Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Kajima Corporation (the "Company") and its consolidated subsidiaries (together, the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRSs).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82 to $1, the approximate rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2012 include the accounts of the Company and its 93 (89 in 2011) significant subsidiaries.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Another 46 (47 in 2011) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 50 (51 in 2011) affiliates were accounted for using the equity method.

(The Company, its subsidiaries and affiliates are collectively referred to as "the Group".)

Goodwill, the excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary or affiliate at the date of acquisition, is being amortized over a period of 5 years. Negative goodwill, which was generated on or before March 31, 2010, is being amortized over a period of 5 years.

All significant inter-company balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from inter-company transactions is also eliminated.

On March 29, 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Implementation Guidance No. 15, "Implementation Guidance on Disclosures about Certain Special Purpose Entities". This standard permits companies to avoid consolidation of certain special purpose entities which were established and are being operated for the purpose of liquidation of real estate. The Company had 3 special purpose entities (4 in 2011) which are not consolidated under Guidance No. 15 as of March 31, 2012. The total assets and liabilities of such special purpose entities as of March 31, 2012 and 2011 were ¥45,886 million ($559,585 thousand) and ¥62,799 million, ¥45,875 million ($559,451 thousand) and ¥62,779 million, respectively. The Company purchased real estate of ¥10,115 million ($123,354 thousand) in aggregate from special purpose entities and received a refund of investment in a special purpose entity of ¥660 million ($8,049 thousand) during the year ended March 31, 2012. In addition, the Company recognized lease payments of ¥4,101 million ($50,012 thousand) and ¥4,841 million based on lease agreements of real estate for the years ended March 31, 2012 and 2011, respectively. The investment in anonymous association was ¥5,986 million ($73,000 thousand) and ¥10,253 million, respectively, and its related distributed profit was ¥2,798 million ($34,122 thousand) including profit due to liquidation of a special purpose entity and ¥499 million, respectively, as of and for the years ended March 31, 2012 and 2011.

The breakdown and changes of fully consolidated companies and companies accounted for using the equity method are summarized below:

(1) Breakdown as of March 31, 2012

1) Number of consolidated subsidiaries:	93: Kajima Road Co., Ltd., Chemical Grouting Co., Ltd., Kajima Leasing Corporation, Kajima Mechatro Engineering Co., Ltd., Taiko Trading Co., Ltd., Kajima U.S.A. Inc. (KUSA) and its 25 subsidiaries, Kajima Europe Ltd. (KEL) and its 17 subsidiaries, Kajima Europe B.V. (KE) and its 4 subsidiaries, Kajima Europe U.K. Holding Ltd. (KEUK) and its 11 subsidiaries, Kajima Overseas Asia Pte. Ltd. (KOA) and its 19 subsidiaries and 7 subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method:	46: ARTES Corporation, Japan Sea Works Co., Ltd. and 44 other companies
3) Number of affiliates accounted for using the equity method:	50: Katabami Kogyo Co., Ltd., Yaesu Book Center Co., Ltd., and 48 other companies

(2) Changes for the year ended March 31, 2012

1) Newly consolidated companies:	2 subsidiaries of KEL and 6 subsidiaries of KOA due to new establishments, new acquisition of control and transfer from unconsolidated subsidiaries
2) Companies excluded from consolidation:	Platanus Special Purpose Company, 2 subsidiaries of KUSA and 1 subsidiary of KEUK due to liquidation
3) Companies newly accounted for using the equity method:	3 subsidiaries and 4 affiliates due to acquisition and new establishments
4) Companies excluded from the equity method:	4 subsidiaries and 5 affiliates due to merger, liquidation, sales of shares and transfer to consolidated companies

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No. 18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements”. PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either IFRSs or the generally accepted accounting principles in the United States (“U.S. GAAP”) tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and 5) exclusion of minority interests from net income, if contained in net income.

c. Unification of Accounting Policies Applied to Foreign Affiliates for the Equity Method — On March 10, 2008, the ASBJ issued ASBJ Statement No. 16, “Accounting Standard for Equity Method of Accounting for Investments”. The new standard requires adjustments to be made to conform the affiliate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate’s financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliates in accordance with either IFRSs or U.S. GAAP tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and 5) exclusion of minority interests from net income, if contained in net income.

d. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificate of deposits, all of which mature or become due within three months of the date of acquisition.

e. Inventories — Construction projects in progress are stated at cost as determined on a specific project basis. Related general and administrative expenses and financial charges are principally excluded from such costs.

On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

As a result of applying the measurement guidance, gross profit for the years ended March 31, 2012 and 2011 decreased by ¥2,217 million ($27,037 thousand) and ¥2,821 million, respectively.

However, in the case of certain overseas subsidiaries, construction projects in progress, development projects in progress and real estate for sale are stated at cost, when not in excess of net realizable value.

f. Capitalization of Interest — Interest costs incurred for real estate development projects (including property and equipment) conducted by certain overseas subsidiaries have been capitalized as a part of the development cost of such projects. Interest expense capitalized was ¥643 million ($7,841 thousand) and ¥672 million for the years ended March 31, 2012 and 2011, respectively.

g. Marketable Securities, Operational Investments in Securities and Investments in Securities — Marketable securities, operational investments in securities and investments in securities are classified and accounted for, depending on management's intent, as follows:

(1) Trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings;

(2) Held-to-maturity debt securities, for which there is the positive intent and ability to hold to maturity, are reported at amortized cost;

(3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

All securities held by the Companies are classified as available-for-sale securities. The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at amortized cost or at cost determined by the moving-average method according to their nature. For other-than-temporary declines in fair value, available-for-sale securities are reduced to net realizable value by a charge to income.

h. Property and Equipment — Property and equipment are principally stated at cost, net of accumulated depreciation. Depreciation has been principally computed using the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998.

The estimated useful lives for buildings and structures range from 2 to 50 years, and for machinery, equipment and other, range from 2 to 20 years.

However, in the accounts of certain overseas subsidiaries, depreciation is principally calculated using the straight-line method over the estimated useful lives of the respective assets.

Accumulated depreciation totaled ¥256,841 million ($3,132,207 thousand) and ¥250,819 million as of March 31, 2012 and 2011, respectively.

i. Long-Lived Assets — The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Allowance for Doubtful Accounts — Allowance for doubtful accounts provided by the Company and its consolidated domestic subsidiaries is stated in amounts considered to be appropriate based on each company's past credit loss experience and an evaluation of potential losses in the receivables and others outstanding. However, the consolidated overseas subsidiaries provide for such possible losses using management's estimate.

k. Retirement Benefits — Under the employees' retirement benefit plans, the Company, its consolidated domestic subsidiaries and certain overseas subsidiaries have funded and/or unfunded retirement benefit plans covering all of their employees. Certain overseas subsidiaries have defined contribution plans.

The liability for employees' retirement benefits is based on projected benefit obligations and plan assets at the balance sheet date in conformity with the accounting standard for employees' retirement benefits.

l. Asset Retirement Obligations — On March 31, 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Construction Contracts — On December 27, 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts". Under this accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

In the consolidated overseas subsidiaries, construction projects are principally recorded using the percentage-of-completion method.

The revenues posted by way of the percentage-of-completion method for the years ended March 31, 2012 and 2011 were ¥1,055,602 million ($12,873,195 thousand) and ¥970,298 million, respectively.

The Companies provided for foreseeable losses on a contract backlog which was recorded in other current liabilities. The accrual for foreseeable losses on the contract backlog was ¥26,974 million ($328,951 thousand) and ¥21,254 million as of March 31, 2012 and 2011, respectively.

n. Costs of Research and Development and Debenture Issuance — All research and development costs and debenture issuance costs are charged to income as incurred. Costs of research and development for the years ended March 31, 2012 and 2011 totaled ¥9,169 million ($111,817 thousand) and ¥9,711 million, respectively.

o. Leases — On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for financial years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be measured at the obligations under finance leases at the transition date and recorded as acquisition cost of lease assets.

The Company and its consolidated domestic subsidiaries applied the revised accounting standard effective April 1, 2008. In addition, the Company and its consolidated domestic subsidiaries accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as acquisition cost of lease assets measured at the obligations under finance leases at the transition date.

All other leases are accounted for as operating leases.

p. Bonuses to Directors — Bonuses to directors are accrued at the year-end to which such bonuses are attributable.

q. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income taxes are measured by applying currently enacted tax laws to the temporary differences.

The Company files a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

r. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts or currency swaps.

s. Foreign Currency Financial Statements — The balance sheet accounts and revenue and expense accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of each balance sheet date except for equity, which is translated at the historical exchange rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

t. Derivatives and Hedging Activities — The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency swaps and interest rate swaps are principally utilized by the Companies to reduce the risks arising from the factors mentioned above. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

(1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income, and

(2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The derivative instruments applied for forecasted or committed transactions are measured at fair value, but the unrealized gains/losses are deferred until the underlying transactions are completed.

The monetary debts and credits denominated in foreign currencies, for which foreign exchange forward contracts or currency swaps are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts or currency swaps qualify for hedge accounting.

Interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differential paid or received under the swap agreements is charged to income.

u. Per Share Information — Basic net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because the Companies have nothing which might dilute the per share information for the years ended March 31, 2012 and 2011.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the financial year.

v. Accounting Changes and Error Corrections — On December 4, 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors

When an error in prior-period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the financial year that begins on or after April 1, 2011.

3. MARKETABLE SECURITIES, OPERATIONAL INVESTMENTS IN SECURITIES AND INVESTMENTS IN SECURITIES

Marketable securities, operational investments in securities and investments in securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Current:			
Government and corporate bonds	**¥ 91**	¥ 189	**$ 1,110**
Fund trusts and other	**16,790**	18,496	**204,756**
Total	**¥ 16,881**	¥ 18,685	**$ 205,866**
Non-Current:			
Equity securities	**¥157,249**	¥150,116	**$1,917,671**
Government and corporate bonds	**1,751**	1,607	**21,354**
Fund trusts and other	**19,192**	26,993	**234,048**
Total	**¥178,192**	¥178,716	**$2,173,073**

The costs and aggregate fair values regarding the category of the securities classified as available-for-sale as of March 31, 2012 and 2011 were as follows:

As of March 31, 2012	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**¥106,659**	**¥49,309**	**¥(8,595)**	**¥147,373**
Government and corporate bonds	**1,810**	**33**	**(1)**	**1,842**
Fund trusts and other	**2,044**	**117**	**(70)**	**2,091**
Total	**¥110,513**	**¥49,459**	**¥(8,666)**	**¥151,306**

As of March 31, 2011	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥106,348	¥41,573	¥(7,770)	¥140,151
Government and corporate bonds	1,784	12	(0)	1,796
Fund trusts and other	1,100	119	(69)	1,150
Total	¥109,232	¥41,704	¥(7,839)	¥143,097

As of March 31, 2012	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**$1,300,720**	**$601,329**	**$(104,817)**	**$1,797,232**
Government and corporate bonds	**22,073**	**402**	**(12)**	**22,463**
Fund trusts and other	**24,927**	**1,427**	**(854)**	**25,500**
Total	**$1,347,720**	**$603,158**	**$(105,683)**	**$1,845,195**

The above figure includes marketable equity securities temporarily lent to financial institutions based on a securities lending agreement in the amount of ¥329 million ($4,012 thousand) and ¥41,179 million as of March 31, 2012 and 2011, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2012 and 2011 was as follows:

As of March 31, 2012	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**¥336**	**¥53**	**¥(1)**
Government and corporate bonds	**164**	**1**	**(0)**
Total	**¥500**	**¥54**	**¥(1)**

As of March 31, 2011	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥1,116	¥145	¥(832)
Government and corporate bonds	309	3	(0)
Total	¥1,425	¥148	¥(832)

As of March 31, 2012	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**$4,098**	**$647**	**$(12)**
Government and corporate bonds	**2,000**	**12**	**(0)**
Total	**$6,098**	**$659**	**$(12)**

The impairment losses on available-for-sale securities were ¥7,210 million ($87,927 thousand), of which ¥6,792 million ($82,829 thousand) was included in valuation loss on marketable and investment securities and ¥418 million ($5,098 thousand) was included in cost of revenues of real estate and other, for the year ended March 31, 2012 and ¥2,657 million, of which ¥1,524 million was included in valuation loss on marketable and investment securities and ¥1,133 million was included in cost of revenues of real estate and other, for the year ended March 31, 2011.

4. REVALUATION OF LAND

Under the "Law of Land Revaluation", the Company and a domestic subsidiary adopted a one-time revaluation of their own-use land in Japan to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As of March 31, 2012, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥4,459 million ($54,378 thousand).

5. LONG-LIVED ASSETS

For the year ended March 31, 2012, the Company recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for rent	Land, Buildings and structures	Hiroshima Prefecture	1

For purposes of evaluating and measuring impairment, assets used for rent are individually evaluated.

The carrying amount of a certain asset used for rent was devalued to its recoverable amount, due to a substantial decline in its profitability.

As a result, the Company recognized an impairment loss of ¥5,828 million ($71,073 thousand) for the year ended March 31, 2012.

The recoverable amount of such an asset was measured at the anticipated net selling price at disposition. The Company principally used appraisal value, less the cost of disposal, for calculating net selling price at disposition.

For the year ended March 31, 2011, the Company and a consolidated domestic subsidiary recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business	Land, Buildings and structures, Machinery, equipment and other, Others	Aichi Prefecture and others	5
Assets used for rent	Land, Buildings and structures	Kagawa Prefecture	1

For purposes of evaluating and measuring impairment, assets used for business are considered to constitute a group by each branch. Assets used for rent are individually evaluated.

The carrying amounts of certain assets used for business and asset used for rent were devalued to their recoverable amounts, due to substantial declines in their fair market value and profitability.

As a result, the Company and a consolidated domestic subsidiary recognized an impairment loss of ¥477 million, which consisted of assets used for business of ¥181 million and asset used for rent of ¥296 million for the year ended March 31, 2011.

The recoverable amounts of such assets were measured at the anticipated net selling price at disposition. The Company and a consolidated domestic subsidiary principally used appraisal value, less the cost of disposal, for calculating net selling price at disposition.

6. INVESTMENT PROPERTY

The Company and consolidated subsidiaries own certain rental properties such as office buildings and commercial facilities in Tokyo, other areas in Japan and overseas (Indonesia, United Kingdom and others). The net of rental income and operating expenses for those rental properties was ¥5,968 million ($72,780 thousand), gain on sales or disposals of property and equipment—net was ¥24 million ($293 thousand) and loss on impairment of long-lived assets was ¥5,828 million ($71,073 thousand) for the year ended March 31, 2012. The net of rental income and operating expenses for those rental properties was ¥7,349 million, loss on sales or disposals of property and equipment—net was ¥81 million and loss on impairment of long-lived assets was ¥296 million for the year ended March 31, 2011.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen

Carrying amount			Fair value
As of April 1, 2011	**Increase/Decrease**	**As of March 31, 2012**	**As of March 31, 2012**
¥181,027	**¥3,725**	**¥184,752**	**¥257,610**

Millions of Yen

Carrying amount			Fair value
As of April 1, 2010	Increase/Decrease	As of March 31, 2011	As of March 31, 2011
¥176,226	¥4,801	¥181,027	¥259,794

Thousands of U.S. Dollars

Carrying amount			Fair value
As of April 1, 2011	**Increase/Decrease**	**As of March 31, 2012**	**As of March 31, 2012**
$2,207,646	**$45,427**	**$2,253,073**	**$3,141,585**

Notes:
(1) Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
(2) Fair value of properties as of March 31, 2012 and 2011 is measured as follows:
1) Fair value of domestic properties is principally measured by the Companies in accordance with its Real-estate Appraisal Standard, including adjustments using indexes.
2) Fair value of overseas properties is principally measured by third-party appraisal report.

7. LONG-TERM LOANS RECEIVABLE

Long-term loans receivable primarily consist of loans to customers of the Companies.

8. PLEDGED ASSETS

As of March 31, 2012, the following assets of the Companies were pledged to secure the repayment of short-term borrowings of ¥19 million ($232 thousand), current portion of long-term debt of ¥1,550 million ($18,902 thousand), other current liabilities of ¥28 million ($342 thousand), long-term debt of ¥6,178 million ($75,341 thousand) and other long-term liabilities of ¥584 million ($7,122 thousand) and to assure the performance by the Companies under certain agreements.

	Millions of Yen	Thousands of U.S. Dollars
Notes and accounts receivable—trade	**¥ 221**	**$ 2,695**
Inventories:		
Development projects in progress, real estate for sale and other	**11,046**	**134,707**
Other current assets	**63**	**769**
Land	**35**	**427**
Buildings and structures	**467**	**5,695**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**836**	**10,195**
Long-term loans to unconsolidated subsidiaries and affiliates	**1,532**	**18,683**
Total	**¥14,200**	**$173,171**

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2012 and 2011 mainly consisted of bank overdrafts. The annual interest rates applicable to the short-term borrowings ranged from 0.47% to 2.45% and 0.53% to 2.42% as of March 31, 2012 and 2011, respectively.

Long-term debt as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
0.5864% to 7.0425% loans from banks, due 2012–2017	**¥194,665**	¥217,767	**$ 2,373,963**
0.69071% to 3.5525% loans from insurance companies and other financial institutions, due 2012–2021	**24,957**	22,138	**304,354**
0.91% to 1.6% bonds, due 2012–2018	**125,000**	105,000	**1,524,390**
Lease obligations	**3,027**	2,894	**36,915**
Total	**347,649**	347,799	**4,239,622**
Current portion included in current liabilities	**(91,322)**	(61,189)	**(1,113,683)**
Total	**¥256,327**	¥286,610	**$ 3,125,939**

Substantially all of the short-term and long-term loans from banks are made under agreements which, as is customary in Japan, provide that the bank may, under certain conditions, require the borrower to provide collateral (or additional collateral) or guarantors with respect to the loans, and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. However, the Company and its consolidated domestic subsidiaries have never received such a request.

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2012 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	**¥ 91,322**	**$1,113,683**
2014	**121,145**	**1,477,378**
2015	**59,961**	**731,232**
2016	**33,606**	**409,829**
2017	**31,394**	**382,854**
2018 and thereafter	**10,221**	**124,646**
Total	**¥347,649**	**$4,239,622**

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,829,268 thousand) with several Japanese banks. There was no outstanding balance under the committed loan facility agreements as of March 31, 2012.

10. COMMERCIAL PAPER

Commercial paper was represented by 28- to 44-day paper issued by the Company with interest at 0.115% to 0.121% and 30- to 85-day paper at 0.137% to 0.3% as of March 31, 2012 and 2011, respectively.

11. ADVANCES RECEIVED ON CONSTRUCTION PROJECTS IN PROGRESS

The Companies normally receive payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

12. RETIREMENT BENEFITS

The Company, consolidated domestic subsidiaries and certain overseas subsidiaries have retirement benefit plans for employees. The Company's retirement benefit plan consists of a defined contribution pension plan and a point-based benefit plan. Under the point-based benefit system, benefits are calculated based on accumulated points allocated each month according to an employee's job classification and performance.

Certain overseas subsidiaries have defined contribution plans.

The information for employees' retirement benefits was as follows:

a. The Liability for Employees' Retirement Benefits as of March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Projected benefit obligation	**¥76,689**	¥ 86,292	**$ 935,231**
Fair value of plan assets	**(9,089)**	(14,930)	**(110,841)**
Unrecognized actuarial loss	**(1,759)**	(2,241)	**(21,451)**
Unrecognized prior service cost	**(6,049)**	(9,254)	**(73,768)**
Amount reported on the consolidated balance sheets	**59,792**	59,867	**729,171**
Prepaid pension costs	**1,378**	—	**16,805**
Provision for retirement benefits	**¥61,170**	¥ 59,867	**$ 745,976**

b. The Components of Net Periodic Benefit Costs for the Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Service cost	**¥ 3,923**	¥ 4,130	**$ 47,841**
Interest cost	**1,621**	1,804	**19,768**
Expected return on plan assets	**(170)**	(267)	**(2,073)**
Amortization of actuarial loss	**646**	605	**7,878**
Amortization of prior service cost	**2,360**	3,224	**28,780**
Other	**2,306**	2,387	**28,123**
Net periodic benefit costs	**¥10,686**	¥11,883	**$130,317**

Notes:
(1) Other than the above, the Company recognized gain on abolishment of a closed qualified pension plan of ¥61 million ($744 thousand), and a consolidated domestic subsidiary recognized loss on transfer from a closed qualified pension plan to a defined contribution pension plan of ¥699 million ($8,524 thousand) in the consolidated statement of income for the year ended March 31, 2012.
(2) "Other" in the above table consists principally of the cost of defined contribution plans.

c. Assumptions Used for the Years Ended March 31, 2012 and 2011

	2012	2011
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**0% to 2.5%**	0% to 2.5%
Amortization period of prior service cost	**10 years**	10 years
Recognition period of actuarial gain/loss	**10 years**	10 years

13. EQUITY

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the financial year in addition to the year-end dividend upon resolution at the stockholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors of such company may declare dividends (except for dividends in kind) at any time during the financial year if the company has prescribed so in its articles of incorporation.

However, the Company cannot do so because it does not meet all the above criteria. Semiannual interim dividends can be paid once a year upon resolution by the Board of Directors as stipulated in the articles of incorporation of the Company.

b. Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

14. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.5% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets:			
Inventories	¥ 23,644	¥ 25,633	$ 288,341
Liability for retirement benefits	22,257	25,015	271,427
Property and equipment	12,748	11,524	155,463
Provision for loss on construction contracts	10,195	8,608	124,329
Other	51,465	68,772	627,623
Subtotal	120,309	139,552	1,467,183
Valuation allowance	(14,564)	(17,556)	(177,610)
Total	105,745	121,996	1,289,573
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(17,443)	(16,820)	(212,719)
Other	(6,425)	(7,788)	(78,353)
Total	(23,868)	(24,608)	(291,072)
Net deferred tax assets	¥ 81,877	¥ 97,388	$ 998,501

As of March 31, 2012, the Company had tax loss carryforwards of approximately ¥3,670 million ($44,756 thousand) which will expire in the financial year ending March 31, 2020 to the extent they remain unutilized. Certain consolidated subsidiaries of the Company have tax loss carryforwards whose expiration dates range from 2013 to 2021. Due to the uncertainty of the realization of such tax loss carryforwards, the Companies have established a valuation allowance to offset part of the related deferred tax assets in the amount of ¥2,451 million ($29,890 thousand) and ¥2,505 million as of March 31, 2012 and 2011, respectively.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 was as follows:

	2012	2011
Normal effective statutory tax rate	40.5 %	40.5 %
Expenses not deductible for income tax purposes	5.8	5.0
Non-taxable income	(1.7)	(1.8)
Inhabitant taxes	1.8	1.8
Effect of tax rate reduction	34.4	—
Tax benefits not recognized on equity in earnings or losses of unconsolidated subsidiaries and affiliates	(1.1)	(1.7)
Refund of income taxes for prior periods	—	(15.3)
Other—net	(0.1)	(33.6)
Actual effective tax rate	79.6 %	(5.1)%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate for the financial years beginning on or after April 1, 2012. The effect of this change was to decrease net deferred tax assets by ¥6,570 million ($80,122 thousand) and deferred tax liabilities on revaluation surplus of land by ¥4,137 million ($50,451 thousand) and to increase accumulated other comprehensive income by ¥6,152 million ($75,024 thousand) in the consolidated balance sheet as of March 31, 2012 and to increase income taxes—deferred by ¥8,585 million ($104,695 thousand) in the consolidated statement of income for the year ended March 31, 2012.

15. RELATED PARTY TRANSACTIONS

Transactions with unconsolidated subsidiaries and affiliates for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Construction and other revenues	¥15,694	¥ 9,221	$191,390
Purchases	19,421	15,453	236,841

In addition, during the financial year ended March 31, 2011, the Company recognized construction revenue of ¥33 million under a construction contract of the same amount with the family of a director of the Company.

Also during the financial year ended March 31, 2011, a domestic subsidiary recognized construction revenue of ¥95 million, including the amount realized using the percentage-of-completion method of ¥81 million, under several construction contracts amounted to ¥153 million in aggregate with a corporation owned by the family of a director of the Company.

The above contracts are entered into and accounted for on an arm's-length basis and in the normal course of business.

16. LEASES

The Companies have a number of lease agreements, primarily for office space and computer equipment, which are renewable upon expiration and mainly cancellable. Rental expenses on such leases were approximately ¥5,588 million ($68,146 thousand) and ¥6,477 million for the years ended March 31, 2012 and 2011, respectively.

a. Operating Leases as a Lessee

The minimum rental commitments under noncancellable operating leases as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥ 7,752	¥ 9,572	$ 94,537
Due after one year	45,380	52,424	553,414
Total	¥53,132	¥61,996	$647,951

b. Operating Leases as a Lessor

The minimum rental receivables under noncancellable operating leases as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥ 8,077	¥ 9,243	$ 98,500
Due after one year	56,056	54,942	683,610
Total	¥64,133	¥64,185	$782,110

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Policy for Financial Instruments

The Companies use financial instruments, mainly loans from banks and bonds, based on their capital financing plan for construction and development business. Cash surpluses, if any, are invested in low risk financial assets such as deposits. As a matter of policy, the Companies only use derivatives for actual operating requirements, not for speculation.

b. Nature, Extent of Risks Arising From Financial Instruments and Risk Management for Financial Instruments

Receivables such as notes and accounts receivable—trade are exposed to customer credit risks. The Companies thoroughly enforce the credit risk management, which includes principally credit researches at the time of obtaining work and timely monitoring of credit standings.

Payment terms of payables, such as notes and accounts payable—trade, are within one year.

Although marketable securities and investments in securities are exposed to the risk of market price fluctuations, the Companies use the internal management system to recognize their fair values periodically.

Loans from banks, commercial paper and bonds are used to raise funds for construction and development business.

Derivatives mainly include foreign exchange forward contracts, currency swaps and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of future demands and collection of foreign-currency-denominated funds, and from changes in interest rates of loans from banks and bonds. Please see Note 18 for more detail about derivatives.

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,829,268 thousand) with several Japanese banks to manage exposure to liquidity risks on raising funds.

c. Fair Values of Financial Instruments

Fair values of financial instruments are based on a quoted price in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also please see Note 18 for the detail of fair value for derivatives.

(1) Fair value of financial instruments

The carrying amount, fair value and unrealized gain (loss) of financial instruments as of March 31, 2012 and 2011 were as follows. However, financial instruments whose fair value cannot be reliably determined are not included.

	Millions of Yen		
As of March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥160,624	¥160,624	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	151,306	151,306	—
Notes and accounts receivable—trade	503,867		
Allowance for doubtful accounts	(963)		
	502,904	502,961	57
Other current assets			
Time deposits due after three months of the date of acquisition	1,594	1,594	—
Long-term loans receivable	17,705		
Long-term loans to unconsolidated subsidiaries and affiliates	6,581		
Allowance for doubtful accounts	(10,005)		
	14,281	14,281	0
Total	¥830,709	¥830,766	¥ 57
LIABILITIES			
Short-term borrowings	¥118,091	¥118,091	¥ —
Commercial paper	63,000	63,000	—
Current portion of long-term debt	91,322	91,473	151
Notes and accounts payable—trade	466,238	466,238	—
Income taxes payable	3,722	3,722	—
Long-term debt	256,327	256,892	565
Total	¥998,700	¥999,416	¥716

As of March 31, 2011	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥156,356	¥156,356	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	143,097	143,097	—
Notes and accounts receivable—trade	442,616		
Allowance for doubtful accounts	(1,711)		
	440,905	440,332	(573)
Other current assets			
Time deposits due after three months of the date of acquisition	2,604	2,604	—
Long-term loans receivable	24,531		
Long-term loans to unconsolidated subsidiaries and affiliates	6,987		
Allowance for doubtful accounts	(16,612)		
	14,906	14,876	(30)
Total	¥757,868	¥757,265	¥ (603)
LIABILITIES			
Short-term borrowings	¥150,069	¥150,069	¥ —
Commercial paper	64,000	64,000	—
Current portion of long-term debt	61,189	61,239	50
Notes and accounts payable—trade	417,149	417,149	—
Income taxes payable	2,811	2,811	—
Long-term debt	286,610	287,778	1,168
Total	¥981,828	¥983,046	¥1,218

As of March 31, 2012	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	**$ 1,958,829**	**$ 1,958,829**	**$ —**
Marketable securities and investments in securities			
Available-for-sale securities	**1,845,195**	**1,845,195**	**—**
Notes and accounts receivable—trade	**6,144,720**		
Allowance for doubtful accounts	**(11,744)**		
	6,132,976	**6,133,671**	**695**
Other current assets			
Time deposits due after three months of the date of acquisition	**19,439**	**19,439**	**—**
Long-term loans receivable	**215,915**		
Long-term loans to unconsolidated subsidiaries and affiliates	**80,256**		
Allowance for doubtful accounts	**(122,012)**		
	174,159	**174,159**	**0**
Total	**$10,130,598**	**$10,131,293**	**$ 695**
LIABILITIES			
Short-term borrowings	**$ 1,440,134**	**$ 1,440,134**	**$ —**
Commercial paper	**768,293**	**768,293**	**—**
Current portion of long-term debt	**1,113,683**	**1,115,524**	**1,841**
Notes and accounts payable—trade	**5,685,829**	**5,685,829**	**—**
Income taxes payable	**45,390**	**45,390**	**—**
Long-term debt	**3,125,939**	**3,132,830**	**6,891**
Total	**$12,179,268**	**$12,188,000**	**$8,732**

ASSETS

Cash and cash equivalents and Other current assets (Time deposits due after three months of the date of acquisition)

The carrying amounts of cash and cash equivalents and other current assets (time deposits due after three months of the date of acquisition) approximate fair value because of their short maturities.

Marketable securities and investments in securities

The fair values of marketable securities and investments in securities, consisting of available-for-sale securities whose fair value can be reliably determined, are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for marketable securities and investments in securities by classification is included in Note 3.

Notes and accounts receivable—trade

Regarding short maturities, the carrying amounts of notes and accounts receivable—trade approximate fair value.

Regarding maturities after one year, the fair values of notes and accounts receivable—trade are measured at the amount to be received at maturity discounted at the Companies' assumed corporate discount rate with consideration for the remaining terms and credit risks.

Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates

The fair values of long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates are principally measured by discounting the cash flows at the Companies' assumed corporate discount rate by adding the credit spread to the appropriate indexes such as the yield of government bonds. In addition, the fair values of certain doubtful long-term loans receivable are equivalent to the carrying amount after deduction of allowance for doubtful accounts quoted by the estimated amount to be received subject to collateral and guarantee.

LIABILITIES

Short-term borrowings, Commercial paper, Notes and accounts payable—trade and Income taxes payable

The carrying amounts of short-term borrowings, commercial paper, notes and accounts payable—trade and income taxes payable approximate fair value because of their short maturities.

Current portion of long-term debt

The carrying amounts of the current portion of long-term loans approximate fair value because of their short maturities. The fair values of the current portion of long-term bonds are principally measured at market price.

Long-term debt

The carrying amounts of long-term loans with fluctuating interest rates approximate fair value because the variable interest rates reflect market rates in a short period of time and the credit standing of the Company is not substantially changed. The fair values of long-term loans with fixed interest rates are measured by discounting the cash flows related to the debt at the Companies' assumed corporate borrowing rate. In addition, the fair values of long-term bonds are principally measured at market price.

DERIVATIVES

The information of the fair value for derivatives is included in Note 18.

(2) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Investments in securities			
Available-for-sale:			
Equity securities	**¥ 9,876**	¥ 9,965	**$120,439**
Fund trusts and other	**33,892**	44,339	**413,317**
Investments in unconsolidated subsidiaries and affiliates	**22,036**	18,796	**268,732**
Total	**¥65,804**	¥73,100	**$802,488**

The carrying amounts mentioned above include the carrying amounts of operational investments in securities, whose fair value cannot be reliably determined, because there are no market prices.

d. Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
As of March 31, 2012	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**¥160,624**	**¥ —**	**¥ —**	**¥ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**91**	**315**	**551**	**855**
Notes and accounts receivable—trade	**459,197**	**43,769**	**750**	**151**
Other current assets				
Time deposits due after three months of the date of acquisition	**1,594**	**—**	**—**	**—**
Long-term loans receivable	**9**	**647**	**58**	**17,000**
Long-term loans to unconsolidated subsidiaries and affiliates	**74**	**2,114**	**716**	**3,751**
Total	**¥621,589**	**¥46,845**	**¥2,075**	**¥21,757**

	Thousands of U.S. Dollars			
As of March 31, 2012	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**$1,958,829**	**$ —**	**$ —**	**$ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**1,110**	**3,841**	**6,719**	**10,427**
Notes and accounts receivable—trade	**5,599,964**	**533,769**	**9,146**	**1,841**
Other current assets				
Time deposits due after three months of the date of acquisition	**19,439**	**—**	**—**	**—**
Long-term loans receivable	**110**	**7,890**	**708**	**207,317**
Long-term loans to unconsolidated subsidiaries and affiliates	**902**	**25,780**	**8,732**	**45,744**
Total	**$7,580,354**	**$571,280**	**$25,305**	**$265,329**

Please see Note 9 for annual maturities of long-term debt.

18. DERIVATIVES

The Companies enter into derivative financial instruments (“derivatives”), including principally foreign exchange forward contracts, currency swaps and interest rate swaps agreements.

The Companies do not hold or issue derivatives for trading or speculative purposes and it is the Companies’ policy to use derivatives only for the purpose of reducing market risks and financing costs in accordance with internal regulations.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within the Companies’ business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major domestic or overseas financial institutions, the Companies do not anticipate any losses arising from credit risk.

a. Derivative Transactions to Which Hedge Accounting is Not Applied

	Millions of Yen			
As of March 31, 2012	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Singapore Dollar forward	**¥6,467**	**¥ —**	**¥ (52)**	**¥ (52)**
Czech Koruna forward	**196**	**—**	**0**	**0**
Selling:				
Euro forward	**1,149**	**—**	**(56)**	**(56)**
U.S. Dollar forward	**784**	**—**	**(4)**	**(4)**
Total	**¥8,596**	**¥ —**	**¥(112)**	**¥(112)**

	Millions of Yen			
As of March 31, 2011	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Poland Zloty forward	¥ 56	¥ —	¥ 0	¥ 0
Selling:				
U.S. Dollar forward	862	—	23	23
Total	¥918	¥ —	¥23	¥23

	Thousands of U.S. Dollars			
As of March 31, 2012	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Singapore Dollar forward	**$ 78,866**	**$ —**	**$ (634)**	**$ (634)**
Czech Koruna forward	**2,390**	**—**	**0**	**0**
Selling:				
Euro forward	**14,012**	**—**	**(683)**	**(683)**
U.S. Dollar forward	**9,561**	**—**	**(49)**	**(49)**
Total	**$104,829**	**$ —**	**$(1,366)**	**$(1,366)**

b. Derivative Transactions to Which Hedge Accounting is Applied

As of March 31, 2012	Hedged item	Millions of Yen Contract Amount	 Contract Amount due after One Year	 Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	**¥ 34**	**¥ —**	**¥ 1**
Total		**¥ 34**	**¥ —**	**¥ 1**
Interest rate swaps				
Selling:				
Pay—fix / Receive—float	Long-term debt	**¥69,876**	**¥68,266**	**¥(2,898)**
Total		**¥69,876**	**¥68,266**	**¥(2,898)**

As of March 31, 2011	Hedged item	Millions of Yen Contract Amount	 Contract Amount due after One Year	 Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	¥ 363	¥ —	¥ (17)
Total		¥ 363	¥ —	¥ (17)
Interest rate swaps				
Selling:				
Pay—fix / Receive—float	Long-term debt	¥83,784	¥72,319	¥(2,868)
Total		¥83,784	¥72,319	¥(2,868)

As of March 31, 2012	Hedged item	Thousands of U.S. Dollars Contract Amount	 Contract Amount due after One Year	 Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	**$ 415**	**$ —**	**$ 12**
Total		**$ 415**	**$ —**	**$ 12**
Interest rate swaps				
Selling:				
Pay—fix / Receive—float	Long-term debt	**$852,146**	**$832,512**	**$(35,341)**
Total		**$852,146**	**$832,512**	**$(35,341)**

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the exposure to credit or market risk.

19. COMMITMENTS AND CONTINGENT LIABILITIES

The Company sold accounts receivable—trade to financial institutions. As of March 31, 2012, accounts receivable—trade amounting to ¥20,160 million ($245,854 thousand) were excluded from the consolidated balance sheets.

As of March 31, 2012, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥10,363 million ($126,378 thousand). In addition, there is a contingent liability for collection of receivable for Dubai Metro Project from Roads & Transport Authority of Dubai, the United Arab Emirates amounting to ¥30,789 million ($375,476 thousand), which would be realized only upon the default of Dubai, the United Arab Emirates due to its financial or national collapse.

20. COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2012	**2012**
Unrealized gain on available-for-sale securities:		
Gains arising during the year	**¥ 6,541**	**$ 79,768**
Reclassification adjustments to profit or loss	**378**	**4,610**
Amount before income tax effect	**6,919**	**84,378**
Income tax effect	**(746)**	**(9,097)**
Total	**¥ 6,173**	**$ 75,281**
Deferred loss on derivatives under hedge accounting:		
Gains arising during the year	**¥ (842)**	**$(10,268)**
Reclassification adjustments to profit or loss	**609**	**7,427**
Amount before income tax effect	**(233)**	**(2,841)**
Income tax effect	**61**	**743**
Total	**¥ (172)**	**$ (2,098)**
Revaluation surplus of land:		
Adjustments arising during the year	**¥ —**	**$ —**
Reclassification adjustments to profit or loss	**—**	**—**
Amount before income tax effect	**—**	**—**
Income tax effect	**4,180**	**50,976**
Total	**¥ 4,180**	**$ 50,976**
Foreign currency translation adjustments:		
Adjustments arising during the year	**¥(4,427)**	**$(53,988)**
Reclassification adjustments to profit or loss	**—**	**—**
Amount before income tax effect	**(4,427)**	**(53,988)**
Income tax effect	**—**	**—**
Total	**¥(4,427)**	**$(53,988)**
Share of other comprehensive income in unconsolidated subsidiaries and affiliates:		
Gains arising during the year	**¥ 533**	**$ 6,500**
Reclassification adjustments to profit or loss	**6**	**73**
Total	**¥ 539**	**$ 6,573**
Total other comprehensive income	**¥ 6,293**	**$ 76,744**

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

21. NET INCOME PER SHARE

The basis of calculation of the basic net income per share ("EPS") for the years ended March 31, 2012 and 2011 was as follows:

		Thousand of Shares	Yen	U.S. Dollars
	Millions of Yen	Weighted Average Shares	EPS	
For the year ended March 31, 2012:				
Basic EPS				
Net income attributable to common stockholders	**¥ 3,833**	**1,038,829**	**¥ 3.69**	**$0.045**
For the year ended March 31, 2011:				
Basic EPS				
Net income attributable to common stockholders	¥25,844	1,039,235	¥24.87	

22. SUBSEQUENT EVENTS

On June 28, 2012, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥2.00 ($0.024) per share (final for the year ended March 31, 2012) for a total amount of ¥2,081 million ($25,378 thousand).

23. SEGMENT INFORMATION

a. Segment Information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures", an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the board of directors of the Company is being performed in order to decide how resources are allocated among the Group and to assess performance of each reportable segment.

The Group operates in a wide and multilateral business. The Company organizes management divisions for each operating segment such as civil engineering, building construction, real estate development and others, which strategize and develop their business. Also, the Company's domestic and overseas subsidiaries and affiliates cooperate with the Company to expand the range of the Group's business.

Therefore, the Group consists of five reportable segments as follows:

Civil Engineering:	Civil engineering in the construction business operated by the Company
Building Construction:	Building construction in the construction business operated by the Company
Real Estate Development and Others:	Urban, regional and other real estate development business, architectural, structural and other design business and engineering business operated by the Company
Domestic Subsidiaries and Affiliates:	Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by the domestic subsidiaries and affiliates
Overseas Subsidiaries and Affiliates:	Construction business, real estate development business and others in overseas such as U.S.A., Europe, Asia and other areas operated by the overseas subsidiaries and affiliates

(2) Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies". The profit (loss) of each reportable segment is measured by its operating income (loss). The contracts between the reportable segments are entered into and accounted for on an arm's-length basis and in the normal course of business.

(3) Information about revenues, profit (loss), assets, liabilities and other items is as follows.

Year Ended March 31, 2012 — Millions of Yen

	Civil Engineering	Building Construction	Real Estate Development and Others	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	**¥284,006**	**¥745,975**	**¥65,721**	**¥197,029**	**¥165,023**	**¥1,457,754**	**¥ —**	**¥1,457,754**
Intersegment sales or transfers	**—**	**2,520**	**2,202**	**122,892**	**14**	**127,628**	**(127,628)**	**—**
Total	**284,006**	**748,495**	**67,923**	**319,921**	**165,037**	**1,585,382**	**(127,628)**	**1,457,754**
Segment profit (loss)	**¥ 5,205**	**¥ 13,439**	**¥ (960)**	**¥ 9,901**	**¥ 1,412**	**¥ 28,997**	**¥ 502**	**¥ 29,499**
Other:								
Depreciation	**¥ 1,598**	**¥ 4,211**	**¥ 3,697**	**¥ 5,733**	**¥ 2,672**	**¥ 17,911**	**¥ (171)**	**¥ 17,740**
Amortization of goodwill	**—**	**—**	**—**	**—**	**427**	**427**	**(614)**	**(187)**

Year Ended March 31, 2011 — Millions of Yen

	Civil Engineering	Building Construction	Real Estate Development and Others	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	¥273,901	¥634,490	¥54,664	¥206,782	¥155,843	¥1,325,680	¥ —	¥1,325,680
Intersegment sales or transfers	—	4,918	2,440	125,378	16	132,752	(132,752)	—
Total	273,901	639,408	57,104	332,160	155,859	1,458,432	(132,752)	1,325,680
Segment profit (loss)	¥ (16,067)	¥ 25,308	¥ (1,279)	¥ 3,804	¥ 2,959	¥ 14,725	¥ 2,547	¥ 17,272
Other:								
Depreciation	¥ 1,970	¥ 4,599	¥ 3,500	¥ 6,472	¥ 2,605	¥ 19,146	¥ (226)	¥ 18,920
Amortization of goodwill	—	—	—	—	569	569	(534)	35

Year Ended March 31, 2012 — Thousands of U.S. Dollars

	Civil Engineering	Building Construction	Real Estate Development and Others	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	**$3,463,488**	**$9,097,256**	**$801,475**	**$2,402,793**	**$2,012,476**	**$17,777,488**	**$ —**	**$17,777,488**
Intersegment sales or transfers	**—**	**30,732**	**26,854**	**1,498,683**	**170**	**1,556,439**	**(1,556,439)**	**—**
Total	**3,463,488**	**9,127,988**	**828,329**	**3,901,476**	**2,012,646**	**19,333,927**	**(1,556,439)**	**17,777,488**
Segment profit (loss)	**$ 63,476**	**$ 163,890**	**$ (11,708)**	**$ 120,744**	**$ 17,220**	**$ 353,622**	**$ 6,122**	**$ 359,744**
Other:								
Depreciation	**$ 19,488**	**$ 51,354**	**$ 45,085**	**$ 69,915**	**$ 32,585**	**$ 218,427**	**$ (2,086)**	**$ 216,341**
Amortization of goodwill	**—**	**—**	**—**	**—**	**5,207**	**5,207**	**(7,487)**	**(2,280)**

Notes:
(1) The amount of reconciliations in segment profit (loss), which was profit of ¥502 million ($6,122 thousand) and profit of ¥2,547 million for the years ended March 31, 2012 and 2011, respectively, mainly consists of the elimination of inter-segment transactions.
(2) Consolidated segment profit (loss) is equal to operating income on the consolidated statements of income.
(3) Amortization of negative goodwill which was generated on or before March 31, 2010 is included in Amortization of goodwill.
(4) Assets are not allocated to operating segments.

b. Related Information

(1) Information about products and services

	Millions of Yen			
Year Ended March 31, 2012	Construction	Real Estate	Other	Total
Sales to external customers	**¥1,269,231**	**¥80,276**	**¥108,247**	**¥1,457,754**

	Millions of Yen			
Year Ended March 31, 2011	Construction	Real Estate	Other	Total
Sales to external customers	¥1,146,134	¥89,796	¥89,750	¥1,325,680

	Thousands of U.S. Dollars			
Year Ended March 31, 2012	Construction	Real Estate	Other	Total
Sales to external customers	**$15,478,427**	**$978,976**	**$1,320,085**	**$17,777,488**

(2) Information about geographical areas

1) Revenues

Millions of Yen					
2012					
Japan	North America	Europe	Asia	Other Area	Total
¥1,254,652	**¥72,185**	**¥8,257**	**¥91,427**	**¥31,233**	**¥1,457,754**

Millions of Yen					
2011					
Japan	North America	Europe	Asia	Other Area	Total
¥1,131,103	¥76,686	¥4,118	¥86,822	¥26,951	¥1,325,680

Thousands of U.S. Dollars					
2012					
Japan	North America	Europe	Asia	Other Area	Total
$15,300,634	**$880,305**	**$100,695**	**$1,114,963**	**$380,891**	**$17,777,488**

Note: Revenues are classified in countries or regions based on location of customers.

2) Property and equipment

Millions of Yen					
2012					
Japan	North America	Europe	Asia	Other Area	Total
¥311,169	**¥3,498**	**¥6,104**	**¥24,748**	**¥124**	**¥345,643**

Millions of Yen					
2011					
Japan	North America	Europe	Asia	Other Area	Total
¥302,579	¥5,517	¥6,054	¥23,026	¥84	¥337,260

Thousands of U.S. Dollars					
2012					
Japan	North America	Europe	Asia	Other Area	Total
$3,794,744	**$42,659**	**$74,439**	**$301,805**	**$1,512**	**$4,215,159**

c. Information about Impairment Losses of Assets

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Impairment losses of assets	¥5,828	¥477	$71,073

Notes:
(1) The impairment losses of assets of ¥5,828 million ($71,073 thousand) for the year ended March 31, 2012 consisted of asset used for rent ¥5,828 million ($71,073 thousand). The impairment losses of assets of ¥477 million for the year ended March 31, 2011 consisted of assets used for business of ¥181 million and asset used for rent ¥296 million. Please see Note 5 for more details.
(2) The impairment losses of assets are not allocated to operating segments.

d. Information about Goodwill

(1) Amortization of goodwill for the years ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Goodwill	¥462	¥684	$5,634
Negative goodwill	649	649	7,914

(2) Goodwill as of March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Goodwill	¥ 426	¥ 952	$ 5,195
Negative goodwill	1,935	2,584	23,598

Notes:
(1) Negative goodwill was generated on or before March 31, 2010, mainly because of the share exchange to make Kajima Road Co., Ltd. a wholly owned subsidiary of the Company, and is offset by goodwill.
(2) Goodwill and negative goodwill are not allocated to operating segments.