

Maeda Corporation



MAEDA

ANNUAL REPORT 2016

For the year ended March 31, 2016





BUILDING AND CIVIL ENGINEERING **FOR THE WORLD**

Contents

- | | |
|---|--|
| 02 The History of Maeda Corporation | 14 Consolidated Balance Sheets |
| 04 Message from the President | 16 Consolidated Statements of Income |
| 06 Review of Operations | 17 Consolidated Statements of Comprehensive Income |
| 09 Overseas Operations | 18 Consolidated Statements of Changes in Net Assets |
| 10 Special Feature | 19 Consolidated Statements of Cash Flows |
| 12 Corporate Governance | 20 Notes to the Consolidated Financial Statements |
| 13 Financial Section | 47 Report of Independent Certified Public Accountants |
| 13 Consolidated Financial Highlights | 48 Corporate Information |

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 3,900 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.

Corporate Motto, enacted in January 1968

技意誠
術欲実

“Sincerity”

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

“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.

PHOTO:

The first state owned airport concession business in Japan, Sendai International Airport, started operations in July 2016. It is sponsored by a consortium of firms with diverse lines of business which includes Maeda.

Forward-looking statements

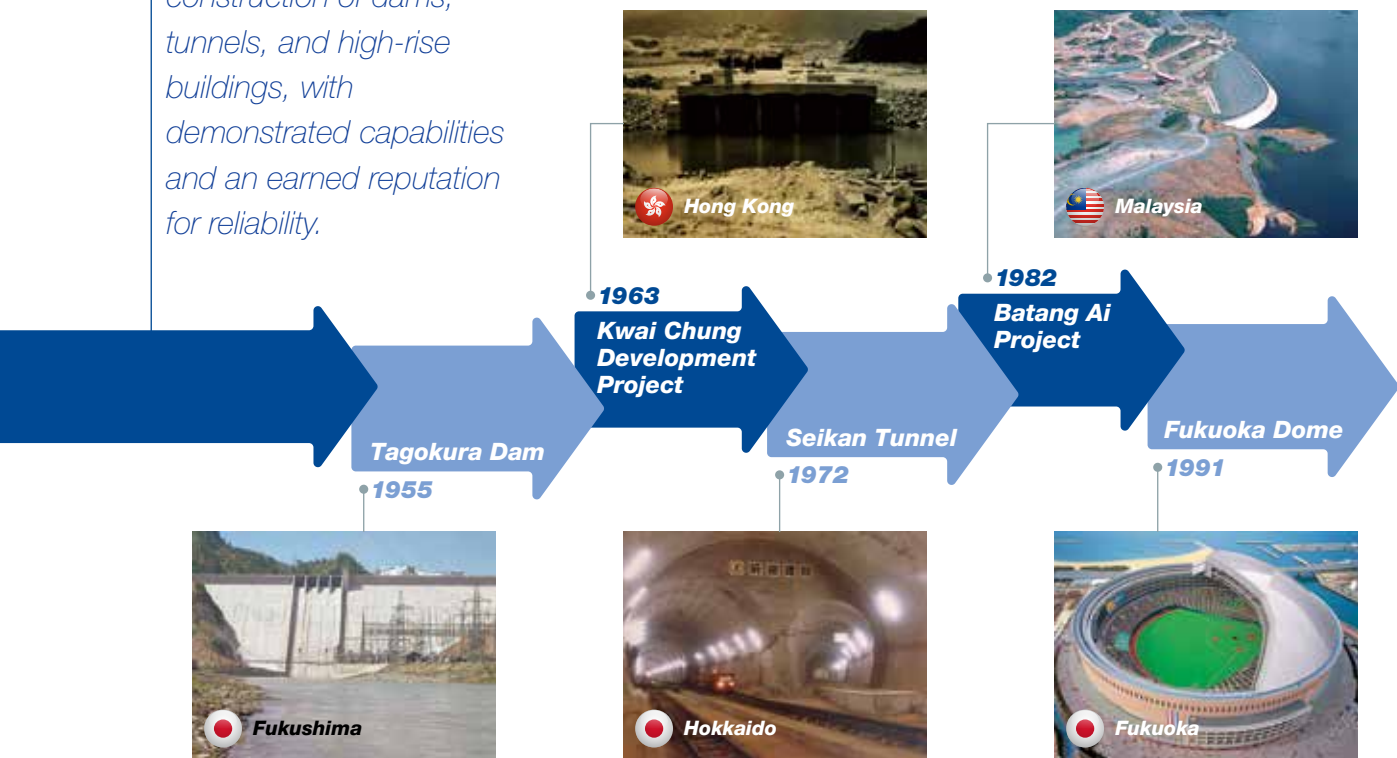
This annual report contains forward-looking statements regarding the Maeda Corporation future plans and strategies, as well as its results, estimates, and forecasts. These statements are not based on historical fact, but represent management’s assumptions and beliefs based on information currently available, 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.

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.

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.

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



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

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.

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.

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.

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.

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 298-m high towers, and a main span of 1,018m.



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

Maeda's involvement in the Upper Kotmale Hydropower 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 15km, and total power capacity of 150MW (two turbines generating 75MW 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.

Near to where it was founded, Maeda has erected a 30 storey office and commercial tower with a two level basement together with a 40 storey residential tower also with a two level basement. The design of the two towers express and combine Japanese "iki" (stylishness) through silver grey vertical louvers that face the outer moat of the Imperial Palace and the "esprit" of the area's Western culture through champagne gold horizontal louvers that face the Palace. Both buildings are designed and equipped for high-level emergencies. Maeda's headquarters are located on the 11th and 12th floors of the office tower.



**DEVELOPING NEW WAYS
TO SERVE SOCIETY**

Soji Maeda

*President and
Representative Director*

By actively and directly performing work that is tied to society, the Maeda Group together with all of its stakeholders will promptly take on “CSV (Creating Shared Value) Management”—the pursuit of common value that will lead to win-win relationship. We will do this to solve social issues centered on the falling birth rate and aging society together with the decline in population.

Social issues in our country and the construction industry

In Japan, as a falling birth rate and aging society reduces the population, a shocking report reveals that 896 local community organizations will disappear by 2040. This is not only a social issue for Japan to face directly, but also a harbinger for the rest of the world. In the construction industry as well, the decline in demand is being accompanied by a shortage in people who can do the work. We believe that our way forward lies in partnering with society to find innovative solutions to the change around us.

The Maeda JUMP 2016–2018 medium term management plan

We have drawn up the Maeda JUMP '16-'18 medium-term management plan in 2016. In this plan, we place CSV Management in our long-term strategy directed towards strengthening continuing profitability and aim to become No. 1 in CSV Management.

In the concession business, which we are driving as a measure in what we call “de-contracting,” (beyond traditional contracting) we intend to run a social infrastructure business together with local communities and rejuvenate the local economy. Through this, we cooperate to solve social issues confronting these regions. In other words, we view the concession business as an implementation of CSV Management itself. In this field, joint venture companies that

includes Maeda has won two public tenders for concession and started initiatives for operation of Sendai Airport and the Aichi Prefecture Toll Road PPP* Concession.

*PPP: Public-Private Partnership

The innovation that is needed to enhance the satisfaction of all stakeholders

In order to enhance the satisfaction of all stakeholders, the Maeda Group must continually address the solution of social issues. One initiative is setting up a new Research and Development laboratory that stresses open innovation. In so doing, by blending highly advanced and diversified technology, such as ICT (Information and Communication Technology) and AI (Artificial Intelligence), with existing construction technology, we will speed up R&D that produces new value and achieve “joint-creation” with different fields that cross over the demarcations of the different industries/businesses. By undertaking technology development that is both innovative and creative, we aim to solve society’s issues and to produce the growth of the Maeda Group.

I ask for your unaltered support and guidance as we look forward to the future.

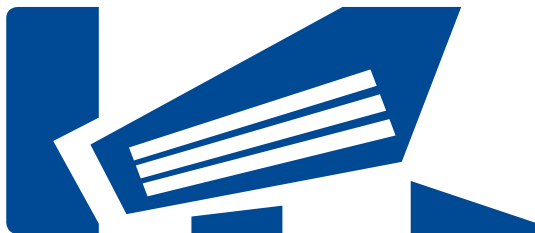


Review of Operations: *Completed Works*

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.

THE TENNOJI RESIDENCE GARDEN & VISTA

This property owned by Sumitomo Realty & Development Co., Ltd. is located in the Tennoji Ward of Osaka. It is a multi-residence dwelling built midway between Shitennoji Temple, which was built over 1,400 years ago, and Abeno Harukas, which boasts the tallest height of any building in Japan. Built on a 9,400m² site in the center of the city, the reinforced concrete structure extends from the first basement to the 19th floor and consists of 413 condominium units in total. Its external appearance is one of vertical lines created by external mullions and horizontal lines created by balconies and open corridors both of which form a modern lattice work. In addition, external elements of undressed concrete create a monotone impression.



Building Projects



Apita Iwata-ten —New Construction (provisional name)

This project, located in the city of Iwata in Shizuoka Prefecture, is a commercial facility for which Maeda performed the planning and construction. Following demolition of the existing stores, the new facility was constructed with one floor below and four floors above ground. The expanded floor space of 51,279m² is used for company-run stores and specialty shops together with a parking area. The building adheres closely to the local concept of “a premium quality shopping center in the Iwata area that consistently earns favor across generations.”

Goyozan Solar Power Business—Construction of an Electric Power Plant

The Goyozan Solar Power Plant constructed in the city of Ofunato in Iwate Prefecture is a large-scale solar power plant with maximum output of 18MW and is able to supply power to approximately 5,800 ordinary homes. In a mountainous area with many slopes, the facility was built with 73,440 panels (at 270W per panel) on a foundation of 29,376 piles.

The project has gathered attention as a power plant designed with the environment in mind by preserving the rich and natural landforms of the Goyo Mountain. In addition, the power plant is expected to lead to the rejuvenation of local industry in the city of Funato, which suffered extensively from the Great East Japan Earthquake.



Civil Engineering Projects

Japan National Route 322, Fukuoka: Construction of the Hatchotoge Highway Tunnel (Kama Side)

This project involves the new construction of 2,716m tunnel on the Kama side of the Japan National Highway Route 322 Hatchotoge highway tunnel (total length of 3,791m). The highway including the new tunnel is planned to run between the cities of Kama and Asakura in Fukuoka Prefecture. The project became necessary as the current road to Hatchotoge suffered from ever worsening traffic conditions, including the imposition of traffic restrictions on the narrow roadway that continued for nine months out of the year. As such, expectations are high for this new tunnel. During construction, observation meetings were held on a regular basis and over 1,000 people visited site during which time Maeda actively liaised with the local population. Construction had to be completed within a tight period of three years and two months, but the end of construction arrived without any incidents or damage.





Thailand
Kra Mang Flood Gate

This Project is composed of Construction of Hon Tra and Kra Mang Flood Gate Structures, and is designed to prevent recurrence of disastrous flooding such as the July 2011 flood that ranged over 25 provinces inside of the Chao Phraya River Basin, including Phra Nakhon Si Ayutthaya province, which hosts a collection and distribution center for industrial products.



Vietnam *Ho Chi Minh City Urban Railway, Line 1, Contract Package 1b (Underground)*

Ho Chi Minh City is the largest commercial center, and the key economic region of Southern Vietnam. With a population of over 7.7 million people, this increasingly affluent city has experienced a significant increase in the ownership of personal vehicles, which has led to increased traffic congestion and road safety accidents.

In an effort to alleviate the fundamental problems resulting from increased road traffic, the People's Committee of Ho Chi Minh City has master planned a modern, urban railway system, which includes eight subway lines, and three above-ground tram lines (or monorails) to cover the city.

Line 1 is the first metro project in Ho Chi Minh City. This has a total length of 19.7km, is comprised of fourteen stations (three underground and eleven elevated), and will connect the city center with the eastern districts of the city.

This Line 1 project is subdivided into four separate contract packages: two underground, one elevated, and one electrical and mechanical.

Maeda is responsible for Contract Package 1b, which has a total linear length of 1,745m, and comprises the design and construction of two underground stations, a twin shield tunnel, a cut and cover tunnel, and a transition structure with the neighboring elevated section. The project is being carried out jointly with Shimizu Corporation.

The completion of Line 1 will mark the first subway in Vietnam. Contract Package 1b is scheduled to be completed in 2019, with Line 1 operational by 2020.



Vietnam

Japanese School Hanoi Extension Expansion Project

This was a project to expand the Japanese School Hanoi at Nam Tu Liem District, Hanoi City. On the existing 14,955m² site, MAEDA VIETNAM CO., LTD. built a five-story, 4,271m² school building with pool facility on the rooftop. This project ran from July 2014 to August 2015, when MAEDA VIETNAM handed over the building to the Japanese School Hanoi. They have been using the new building for the 371 students since September 2015, at the beginning of the second term.



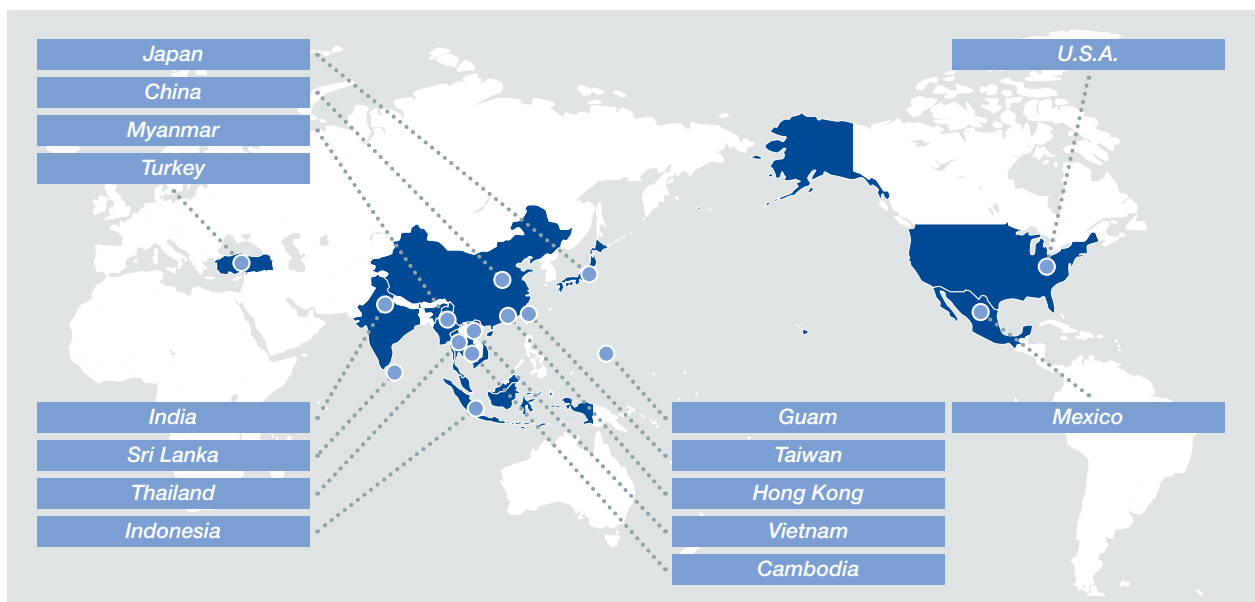
Vietnam

Y-TEC Vietnam Factory Project

Y-TEC VIETNAM CO., LTD., a subsidiary of Yamashita Rubber Co., Ltd. commissioned MAEDA VIETNAM with the construction of an R&D center and factory at VSIP Hai Phong Industrial Park, about 15km northwest of Hai Phong City. The first phase of construction started in November 2013 and was completed in August 2014. This phase consisted of the building of a four-story and a two-story R&D center, for a total floor area of 11,089m² on a total site of 107,666m².

The second phase was started in September 2014 and was completed in May 2015. This consisted of the Technical Centre and Plant Building No. 1 (for complete products) having a total floor area of 28,405m². Maeda has also received orders for factory building projects from Yamashita Rubber in India and Indonesia.

Overseas Operations



MAEDA's CSV= CSV-SS

Creating
Satisfactory
Value
Shared by
Stakeholders

—Maeda's initiatives towards a productivity revolution for all of society—

Maeda's CSV-SS completes and improves CSV for developed countries and developed industries with pressing issues

Michael Porter and others have proposed the idea of "creating shared value," or CSV, which focuses on solving social issues through a company's actual business when solving social issues through core works. However, the special feature of Maeda's version, CSV = CSV-SS, is that Maeda adds social issues concerning the business foundation, specifically "shortages of workers responsible for the job" and "shrinking of the labor force combined with the aging of society," as social issues within the company to be solved while improving business processes.

The Maeda "Five Innovations" towards a productivity revolution for all of society

In tandem with elevating its level of technology towards solving social issues anticipated by increasing complexity, Maeda is reinforcing the actual business and the business foundation while maintaining a good balance between the two. Maeda will speed up linkages between technology experts and companies from different fields, and has already moved ahead in the areas of concessions and renewable energy. To this end, Maeda

is carrying out the Five Innovations outlined below.

Social infrastructure systems:

Supply high-quality society infrastructure centered on our "de-contracting business"

Construction and operations management:

Systems in which everyone can share and make use of expertise and know-how

Profitability:

Pursuing optimal methods in each of our diverse areas of work with construction at the core

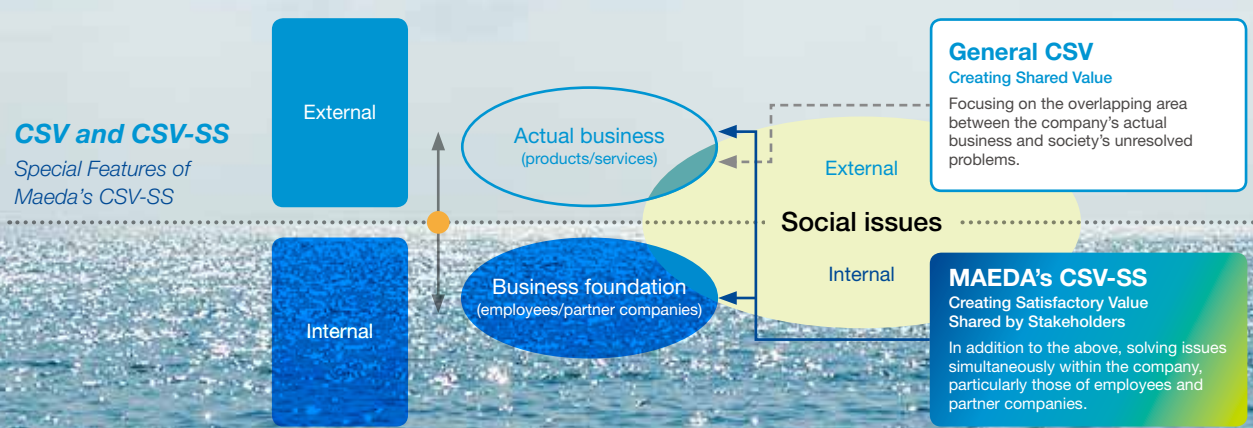
Human resource capability:

A diverse range of human talent and constructing a training system that maximizes these abilities

Technology development:

Innovation in assessment methods for collaborating organizations and human resources, and the means of procuring and supplying funds

By use of these Five Innovations, we take our first bold steps towards a productivity revolution for all of society by earning high regard, both within and outside of the company, expressed as "I want to work at Maeda" and "I want to partner with Maeda."



Innovation of Social Infrastructure Systems

Towards a productivity revolution for all of society
The Maeda Five Innovations



The “productivity revolution for all of society,” for which Maeda aims through its implementation of CSV-SS, has already begun. This is happening through what we call “innovation of social infrastructure systems” in the concessions and renewable energy businesses.

To this end, one strategy promoted by the Company is to expand the de-contracting business model that enhances profits through upstream services and downstream domains of construction. This business model is pursued in harmony with Japan’s growth strategy built on public-private partnerships, not only by expanding the field of construction, but also through the “sampo yoshi” process (mutually beneficial for the seller, the buyer and society) whose benefits are sown and reaped by the national government, regional and local governments, and their citizens. Maeda has established a Strategic Business Development Division in charge of such businesses as PPP (public-private partnerships) and renewable energy, both in Japan and abroad.

Maeda has won contracts in both of Japan’s first two entries into the concession business in the airport and toll road sectors. In the Sendai airport concession business, operations started in July 2016 for Sendai International Airport Co., Ltd., which is sponsored financially by a consortium that includes Maeda. As a member of the

Aichi Prefecture toll road concession business, the Company is preparing for the start of operations on October 1, 2016, and is a representative company that has acquired preferential negotiating rights.

With these two projects, Maeda is concentrating its efforts on regional revitalization. In the Sendai airport concession, for example, various transit organizations such as railroad and bus operators are working together to improve the usefulness and convenience of transportation solutions in the broader area. By doing so, project participants are undertaking rejuvenation of tourism and industry in the entire Tohoku region of northeast Japan. In the Aichi Prefecture toll road concession, participants are promoting businesses that rejuvenate the region through links with nearby tourist facilities and local industry at parking areas and other locations along the toll road.

In these concessions, Maeda is not only providing proposals and recommendations as the lead partner on infrastructure and facilities, but is also aiming to realize businesses that can grow alongside and create new things of value together with the region, in anticipation of the future of towns, cities, and regions.



Aichi Prefecture Toll Road



Sendai International Airport (Japan’s first concession business)

Corporate Governance

Corporate Governance System

The Maeda Group considers it a duty to explain its business activities while aiming for business efficiency, financial health and transparency. As such, it has organized its corporate structure accordingly. Maeda has adopted an executive officer system that includes such features as one-year appointments for directors, selection of outside directors (two out of thirteen directors), and the selection of outside corporate auditors (three out of five corporate auditors). It has also established a risk management system and put in place a system of internal controls. (As of July 2016)

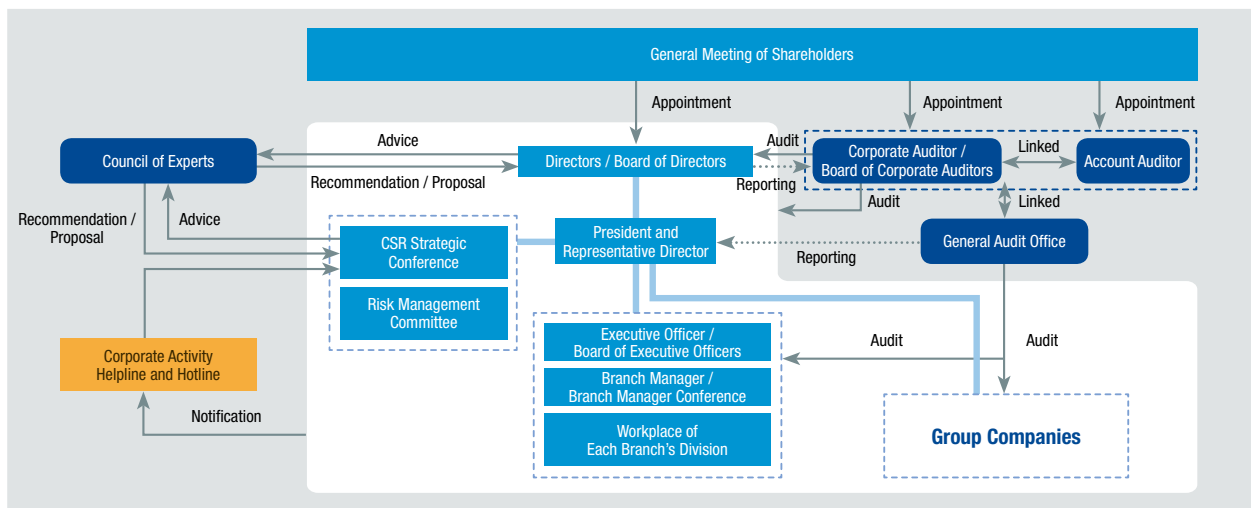
While interest in corporate governance is at a higher level than before, through such actions as the introduction of a Japanese-version Corporate

Governance Code, the Company aims to further improve corporate governance in order to realize “CSV Management No. 1.”

Internal Control Systems

To ensure a thorough and consistent system of internal controls, Maeda has declared a basic policy for internal control systems. To this end, Maeda has established a “CSR Strategy Committee” and a “Risk Management Committee” that is chaired by the President and operates at the executive level. In addition, Maeda has established a “Corporate Audit Department” that conducts audits independently from the executing divisions. These components serve to increase the effectiveness of Maeda’s internal control system.

Corporate Governance and Internal Control Framework



Internal Reporting System

(Business-Conduct Helpline and Hotline)

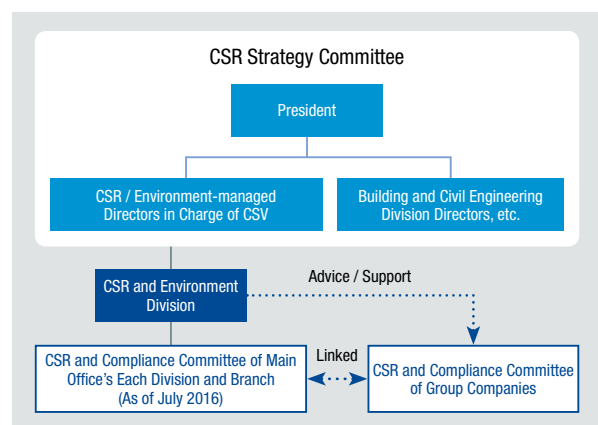
The Internal Reporting System is a very important mechanism for early detection and correction of unethical behavior and for achieving secure and improved compliance and ethics throughout the Company. In addition to the Internal Reporting System, the Company has been established links on its website for reporting on related organizations outside the Company, such as business partners, and includes the assurance of anonymity.

Excluding Antisocial Forces

The Company aims also to block relationships with antisocial forces as part of its internal controls. This is

also prescribed in the Corporate Code of Conduct and taught and promoted in employee training.

CSR and Compliance Promotion System



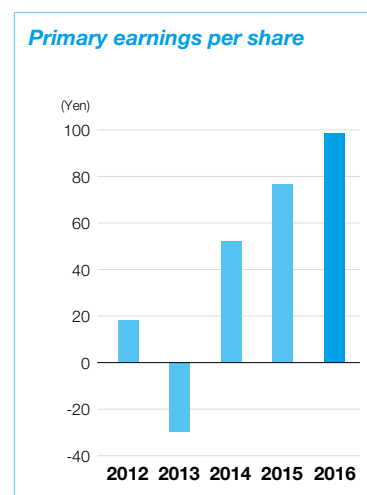
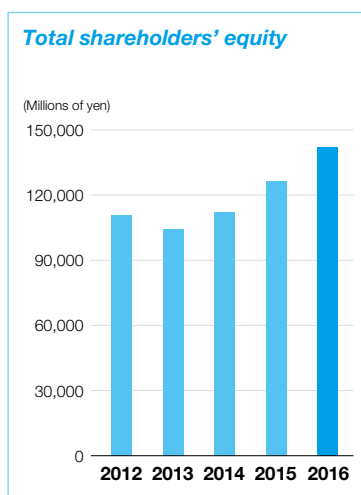
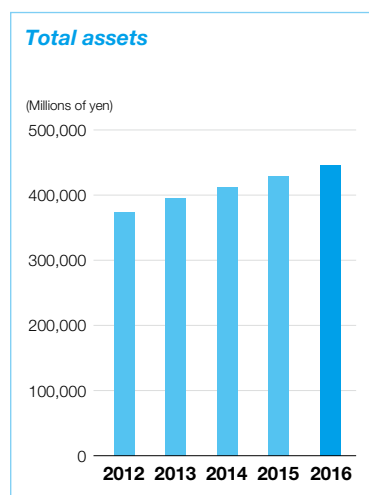
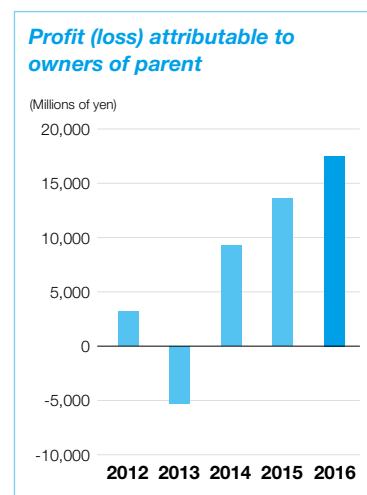
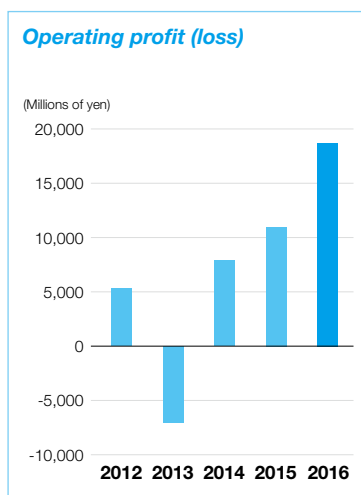
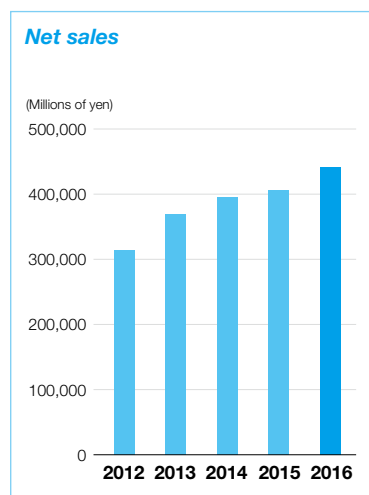
Consolidated Financial Highlights

Maeda Corporation and its consolidated subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note)
	2015	2016	2016
For the year:			
Net sales	¥ 405,377	¥ 441,723	\$ 3,920,154
Operating profit	10,979	18,703	165,983
Profit attributable to owners of parent	13,603	17,506	155,360
At year-end:			
Total assets	428,230	445,240	3,951,367
Total shareholders' equity	126,344	141,987	1,260,091

	Yen		U.S. dollars
	2015	2016	2016
Per share:			
Primary earnings	76.74	98.75	0.88
Cash dividends	9.00	11.00	0.10

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of at ¥112.68 = U.S.\$1.00, the exchange rate prevailing on March 31, 2016.



Consolidated Balance Sheets

Maeda Corporation and Subsidiaries
As of March 31

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2016	2016
Current assets:			
Cash and time deposits (Notes 5 & 10)	¥ 26,252	¥ 25,789	\$ 228,869
Trade receivables: (Notes 5 & 10)			
Notes	2,097	5,355	47,524
Accounts	141,896	176,452	1,565,957
Allowance for doubtful accounts	(92)	(80)	(710)
	143,901	181,727	1,612,771
Marketable securities (Notes 5 & 6)	144	50	444
Inventories (Notes 9 & 10)	37,347	14,673	130,218
Deferred tax assets (Note 13)	285	346	3,071
Other current assets (Note 10)	27,873	26,116	231,771
Total current assets	235,802	248,701	2,207,144
Investments and other assets:			
Investments in securities (Notes 5, 6 & 10)	81,176	75,164	667,057
Investments in and advances to unconsolidated subsidiaries and affiliates	48,011	50,828	451,083
Deferred tax assets (Note 13)	152	126	1,118
Intangible fixed assets	969	1,015	9,008
Long-term loans receivable	4,252	2,527	22,426
Claims provable in bankruptcy and other	4,055	4,011	35,596
Other investments	4,678	4,737	42,040
Allowance for doubtful accounts	(6,166)	(4,933)	(43,779)
Total investments and other assets	137,127	133,475	1,184,549
Property and equipment, at cost: (Notes 10, 20 & 24)			
Buildings and structures	56,045	53,691	476,491
Machinery and equipment	29,540	45,268	401,739
Vehicles	3,613	3,670	32,570
Tools, furniture and fixtures	7,469	7,550	67,005
Land	28,752	24,935	221,290
Construction in progress	7	92	816
Leased assets	1,621	1,895	16,818
	127,047	137,101	1,216,729
Accumulated depreciation	(71,746)	(74,275)	(659,168)
Property and equipment, net	55,301	62,826	557,561
Deferred assets	—	238	2,113
TOTAL ASSETS	¥ 428,230	¥ 445,240	\$ 3,951,367

The accompanying notes are an integral part of the statements.

LIABILITIES & NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2016	2016
Current liabilities:			
Short-term debt (Notes 5 & 10)	¥ 24,214	¥ 46,502	\$ 412,691
Trade payables (Note 5)	86,211	82,953	736,182
Lease obligations	232	375	3,328
Advances on construction work in progress	34,721	19,998	177,476
Advances on development and others	106	—	—
Accrued income taxes	2,737	2,436	21,619
Allowance for repairs and warranty	378	885	7,854
Accrued bonuses for employees	2,602	3,005	26,668
Accrued bonuses for directors	99	97	861
Reserve for defects on completed works	1,383	1,323	11,741
Allowance for loss on construction contracts (Note 18)	3,815	1,870	16,596
Other current liabilities	19,944	22,609	200,648
Total current liabilities	176,442	182,053	1,615,664
Long-term liabilities:			
Long-term debt (Notes 5 & 10)	55,674	59,917	531,745
Lease obligations	1,225	1,085	9,629
Liability for retirement benefits (Note 12)	19,246	23,853	211,688
Deferred tax liabilities (Note 13)	13,656	10,089	89,537
Other long-term liabilities	3,509	4,168	36,989
Total long-term liabilities	93,310	99,112	879,588
Commitments & contingent liabilities (Note 15)			
Net Assets (Note 22)			
Shareholders' equity:			
Common stock	23,455	23,455	208,156
Additional paid-in capital	31,715	31,718	281,488
Retained earnings	73,606	89,248	792,048
Treasury stock, at cost	(2,432)	(2,434)	(21,601)
Total shareholders' equity	126,344	141,987	1,260,091
Accumulated other comprehensive income:			
Unrealized gain on investments in securities	31,541	26,348	233,830
Foreign currency translation adjustments	35	(19)	(168)
Retirement benefits liability adjustments	(5,126)	(11,196)	(99,361)
Total accumulated other comprehensive income	26,450	15,133	134,301
Non-controlling interests	5,684	6,955	61,723
Total net assets	158,478	164,075	1,456,115
TOTAL LIABILITIES & NET ASSETS	¥ 428,230	¥ 445,240	\$ 3,951,367

The accompanying notes are an integral part of the statements.

Consolidated Statements of Income

Maeda Corporation and Subsidiaries
For the years ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2016	2016
Net sales	¥ 405,377	¥ 441,723	\$ 3,920,154
Cost of sales (Note 18)	372,099	400,511	3,554,410
Gross profit	33,278	41,212	365,744
Selling, general and administrative expenses (Note 16)	22,299	22,509	199,761
Operating profit	10,979	18,703	165,983
Other income (expenses):			
Interest and dividend income	1,088	1,494	13,259
Interest expenses	(1,182)	(1,282)	(11,377)
Gain on sale of fixed assets (Note 19)	2,628	49	435
Gain on sale of investments in securities	481	60	532
Loss on retirement of fixed assets	(10)	(520)	(4,615)
Loss on valuation of investments in securities	(91)	(115)	(1,021)
Foreign exchange gain (loss), net	659	(423)	(3,754)
Gain on equity method investments	3,928	4,642	41,196
Impairment loss on fixed assets (Note 8)	(530)	(770)	(6,834)
Other, net	(299)	(273)	(2,421)
	6,672	2,862	25,400
Profit before income taxes	17,651	21,565	191,383
Income taxes:			
Current	3,560	3,531	31,337
Deferred	(249)	(405)	(3,594)
	3,311	3,126	27,743
Profit	14,340	18,439	163,640
Profit attributable to non-controlling interests	737	933	8,280
Profit attributable to owners of parent (Note 27)	¥ 13,603	¥ 17,506	\$ 155,360
Per share: (Note 27)			
Primary earnings	¥ 76.74	¥ 98.75	\$ 0.88

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, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2016	2016
Profit	¥ 14,340	¥ 18,439	\$ 163,640
Other comprehensive income:			
Unrealized gain (loss) on investments in securities	¥ 11,467	¥ (5,029)	\$ (44,631)
Foreign currency translation adjustments	118	(116)	(1,029)
Retirement benefits liability adjustments	2,010	(5,208)	(46,219)
Share of other comprehensive income (loss) of companies accounted for by equity method	861	(1,254)	(11,129)
Total other comprehensive income (loss) (Note 21)	14,456	(11,607)	(103,008)
Total comprehensive income	¥ 28,796	¥ 6,832	\$ 60,632
Total comprehensive income attributable to:			
Owners of parent	¥ 27,838	¥ 6,189	\$ 54,926
Non-controlling interests	958	643	5,706

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, 2015 and 2016

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost (Note 22)	Total shareholders' equity	Unrealized gain on investments in securities	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 12)	Total accumulated other comprehensive income			
Balance at April 1, 2014	¥ 23,455	¥ 31,715	¥ 59,394	¥ (2,429)	¥ 112,135	¥ 19,876	¥ (20)	¥ (7,642)	¥ 12,214	¥ 4,555	¥ 128,904	
Cumulative effect of change in accounting principle	¥ —	¥ —	¥ 1,850	¥ —	¥ 1,850	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 1,850	
Restated balance at April 1, 2014	¥ 23,455	¥ 31,715	¥ 61,244	¥ (2,429)	¥ 113,985	¥ 19,876	¥ (20)	¥ (7,642)	¥ 12,214	¥ 4,555	¥ 130,754	
Changes during the year:												
Cash dividends paid at ¥7.0 per share	—	—	(1,241)	—	(1,241)	—	—	—	—	—	(1,241)	
Profit attributable to owners of parent	—	—	13,603	—	13,603	—	—	—	—	—	13,603	
Acquisition of treasury stock	—	—	—	(3)	(3)	—	—	—	—	—	(3)	
Net changes other than shareholders' equity	—	—	—	—	—	11,665	55	2,516	14,236	1,129	15,365	
Total changes during the year	—	—	12,362	(3)	12,359	11,665	55	2,516	14,236	1,129	27,724	
Balance at April 1, 2015	¥ 23,455	¥ 31,715	¥ 73,606	¥ (2,432)	¥ 126,344	¥ 31,541	¥ 35	¥ (5,126)	¥ 26,450	¥ 5,684	¥ 158,478	
Changes during the year:												
Cash dividends paid at ¥9.0 per share	—	—	(1,596)	—	(1,596)	—	—	—	—	—	(1,596)	
Profit attributable to owners of parent	—	—	17,506	—	17,506	—	—	—	—	—	17,506	
Acquisition of treasury stock	—	—	—	(2)	(2)	—	—	—	—	—	(2)	
Change in equity attributable to parent arising from transactions with non-controlling interests	—	3	—	—	3	—	—	—	—	—	3	
Changes in the scope of consolidation	—	—	(268)	—	(268)	—	—	—	—	505	237	
Net changes other than shareholders' equity	—	—	—	—	—	(5,193)	(54)	(6,070)	(11,317)	766	(10,551)	
Total changes during the year	—	3	15,642	(2)	15,643	(5,193)	(54)	(6,070)	(11,317)	1,271	5,597	
Balance at March 31, 2016	¥ 23,455	¥ 31,718	¥ 89,248	¥ (2,434)	¥ 141,987	¥ 26,348	¥ (19)	¥ (11,196)	¥ 15,133	¥ 6,955	¥ 164,075	

	Thousands of U.S. dollars (Note 4)											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost (Note 22)	Total shareholders' equity	Unrealized gain on investments in securities	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 12)	Total accumulated other comprehensive income			
Balance at April 1, 2015	\$ 208,156	\$ 281,461	\$ 653,230	\$ (21,583)	\$ 1,121,264	\$ 279,917	\$ 311	\$ (45,492)	\$ 234,736	\$ 50,444	\$ 1,406,444	
Changes during the year:												
Cash dividends	—	—	(14,164)	—	(14,164)	—	—	—	—	—	(14,164)	
Profit attributable to owners of parent	—	—	155,360	—	155,360	—	—	—	—	—	155,360	
Acquisition of treasury stock	—	—	—	(18)	(18)	—	—	—	—	—	(18)	
Change in equity attributable to parent arising from transactions with non-controlling interests	—	27	—	—	27	—	—	—	—	—	27	
Changes in the scope of consolidation	—	—	(2,378)	—	(2,378)	—	—	—	—	4,482	2,104	
Net changes other than shareholders' equity	—	—	—	—	—	(46,087)	(479)	(53,869)	(100,435)	6,797	(93,638)	
Total changes during the year	—	27	138,818	(18)	138,827	(46,087)	(479)	(53,869)	(100,435)	11,279	49,671	
Balance at March 31, 2016	\$ 208,156	\$ 281,488	\$ 792,048	\$ (21,601)	\$ 1,260,091	\$ 233,830	\$ (168)	\$ (99,361)	\$ 134,301	\$ 61,723	\$ 1,456,115	

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, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2016	2016
Cash Flows from Operating Activities:			
Profit before income taxes	¥ 17,651	¥ 21,565	\$ 191,383
Depreciation	4,514	5,776	51,260
Impairment loss on fixed assets	530	770	6,834
Increase (decrease) in allowance for doubtful accounts	(255)	80	710
Increase (decrease) in allowance for losses on construction contracts	80	(1,930)	(17,128)
Increase (decrease) in liability for retirement benefits	(1,531)	(1,736)	(15,406)
Interest and dividend income	(1,088)	(1,494)	(13,259)
Interest expenses	1,182	1,282	11,377
Foreign exchange loss (gain)	(388)	418	3,710
Equity in losses (earnings) of affiliates	(3,928)	(4,642)	(41,196)
Loss (gain) on sales of short-term and long-term investment securities	(492)	(54)	(479)
Loss (gain) on valuation of short-term and long-term investment securities	91	115	1,021
Loss (gain) on sale of fixed assets	(2,587)	(49)	(435)
(Increase) decrease in trade receivables	10,020	(37,875)	(336,129)
(Increase) decrease in construction work in progress	(8,990)	888	7,881
(Increase) decrease in project costs for development and others	(3,881)	9,351	82,987
(Increase) decrease in other inventories	203	(512)	(4,544)
(Increase) decrease in consumption tax receivables	(4,970)	1,680	14,909
Increase (decrease) in trade payables	5,357	(3,192)	(28,328)
Increase (decrease) in advances on construction work in progress	(1,580)	(3,777)	(33,520)
Increase (decrease) in deposits	(1,009)	2,856	25,346
Other	7,627	1,923	17,066
Sub-total	16,556	(8,557)	(75,940)
Receipt of interest and dividend income	1,774	2,455	21,788
Payment of interest expenses	(1,256)	(1,263)	(11,209)
Payment of income taxes	(2,708)	(3,944)	(35,002)
Cash flows provided by (used in) operating activities	14,366	(11,309)	(100,363)
Cash Flows from Investing Activities:			
Proceeds from sale and redemption of marketable securities	300	100	887
Acquisition of property and equipment and intangible assets	(7,599)	(4,561)	(40,477)
Proceeds from sale of property and equipment and intangible assets	17,364	5,450	48,367
Proceeds from subsidy income	—	509	4,517
Acquisition of investments in securities	(3,862)	(3,171)	(28,142)
Proceeds from sale of investments in securities	1,346	976	8,662
Acquisition of stocks of subsidiaries	—	(2,481)	(22,018)
Proceeds from sales of stocks of subsidiaries and affiliates	(2,870)	909	8,067
Lending of long-term loans receivable	(249)	(863)	(7,659)
Collection of long-term loans receivable	221	51	453
Other	478	45	399
Cash flows provided by (used in) investing activities	5,129	(3,036)	(26,944)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term loans	(5,138)	23,308	206,851
Increase in long-term loans	6,500	—	—
Repayment of long-term loans	(11,660)	(425)	(3,772)
Increase in non-recourse loans	—	4,865	43,175
Repayment of non-recourse loans	—	(1,459)	(12,948)
Proceeds from issuance of bonds	9,946	—	—
Repayment of bonds	(13,000)	(10,000)	(88,747)
Payment of finance lease obligations	(222)	(302)	(2,680)
Payment from non-controlling shareholders	—	180	1,597
Payment of cash dividends	(1,241)	(1,595)	(14,155)
Acquisition of treasury stock	(3)	(2)	(18)
Payment of cash dividends to non-controlling shareholders	(65)	(65)	(577)
Others	—	7	63
Cash flows provided by (used in) financing activities	(14,883)	14,512	128,789
Exchange difference of cash and cash equivalents	463	(418)	(3,710)
Increase (decrease) in cash and cash equivalents	5,075	(251)	(2,229)
Cash and cash equivalents at beginning of the year	20,904	25,979	230,556
Increase due to inclusion in consolidation	—	451	4,002
Decrease due to inclusion in consolidation	—	(710)	(6,300)
Cash and cash equivalents at end of the year (Note 23)	¥ 25,979	¥ 25,469	\$ 226,029

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, 2015 and 2016 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-seven (27) subsidiaries ("controlled companies", wherein the decision-making body of entity is controlled) as of March 31, 2016. The accompanying consolidated financial statements include the accounts of the Company and nine (9) significant subsidiaries, controlled directly or indirectly by the Company, as listed below:

Consolidated subsidiaries:

Name of subsidiary	Segment (Main business)	Equity ownership percentage	March 31, 2016	
			Millions of yen	Thousands of U.S. dollars
Maeda Seisakusho Co., Ltd.	Other (Manufacturing, sales and rental of construction machinery and others)	43.0% *[0.7] **[9.8]	¥ 3,160	\$ 28,044
Fukkoshidaichi Wind Development Co., Ltd.	Other (Electricity generation and sales from wind power)	60.0 *{—}	505	4,482
JM Corporation	Building	100.0 *{—}	350	3,106
Fujimi Koken Co., Ltd.	Other (Production and sales of construction materials)	50.0 *{—}	250	2,219
FBS Inc.	Building	75.0 *{25.0}	100	887
Seiyu Estate Co., Ltd.	Real estate	98.8 *{2.4}	50	444
Miyama Kogyo Co., Ltd.	Civil engineering	74.2 *{24.2}	25	222
Thai Maeda Corporation Ltd.	Building	45.0 *{—}	***20	566
Anonymous Association—Goyozen Solar Power	Other (Electricity generation and sales from solar power)	— *{—}	—	—

* 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 millions of Thai Baht.

Note: Anonymous Association—Aomi Seaside Project was excluded from consolidation because of a decrease in significance.

The accounts of the other eighteen (18) 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 non-controlling interests is charged to non-controlling 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 amount of goodwill are charged to profit or loss in the year of acquisition.

(4) Investments in unconsolidated subsidiaries and affiliates

As of March 31, 2016, the Company has nineteen (19) 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, 2016, 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 for by the equity method;

J. City Corporation

Major affiliates accounted for by the equity method;

Maeda Road Construction Co., Ltd.

Toyo Construction Co., Ltd.

Major unconsolidated subsidiary not accounted for by the equity method;

Chiba City Consumer Life PFI Service Co., Ltd.

Major affiliate not accounted for by the equity method;

Jindai Hospital Parking Service Co., Ltd.

Notes to the Consolidated Financial Statements

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, 2016 include ¥338,237 million (\$3,001,748 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 by the straight-line method over the estimated useful life or 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 expenses

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

(8) Deferred assets

Deferred assets are amortized on a straight-line basis over 5 years.

(9) 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.

(10) Allowance for repairs and warranty

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

(11) Accrued bonuses for employees

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

(12) Accrued bonuses for directors

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

(13) 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.

(14) 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.

(15) Reserve for retirement benefits

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

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

(16) Amortization of goodwill

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

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

(17) Cash and cash equivalents

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

Notes to the Consolidated Financial Statements

(18) Consumption tax

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

(19) Accounting standards issued but not yet effective

Implementation Guidance on Recoverability of Deferred Tax Assets

On March 28, 2016, the ASBJ issued "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26).

1) Overview

Regarding the treatment of the recoverability of deferred tax assets, a review was conducted following the framework of Japanese Institute of Certified Public Accountants Audit Committee Report No. 66 "Audit Treatment on Determining the Recoverability of Deferred Tax Assets," whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories.

1. Treatment of companies that do not satisfy any of the category requirements for (Category 1) through (Category 5)
2. Category requirements for (Category 2) and (Category 3)
3. Treatment related to future deductible temporary differences which cannot be scheduled in companies that qualify as (Category 2)
4. Treatment related to the reasonable estimable period of future pre-adjusted taxable income in companies that qualify as (Category 3)
5. Treatment in cases that companies that satisfy the category requirements for (Category 4) but qualify as (Category 2) or (Category 3)

2) Scheduled date of adoption

The Company expects to adopt this revised implementation guidance from the beginning of the fiscal year ending March 31, 2017.

3) Impact of adopting implementation guidance

The Company is currently evaluating the effect of adopting this revised implementation guidance on its consolidated financial statements.

03 Accounting Changes

The Company and its domestic consolidated subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7) effective from April 1, 2015. As a result, under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of profit (loss) attributable to owners of parent was amended, the reference to "minority interests" was changed to "non-controlling interests." To reflect this change, the Company reclassified its consolidated financial statements for the previous fiscal year.

The application of the Accounting Standard for Business Combinations and the other standards follows the transitional treatment specified in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statement, and Article 57-4 (4) of the Accounting Standard for Business Divestitures. The application of these standards has been effective from the beginning of the fiscal year ended March 31, 2016.

The impact of this change on operating profit, ordinary profit, profit before income taxes and additional paid-in capital for the year ended and as of March 31, 2016 was immaterial.

In the consolidated statements of cash flows from the fiscal year ended March 31, 2016, cash flows relating to the acquisition or sale of shares of subsidiaries that do not result in a change in the scope of consolidation are recorded under “cash flows from financing activities.” Cash flows related to acquisition-related costs relating to the acquisition of shares of subsidiaries that result in a change in the scope of consolidation and cash flows related to the cost arising from the acquisition or sale of shares of subsidiaries that do not result in a change in the scope of consolidation are recorded under “cash flows from operating activities.”

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 ¥112.68 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2016. 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.

Notes to the Consolidated Financial Statements

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 the adoption of new assumptions.

(2) Fair value and other

Fair values of financial instruments, except for those for which the fair value is recognized as extremely difficult to determine, as of March 31, 2015 and 2016 are summarized as follows:

March 31, 2015	Millions of yen		
	Book value	Fair value	Difference
(a) Cash and time deposits	¥ 26,252	¥ 26,252	¥ —
(b) Trade receivables	143,993	143,848	(145)
(c) Marketable securities and investment in securities	120,360	125,392	5,032
Total assets	¥ 290,605	¥ 295,492	¥ 4,887
(a) Trade payables	¥ 86,211	¥ 86,211	¥ —
(b) Short-term loans	14,214	14,214	—
(c) Short-term non-recourse loans	—	—	—
(d) Corporate bonds*	25,000	24,819	(181)
(e) Non-recourse corporate bonds	—	—	—
(f) Long-term loans	30,639	30,903	264
(g) Long-term non-recourse loans	—	—	—
Total liabilities	¥ 156,064	¥ 156,147	¥ 83
(a) Derivative transactions**	¥ —	¥ —	¥ —

March 31, 2016	Millions of yen		
	Book value	Fair value	Difference
(a) Cash and time deposits	¥ 25,789	¥ 25,789	¥ —
(b) Trade receivables	181,807	181,751	(56)
(c) Marketable securities and investments in securities	117,199	118,318	1,119
Total assets	¥ 324,795	¥ 325,858	¥ 1,063
(a) Trade payables	¥ 82,953	¥ 82,953	¥ —
(b) Short-term loans	40,497	40,497	—
(c) Short-term non-recourse loans	1,005	1,005	—
(d) Corporate bonds*	15,000	14,803	(197)
(e) Non-recourse corporate bonds	20	29	9
(f) Long-term loans	28,703	28,999	296
(g) Long-term non-recourse loans	11,169	11,071	(98)
Total liabilities	¥ 179,347	¥ 179,357	¥ 10
(a) Derivative transactions**	¥ —	¥ —	¥ —

March 31, 2016	Thousands of U.S. dollars		
	Book value	Fair value	Difference
(a) Cash and time deposits	\$ 228,869	\$ 228,869	\$ —
(b) Trade receivables	1,613,481	1,612,984	(497)
(c) Marketable securities and investments in securities	1,040,105	1,050,036	9,931
Total assets	\$ 2,882,455	\$ 2,891,889	\$ 9,434
(a) Trade payables	\$ 736,182	\$ 736,182	\$ —
(b) Short-term loans	359,398	359,398	—
(c) Short-term non-recourse loans	8,919	8,919	—
(d) Corporate bonds*	133,120	131,372	(1,748)
(e) Non-recourse corporate bonds	177	257	80
(f) Long-term loans	254,731	257,357	2,626
(g) Long-term non-recourse loans	99,122	98,253	(869)
Total liabilities	\$ 1,591,649	\$ 1,591,738	\$ 89
(a) Derivative transactions**	\$ —	\$ —	\$ —

* "(d) 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 fair values of stocks are based on market value, and the fair values of bonds are based on market value or the values provided by corresponding financial institutions.

Liabilities:

(a) Trade payables, (b) Short-term loans and (c) Short term non-recourse 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.

(d) Corporate bonds

The fair values of bonds are based on market value.

The fair 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.

(e) Non-recourse corporate bonds

The fair values of non-recourse corporate bonds are evaluated by the present value discounted by the expected rate applied to similar new debt instruments.

(f) Long-term loans and (g) Long-term non-recourse loans

Long-term loans with floating interest rates 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 rates are evaluated by the present value discounted by the expected rate applied to similar new loans.

Long-term loans hedged by interest rate swaps transactions are evaluated by the present value accounted for together with the interest rate swaps discounted by the estimated rate applied to the similar new loans.

Derivative transactions:

(a) Derivative transactions

Forward foreign exchange contracts are based on information provided 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 ¥8,971 million as of March 31, 2015 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.

Zero coupon convertible bonds of ¥10,034 million, issued during the fiscal year ended March 31, 2015, are not included since their fair values are recognized as extremely difficult to determine without market value.

Unlisted stocks and others of ¥8,843 million (\$78,479 thousand) as of March 31, 2016 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 ¥10,025 million (\$88,969 thousand), issued during the fiscal year ended March 31, 2016, are not included above since their fair values are recognized as extremely difficult to determine without market value.

Notes to the Consolidated Financial Statements

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

March 31, 2015	Millions of yen			
	Within 1 year	Over 1 year within 5 yrs	Over 5 years within 10 yrs	Over 10 years
(1) Cash and time deposits	¥ 26,252	¥ —	¥ —	¥ —
(2) Trade receivables—Notes and accounts	135,835	7,944	126	89
(3) Investments in securities:				
Held-to-maturity securities				
National/Municipal bonds	—	20	—	—
Corporate bonds	—	—	—	—
Other securities w/maturities				
National/Municipal bonds	101	271	—	—
Corporate bonds	44	600	—	102
Total	¥ 162,232	¥ 8,835	¥ 126	¥ 191

March 31, 2016	Millions of yen			
	Within 1 year	Over 1 year within 5 yrs	Over 5 years within 10 yrs	Over 10 years
(1) Cash and time deposits	¥ 25,789	¥ —	¥ —	¥ —
(2) Trade receivables—Notes and accounts	170,902	10,716	126	64
(3) Investments in securities:				
Held-to-maturity securities				
National/Municipal bonds	—	20	—	—
Corporate bonds	—	—	—	—
Other securities w/maturities				
National/Municipal bonds	50	351	—	—
Corporate bonds	—	130	—	97
Total	¥ 196,741	¥ 11,217	¥ 126	¥ 161

March 31, 2016	Thousands of U.S. dollars			
	Within 1 year	Over 1 year within 5 yrs	Over 5 years within 10 yrs	Over 10 years
(1) Cash and time deposits	\$ 228,869	\$ —	\$ —	\$ —
(2) Trade receivables—Notes and accounts	1,516,702	95,101	1,118	568
(3) Investments in securities:				
Held-to-maturity securities				
National/Municipal bonds	—	177	—	—
Corporate bonds	—	—	—	—
Other securities w/maturities				
National/Municipal bonds	444	3,115	—	—
Corporate bonds	—	1,154	—	861
Total	\$ 1,746,015	\$ 99,547	\$ 1,118	\$ 1,429

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, 2015 and 2016 are summarized as follows:

(1) Held-to-maturity securities

March 31, 2015	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, 2016	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, 2016	Thousands of U.S. dollars		
	Book value	Fair value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National/Municipal bonds	\$ 177	\$ 186	\$ 9
Corporate bonds	—	—	—
Sub-total	\$ 177	\$ 186	\$ 9
Securities with fair value that does not exceed book value			
National/Municipal bonds	\$ —	\$ —	\$ —
Corporate bonds	—	—	—
Sub-total	\$ —	\$ —	\$ —
Total	\$ 177	\$ 186	\$ 9

(2) Other securities

March 31, 2015	Millions of yen		
	Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	¥ 74,424	¥ 29,294	¥ 45,130
Securities			
National/Municipal bonds	249	221	28
Other	103	100	3
Other	305	297	8
Sub-total	¥ 75,081	¥ 29,912	¥ 45,169
Other securities with book value that does not exceed acquisition cost			
Stocks	¥ 1,196	¥ 1,219	¥ (23)
Securities			
National/Municipal bonds	150	151	(1)
Other	—	—	—
Other	115	116	(1)
Sub-total	¥ 1,461	¥ 1,486	¥ (25)
Total	¥ 76,542	¥ 31,398	¥ 45,144

Note: Unlisted stocks and others of ¥4,758 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.

Notes to the Consolidated Financial Statements

March 31, 2016	Millions of yen		
	Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	¥ 68,019	¥ 30,676	¥ 37,343
Securities			
National/Municipal bonds	384	351	33
Other	104	100	4
Other	—	—	—
Sub-total	¥ 68,507	¥ 31,127	¥ 37,380
Other securities with book value that does not exceed acquisition cost			
Stocks	¥ 1,918	¥ 2,350	¥ (432)
Securities			
National/Municipal bonds	50	50	(0)
Other	—	—	—
Other	495	506	(11)
Sub-total	¥ 2,463	¥ 2,906	¥ (443)
Total	¥ 70,970	¥ 34,033	¥ 36,937

March 31, 2016	Thousands of U.S. dollars		
	Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	\$ 603,647	\$ 272,240	\$ 331,407
Securities			
National/Municipal bonds	3,408	3,115	293
Other	923	887	36
Other	—	—	—
Sub-total	\$ 607,978	\$ 276,242	\$ 331,736
Other securities with book value that does not exceed acquisition cost			
Stocks	\$ 17,022	\$ 20,856	\$ (3,834)
Securities			
National/Municipal bonds	444	444	(0)
Other	—	—	—
Other	4,393	4,490	(97)
Sub-total	\$ 21,859	\$ 25,790	\$ (3,931)
Total	\$ 629,837	\$ 302,032	\$ 327,805

Note: Unlisted stocks and others of ¥4,224 million (\$37,487 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, 2015	Millions of yen		
	Proceeds	Gain	Loss
Stocks	¥ 884	¥ 481	¥ (0)
Securities			
National/Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	400	25	—
Other	363	0	(13)
Total	¥ 1,647	¥ 506	¥ (13)

Year ended March 31, 2016	Millions of yen		
	Proceeds	Gain	Loss
Stocks	¥ 278	¥ 60	¥ (2)
Securities			
National/Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	198	—	(4)
Total	¥ 476	¥ 60	¥ (6)

Year ended March 31, 2016	Thousands of U.S. dollars		
	Proceeds	Gain	Loss
Stocks	\$ 2,467	\$ 532	\$ (18)
Securities			
National/Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	1,757	—	(35)
Total	\$ 4,224	\$ 532	\$ (53)

(4) Impairment loss on other securities

Impairment loss on securities amounted to ¥91 million, including ¥70 million of stocks with market value in other securities, and ¥21 million of affiliates' stocks for the year ended March 31, 2015.

Impairment loss on securities amounted to ¥115 million (\$1,021 thousand), including ¥14 million (\$124 thousand) of stocks with market value in other securities and ¥101 million (\$896 thousand) of affiliates' stocks for the year ended March 31, 2016.

07 Derivative Financial Instruments

Derivative financial instruments as of March 31, 2015 and 2016 are summarized as follows:

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

Currency-related transactions

For the year ended March 31, 2015: Not applicable

For the year ended March 31, 2016: Not applicable

(2) Derivative transactions designated as "hedging instruments"

Interest-rate-related transactions

March 31, 2015	Hedged item	Millions of yen		Fair value
		Contract amount	Contract amount over 1 year	
Deferral accounting as "hedging instruments"				
Interest rate swap transactions	Long-term loans	¥ 20,500	¥ 20,500	See note
—Variable interest received and fixed interest paid				

March 31, 2016	Hedged item	Millions of yen		Fair value
		Contract amount	Contract amount over 1 year	
Deferral accounting as "hedging instruments"				
Interest rate swap transactions	Long-term Non-recourse loans	¥ 32,364	¥ 28,670	See note
—Variable interest received and fixed interest paid				

Notes to the Consolidated Financial Statements

March 31, 2016	Thousands of U.S. dollars			
	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 Non-recourse loans	\$ 287,220	\$ 254,437	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 and non-recourse loans and under the special hedge accounting method for interest rate swaps.

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 basis.

Impairment loss of ¥530 million for the year ended March 31, 2015 is recorded since the book values of the properties have been reduced to the recoverable values due to the decline in the value of 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, 2015. Some recoverable amounts are also determined to be zero when future cash flows are negative.

Impairment loss of ¥770 million (\$6,834 thousand) for the year ended March 31, 2016 is recorded since the book values of the properties have been reduced to the recoverable values due to the decline in the value of 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, 2016. Some recoverable amounts are also determined to be zero when future cash flows are negative.

Impairment losses on fixed assets for the years ended March 31, 2015 and 2016 are summarized as follows:

Years ended March 31	Location	Type of assets	Use	Millions of yen		Thousands of U.S. dollars
				2015	2016	2016
	Osaka	Land and building	For rent	¥ 441	¥ —	\$ —
	Hokkaido	Building	For rent	63	—	—
	Tokyo	Land, building and other	For rent	25	666	5,911
	Ibaraki	Building and other	For rent	—	103	914
	Niigata, and other	Land	Idle assets	1	1	9
			Total	¥ 530	¥ 770	\$ 6,834

09 Inventories

Inventories as of March 31, 2015 and 2016 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Real estate held for sale	¥ 2,210	¥ 2,252	\$ 19,986
Merchandise and finished products	758	1,158	10,277
Construction work in progress	24,279	10,443	92,678
Project costs for development and others	9,351	—	—
Materials in stock	749	820	7,277
Total	¥ 37,347	¥ 14,673	\$ 130,218

Notes: 1. Inventories are written down based on the decreased profitability and ¥1,050 million and ¥50 (\$444 thousand) of losses on write-downs of inventories for the years ended March 31, 2015 and 2016, respectively, are included in "Cost of Sales" in the Consolidated Statements of Income.

2. The amount of construction work in progress is not offset by the allowance for losses on construction contracts and both are presented. The amount of construction work in progress for which an allowance for losses on construction contracts is provided is ¥181 million and ¥160 million (\$1,420 thousand) for the years ended March 31, 2015 and 2016, respectively.

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

Short-term debt and lease obligations due within one year as of March 31, 2015 and 2016 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Bank loans bearing interest with an average rate of 0.7% per annum	¥ 13,789	¥ 37,097	\$ 329,224
Current portion of long-term loans	10,425	8,400	74,548
Current portion of non-recourse loans	—	1,005	8,919
Total short-term debt	¥ 24,214	¥ 46,502	\$ 412,691
Lease obligations due within one year	¥ 232	¥ 375	\$ 3,328
Total	¥ 24,446	¥ 46,877	\$ 416,019

Long-term debt and lease obligations as of March 31, 2015 and 2016 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Corporate bonds			
—Issued by Maeda Corporation			
1.42% 20th series bonds due in 2016	5,000	5,000	44,373
0.85% 21st series bonds due in 2015	10,000	—	—
Yen zero coupon convertible bonds due in 2018	10,034	10,025	88,969
0.43% 22nd series bonds due in 2019	10,000	10,000	88,747
Corporate bonds			
—Issued by Anonymous Association			
Goyozan Solar Power			
3.00% 1st series bonds due in 2019	—	20	178
Sub-total	35,034	25,045	222,267
Long-term loans due in between 2015–2020 bearing interest with an average rate of 1.2% per annum	31,065	32,102	284,895
Long-term non-recourse loans	—	12,175	108,049
	66,099	69,322	615,211
Less—Portion due within one year	(10,425)	(9,405)	(83,466)
Total	¥ 55,674	¥ 59,917	\$ 531,745
Lease obligations due after one year	¥ 1,225	¥ 1,085	\$ 9,629
Total	¥ 56,899	¥ 61,002	\$ 541,374

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 non-recourse debt as of March 31, 2015 and 2016 are as follows:

Year ending March 31	Millions of yen			
	March 31, 2015			
	Short-term debt	Corporate bonds	Long-term debt	Non-recourse debt
2016	¥ 13,789	¥ 10,000	¥ 425	¥ —
2017	—	5,000	3,400	—
2018	—	10,034	11,125	—
2019	—	10,000	10,115	—
2020	—	—	6,000	—
2021 and thereafter	—	—	—	—
Total	¥ 13,789	¥ 35,034	¥ 31,065	¥ —

Notes to the Consolidated Financial Statements

Year ending March 31	Millions of yen			
	March 31, 2016			
	Short-term debt	Corporate bonds	Long-term debt	Non-recourse debt
2017	¥ 37,097	¥ 5,000	¥ 3,400	¥ 1,005
2018	—	10,025	11,125	716
2019	—	10,000	10,114	742
2020	—	—	6,000	754
2021	—	—	—	748
2022 and thereafter	—	20	1,463	8,210
Total	¥ 37,097	¥ 25,045	¥ 32,102	¥ 12,175

Year ending March 31	Thousands of U.S. dollars			
	March 31, 2016			
	Short-term debt	Corporate bonds	Long-term debt	Non-recourse debt
2017	\$ 329,224	\$ 44,373	\$ 30,174	\$ 8,919
2018	—	88,969	98,731	6,354
2019	—	88,747	89,758	6,585
2020	—	—	53,248	6,692
2021	—	—	—	6,638
2022 and thereafter	—	178	12,984	72,861
Total	\$ 329,224	\$ 222,267	\$ 284,895	\$ 108,049

Note: Corporate bonds as of March 31, 2016 include ¥20 million (\$177 thousand) of non-recourse corporate bonds.

The assets pledged as collateral for short-term debt and long-term debt as of March 31, 2015 and 2016 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Securities	¥ 100	¥ 50	\$ 444
Other current assets	127	—	—
Buildings and structures	765	722	6,408
Land	389	389	3,452
Investments in securities	3,169	1,697	15,060
Long-term loan	1,710	—	—
Total	¥ 6,260	¥ 2,858	\$ 25,364

The secured liabilities as of March 31, 2015 and 2016 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Short-term loans	¥ 5,225	¥ 6,500	\$ 57,685
Trade payables	9	9	80
Long-term loans	640	240	2,130
Other long-term liabilities	235	227	2,015
Total	¥ 6,109	¥ 6,976	\$ 61,910

The assets pledged as collateral for non-recourse debt as of March 31, 2015 and 2016 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Cash and bank deposits	¥ —	¥ 1,204	\$ 10,685
Trade receivables	—	241	2,139
Other current assets	—	297	2,636
Buildings and structures	—	932*	8,271
Other fixed assets	—	13,578*	120,501
Land	—	103	914
Investments in securities	—	175	1,553
Total	¥ —	¥ 16,530	\$ 146,699

* ¥136 million (\$1,207 thousand) of the buildings and structures and ¥4,900 million (\$43,486 thousand) of other fixed assets are pledged as a revolving mortgage for factory foundation of consolidated subsidiary.

The Company entered into committed loan facility agreements in the total amount of ¥20,000 million (\$177,494 thousand) with 5 banks. There is no outstanding balance under those agreements as of March 31, 2016.

11 Lease Transactions

Finance lease contracts: (as lessee)

Finance lease contracts that do not transfer ownership

Leased assets include:

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

Depreciation cost of leased assets is computed by:

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

Operating lease contracts:

Outstanding minimum lease payments under non-cancelable operating lease contracts

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
(As lessee)			
Minimum lease payments			
Within one year	¥ 227	¥ 161	\$ 1,428
Over one year	416	258	2,290
Total	¥ 643	¥ 419	\$ 3,718
(As lessor)			
Minimum lease payments			
Within one year	518	518	4,597
Over one year	210	1,165	10,339
Total	¥ 728	¥ 1,683	\$ 14,936

12 Retirement Benefit Plans

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

The Company and its consolidated subsidiaries may 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, 2016, 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.

Defined benefit plans

The changes in the retirement benefit obligation for the years ended March 31, 2015 and 2016 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Balance at the beginning of the year	¥ 52,130	¥ 50,462	\$ 447,835
Cumulative effect of change in accounting principle	(1,923)	—	—
Restated balance at the beginning of the year	50,207	50,462	447,835
Service cost	1,394	1,429	12,682
Interest cost	400	334	2,964
Actuarial gain and loss	936	4,561	40,477
Retirement benefit paid	(2,475)	(2,432)	(21,583)
Balance at the end of the year	¥ 50,462	¥ 54,354	\$ 482,375

Notes to the Consolidated Financial Statements

The changes in plan assets for the years ended March 31, 2015 and 2016 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Balance at the beginning of the year	¥ 28,496	¥ 31,216	\$ 277,032
Expected return on plan assets	285	312	2,769
Actuarial gain and loss	1,768	(1,756)	(15,584)
Contributions by the Company	2,367	2,477	21,983
Retirement benefit paid	(1,700)	(1,748)	(15,513)
Balance at the end of the year	¥ 31,216	¥ 30,501	\$ 270,687

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2015 and 2016 for the Company's and the consolidated subsidiaries' defined benefit plans:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Funded retirement benefit obligation	¥ 39,350	¥ 42,511	\$ 377,272
Plan assets at fair value	(31,216)	(30,501)	(270,687)
	8,134	12,010	106,585
Unfunded retirement benefit obligation	11,112	11,843	105,103
Net liability for retirement benefits in the balance sheets	19,246	23,853	211,688
Liability for retirement benefits	19,246	23,853	211,688
Net liability for retirement benefits in the balance sheets	¥ 19,246	¥ 23,853	\$ 211,688

The components of retirement benefit expense for the years ended March 31, 2015 and 2016 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Service cost	¥ 1,394	¥ 1,429	\$ 12,682
Interest cost	400	334	2,964
Expected return on plan assets	(285)	(312)	(2,769)
Amortization of actuarial gain and loss	2,160	2,092	18,566
Amortization of prior service cost	(983)	(983)	(8,724)
Retirement benefit expense	¥ 2,686	¥ 2,560	\$ 22,719

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2015 and 2016 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Prior service cost	¥ (983)	¥ (983)	\$ (8,724)
Actuarial gain and loss	2,993	(4,225)	(37,495)
Total	¥ 2,010	¥ (5,208)	\$ (46,219)

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2016 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Unrecognized prior service cost	¥ 3,964	¥ 2,981	\$ 26,455
Unrecognized actuarial gain and loss	(8,084)	(12,310)	(109,247)
Total	¥ (4,120)	¥ (9,329)	\$ (82,792)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2016 are as follows:

March 31	2015	2016
Bonds	59.1%	52.5%
Stocks	28.5%	27.9%
Cash on hand in banks	3.1%	9.1%
Other	9.3%	10.5%
Total	100.0%	100.0%

The expected return on plan 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	2015	2016
Discount rates ⁽¹⁾	0.8%	0.1%
Discount rates of a subsidiary ⁽²⁾	0.6%	0.6%
Expected rates of return on plan assets	1.0%	1.0%
Expected rates of salary increase	4.6%	5.2%
Expected rates of salary increase of a subsidiary	1.5%–2.0%	1.5%–2.0%

Notes: 1. The rates are presented based on the benefit formula method, using a weighted-average discount rate reflecting the expected timing and amount of benefit payments.

2. The subsidiary employs the benefit formula method, using a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

The Company and its consolidated subsidiaries contributions for the years ended March 31, 2015 and 2016 were ¥493 million and ¥494 million (\$4,384 thousand), respectively, to the defined pension plans.

The subsidiary participates in a multi-employer pension plan. The funded status of the multi-employer pension plan for the years ended March 31, 2015 and 2016, for which contributions are recorded as net periodic retirement benefit costs, is as follows.

Contributions made to the multi-employer pension plan for the years ended March 31, 2015 and 2016 were ¥82 million and ¥32 million (\$284 thousand), respectively.

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Fair value of plan assets	¥ 245,222	¥ 270,328	\$ 2,399,077
Total amount of actuarial loss on past service liability and minimum actuarial reserve ⁽¹⁾	242,526	260,102	2,308,324
Difference	¥ 2,696	¥ 10,226	\$ 90,753

Note: This item was presented as policy reserve for the year ended March 31, 2015.

The subsidiary's contribution ratios for the multi-employer pension plan for the years ended March 31, 2015 and 2016 were 1.03% and 1.03%, respectively.

The above difference for the year ended March 31, 2015 was due to the actuarial loss on past service liability of ¥11,199 million and the voluntary reserve of ¥13,895 million, and for the year ended March 31, 2016 was due to the actuarial loss on past service liability of ¥10,364 million (\$91,977 thousand) and the voluntary reserve of ¥20,590 million (\$182,730 thousand).

The amortization of past service liability of the plan is amortized by the straight-line method, and the Company and its consolidated subsidiaries present the amortization as special cost of ¥14 million and ¥16 million (\$142 thousand) for the years ended March 31, 2015 and 2016, respectively, on the consolidated financial statements for the year ended March 31, 2016. The contribution ratios described above do not match the actual percentage of contributions made by the Company and its consolidated subsidiaries.

The resolution for dissolving the pension fund was passed at the meeting of representatives of the fund on March 2, 2016.

Notes to the Consolidated Financial Statements

13 Income Taxes

Significant components of deferred tax assets and liabilities as of March 31, 2015 and 2016 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Deferred tax assets:			
Net loss carried forward	¥ 6,332	¥ 3,994	\$ 35,446
Liability for retirement benefits	5,018	4,566	40,522
Write-down of inventories and other	4,363	4,102	36,404
Impairment loss on fixed assets	3,254	3,256	28,896
Allowance for doubtful accounts	2,011	1,530	13,578
Allowance for losses on construction contracts	1,209	579	5,138
Unrealized inter-company profit of fixed assets	231	589	5,227
Other	3,944	4,238	37,611
Total	26,362	22,854	202,822
Less—Valuation allowance	(25,525)	(21,388)	(189,812)
Deferred tax assets	837	1,466	13,010
Deferred tax liabilities:			
Unrealized gain on investment	(13,866)	(10,666)	(94,657)
Other	(191)	(418)	(3,710)
Total deferred tax liabilities	(14,057)	(11,084)	(98,367)
Net deferred tax liabilities	¥ (13,220)	¥ (9,618)	\$ (85,357)

The details of the difference between the statutory tax rate and effective income tax rate for the years ended March 31, 2015 and 2016 are as follows:

March 31	2015	2016
Statutory tax rate	35.6%	33.1%
Changes in the tax rate resulting from:		
Non-deductible expenses	1.9	1.9
Non-taxable income	(0.8)	(0.6)
Per capita levy	1.2	0.9
Investment profit on equity method	(7.9)	(7.1)
Less-Valuation allowance and other	(11.2)	(13.7)
Effective income tax rate	18.8%	14.5%

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 13 of 2016) were promulgated on March 29, 2016. As a result, the effective statutory tax rate used to measure the Company’s deferred tax assets and liabilities was changed from 32.3% to 30.9% for the temporary differences expected to be realized or settled during the year starting from April 1, 2016 and the year starting from April 1, 2017. The effective statutory tax rate for the temporary differences expected to be realized or settled during the year starting from April 1, 2018 was changed to 30.6%. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥582 million (\$5,165 thousand) and accumulated retirement benefits liability adjustments by ¥21 million (\$186 thousand), increase unrealized gain on securities by ¥598 million (\$5,307 thousand), deferred income tax expense by ¥16 million (\$142 thousand) as of and for the year ended March 31, 2016.

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, 2015 and 2016 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Endorsed trade notes receivable	¥ 1,197	¥ 1,306	\$ 11,590
Guarantees on securitized trade notes receivable	2,292	2,566	22,773
Loan guarantee for Asai Construction Co., Ltd.	1,435	1,370	12,158
Letters of guarantee for affiliates			
Toyo Construction Co., Ltd.	4,993	2,553	22,657
Maeda Vietnam Co., Ltd.	243	459	4,074
Down payment guarantee for condominium-purchaser Global L-Seed Co., Ltd	—	133	1,180
Total	¥ 10,160	¥ 8,387	\$ 74,432

16 Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses in the consolidated statements of income for the years ended March 31, 2015 and 2016 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Salaries to employees	¥ 9,228	¥ 9,435	\$ 83,733
Experimental research costs	1,995	2,262	20,075
Retirement benefit expenses	994	878	7,792
Provision for bonuses for employees	1,125	1,242	11,022
Provision for doubtful accounts	(216)	(1,193)	(10,588)
Provision for bonuses for directors	99	98	870

17 Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2015 and 2016 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Research and development expenses	¥ 1,812	¥ 1,997	\$ 17,723

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, 2015 and 2016 amounted to ¥1,271 million and ¥1,267 million (\$11,244 thousand), respectively.

Notes to the Consolidated Financial Statements

19 Gain on Sale of Fixed Assets

The details of gain on sale of fixed assets for the years ended March 31, 2015 and 2016 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Building	¥ 2,445	¥ 11	\$ 98
Land	183	29	257
Others	0	9	80
Total	¥ 2,628	¥ 49	\$ 435

20 Reduction entry Resulting from Government Subsidy

Deferred tax assets excluded from the acquisition cost of tangible fixed assets due to receiving government subsidies are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Machinery, equipment, vehicles, tools, furniture, and fixtures	¥ —	¥ 1,259	\$ 11,173
Land	—	43	382
Total	¥ —	¥ 1,302	\$ 11,555

21 Consolidated Statements of Comprehensive Income

The reclassification adjustments and tax effects associated with other comprehensive income for the years ended March 31, 2015 and 2016 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Unrealized gain (loss) on investments in securities			
Recognized amount for the year	¥ 15,656	¥ (8,219)	\$ (72,941)
Amount of reclassification adjustments	(257)	(5)	(44)
Before tax effect adjustment	¥ 15,399	¥ (8,224)	\$ (72,985)
Amount of tax effect	(3,932)	3,195	28,354
Sub-total	¥ 11,467	¥ (5,029)	\$ (44,631)
Foreign currency translation adjustment			
Recognized amount for the year	118	(116)	(1,029)
Amount of reclassification adjustments	—	—	—
Sub-total	¥ 118	¥ (116)	\$ (1,029)
Liability for retirement benefits adjustment			
Recognized amount for the year	¥ 784	¥ (6,317)	\$ (56,061)
Amount of reclassification adjustments	1,226	1,109	9,842
Before tax effect adjustment	¥ 2,010	¥ (5,208)	\$ (46,219)
Amount of tax effect	—	—	—
Sub-total	¥ 2,010	¥ (5,208)	\$ (46,219)
Share of other comprehensive income (loss) of the companies accounted for by equity method			
Recognized amount for the year	¥ 523	¥ (1,469)	\$ (13,037)
Amount of reclassification adjustments	338	215	1,908
Sub-total	¥ 861	¥ (1,254)	\$ (11,129)
Total other comprehensive income (loss)	¥ 14,456	¥ (11,607)	\$ (103,008)

(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, 2014	185,214	7,941
Increase during the year	—	3
Decrease during the year	—	—
Number of shares as of March 31, 2015	185,214	7,944

Note: The increase in treasury stock of 3,000 shares of common stock consisted of 3,000 due to the purchase of less-than-one-unit shares and 1,000 due to the change of the Company's equity holdings in subsidiaries and affiliates.

	Thousands of shares	
	Outstanding stock	Treasury stock
	Type	Common stock
Number of shares as of April 1, 2015	185,214	7,944
Increase during the year	—	4
Decrease during the year	—	—
Number of shares as of March 31, 2016	185,214	7,948

Note: The increase in treasury stock of 3,000 shares of common stock consisted of 3,000 due to the purchase of less-than-one-unit shares and 1,000 due to the change of the Company's equity holdings in subsidiaries and affiliates.

(2) Zero coupon convertible bonds

The Company issued yen zero coupon convertible bonds due in 2018 as follows:

	Thousands of shares	
	Outstanding stock	Treasury stock
	Type	Common stock
Number of shares as of March 31, 2015	—	12,706
Increase during the year	—	—
Decrease during the year	—	—
Number of shares as of March 31, 2016	—	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 transferred in the event that conversion options were exercised.

(3) Dividends

Cash dividends distributed during the year ended March 31, 2015

Cash dividends of ¥7.0 per common share at March 31, 2014 in a 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 26, 2014.

Cash dividends distributed during the year ended March 31, 2016

Cash dividends of ¥9.0 (\$0.07) per common share at March 31, 2015 in a total amount of ¥1,595 million (\$14,155 thousand) out of retained earnings were distributed to shareholders subject to the resolution of the general shareholders meeting held on June 24, 2015.

Cash dividends to be distributed during the year ending March 31, 2016

Cash dividends of ¥11.0 (\$0.10) per common share at March 31, 2016 in a total amount of ¥1,950 million (\$17,306 thousand) out of retained earnings are to be distributed to shareholders subject to the resolution of the general shareholders meeting held on June 24, 2016.

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

Notes to the Consolidated Financial Statements

23 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, 2015 and 2016 as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
"Cash and time deposits"	¥ 26,252	¥ 25,789	\$ 228,869
Less—Time deposits over 3 months	(273)	(320)	(2,840)
Cash and cash equivalents at end of the year	¥ 25,979	¥ 25,469	\$ 226,029

24 Investment and Rental Properties

The Company and its consolidated subsidiaries own rental properties such as office buildings, complex facilities and others in Tokyo, Fukuoka prefecture, and the other major cities throughout Japan. Profits on rental properties are ¥406 million and ¥641 million (\$5,689 thousand), gain on sale of fixed assets are ¥2,609 million and ¥39 million (\$346 thousand), and impairment loss on fixed assets are ¥530 million and ¥770 million (\$6,834 thousand) for the years ended March 31, 2015 and 2016, 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, 2015 and 2016 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Book value as of March 31, 2014	¥ 30,891		
Increase (decrease) during the year	(12,882)		
Book value as of March 31, 2015	¥ 18,009	¥ 18,009	\$ 159,824
Increase (decrease) during the year		(5,458)	(48,438)
Book value as of March 31, 2016		¥ 12,551	\$ 111,386
Fair value as of the year end	¥ 28,253	¥ 22,236	\$ 197,338

- Notes: 1. Book value represents the acquisition cost less accumulated depreciation cost and cumulative impairment loss.
 2. Decrease in book value results mainly from the sale of rental building in the amount of ¥13,325 million, and impairment loss in the amount of ¥530 million for the year ended March 31, 2015. Increase in book value results mainly from acquisition of rental building in the amount of ¥1,236 million for the year ended March 31, 2015.
 Decrease in book value results mainly from the sale of rental building in the amount of ¥5,270 million (\$46,770 thousand), and impairment loss in the amount of ¥770 million (\$6,834 thousand) for the year ended March 31, 2016.
 3. Fair values of main properties are based on real property appraisal from independent real estate appraisers.

(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:

BuildingContract work for building and other related services
 Civil engineeringContract work for civil engineering and other related services
 Real estateSales 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

Year ended March 31, 2015	Millions of yen					Consolidated statements of operations
	Building	Civil engineering	Real estate	Other	Adjustment	
Net sales						
Sales to outside customers	¥ 245,344	¥ 124,818	¥ 2,867	¥ 32,348	¥ —	¥ 405,377
Inter-segment sales	928	354	16	3,236	(4,534)	—
Total	246,272	125,172	2,883	35,584	(4,534)	405,377
Profit (loss) by segment	¥ 6,290	¥ 3,760	¥ (206)	¥ 1,296	¥ (161)	¥ 10,979
Other						
Depreciation	¥ 1,548	¥ 929	¥ 351	¥ 1,721	¥ (35)	¥ 4,514
Impairment loss on fixed assets	—	—	530	0	—	530

Notes: 1. "Adjustment" of "Profit (loss) by segment" included ¥161 million of inter-segment transactions.
 2. "Profit (loss) by segment" was adjusted in accordance with the Operating profit (loss) of Consolidated Statements of Income.
 3. The amount of assets in each segment was not listed since corporate assets were not allocated to each segment.

Year ended March 31, 2016	Millions of yen					Consolidated statements of operations
	Building	Civil engineering	Real estate	Other	Adjustment	
Net sales						
Sales to outside customers	¥ 253,027	¥ 131,965	¥ 20,445	¥ 36,286	¥ —	¥ 441,723
Inter-segment sales	512	16,498	28	2,396	(19,434)	—
Total	253,539	148,463	20,473	38,682	(19,434)	441,723
Profit (loss) by segment	¥ 10,885	¥ 6,691	¥ 459	¥ 1,769	¥ (1,101)	¥ 18,703
Other						
Depreciation	¥ 1,758	¥ 1,249	¥ 206	¥ 2,694	¥ (131)	¥ 5,776
Impairment loss on fixed assets	—	—	769	1	—	770

Notes to the Consolidated Financial Statements

Year ended March 31, 2016	Thousands of U.S. dollars					Consolidated statements of operations
	Building	Civil engineering	Real estate	Other	Adjustment	
Net sales						
Sales to outside customers	\$ 2,245,536	\$ 1,171,148	\$ 181,443	\$ 322,027	\$ —	\$ 3,920,154
Inter-segment sales	4,544	146,415	248	21,264	(172,471)	—
Total	2,250,080	1,317,563	181,691	343,291	(172,471)	3,920,154
Profit (loss) by segment	\$ 96,601	\$ 59,381	\$ 4,073	\$ 15,699	\$ (9,771)	\$ 165,983
Other						
Depreciation	\$ 15,602	\$ 11,085	\$ 1,828	\$ 23,908	\$ (1,163)	\$ 51,260
Impairment loss on fixed assets	—	—	6,825	9	—	6,834

Notes: 1. "Adjustment" of "Profit (loss) by segment" includes ¥1,101 million (\$9,771 thousand) of inter-segment transactions.
 2. "Profit (loss) by segment" is adjusted in accordance with the Operating profit (loss) of Consolidated Statements of Income.
 3. The amount of assets in each segment is not listed since corporate assets were not allocated to each segment.

(2) Related information

1) Products and services segment information

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

2) Geographic segment information

(a) Sales

The disclosure of geographic segment information is omitted since the amount of sales to outside customers in Japan for the years ended March 31, 2015 and 2016 exceeds 90% of the sales in the Consolidated Statements of Income.

(b) Fixed assets

The disclosure of geographic segment information is omitted since the amount of fixed assets in Japan as of March 31, 2015 and 2016 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, 2015 and 2016 is not more than 10% of the sales to outside customers in the Consolidated Statements of Income.

(3) Impairment loss on fixed assets by segment

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Building	¥ —	¥ —	\$ —
Civil engineering	—	—	—
Real estate	530	769	6,825
Other	0	1	9
Adjustment	—	—	—
Total	¥ 530	¥ 770	\$ 6,834

(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.

(1) Related party transactions

Transactions with a related party for the years ended March 31, 2015 and 2016 are as follows:

For the year ended March 31, 2015;

Related party : Fukkoshidaichi Wind Development Co., Ltd.
 Classification : Subsidiary
 Location : Chiyoda-ku, Tokyo, Japan
 Capital : ¥505 million
 Type of business : Electricity generation
 Voting rights held : 60.0% directly by the Company
 Nature of transaction : Facility construction
 Amount of transaction : ¥10,838 million
 Account : Advances on construction work in progress
 Balance at end of year : ¥4,840 million

Related party : Anonymous Association—Goyozan Solar Power
 Classification : Subsidiary
 Location : Ofunato-shi, Iwate, Japan
 Type of business : Electricity generation
 Nature of transaction : Facility construction
 Amount of transaction : ¥6,402 million
 Account : Advances on construction work in progress
 Balance at end of year : ¥6,024 million

Related party : Toyo Construction Co., Ltd.
 Classification : Affiliate
 Location : Chuo-ku, Osaka, Japan
 Capital : ¥14,049 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 : ¥4,993 million

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

For the year ended March 31, 2016;

Not applicable

(2) Major affiliate

Maeda Road Construction Co., Ltd. is a major affiliate as of March 31, 2015 and 2016, and a summary of its financial statements as of March 31, 2015 and 2016 and for the years then ended is as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Total current assets	¥ 128,728	¥ 140,165	\$ 1,243,921
Total non-current assets	91,839	94,496	838,623
Total current liabilities	¥ 45,248	¥ 46,067	\$ 408,830
Total long-term liabilities	10,713	12,662	112,371
Total net assets	¥ 164,606	¥ 175,932	\$ 1,561,342
Net sales	¥ 224,607	¥ 221,141	\$ 1,962,558
Profit before income taxes	21,990	25,900	229,854
Net profit	13,443	16,248	144,196

Notes to the Consolidated Financial Statements

27 Per Share Information

March 31	Yen		U.S. dollars
	2015	2016	2016
Net assets per share	¥ 861.93	¥ 886.35	\$ 7.87
Earnings per share	76.74	98.75	0.88
Diluted earnings per share	71.57	92.11	0.82

The above information is calculated based on the following:

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Profit attributable to owners of parent	¥ 13,603	¥ 17,506	\$ 155,360
Amount not attributable to common shareholders	—	—	—
Net profit attributable to common shareholders	¥ 13,603	¥ 17,506	\$ 155,360

	Thousands of shares	
	For the years ended March 31	
	2015	2016
Average number of shares	177,271	177,268

March 31	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Adjustment to diluted earnings per share	¥ 6	¥ 6	\$ 53
Interest received	(6)	(6)	(53)

	Thousands of shares	
	For the years ended March 31	
	2015	2016
Increase in number of shares	12,706	12,706
Zero coupon convertible bonds	(12,706)	(12,706)
Overview of residual securities not included in the calculation of diluted earnings per share as they have no dilutive effect	—	—



Ernst & Young ShinNihon LLC
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Fax: +81 3 3503 1197
www.shinnihon.or.jp

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, 2016 and 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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, 2016 and 2015, 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 23, 2016
Tokyo, Japan

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Directory Overseas

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Mexico Office

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Principal Subsidiaries and Affiliates

Overseas:

THAI MAEDA CORPORATION LTD.

18th Floor Thaniya Plaza Building,
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Fax: 66-2-231-2473

MAEDA VIETNAM CO., LTD.

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Ben Nghe Ward, District 1,
Ho Chi Minh City, Vietnam
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Fax: 84-8-3936-9111

MAEDA CORPORATION INDIA PRIVATE LTD.

401-402, 4/F., DLF South Court,
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Fax: 91-11-4973-8899

MAEDA (SHENZHEN) CONSTRUCTION TECHNOLOGY CO., LTD.

Room B1117 Annex Golden Central
Tower, 3037 Jintian Rd, Futian District,
Shenzhen 518048, China
Tel: 86-755-8278-4910
Fax: 86-755-8278-4920

GKMC CONSTRUCTION AND CONSULTING INC.

Tekstilkent Koza Plaza A Blok K:34
34235 Esenler/Istanbul, Turkey
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.
- FBS Co., Ltd.
- Miyama Kogyo Co., Ltd.
- JM Corporation
- Koho Co., Ltd.

Corporate Information

Outline of the Corporation

(As of March 31, 2016)

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.

40100-01-008789
(With Tokyo Legal Affairs Bureau)

Number of Employees

2,857 (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 24, 2016)



**Chairman and
Representative Director**
Koichi Obara



**President and
Representative Director**
Soji Maeda



**Representative Director and
Executive Vice President**
Kojiro Fukuta



**Director and
Executive Vice President**
Makoto Nagao



**Director and
Senior Managing Officer**
Yoshihiko Hayasaka



**Director and
Senior Managing Officer**
Shogo Sekimoto



**Director and
Senior Managing Officer**
Toshiaki Shoji



**Director and
Senior Managing Officer**
Hiromi Adachi



**Director and
Senior Managing Officer**
Seiichi Kondo



**Director and
Managing Officer**
Kazunari Kibe



**Director and
Managing Officer**
Naoya Okawa



Outside Director
Toru Hambayashi



Outside Director
Akira Watanabe

Board of Auditors

(As of June 24, 2016)

Corporate Auditors

Yutaka Tokui
Hideyuki Wada
Shiro Ogasahara
Masaru Matsuzaki (Outside Auditor)
Motohiro Sato (Outside Auditor)

Executive Officers

(As of June 24, 2016)

Senior Managing Officer

Yuji Hatakama

Managing Officers

Yasuhiko Imaizumi
Tadayuki Kozakai
Shigemi Shoji
Takao Nakanishi
Nobuyuki Nakashima

Executive Officers

Tetsuji Nishimoto
Hiroyuki Yanagita

Nobuya Hirakawa
Yoichi Kawashima
Masakazu Noguchi
Akira Fujiwara
Masamori Nagashige
Katsuzo Kamikuri
Michio Yamada
Toshimasa Suwa
Katsumi Igarashi
Yasuyuki Ishiguro
Hiroyuki Hata
Tetsuya Mishima
Satoru Tahara

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