss on write-down of inventories for the year ended March 31, 2014 are included in “Cost of Sales” in the Consolidated Statements of Operations.

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 on allowance for losses on construction contracts is provided are ¥39 million for the year ended March 31, 2013 and for the year ended March 31, 2014.

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

Short-term debt and lease obligations due within one year as of March 31, 2013 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Bank loans bearing interest with an average rate of 0.8% per annum	¥ 11,369	¥ 18,851	$ 183,161
Current portion of long-term loans	29,100	21,350	207,443
Total short-term debt	40,469	40,201	390,604
Lease obligations due within one year	114	243	2,361
Total	¥ 40,583	¥ 40,444	$ 392,965

Long-term debt and lease obligations as of March 31, 2013 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Corporate bonds			
—Issued by Maeda Corporation			
2.23% 12th series bonds due in 2013	¥ 5,000	¥ —	$ —
2.24% 15th series bonds due in 2014	10,000	—	—
1.28% 17th series bonds due in 2013	10,000	—	—
1.58% 18th series bonds due in 2014	3,000	3,000	29,149
0.90% 19th series bonds due in 2014	10,000	10,000	97,163
1.42% 20th series bonds due in 2016	5,000	5,000	48,581
0.85% 21st series bonds due in 2015	10,000	10,000	97,163
Yen zero coupon convertible bonds due in 2018	—	10,045	97,600
—Issued by JM Corporation 0.55% 1st series bonds due in 2013	100	—	—
Sub-total	53,100	38,045	369,656
Long-term loans due in between 2014–2018 bearing interest with an average rate of 2.2% per annum	30,225	36,225	351,972
	83,325	74,270	721,628
Less—Portion due within one year	(29,100)	(21,350)	(207,442)
Total	¥ 54,225	¥ 52,920	$ 514,186
Lease obligations due after one year	¥ 506	¥ 751	$ 7,297
Total	¥ 54,731	¥ 52,169	$ 506,889

Note: Average rates of interest are calculated by the 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.

The annual maturities of short-term debt, corporate bonds, long-term debt and lease obligations as of March 31, 2013 and 2014 are as follows:

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

	Millions of yen		
	March 31, 2014		
Year ending March 31	Short-term debt	Corporate bonds	Long-term debt
2015	¥ 18,851	¥ 13,000	¥ 8,350
2016	—	10,000	3,600
2017	—	5,000	3,275
2018	—	—	11,000
2019	—	10,000	10,000
2020 and thereafter	—	—	—
Total	¥ 18,851	¥ 38,000	¥ 36,225

	Thousands of U.S. dollars		
	March 31, 2014		
Year ending March 31	Short-term debt	Corporate bonds	Long-term debt
2015	$ 183,162	$ 126,312	$ 81,131
2016	—	97,163	34,979
2017	—	48,581	31,821
2018	—	—	106,879
2019	—	97,163	97,163
2020 and thereafter	—	—	—
Total	$ 183,162	$ 369,219	$ 351,973

The assets pledged as collateral for short-term debt and long-term debt as of March 31, 2013 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Real estate held for sale	¥ 10,192	¥ —	$ —
Buildings and structures	864	5,753	55,898
Land	389	5,325	51,739
Investments in securities	1,812	2,456	23,863
Total	¥ 13,257	¥ 13,534	$ 131,500

Real estate held for sale of ¥10,192 million ($99,028 thousand) included in the consolidated balance sheet as of March 31, 2013 was transferred to property and equipment during the fiscal year ended March 31, 2014 in accordance with the change in holding purpose of the Company.

The secured liabilities as of March 31, 2013 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Short-term loans	¥ 5,100	¥ 5,300	$ 51,496
Trade payables	8	8	78
Long-term loans	4,375	3,875	37,651
Other long-term liabilities	252	245	2,380
Total	¥ 9,735	¥ 9,428	$ 91,605

The Company entered into committed loan facility agreements in the total amount of ¥20,000 million ($194,326 thousand) with 5 banks. There is no outstanding balance under those agreements as of March 31, 2014.

11 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 omitted from the consolidated balance sheet as of March 31, 2014, due their immateriality.

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

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
(As lessee)			
Minimum lease payments			
Within one year	¥ 81	¥ 91	$ 884
Over one year	307	292	2,837
	¥ 388	¥ 383	$ 3,721
(As lessor)			
Minimum lease payments			
Within one year	651	511	4,965
Over one year	9,384	710	6,899
Total	¥ 10,035	¥ 1,221	$ 11,864

12 Retirement Benefit Plans

For the fiscal year ended March 31, 2013

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

The Company and its consolidated subsidiaries may provide extra severance payments, which are not subject to the pension obligation calculated in accordance with the retirement benefit accounting, to employees upon retirement and in other circumstances.

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, 2013 are analyzed as follows:

	Millions of yen
March 31	2013
(a) Projected benefit obligations	¥ (53,118)
(b) Plan assets	26,297
(c) Unfunded benefit obligations [(a)+(b)]	(26,821)
(d) Unrecognized actuarial differences	15,115
(e) Unrecognized prior service cost	(5,931)
Reserve for retirement benefits [(c)+(d)+(e)]	¥ (17,637)

Notes to the Consolidated Financial Statements

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

March 31	Millions of yen 2013
(a) Service cost	¥ 1,329
(b) Interest cost	957
(c) Expected return on plan assets	(478)
(d) Amortization of actuarial differences	2,082
(e) Amortization of prior service cost	(983)
Retirement benefits expenses [(a)+(b)+(c)+(d)+(e)]	2,907
(f) Contribution cost to defined contribution pension plan	495
Total [(a)+(b)+(c)+(d)+(e)+(f)]	¥ 3,402

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

	2013
(a) Method of attributing the projected benefits to periods of services	Straight-line basis
(b) Discount rate	1.00%
(c) Expected rate of return on plan assets	2.00%
(d) Amortization of unrecognized actuarial differences	Over 10 to 15 years (expenses from the next year)
(e) Amortization of unrecognized prior service cost	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, 2013 are as follows:

Years ended March 31	Millions of yen 2013
(a) Pension fund assets	¥ 202,443
(b) Projected benefit obligations	217,139
(c) Balance [(a)-(b)]	¥ (14,696)

Notes: 1. The amounts stated above as of March 31, 2013 are based on the information as of the end of the previous fiscal year.
2. The consolidated subsidiary's portions of the National Construction Industry Employees' Pension Fund are 1.00% as of March 31, 2013.
3. The above negative balance of ¥14,696 million mainly comprises ¥13,733 million of a deficit in projected pension financing, ¥13,396 million of unamortized balance of projected prior service cost offset by12,433 million increase in plan assets for the year ended March 31, 2013.

For the fiscal year ended March 31, 2014

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

The Company and its consolidated subsidiaries may provide extra severance payments, which are not subject to the pension obligation calculated in accordance with the retirement benefit accounting, to employees upon retirement and in other circumstances.

As of March 31, 2014, the Company and its consolidated subsidiaries, as a group, have a single corporate pension fund and a single employees' pension fund, and 8 companies of the group have the lump sum payment plan.

The changes in the retirement benefit obligation during the year ended March 31, 2014 are as follows:

March 31	Millions of yen 2014	Thousands of U.S. dollars 2014
Retirement benefit obligation at April 1, 2013	¥ 53,165	$ 516,566
Service cost	1,502	14,594
Interest cost	529	5,140
Actuarial gain	(591)	(5,742)
Retirement benefit paid	(2,475)	(24,048)
Retirement benefit obligation at March 31, 2014	¥ 52,130	$ 506,510

The changes in plan assets during the fiscal year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
March 31	2014	2014
Plan assets at April 1, 2013	¥ 26,297	$ 255,509
Expected return on plan assets	526	5,111
Actuarial gain	1,005	9,765
Contribution by the Company	2,340	22,736
Retirement benefit paid	(1,672)	(16,246)
Plan assets at March 31, 2014	¥ 28,496	$ 276,875

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Thousands of U.S. dollars
March 31	2014	2014
Funded retirement benefit obligation	¥ 40,691	$ 395,365
Plan assets at fair value	(28,496)	(276,875)
	12,195	118,490
Unfunded retirement benefit obligation	11,391	110,678
Net liability for retirement benefits in the balance sheet	23,586	229,168
Liability for retirement benefits	23,586	229,168
Net liability for retirement benefits in the balance sheet	¥ 23,586	$ 229,168

The components of retirement benefit expense for the year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
March 31	2014	2014
Service cost	¥ 1,502	$ 14,594
Interest cost	529	5,140
Expected return on plan assets	(526)	(5,111)
Amortization of actuarial loss	2,316	22,503
Amortization of prior service cost	(983)	(9,551)
Retirement benefit expense	¥ 2,838	$ 27,575

Notes: 1. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.
2. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method, which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end, are included in "Service cost."

Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
March 31	2014	2014
Unrecognized prior cost	¥ 4,948	$ 48,076
Unrecognized actuarial loss	(11,079)	(107,647)
Total	¥ (6,131)	$ (59,571)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 is as follows:

March 31	2014
Bonds	58.3%
Stocks	28.8%
Cash on hand and in banks	2.9%
Other	10.0%
Total	100.0%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

March 31	2014
Discount rates	0.9%–1.0%
Expected rate of return on plan assets	2.0%

The Company and its consolidated subsidiaries contributed ¥495 million ($4,810 thousand) to the defined contribution pension plan.

A subsidiary participates in a multi-employer pension plan. The funded status of the multi-employer pension plan for the year ended March 31, 2014, to which contributions are recorded as net periodic retirement benefit costs.

	Millions of yen	Thousands of U.S. dollars
March 31	2014	2014
Fair value of plan assets	¥ 225,553	$ 2,191
Policy reserve	218,438	2,122
Difference	¥ 7,115	$ 69

The subsidiary's participation percentage for the multi-employer pension plan for the year ended March 31, 2014 is 1.02%.

Note: The above difference was due to the surplus of ¥20,847 million ($202,555 thousand) and an asset valuation adjustment of ¥13,733 million ($133,434 thousand).

13 Income Taxes

Significant components of deferred tax assets and liabilities as of March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Deferred tax assets:			
Net loss carried forward	¥ 14,324	¥ 11,191	$ 108,735
Reserve for retirement benefits	6,485	—	—
Liability for retirement benefits	—	6,337	61,572
Write-down of inventories and other	4,894	4,764	46,288
Impairment loss on fixed assets	3,034	3,464	33,657
Allowance for doubtful accounts	2,516	2,313	22,474
Allowance for losses on construction contracts	1,595	1,342	13,039
Unrealized inter-company profit of fixed assets	191	201	1,953
Other	5,008	4,161	40,430
Total	38,047	33,773	328,148
Less – Valuation allowance	(37,704)	(33,351)	(324,048)
Deferred tax assets	343	422	4,100
Deferred tax liabilities:			
Unrealized gain on investment	(6,913)	(10,074)	(97,882)
Other	(27)	(27)	(262)
Total deferred tax liabilities	(6,940)	(10,101)	(98,144)
Net deferred tax liabilities	¥ (6,597)	¥ (9,679)	$ (94,044)

The details of the difference between the statutory tax rate and effective income tax rate for the years ended March 31, 2013 and 2014 are as follows:

March 31	2013	2014
Statutory tax rate	—	38.0%
Changes in the tax rate resulting from:		
Non-deductible expenses	—	4.6
Non-taxable income	—	(1.1)
Per capita levy	—	1.7
Investment profit on equity method	—	(11.3)
Less-Valuation allowance and other	—	(15.8)
Effective income tax rate	—	16.1%

Note: A reconciliation for the year ended March 31, 2014 is omitted since the Company recognized a loss before income taxes and minority interests.

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014. In addition, the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 4 of 2014) and the "Act for Partial Amendment of the Local Corporate Tax Act, etc." (Act No. 11 of 2014) were promulgated on March 31, 2014, and the Company is subject to the amended Local Corporate Tax effective fiscal years beginning on or after April 1, 2015.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 38.0% to 35.6% for the temporary differences expected to be realized or settled from fiscal years beginning April 1, 2014.

14 Shareholders' Equity

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

15 Commitments and Contingent Liabilities

The contingent liabilities of the Company as of March 31, 2013 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Endorsed trade notes receivable	¥ 968	¥ 666	$ 6,471
Guarantees on securitized trade notes receivable	2,389	3,270	31,772
Loan guarantee for Asai Construction Co., Ltd	1,555	1,495	14,526
Letters of guarantee for affiliates			
Toyo Construction Co., Ltd.	8,185	6,447	62,641
Thai Maeda Corporation Ltd.	26	—	—
Maeda Vietnam Co., Ltd.	—	511	4,965
Maeda Corporation India Pvt. Ltd.	—	205	1,992
Down payment guarantee for condominium-purchaser Takara Leven Co., Ltd.	—	300	2,915
Total	¥ 13,123	¥ 12,894	$ 125,282

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

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Notes receivable	¥ 171	—	—
Endorsed trade notes receivable	81	—	—
Guarantees on securitized trade notes receivable	¥ 314	—	—

16 Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses in the consolidated statements of operations for the years ended March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	2013	2014	2014
Salaries to employees	¥ 8,137	¥ 8,701	$ 84,541
Retirement benefit expenses	1,003	987	9,590
Provision for bonuses for employees	753	984	9,561
Provision for doubtful accounts	224	(86)	(836)
Provision for bonuses for directors	16	68	661

17 Research and Development Expenses

Research and development expenses included in the selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	2013	2014	2014
Research and development expenses	¥ 1,686	¥ 1,622	$ 15,760

18 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, 2013 and 2014 amounted to ¥3,555 million and ¥3,054 million ($29,674 thousand), respectively.

19 Gain on Sale of Fixed Assets

The details of gain on sale of fixed assets for the years ended March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	2013	2014	2014
Land	¥ 0	¥ 3,177	$ 30,869
Others	12	0	0
Total	¥ 12	¥ 3,177	$ 30,869

20 Consolidated Statements of Comprehensive Income

The reclassification adjustments and tax effects associated with other comprehensive income for the years ended March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	2013	2014	2014
Unrealized gain on investments in securities			
Recognized amount for the year	¥ 9,884	**¥ 9,126**	**$ 88,671**
Amount of reclassification adjustments	142	**27**	**262**
Before tax effect adjustment	10,026	**9,153**	**88,933**
Amount of tax effect	(3,385)	**(3,166)**	**(30,762)**
Sub-total	6,641	**5,987**	**58,171**
Foreign currency translation adjustment			
Recognized amount for the year	—	**(4)**	**(39)**
Amount of reclassification adjustments	—	**1**	**10**
Sub-total	—	**(3)**	**(29)**
Share of other comprehensive income of the companies accounted for by equity method			
Recognized amount for the year	147	**228**	**2,216**
Amount of reclassification adjustments	—	**(21)**	**(204)**
Sub-total	147	**207**	**2,012**
Total other comprehensive income	¥ 6,788	**¥ 6,191**	**$ 60,154**

21 Consolidated Statements of Changes in Net Assets

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

	Thousands of shares	
	Outstanding stock	Treasury stock
Type	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.

	Thousands of shares	
	Outstanding stock	Treasury stock
Type	Common stock	
Number of shares as of April 1, 2013	185,214	7,936
Increase for the year ended March 31, 2014	—	5
Decrease for the year ended March 31, 2014	—	—
Number of shares as of March 31, 2014	185,214	7,941

Note: The increase in treasury stock of 5 thousand common stocks consisted of 4 thousand due to the purchase of less-than-one-unit stocks and 1 thousand due to the change of the Company's equities in subsidiaries and affiliates.

(2) Zero coupon convertible bonds

The Company issues Yen zero coupon convertible bonds due in 2018 as follows;

	Thousands of shares
Type	Common stock
Number of shares as of April 1, 2013	—
Increase for the year ended March 31, 2014	12,706
Decrease for the year ended March 31, 2014	—
Number of shares as of March 31, 2014	12,706

Notes: 1. Yen zero coupon convertible bonds are not accounted for separately.
2. The number of shares reserved for Yen zero coupon convertible bonds is based on the number of shares that would be needed in the event that stock options were exercised.

(3) Dividends

Cash dividends distributed during the year ended March 31, 2013

Cash dividends of ¥7.0 per common share at March 31, 2012 in total amount of ¥1,241 million out of retained earnings were distributed to shareholders subject to the resolution of the general shareholders meeting held on June 27, 2012.

Cash dividends distributed during the year ended March 31, 2014

Cash dividends of ¥7.0 ($0.07) per common share at March 31, 2013 in total amount of ¥1,241 million ($12,058 thousand) out of retained earnings were distributed to shareholders subject to the resolution of the general shareholders meeting held on June 26, 2013.

Cash dividends to be distributed during the year ending March 31, 2015

Cash dividends of ¥7.0 ($0.07) per common share at March 31, 2014 in total amount of ¥1,241 million ($12,058 thousand) out of retained earnings are to be distributed to shareholders subject to the resolution of the general shareholders meeting held on June 26, 2014.

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, 2013 and 2014 as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	**2014**	**2014**
"Cash and time deposits" balance in the consolidated balance sheets	¥ 35,002	**¥ 21,174**	**$ 205,732**
Less—Time deposits over 3 months	(278)	**(270)**	**(2,623)**
Cash and cash equivalents at end of the year	¥ 34,724	**¥ 20,904**	**$ 203,109**

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 ¥985 million and ¥928 million ($9,017 thousand) for the years ended March 31, 2013 and 2014, 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, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	**2014**	**2014**
Book value as of March 31, 2012	¥ 23,068		
Increase (decrease) during the year	(709)		
Book value as of March 31, 2013	22,359	**¥ 22,359**	**$ 217,247**
Increase (decrease) during the year		**8,532**	**82,899**
Book value as of March 31, 2014		**30,891**	**300,146**
Fair value as of the year end	¥ 24,765	**¥ 33,984**	**$ 330,198**

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 for the year ended March 31, 2013. Increase in book value results mainly from transfer to rental office building from real estate hold for sale in the amount of ¥10,191 million ($99,019 thousand) for the year ended March 31, 2014.
Decrease in book value results mainly from the sale of rental land in the amount of ¥849 million ($8,249 thousand), and impairment loss in the amount of ¥2,092 million ($20,326 thousand) for the year ended March 31, 2014.

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

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 is 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

	Millions of yen					
Year ended March 31, 2013	Building	Civil engineering	Real estate	Other	Adjustment	Consolidated statements of operations
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

Notes: 1. "Adjustment" of "Profit (loss) by segment" included ¥337 million of inter-segment transactions.
2. "Profit (loss) by segment" was adjusted in accordance with the Operating profit (loss) of Consolidated Statements of Operations.
3. The amount of assets in each segment was not listed since corporate assets were not allocated to each segment.

	Millions of yen					
Year ended March 31, 2014	Building	Civil engineering	Real estate	Other	Adjustment	Consolidated statements of operations
Net sales						
Sales to outside customers	**¥ 227,418**	**¥ 127,453**	**¥ 10,234**	**¥ 30,468**	**¥ —**	**¥ 395,573**
Inter-segment sales	**6,183**	**433**	**12**	**3,244**	**(9,872)**	**—**
Total	**233,601**	**127,886**	**10,246**	**33,712**	**(9,872)**	**395,573**
Profit (loss) by segment	**¥ 2,439**	**¥ 3,507**	**¥ 1,691**	**¥ 928**	**¥ (711)**	**¥ 7,854**
Other						
Depreciation	**¥ 1,394**	**¥ 880**	**¥ 409**	**¥ 1,512**	**¥ (27)**	**¥ 4,168**
Impairment loss on fixed assets	**—**	**—**	**2,091**	**1**	**—**	**2,092**

Notes to the Consolidated Financial Statements

	Thousands of U.S. dollars					
Year ended March 31, 2014	Building	Civil engineering	Real estate	Other	Adjustment	Consolidated statements of operations
Net sales						
Sales to outside customers	$ 2,209,658	$ 1,238,370	$ 99,436	$ 296,036	$ —	$ 3,843,500
Inter-segment sales	60,076	4,207	117	31,519	(95,919)	—
Total	2,269,734	1,242,577	99,553	327,555	(95,919)	3,843,500
Profit (loss) by segment	$ 23,698	$ 34,075	$ 16,430	$ 9,017	$ (6,908)	$ 76,312
Other						
Depreciation	$ 13,545	$ 8,550	$ 3,974	$ 14,691	$ (262)	$ 40,498
Impairment loss on fixed assets	—	—	20,316	10	—	20,326

Notes: 1. "Adjustment" of "Profit (loss) by segment" includes ¥711 million ($6,908 thousand) of inter-segment transactions.
2. "Profit (loss) by segment" is adjusted in accordance with the Operating profit (loss) of Consolidated Statements of Operations.
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, 2013 and 2014 exceeds 90% of the sales in the Consolidated Statements of Operations.

(b) Fixed assets

The disclosure of geographic segment information is omitted since the amount of fixed assets in Japan as of March 31, 2013 and 2014 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, 2013 and 2014 is not more than 10% of the sales to outside customers in the Consolidated Statements of Operations.

(3) Impairment loss on fixed assets by segment

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	2013	2014	2014
Building	¥ 10	¥ —	$ —
Civil engineering	—	—	—
Real estate	42	2,091	20,316
Other	2	1	10
Adjustment	—	—	—
Total	¥ 54	¥ 2,092	$ 20,326

(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, 2013 and 2014 are as follows:

For the year ended March 31, 2013;

Related party : Toyo Construction Co., Ltd.
Classification : Affiliate
Location : Chuo-ku, Osaka, Japan
Capital : ¥10,683 million
Type of business : Construction
Voting rights 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

For the year ended March 31, 2014;

Related party : Toyo Construction Co., Ltd.
Classification : Affiliate
Location : Chuo-ku, Osaka, Japan
Capital : ¥10,683 million ($103,799 thousand)
Type of business : Construction
Voting rights 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 : ¥6,446 million ($62,631 thousand)

*The Company undertakes a joint and several guarantees 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, 2013 and 2014, and a summary of its financial statements as of March 31, 2013 and 2014 and for the years then ended is as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2013	2014	2014
Total current assets	¥ 112,368	**¥ 119,809**	**$ 1,164,098**
Total non-current assets	81,353	**88,093**	**855,937**
Total current liabilities	¥ 46,105	**¥ 46,739**	**$ 454,129**
Total long-term liabilities	8,616	**9,765**	**94,880**
Total net assets	¥ 139,000	**¥ 151,397**	**$ 1,471,016**
Net sales	¥ 204,689	**¥ 221,439**	**$ 2,151,564**
Profit before income taxes	16,285	**20,665**	**200,787**
Net profit	9,780	**12,441**	**120,880**

26. Per Share Information

March 31	Yen 2013	Yen 2014	U.S. dollars 2014
Net assets per share	¥ 664.51	**¥ 701.46**	**$ 6.82**
Earnings (loss) per share	(29.74)	**52.27**	**0.51**
Diluted earnings per share	—	**50.27**	**0.49**

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

The above information is calculated based on the following:

March 31	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars 2014
Net profit (loss)	¥ (5,272)	**¥ 9,266**	**$ 90,031**
Amount not attributable to common shareholders	—	**—**	**—**
Net profit (loss) attributable to common shareholders	¥ (5,272)	**¥ 9,266**	**$ 90,031**

	Thousands of stocks	
	For the years ended March 31	
	2013	**2014**
Average number of shares	177,284	**177,276**

March 31	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars 2014
Adjustment to diluted earnings per share	—	**¥ 3**	**$ 29**
Interest received	—	**¥ (3)**	**$ (29)**

	Thousands of stocks	
	For the years ended March 31	
	2013	**2014**
Increase in number of shares	—	**6,962**
Zero coupon convertible bonds		**(6,962)**
Overview of residual securities not included in the calculation of diluted earnings per share as they have no dilutive effect	—	**—**

Report of Independent Certified Public Accountants

Ernst & Young ShinNihon LLC
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Tokyo, Japan 100-0011

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Building a better working world

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, 2014 and 2013, and the consolidated statements of operations, 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, 2014 and 2013, 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 4.

Ernst & Young ShinNihon LLC

June 25, 2014
Tokyo,Japan

Corporate Information

Outline of the Corporation

(As of March 31, 2014)

Name in English
Maeda Corporation

Establishment
In January 1919

Incorporation
In November 1946

Registered Address
2-10-2, Fujimi, Chiyoda-ku,
Tokyo 102-8151, Japan
Tel: (81)-3-3265-5551
Fax: (81)-3-5276-5220
URL: http://www.maeda.co.jp/

Company Registration No.
0100-01-008789
(With Tokyo Legal Affairs Bureau)

Number of Employees
2,796 (Non-consolidated)

Paid-in Capital
¥23,455 million

Stock Listing
On the First Section of the
Tokyo Stock Exchange

Board of Directors

(As of June 26, 2014)

President and Representative Director
Koichi Obara

Vice Chairman
Masayoshi Ejiri

Representative Director
Executive Vice President
Kojiro Fukuta

Directors and
Senior Managing Officers
Akihiko Kakinuma
Soji Maeda
Makoto Nagao
Yoshihiko Hayasaka
Shogo Sekimoto
Toshiaki Shoji

Directors and Managing Officers
Masakazu Kawanobe
Hiromi Adachi

Outside Directors
Toru Hambayashi
Akira Watanabe

Executive Officers

(As of June 26, 2014)

Senior Managing Officer
Yasuiku Hase

Managing Officers
Yuji Hatakama
Yasuhiko Imaizumi
Kazunari Kibe
Tadayuki Kozakai
Shigemi Shoji

Executive Officers
Toshihisa Aoki
Yoshiyasu Nomura
Tetsuji Nishimoto
Masaharu Katsumata
Hiroyuki Yanagita
Nobuya Hirakawa
Yoichi Kawashima
Masakazu Noguchi
Akira Fujiwara
Naoya Okawa
Masamori Nagashige
Takao Nakanishi
Katsuzo Kamikuri
Nobuyuki Nakashima

Board of Auditors

(As of June 26, 2014)

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

Directory

Directory Overseas

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EXT. 2015

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Fax: 91-11-4973-8899

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Fax: 86-106553-5396

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Tekstilkent Koza Plaza A Blok K:34 34235 Esenler/Istanbul
Tel: 90-212-467-2901/2902
Fax: 90-212-438-2409/2410

Domestic:

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

MAEDA

Maeda Corporation

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