CORPORATE REPORT

Financial Review 2014

Year ended March 31, 2014

KAJIMA CORPORATION

3-1, Motoakasaka 1-chome, Minato-ku, Tokyo 107-8388, Japan
http://www.kajima.com/english/

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Summary and Forecast of Business Performance

Overview of Business Performance

During the fiscal year ended March 31, 2014, the global economy continued to recover at a weak pace overall. Although economies around the world improved, particularly in developed countries, economic growth slowed in some emerging countries. In Japan, the economy recovered moderately on the back of rising consumer spending and domestic demand, increased corporate earnings, and revitalized manufacturing spurred on by aggressive economic measures pursued by the government and the Bank of Japan.

In the Japanese construction market, overall expenditures for construction surpassed the level of the previous fiscal year, owing to robust public spending—particularly for the reconstruction of areas damaged by the Great East Japan Earthquake—and to an upswing in private-sector capital expenditures for certain types of projects. These factors drove up demand and tightened supply, however, resulting in rising labor costs. Consequently, Kajima Corporation (hereinafter, "Kajima" or "the Company") continued to face a harsh business environment.

Under these conditions, the Kajima Group's consolidated financial results for the fiscal year ended March 31, 2014, were as follows.

Total construction contract awards amounted to ¥1,573.6 billion, up 18.0% compared to ¥1,333.3 billion in the previous fiscal year. This reflected an increase in construction contracts awarded to the Company and its domestic subsidiaries and affiliates. Total contracts awarded to the Company, including those for real estate development and other work, amounted to ¥1,264.7 billion, an increase of 20.0% over ¥1,053.6 billion recorded in the previous fiscal year.

Consolidated revenues remained on par with the previous fiscal year, edging up 2.4% to ¥1,521.2 billion from ¥1,485.0 billion. On the profit front, gross profit from Kajima's building construction projects declined; however, the Company's civil engineering projects and its consolidated subsidiaries both in Japan and overseas recorded year-on-year increases in gross profit. As a result of these factors, consolidated operating income rose 24.6% year on year from ¥18.5 billion to ¥23.0 billion. Meanwhile, consolidated net income decreased 11.4% year on year from ¥23.4 billion to ¥20.8 billion, mainly owing to a decline in other income and an increase in tax expenses.

Overview of Performance by Business Segment

Civil Engineering (Parent Company)

In the Civil Engineering business segment, revenues increased both in Japan and overseas, resulting in a total of ¥298.8 billion, up 10.9% from ¥269.5 billion in the previous fiscal year. The business segment posted an operating income of ¥35.0 billion after an operating loss of ¥8.1 billion in the previous fiscal year, attributable to a major improvement in the gross profit rate from completed construction projects.

(Billions of yen)

(Years ended March 31)	2014	2013	2014/2013 (%)
Revenues	298.8	269.5	10.9
Operating income (loss)	35.0	(8.1)	–

Building Construction (Parent Company)

Revenues totaled ¥690.0 billion, down 7.5% year on year from ¥745.9 billion. The business segment posted an operating loss of ¥31.6 billion compared to an operating income of ¥9.9 billion in the previous fiscal year. This was mainly the result of deteriorating profits from certain construction projects.

(Billions of yen)

(Years ended March 31)	2014	2013	2014/2013 (%)
Revenues	690.0	745.9	(7.5)
Operating income (loss)	(31.6)	9.9	–

Real Estate Development and Other (Parent Company)

Revenues increased 4.9% year on year from ¥54.5 billion to ¥57.2 billion. The business segment recorded an operating income of ¥1.7 billion after posting an operating loss of ¥0.5 billion in the previous fiscal year, owing to an improved gross profit rate.

(Billions of yen)

(Years ended March 31)	2014	2013	2014/2013 (%)
Revenues	57.2	54.5	4.9
Operating income (loss)	1.7	(0.5)	–

Domestic Subsidiaries and Affiliates

Revenues rose 5.7% to ¥338.2 billion from ¥320.1 billion in the previous fiscal year. Operating income jumped 33.4%, from ¥8.6 billion to ¥11.5 billion, as a result of increased gross profit, particularly at subsidiaries involved in construction.

(Billions of yen)

(Years ended March 31)	2014	2013	2014/2013 (%)
Revenues	338.2	320.1	5.7
Operating income (loss)	11.5	8.6	33.4

Overseas Subsidiaries and Affiliates

Revenues amounted to ¥263.8 billion, up 18.1% from ¥223.3 billion in the previous fiscal year. This resulted from an increase in completed construction projects, mainly from construction contracts awarded a year earlier. Operating income, however, fell 10.7% year on year, from ¥7.4 billion to ¥6.6 billion, due to the rate of gross profit returning to an ordinary level after a particularly high level in the previous fiscal year.

(Billions of yen)

(Years ended March 31)	2014	2013	2014/2013 (%)
Revenues	263.8	223.3	18.1
Operating income (loss)	6.6	7.4	(10.7)

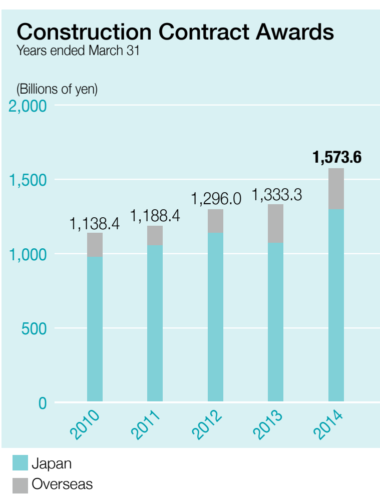
Analysis of Financial Position

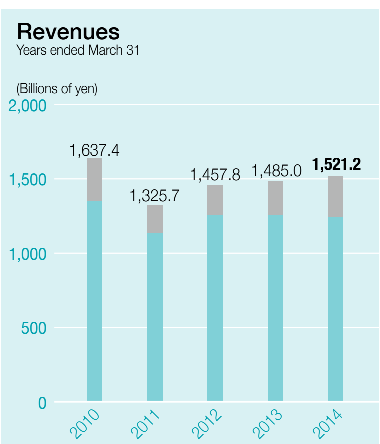
Assets, Liabilities and Equity

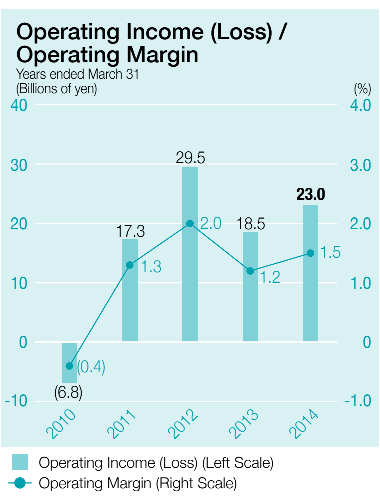
As of March 31, 2014, total assets amounted to ¥1,789.5 billion, an increase of ¥103.4 billion from ¥1,686.1 billion at the end of the previous fiscal year. Major changes included increases in notes and accounts receivable—trade, and cash and cash equivalents, and a decrease in inventories.

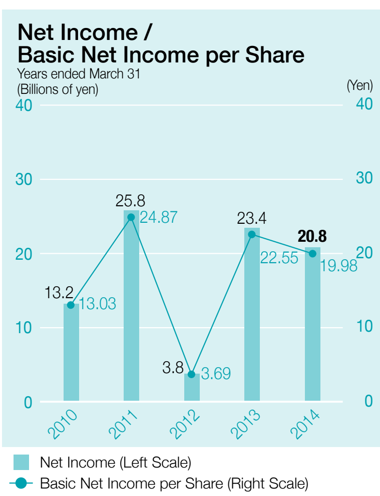
Meanwhile, total liabilities amounted to ¥1,425.4 billion, up ¥57.4 billion from ¥1,367.9 billion a year earlier. Major changes included increases in advances received, deferred tax liabilities, and notes and accounts payable—trade, as well as a decrease in interest-bearing debt.

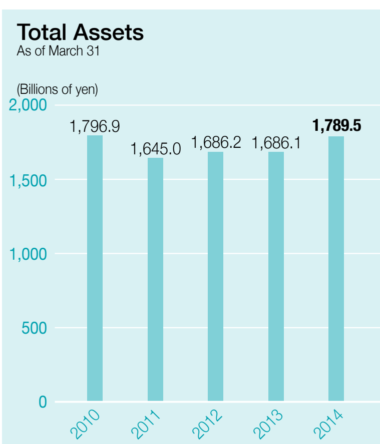
Total equity came to ¥364.1 billion, an increase of ¥46.0 billion from ¥318.1 billion as of the previous fiscal year-end. As a result, the stockholders' equity ratio was 20.6%, up 1.6 points year on year from 19.0%.

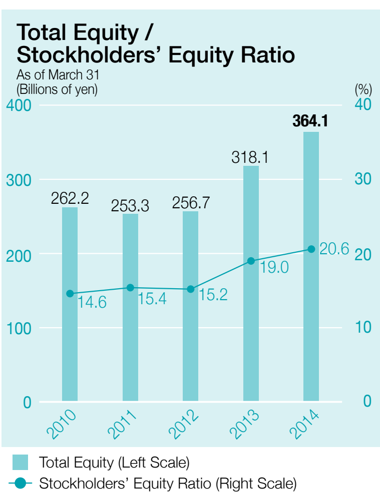












Cash Flows

Operating activities generated a net cash inflow of ¥33.0 billion in the fiscal year ended March 31, 2014, compared to a net cash inflow of ¥58.5 billion in the previous fiscal year. The cash inflow resulted mainly from income before income taxes and minority interests, with adjustments for depreciation and amortization, and an increase in advances received. The main cash outflow item was an increase in receivables.

Investing activities resulted in a net cash inflow of ¥17.4 billion in the fiscal year ended March 31, 2014, compared to a net cash inflow of ¥36.7 billion in the previous fiscal year. The cash inflow resulted mainly from cash and cash equivalents acquired due to decrease in consolidated subsidiaries, and proceeds from sales and redemption of marketable and investment securities. Major cash outflow items included increase of time deposits excluding cash equivalents, payment for purchases of property and equipment, and disbursements for loans.

Financing activities resulted in a net cash outflow of ¥17.2 billion in the fiscal year ended March 31, 2014, compared to a net cash outflow of ¥58.6 billion in the previous fiscal year. Main cash outflow items included net of financing and repayment of short-term borrowings, long-term debt, bonds, and commercial paper, as well as cash dividends paid.

As a result of the factors above, cash and cash equivalents amounted to ¥240.1 billion as of March 31, 2014, an increase of ¥39.0 billion from ¥201.2 billion a year earlier.

Statements of Cash Flows Highlights (Billions of yen)

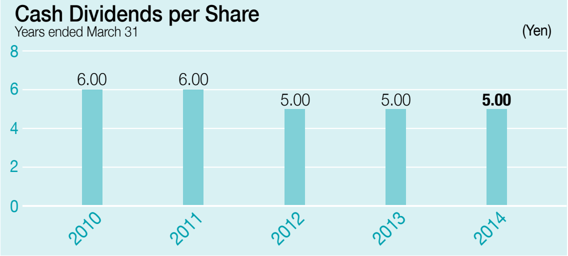
(Years ended March 31)	2014	2013	2012
Net cash provided by operating activities	33.0	58.5	81.7
Net cash provided by (used in) investing activities	17.4	36.7	(38.7)
Net cash used in financing activities	(17.2)	(58.6)	(37.8)
Cash and cash equivalents, end of year	240.1	201.2	160.6

Basic Profit Allocation Policy and Payment of Dividends

Kajima's basic policy for profit allocation is to provide stable dividends to stockholders in accordance with business performance while securing internal reserves to maintain a sound management foundation. The Company uses internal reserves to reinforce its financial structure and raise capital efficiency.

After taking into account factors such as business performance and the future business environment, the Company paid a dividend of ¥5 per share (including an interim dividend of ¥2.5 per share), as initially planned at the beginning of the fiscal year under review. The Company plans to pay a dividend of ¥5 per share (including the interim dividend amount) for the fiscal year ending March 31, 2015.

Cash Dividends per Share



Forecast for the Fiscal Year Ending March 31, 2015

The Japanese economy is expected to gradually pick up as the global economy continues on a moderate recovery and the effects of various economic measures taken by the Japanese government generate a virtuous cycle of consumption, manufacturing, and incomes.

In the Japanese construction market, public spending and capital investment in the non-manufacturing private sector are projected to be solid owing to demand for construction in areas damaged by the Great East Japan Earthquake and preparations for the Olympic Games in Tokyo. With this growing demand for construction, however, labor costs and building material costs are also expected to rise. Based on these factors, Kajima expects business conditions in the construction industry to remain challenging.

Having taken these conditions into account, the Company's forecasts for the fiscal year ending March 31, 2015, are as follows: consolidated revenues will increase 5.2% year on year to ¥1,600.0 billion (from ¥1,521.2 billion), operating income will increase 21.7% to ¥28.0 billion (from ¥23.0 billion), and net income will decrease 18.1% to ¥17.0 billion (from ¥20.8 billion).

*Please note that the above projections are based on information available as of May 13, 2014, and are subject to risks and uncertainties that may cause actual results to vary from the projections.

Business-Related Risks

Risk factors that investors should consider before making decisions concerning the Kajima Group include, but are not limited to, the risks listed below. The Kajima Group precludes, diversifies and hedges these and other business-related risks and uncertainties to the largest extent practically possible in order to minimize their impact on its corporate activities. Any forward-looking statements in this section are based on judgments made by the Company's management as of March 31, 2014.

1. Changes in the Business Environment

Drastic and adverse changes in the construction and real estate development markets, including an unexpected decrease in demand for construction, a rapid increase in costs of primary construction materials, or changes in prices or supply and demand in the real estate market, could affect the Kajima Group's results and financial position.

2. Changes in Construction Costs

Long-term, large-scale construction projects are vulnerable to rapid increases in prices of primary construction materials, which could cause construction costs to increase unexpectedly. Such changes could affect the Kajima Group's results and financial position.

3. Fluctuations in Interest and Foreign Exchange Rates

Sharp increases in interest rates or substantial changes in foreign exchange rates could affect the Kajima Group's results and financial position.

4. Fluctuations in Asset Value and Profitability

A significant drop in the value and profitability of the Kajima Group's assets, including real estate for sale, real estate used in operations, and investment securities, could affect the Group's results and financial position.

5. Country Risk

The Kajima Group operates in North America, Europe, Asia and other regions around the world. Significant political, economic or legal changes occurring in these regions could affect the Group's results and financial position.

6. Changes in the Environment Surrounding Private Finance Initiatives

Private finance initiative projects typically extend over a long period of time, during which significant changes in the operating environment could affect the Kajima Group's results and financial position.

7. Defective Construction or other Services

Major defects in the various services provided by the Kajima Group, including design and construction, could affect its results and financial position.

8. Counterparty Credit Risk

The credit problems of customers, subcontractors, joint venture partners or other counterparties could lead to bad debts, construction delays or other problems that could affect the Kajima Group's results and financial position.

9. Changes in Regulations Concerning Deferred Income Tax Assets

The Kajima Group expects to fully utilize deferred income tax assets outstanding as of March 31, 2014, for the purpose of offsetting taxable income in the future. However, unexpected events including, but not limited to, changes in tax regulations may partially prevent the Group from doing so.

10. Changes to Laws and Regulations

The Kajima Group operates in the Japanese construction industry, which is subject to a variety of laws and regulations including the Construction Business Act, the Building Standards Act, the Building Lots and Buildings Transaction Business Act, the National Land Use Planning Act, the City Planning Act, and the Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade. Revisions of these laws, the enactment of new laws or regulations, or changes to applicable standards could affect the Group's results and financial position. In addition, any litigation against the Kajima Group could affect its results and financial position if the outcome differs from the Group's position or predictions.

Consolidated Balance Sheet

KAJIMA Corporation and Consolidated Subsidiaries

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 17)	¥ **240,123**	¥ 201,165	$ **2,331,291**
Marketable securities (Notes 3 and 17)	**163**	66	**1,583**
Operational investments in securities (Notes 3 and 17)	**10,156**	11,356	**98,602**
Notes and accounts receivable—trade (Notes 8, 17 and 19)	**567,204**	498,068	**5,506,835**
Allowance for doubtful accounts (Note 17)	**(2,223)**	(1,982)	**(21,583)**
Inventories:			
Construction projects in progress	**44,180**	47,498	**428,932**
Development projects in progress, real estate for sale and other (Note 8)	**103,646**	155,198	**1,006,272**
Deferred tax assets (Note 14)	**70,193**	58,900	**681,485**
Other current assets (Notes 8 and 17)	**112,953**	85,327	**1,096,632**
Total current assets	**1,146,395**	1,055,596	**11,130,049**
PROPERTY AND EQUIPMENT:			
Land (Notes 4, 5, 6 and 8)	**177,532**	177,728	**1,723,612**
Buildings and structures (Notes 5, 6 and 8)	**121,606**	124,966	**1,180,641**
Machinery, equipment and other (Note 5)	**14,972**	14,052	**145,359**
Construction in progress (Note 6)	**14,317**	6,501	**139,000**
Total property and equipment	**328,427**	323,247	**3,188,612**
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 3, 8 and 17)	**230,567**	224,653	**2,238,515**
Investments in unconsolidated subsidiaries and affiliates (Notes 8 and 17)	**27,153**	22,258	**263,621**
Long-term loans receivable (Notes 7, 8 and 17)	**21,865**	16,846	**212,282**
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 8 and 17)	**8,294**	7,133	**80,524**
Allowance for doubtful accounts (Note 17)	**(9,189)**	(13,571)	**(89,214)**
Deferred tax assets (Note 14)	**1,812**	1,605	**17,592**
Other (Note 5)	**34,172**	48,305	**331,767**
Total investments and other assets	**314,674**	307,229	**3,055,087**
TOTAL	¥ **1,789,496**	¥ 1,686,072	$ **17,373,748**

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 8, 9 and 17)	¥ **113,216**	¥ 111,903	$ **1,099,184**
Commercial paper (Notes 10 and 17)	**54,000**	43,300	**524,272**
Current portion of long-term debt (Notes 8, 9 and 17)	**60,012**	110,372	**582,641**
Notes and accounts payable—trade (Note 17)	**458,797**	446,399	**4,454,340**
Advances received:			
Construction projects in progress (Note 11)	**130,921**	100,755	**1,271,078**
Development projects in progress, real estate for sale and other	**6,459**	5,092	**62,709**
Income taxes payable (Note 17)	**21,402**	10,634	**207,786**
Accrued expenses	**21,496**	21,613	**208,699**
Other current liabilities (Note 8)	**180,288**	155,879	**1,750,369**
Total current liabilities	**1,046,591**	1,005,947	**10,161,078**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8, 9,17 and 22.a)	**220,833**	217,493	**2,144,010**
Deferred tax liabilities (Note 14)	**16,028**	26	**155,612**
Deferred tax liabilities on revaluation surplus of land (Note 4)	**27,730**	28,419	**269,223**
Liability for retirement benefits (Note 12)	**60,175**	61,588	**584,223**
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	**1,192**	1,149	**11,573**
Other long-term liabilities (Note 8)	**52,820**	53,324	**512,815**
Total long-term liabilities	**378,778**	361,999	**3,677,456**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 16, 18 and 19)			
EQUITY (Notes 13 and 22.b)**:**			
Common stock, authorized, 2,500,000,000 shares; issued, 1,057,312,022 shares	**81,447**	81,447	**790,748**
Capital surplus	**45,304**	45,304	**439,845**
Retained earnings	**148,740**	132,090	**1,444,078**
Treasury stock—at cost, 18,916,038 shares in 2014 and 18,533,958 shares in 2013	**(6,227)**	(6,082)	**(60,456)**
Accumulated other comprehensive income (Note 14):			
Unrealized gain on available-for-sale securities (Note 3)	**71,425**	58,707	**693,446**
Deferred loss on derivatives under hedge accounting	**(418)**	(981)	**(4,058)**
Revaluation surplus of land (Note 4)	**18,165**	19,236	**176,359**
Foreign currency translation adjustments	**9,281**	(9,271)	**90,106**
Defined retirement benefit plans	**514**	—	**4,990**
Total	**368,231**	320,450	**3,575,058**
Minority Interests	**(4,104)**	(2,324)	**(39,844)**
Total equity	**364,127**	318,126	**3,535,214**
TOTAL	¥ **1,789,496**	¥ 1,686,072	$ **17,373,748**

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	**2014**
REVENUES (Note 15):			
Construction projects	¥ **1,334,314**	¥ 1,301,467	$ **12,954,505**
Real estate and other (Note 6)	**186,878**	183,553	**1,814,349**
Total revenues	**1,521,192**	1,485,020	**14,768,854**
COST OF REVENUES (Note 15):			
Construction projects	**1,250,708**	1,220,137	**12,142,796**
Real estate and other (Note 6)	**162,497**	160,534	**1,577,641**
Total cost of revenues	**1,413,205**	1,380,671	**13,720,437**
Gross profit	**107,987**	104,349	**1,048,417**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**84,979**	85,880	**825,038**
Operating income	**23,008**	18,469	**223,379**
OTHER INCOME (EXPENSES):			
Interest and dividends	**6,140**	5,880	**59,612**
Interest expense	**(6,342)**	(6,527)	**(61,573)**
Foreign currency exchange gain	**1,686**	1,112	**16,369**
Equity in earnings of unconsolidated subsidiaries and affiliates	**4,499**	809	**43,680**
Equity in earnings of partnership	**1,897**	4,291	**18,417**
Penalty income on development projects	**—**	3,610	**—**
Compensation expenses	**(4,400)**	—	**(42,718)**
(Loss) gain on sales or disposals of property and equipment—net (Note 6)	**(864)**	17,397	**(8,388)**
Gain on sales of marketable and investment securities—net (Note 3)	**9,087**	4,384	**88,223**
Valuation loss on marketable and investment securities (Note 3)	**(39)**	(697)	**(379)**
Gain on sales of investments in consolidated subsidiaries	**8,013**	510	**77,796**
Gain on sales of investments in unconsolidated subsidiaries and affiliates	**508**	289	**4,932**
Provision for doubtful accounts	**—**	(427)	**—**
Reversal of allowance for doubtful accounts	**1,129**	—	**10,961**
Loss on impairment of long-lived assets (Notes 5 and 6)	**(1,394)**	(2,569)	**(13,534)**
Litigation settlement	**(349)**	(85)	**(3,388)**
Other—net	**262**	(2,582)	**2,543**
Other income—net	**19,833**	25,395	**192,553**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**42,841**	43,864	**415,932**
INCOME TAXES (Note 14):			
Current	**24,652**	16,220	**239,340**
Deferred	**(3,117)**	3,007	**(30,262)**
Total income taxes	**21,535**	19,227	**209,078**
NET INCOME BEFORE MINORITY INTERESTS	**21,306**	24,637	**206,854**
MINORITY INTERESTS IN NET INCOME	**(553)**	(1,207)	**(5,369)**
NET INCOME	¥ **20,753**	¥ 23,430	$ **201,485**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 21):			
Basic net income	¥ **19.98**	¥ 22.55	$ **0.194**
Cash dividends applicable to the year	**5.00**	5.00	**0.048**

Consolidated Statement of Comprehensive Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	**2014**
NET INCOME BEFORE MINORITY INTERESTS	¥ **21,306**	¥ 24,637	$ **206,854**
OTHER COMPREHENSIVE INCOME (Note 20):			
Unrealized gain on available-for-sale securities	**12,714**	32,743	**123,437**
Deferred loss on derivatives under hedge accounting	**541**	504	**5,253**
Revaluation surplus of land	**20**	(21)	**194**
Foreign currency translation adjustments	**18,293**	12,856	**177,602**
Share of other comprehensive income in unconsolidated subsidiaries and affiliates	**(381)**	(1,255)	**(3,699)**
Total other comprehensive income	**31,187**	44,827	**302,787**
COMPREHENSIVE INCOME	¥ **52,493**	¥ 69,464	$ **509,641**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ **52,605**	¥ 68,423	$ **510,728**
Minority interests	**(112)**	1,041	**(1,087)**

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2014 and 2013

	Thousands	Millions of Yen					
						Accumulated Other Comprehensive Income	
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting
BALANCE, APRIL 1, 2012	1,038,835	¥ 81,447	¥ 45,304	¥ 112,774	¥ (6,068)	¥ 25,960	¥ (1,442)
Net income	—	—	—	23,430	—	—	—
Cash dividends paid:							
Final for prior year, ¥2.00 per share	—	—	—	(2,078)	—	—	—
Interim for current year, ¥2.50 per share	—	—	—	(2,597)	—	—	—
Adjustments of revaluation surplus of land	—	—	—	561	—	—	—
Repurchase of treasury stock	(57)	—	—	—	(14)	—	—
Net change in the year	—	—	—	—	—	32,747	461
BALANCE, MARCH 31, 2013	1,038,778	81,447	45,304	132,090	(6,082)	58,707	(981)
Net income	—	—	—	20,753	—	—	—
Cash dividends paid:							
Final for prior year, ¥2.50 per share	—	—	—	(2,597)	—	—	—
Interim for current year, ¥2.50 per share	—	—	—	(2,597)	—	—	—
Adjustments of revaluation surplus of land	—	—	—	1,091	—	—	—
Repurchase of treasury stock	(382)	—	—	—	(145)	—	—
Net change in the year	—	—	—	—	—	12,718	563
BALANCE, MARCH 31, 2014	1,038,396	¥ 81,447	¥ 45,304	¥ 148,740	¥ (6,227)	¥ 71,425	¥ (418)

	Millions of Yen					
	Accumulated Other Comprehensive Income					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2012	¥ 19,818	¥ (21,078)	¥ —	¥ 256,715	¥ (9)	¥ 256,706
Net income	—	—	—	23,430	—	23,430
Cash dividends paid:						
Final for prior year, ¥2.00 per share	—	—	—	(2,078)	—	(2,078)
Interim for current year, ¥2.50 per share	—	—	—	(2,597)	—	(2,597)
Adjustments of revaluation surplus of land	(582)	—	—	(21)	—	(21)
Repurchase of treasury stock	—	—	—	(14)	—	(14)
Net change in the year	—	11,807	—	45,015	(2,315)	42,700
BALANCE, MARCH 31, 2013	19,236	(9,271)	—	320,450	(2,324)	318,126
Net income	—	—	—	20,753	—	20,753
Cash dividends paid:						
Final for prior year, ¥2.50 per share	—	—	—	(2,597)	—	(2,597)
Interim for current year, ¥2.50 per share	—	—	—	(2,597)	—	(2,597)
Adjustments of revaluation surplus of land	(1,071)	—	—	20	—	20
Repurchase of treasury stock	—	—	—	(145)	—	(145)
Net change in the year	—	18,552	514	32,347	(1,780)	30,567
BALANCE, MARCH 31, 2014	¥ 18,165	¥ 9,281	¥ 514	¥ 368,231	¥ (4,104)	¥ 364,127

Year Ended March 31, 2014

	Thousands of U.S. Dollars (Note 1)					
					Accumulated Other Comprehensive Income	
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting
BALANCE, APRIL 1, 2013	$ 790,748	$ 439,845	$ 1,282,427	$ (59,049)	$ 569,971	$ (9,524)
Net income	—	—	201,485	—	—	—
Cash dividends paid:						
Final for prior year, $0.024 per share	—	—	(25,213)	—	—	—
Interim for current year, $0.024 per share	—	—	(25,213)	—	—	—
Adjustments of revaluation surplus of land	—	—	10,592	—	—	—
Repurchase of treasury stock	—	—	—	(1,407)	—	—
Net change in the year	—	—	—	—	123,475	5,466
BALANCE, MARCH 31, 2014	$ 790,748	$ 439,845	$ 1,444,078	$ (60,456)	$ 693,446	$ (4,058)

	Thousands of U.S. Dollars (Note 1)					
	Accumulated Other Comprehensive Income					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2013	$ 186,757	$ (90,010)	$ —	$ 3,111,165	$ (22,563)	$ 3,088,602
Net income	—	—	—	201,485	—	201,485
Cash dividends paid:						
Final for prior year, $0.024 per share	—	—	—	(25,213)	—	(25,213)
Interim for current year, $0.024 per share	—	—	—	(25,213)	—	(25,213)
Adjustments of revaluation surplus of land	(10,398)	—	—	194	—	194
Repurchase of treasury stock	—	—	—	(1,407)	—	(1,407)
Net change in the year	—	180,116	4,990	314,047	(17,281)	296,766
BALANCE, MARCH 31, 2014	$ 176,359	$ 90,106	$ 4,990	$ 3,575,058	$ (39,844)	$ 3,535,214

Consolidated Statement of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	**2014**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ **42,841**	¥ 43,864	$ **415,932**
Adjustments for :			
Income taxes—paid	**(14,535)**	(7,945)	**(141,117)**
Depreciation and amortization	**18,290**	18,335	**177,573**
Provision for doubtful accounts	**(487)**	246	**(4,728)**
Foreign currency exchange loss	**330**	527	**3,204**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(4,499)**	(809)	**(43,680)**
Valuation loss on marketable and investment securities	**39**	697	**379**
Loss (gain) on sales or disposals of property and equipment—net	**864**	(17,397)	**8,388**
Gain on sales of marketable and investment securities—net	**(9,087)**	(4,384)	**(88,223)**
Loss on impairment of long-lived assets	**1,394**	2,569	**13,534**
Gain on sales of investments in subsidiaries	**(8,013)**	(510)	**(77,796)**
Gain on sales of investments in unconsolidated subsidiaries and affiliates	**(508)**	(289)	**(4,932)**
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	**(62,809)**	10,548	**(609,796)**
Decrease in inventories	**5,932**	31,534	**57,592**
Decrease in operational investments in securities	**1,200**	5,434	**11,650**
Increase (decrease) in payables	**5,822**	(24,683)	**56,524**
Increase in advances received	**28,579**	320	**277,466**
Increase in accrued expenses	**3,163**	954	**30,709**
(Decrease) increase in liability for retirement benefits	**(502)**	382	**(4,874)**
(Increase) decrease in other assets	**(3,638)**	5,787	**(35,320)**
Increase (decrease) in other liabilities	**27,970**	(8,042)	**271,553**
Other—net	**609**	1,322	**5,913**
Net cash provided by operating activities	**32,955**	58,460	**319,951**
INVESTING ACTIVITIES:			
(Increase) decrease of time deposits excluding cash equivalents	**(27,739)**	564	**(269,311)**
Payment for purchases of marketable and investment securities	**(766)**	(2,999)	**(7,437)**
Proceeds from sales and redemption of marketable and investment securities	**23,505**	13,355	**228,204**
Payment for purchases of property and equipment	**(16,703)**	(19,551)	**(162,165)**
Proceeds from sales of property and equipment	**3,277**	42,335	**31,816**
Payment for purchase of intangible assets	**(930)**	(998)	**(9,029)**
Cash and cash equivalents acquired due to decrease in consolidated subsidiaries	**47,597**	1,012	**462,107**
Disbursements for loans	**(11,851)**	(1,143)	**(115,058)**
Proceeds from collection of loans	**2,857**	6,148	**27,738**
Proceeds from sales of investments in unconsolidated subsidiaries and affiliates	**1,063**	1,786	**10,320**
Other—net	**(2,922)**	(3,794)	**(28,369)**
Net cash provided by investing activities	**17,388**	36,715	**168,816**
FINANCING ACTIVITIES:			
Decrease in short-term borrowings	**(6,634)**	(10,060)	**(64,408)**
Net issuance (repayment) of commercial paper	**10,700**	(19,700)	**103,883**
Proceeds from issuance of long-term debt	**83,668**	86,927	**812,311**
Repayment of long-term debt	**(118,369)**	(129,903)	**(1,149,214)**
Proceeds from issuance of bonds	**20,000**	20,000	**194,175**
Repayment of finance lease obligations	**(1,185)**	(1,205)	**(11,505)**
Cash dividends paid	**(5,194)**	(4,675)	**(50,427)**
Other—net	**(145)**	(13)	**(1,407)**
Net cash used in financing activities	**(17,159)**	(58,629)	**(166,592)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**5,774**	3,995	**56,058**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**38,958**	40,541	**378,233**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**201,165**	160,624	**1,953,058**
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ **240,123**	¥ 201,165	$ **2,331,291**

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries

Year Ended March 31, 2014

1. BASIS OF PRESENTATION OF 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 accordance 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 ¥103 to $1, the approximate rate of exchange at March 31, 2014. 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, 2014, include the accounts of the Company and its 89 (86 in 2013) significant subsidiaries.

Under the control and influence concepts, 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 41 (42 in 2013) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 55 (57 in 2013) 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.

As of March 31, 2014, the Company had 2 special purpose entities (2 in 2013) which were established and are being operated for the purpose of liquidation of real estate, and as such are not consolidated in accordance with Japanese GAAP. The total assets and liabilities of such special purpose entities as of March 31, 2014 and 2013, were ¥44,194 million ($429,068 thousand) and ¥45,250 million, ¥44,186 million ($428,990 thousand) and ¥45,243 million, respectively. The Company recognized lease payments of ¥3,427 million ($33,272 thousand) and ¥3,414 million based on lease agreements of real estate for the years ended March 31, 2014 and 2013, respectively. The investment in anonymous association was ¥5,686 million ($55,204 thousand) and ¥5,704 million as of March 31, 2014 and 2013, respectively, and its related distributed profit was ¥1,563 million ($15,175 thousand) for the year ended March 31, 2014, and ¥1,494 million including profit due to liquidation of a special purpose entity for the year ended March 31, 2013. The Company received a refund of investment in special purpose entity of ¥92 million during the year ended March 31, 2013.

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, 2014

1) Number of consolidated subsidiaries	:	89 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 18 subsidiaries, Kajima Europe B.V. (KE) and its 2 subsidiaries, Kajima Europe U.K. Holding Ltd. (KEUK) and its 6 subsidiaries, Kajima Overseas Asia Pte. Ltd. (KOA) and its 21 subsidiaries and 7 subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method	:	41 ARTES Corporation, Japan Sea Works Co., Ltd. and 39 other companies
3) Number of affiliates accounted for using the equity method	:	55 Katabami Kogyo Co., Ltd., Yaesu Book Center Co., Ltd., and 53 other companies

(2) Changes for the year ended March 31, 2014

1) Newly consolidated companies	:	2 subsidiaries of KUSA, 4 subsidiaries of KEL and 2 subsidiaries of KOA due to new establishment
2) Companies excluded from consolidation	:	2 subsidiaries of KE and 3 subsidiaries of KUSA due to liquidation and

sales of shares

3) Companies newly accounted for using the equity method : 1 affiliate due to new establishment

4) Companies excluded from the equity method : 1 subsidiary and 3 affiliates due to liquidation and sales of shares

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Japanese accounting standards prescribe that 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. However, 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, except for the following items that 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 of accounting for property, plant and equipment and investment properties and incorporation of the cost model of 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 — Japanese accounting standards require 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 equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of 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.

Japanese accounting standards require 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, gross profit for the years ended March 31, 2014 and 2013, decreased by ¥792 million ($7,689 thousand) and ¥2,348 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 costs of such projects. Interest expenses capitalized were ¥811 million ($7,874 thousand) and ¥1,081 million for the years ended March 31, 2014 and 2013, 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 a positive intent and ability to hold to maturity, are reported at amortized cost; and

(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. Nonmarketable 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 ¥280,268 million ($2,721,049 thousand) and ¥265,940 million as of March 31, 2014 and 2013, 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 is 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 — The Company, its domestic consolidated subsidiaries and certain overseas consolidated subsidiaries have funded and/or unfunded retirement benefit plans covering their employees. In addition, the Company, certain domestic and overseas consolidated 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 accordance with the accounting standard for employees' retirement benefits. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

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

(1) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(3) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard for (1) and (2) above is effective from the end of financial years beginning on or after April 1, 2013, and for (3) above is effective from the beginning of financial years beginning on or after April 1, 2014, or from the beginning of financial years beginning on or after April 1, 2015, subject to certain disclosure in the previous financial year, both with earlier application being permitted from the beginning of financial years beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements for prior financial years is required (see Note 2.v).

The Company applied the revised accounting standard for retirement benefits for (1) and (2) above, effective March 31, 2014. As a result, liability for retirement benefits of ¥60,175 million ($584,223 thousand) and asset for retirement benefits of ¥458 million ($4,446 thousand) were recorded as of March 31, 2014, and accumulated other comprehensive income as of March 31, 2014, increased by ¥514 million ($4,990 thousand).

l. Asset Retirement Obligations — 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 the 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 adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Construction Contracts — Under Japanese accounting standards, 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 is deemed to 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, 2014 and 2013, were ¥1,150,545 million ($11,170,340 thousand) and ¥1,108,525 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 ¥39,452 million ($383,029 thousand) and ¥27,801 million as of March 31, 2014 and 2013, 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, 2014 and 2013, totaled ¥7,829 million ($76,010 thousand) and ¥8,463 million, respectively.

o. Leases — Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.
All other leases are accounted for as operating leases.

p. Bonuses to Directors — Bonuses to directors are accrued at the end of the year 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 statement 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 income tax rates 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 statement 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 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 statement 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, 2014 and 2013.

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

v. New Accounting Pronouncements

Accounting Standard for Retirement Benefits

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

Major changes are as follows:

(1) Treatment in the balance sheet

Under the requirements of previous standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets ("deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(3) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard for (1) and (2) above is effective from the end of financial years beginning on or after April 1, 2013, and for (3) above is effective from the beginning of financial years beginning on or after April 1, 2014, or from the beginning of financial years beginning on or after April 1, 2015, subject to certain disclosure in the previous financial year, both with earlier application being permitted from the beginning of financial years beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements for prior financial years is required.

The Companies applied the revised accounting standard for (1) and (2) above effective March 31, 2014, and expect to apply (3) above from April 1, 2014. The adoption of the revised accounting standard for (3) above is expected to decrease liability for retirement benefits by ¥6,920 ($67,184 thousand) and asset for retirement benefits by ¥66 million ($641 thousand) and increase retained earnings by ¥4,430 ($43,010 thousand) at the beginning of financial year ending March 31, 2015. The effect of applying the revised accounting standard for (3) above on the consolidated statement of income for the year ending March 31, 2015, is expected to be immaterial.

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, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Current:			
Government and corporate bonds	¥ **163**	¥ 66	$ **1,583**
Fund trusts and other	**10,156**	11,356	**98,602**
Total	¥ **10,319**	¥ 11,422	$ **100,185**
Non-Current:			
Equity securities	¥ **219,272**	¥ 200,529	$ **2,128,855**
Government and corporate bonds	**927**	1,922	**9,000**
Fund trusts and other	**10,368**	22,202	**100,660**
Total	¥ **230,567**	¥ 224,653	$ **2,238,515**

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2014 and 2013, were as follows:

As of March 31, 2014	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ **99,119**	¥ **113,445**	¥ **(2,554)**	¥ **210,010**
Government and corporate bonds	**1,064**	**33**	**(7)**	**1,090**
Fund trusts and other	**1,279**	**189**	**(1)**	**1,467**
Total	¥ **101,462**	¥ **113,667**	¥ **(2,562)**	¥ **212,567**

As of March 31, 2013	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ 99,993	¥ 96,202	¥ (4,913)	¥ 191,282
Government and corporate bonds	1,942	46	(0)	1,988
Fund trusts and other	1,219	110	—	1,329
Total	¥ 103,154	¥ 96,358	¥ (4,913)	¥ 194,599

As of March 31, 2014	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**$ 962,320**	**$ 1,101,408**	**$ (24,796)**	**$ 2,038,932**
Government and corporate bonds	**10,330**	**320**	**(68)**	**10,582**
Fund trusts and other	**12,418**	**1,835**	**(10)**	**14,243**
Total	**$ 985,068**	**$ 1,103,563**	**$ (24,874)**	**$ 2,063,757**

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥23,301 million ($226,223 thousand) and ¥194 million as of March 31, 2014 and 2013, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2014 and 2013, was as follows:

Year Ended March 31, 2014	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**¥ 8,718**	**¥ 7,691**	**¥ (16)**
Government and corporate bonds	**60**	**1**	**—**
Fund trusts and other	**8,590**	**1,411**	**—**
Total	**¥ 17,368**	**¥ 9,103**	**¥ (16)**

Year Ended March 31, 2013	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥ 12,183	¥ 5,731	¥ (1,316)
Government and corporate bonds	116	6	—
Fund trusts and other	793	54	(91)
Total	¥ 13,092	¥ 5,791	¥ (1,407)

Year Ended March 31, 2014	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**$ 84,641**	**$ 74,670**	**$ (156)**
Government and corporate bonds	**583**	**10**	**—**
Fund trusts and other	**83,397**	**13,699**	**—**
Total	**$ 168,621**	**$ 88,379**	**$ (156)**

The impairment losses on available-for-sale securities were ¥39 million ($379 thousand) and ¥697 million for the years ended March 31, 2014 and 2013, respectively.

4. REVALUATION OF LAND

Under the "Law of Land Revaluation", the Company and a consolidated 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, 2014, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥11,298 million ($109,689 thousand).

5. LONG-LIVED ASSETS

For the year ended March 31, 2014, 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	Buildings and structures, Machinery, equipment and other, Others	Osaka Prefecture and others	3
Idle properties	Land, Buildings and structures	Tokyo and others	6

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

The carrying amounts of certain idle properties and assets used for business 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 impairment losses of ¥1,394 million ($13,534 thousand), which consisted of assets used for business of ¥58 million ($563 thousand) and idle properties of ¥1,336 million ($12,971 thousand) for the year ended March 31, 2014.

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 the appraisal value, less the cost of disposal, for calculating the net selling price at disposition.

For the year ended March 31, 2013, 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	Kagawa Prefecture and others	11
Assets used for rent	Land, Buildings and structures, Leasehold	Kanagawa Prefecture	1
Idle properties	Buildings and structures, Machinery, equipment and other	Tochigi Prefecture and other	2

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

The carrying amounts of certain assets used for business, asset used for rent and idle properties 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 impairment losses of ¥2,569 million, which consisted of assets used for business of ¥227 million, asset used for rent of ¥2,300 million and idle properties of ¥42 million for the year ended March 31, 2013.

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 the appraisal value, less the cost of disposal, for calculating the 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 ¥4,226 million ($41,029 thousand), loss on sales or disposals of property and equipment—net was ¥487 million ($4,728 thousand) and loss on impairment of long-lived assets was ¥1,336 million ($12,971 thousand) for the year ended March 31, 2014. The net of rental income and operating expenses for those rental properties was ¥2,658 million, gain on sales or disposals of property and equipment—net was ¥18,831 million and loss on impairment of long-lived assets was ¥2,330 million for the year ended March 31, 2013.

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, 2013	**Increase/Decrease**	**As of March 31, 2014**	**As of March 31, 2014**
¥ 160,669	**¥ (3,184)**	**¥ 157,485**	**¥ 239,407**

Millions of Yen

Carrying amount			Fair value
As of April 1, 2012	Increase/Decrease	As of March 31, 2013	As of March 31, 2013
¥ 184,752	¥ (24,083)	¥ 160,669	¥ 224,973

Thousands of U.S. Dollars

Carrying amount			Fair value
As of April 1, 2013	**Increase/Decrease**	**As of March 31, 2014**	**As of March 31, 2014**
$ 1,559,893	**$ (30,912)**	**$ 1,528,981**	**$ 2,324,340**

Notes:
(1) Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
(2) Decrease during the financial year ended March 31, 2013, primarily represents the sale of real estate of ¥22,110 million.
(3) Fair value of properties as of March 31, 2014 and 2013, 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 reports.

7. LONG-TERM LOANS RECEIVABLE

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

8. PLEDGED ASSETS

As of March 31, 2014, the following assets of the Companies were pledged to secure the repayment of short-term borrowings of ¥10 million ($97 thousand), other current liabilities of ¥32 million ($311 thousand), long-term debt of ¥1,177 million ($11,427 thousand) and other long-term liabilities of ¥522 million ($5,068 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	**¥ 160**	**$ 1,553**
Inventories:		
Development projects in progress, real estate for sale and other	**1,868**	**18,137**
Other current assets	**71**	**689**
Land	**26**	**253**
Buildings and structures	**411**	**3,990**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**861**	**8,359**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	**1,468**	**14,252**
Total	**¥ 4,865**	**$ 47,233**

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2014 and 2013, mainly consisted of bank overdrafts. The annual interest rates applicable to the short-term borrowings ranged from 0.33636% to 2.1663% and 0.46% to 5.1% as of March 31, 2014 and 2013, respectively.

Long-term debt as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
0.25% to 10.6668% loans from banks, due 2014 – 2073	**¥ 135,049**	¥ 176,965	**$ 1,311,156**
0% to 5% loans from insurance companies and other financial institutions, due 2014 – 2039	**17,444**	22,975	**169,359**
0.71% to 1.6% bonds, due 2014 – 2018	**125,000**	125,000	**1,213,592**
Lease obligations	**3,352**	2,925	**32,544**
Total	**280,845**	327,865	**2,726,651**
Current portion included in current liabilities	**(60,012)**	(110,372)	**(582,641)**
Total	**¥ 220,833**	¥ 217,493	**$ 2,144,010**

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.

Several loan agreements include financial covenants primarily on net assets and interest-bearing debt.
The outstanding balance of such loans as of March 31, 2014, was included in the consolidated balance sheet as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current portion of long-term debt	**¥ 3,333**	**$ 32,359**
Long-term debt	**17,000**	**165,049**
Total	**¥ 20,333**	**$ 197,408**

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2014, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	**¥ 60,012**	**$ 582,641**
2016	**36,541**	**354,767**
2017	**33,413**	**324,398**
2018	**45,552**	**442,253**
2019	**38,686**	**375,592**
2020 and thereafter	**66,641**	**647,000**
Total	**¥ 280,845**	**$ 2,726,651**

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,456,311 thousand) with several Japanese banks. There was no outstanding balance under the committed loan facility agreements as of March 31, 2014.

10. COMMERCIAL PAPER

Commercial paper was represented by 29- to 30-day paper issued by the Company with interest rates at 0.102% to 0.113% and 14- to 33-day paper with interest rates at 0.134% to 0.17% as of March 31, 2014 and 2013, 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, its consolidated domestic subsidiaries and certain overseas subsidiaries have funded and/or unfunded defined benefit plans covering their employees. In addition, the Company, certain domestic and overseas consolidated subsidiaries have defined contribution plans.

Under the defined benefit pension plans (all funded), employees terminating their employment are entitled to either a lump-sum payment or an annuity, determined based on the rate of pay at the time of termination and years of service.

The severance lump-sum payment plans (which are mostly unfunded, except for a certain plan which is deemed to be funded where a consolidated subsidiary contributes qualified plan assets to an employee retirement benefit trust) provide for a lump-sum payment to terminated employees, determined based on accumulated points allocated each month according to an employee's job classification and performance, or on the rate of pay at the time of termination and years of service.

Certain consolidated subsidiaries account for their retirement benefit plans by using the simplified method.

Year Ended March 31, 2014

a. The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 69,579	$ 675,524
Current service cost	3,210	31,165
Interest cost	1,411	13,699
Actuarial gains	(178)	(1,728)
Benefits paid	(6,773)	(65,757)
Other	(110)	(1,068)
Balance at end of year	**¥ 67,139**	**$ 651,835**

Note: Retirement benefit plans accounted for by using the simplified method are excluded.

b. The changes in plan assets for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 8,008	$ 77,748
Expected return on plan assets	84	815
Actuarial gains	1,120	10,874
Contributions from the employer	192	1,864
Benefits paid	(715)	(6,942)
Balance at end of year	**¥ 8,689**	**$ 84,359**

Note: Retirement benefit plans accounted for by using the simplified method are excluded.

c. The changes in net defined benefit liability accounted for by using the simplified method for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 1,289	$ 12,515
Benefit cost	181	1,757
Benefits paid	(111)	(1,078)
Contributions from the funds	(101)	(981)
Other	9	88
Balance at end of year	**¥ 1,267**	**$ 12,301**

d. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Funded defined benefit obligation	¥ 11,629	$ 112,903
Plan assets	(10,322)	(100,214)
	1,307	12,689
Unfunded defined benefit obligation	58,410	567,088
Net liability for defined benefit obligation	**¥ 59,717**	**$ 579,777**

	Millions of Yen	Thousands of U.S. Dollars
Liability for retirement benefits	¥ 60,175	$ 584,223
Asset for retirement benefits	(458)	(4,446)
Net liability for defined benefit obligation	**¥ 59,717**	**$ 579,777**

Note: Retirement benefit plans accounted for by using the simplified method are included.

e. The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥ 3,210	$ 31,165
Interest cost	1,411	13,699
Expected return on plan assets	(84)	(816)
Recognized actuarial losses	128	1,243
Amortization of prior service cost	2,952	28,660
Recognized actuarial gains on retern of retirement benefits trust	(872)	(8,466)
Benefit cost in simplified method	181	1,757
Other	6	59
Net periodic benefit costs	**¥ 6,932**	**$ 67,301**

f. Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized prior service cost	¥ 148	$ 1,437
Unrecognized actuarial gains	723	7,019
Total	**¥ 871**	**$ 8,456**

g. Plan assets as of March 31, 2014

(1) Components of plan assets
Plan assets consisted of the following:

Equity investments	54 %
Debt investmensts	29
General accounts with life insurance companies	8
Cash and cash equivalents	6
Other	3
Total	**100**

(2) Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

h. Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	**2.0%**
Expected rate of return on plan assets	**1.0% to 2.5%**

i. Defined contribution pension plans
The costs of defined contribution plans were ¥2,539 million ($24,650 thousand) for the year ended March 31, 2014.

Year Ended March 31, 2013

a. The liability for employees' retirement benefits as of March 31, 2013, consisted of the following:

	Millions of Yen
Projected benefit obligation	¥ 72,481
Fair value of plan assets	(9,621)
Unrecognized actuarial loss	96
Unrecognized prior service cost	(2,833)
Amount reported on the consolidated balance sheet	60,123
Prepaid pension costs	1,465
Provision for retirement benefits	¥ 61,588

b. The components of net periodic benefit costs for the year ended March 31, 2013, were as follows:

	Millions of Yen
Service cost	¥ 3,567
Interest cost	1,487
Expected return on plan assets	(91)
Amortization of actuarial loss	531
Amortization of prior service cost	3,218
Other	2,503
Net periodic benefit costs	¥ 11,215

Note: "Other" in the above table consists principally of the cost of defined contribution plans.

c. Assumptions used for the year ended March 31, 2013, were set forth as follows:

Discount rate	2.0%
Expected rate of return on plan assets	1.0% to 2.5%
Amortization period of prior service cost	10 years
Recognition period of actuarial gain/loss	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 including: (1) having a Board of Directors; (2) having independent auditors; (3) having an Audit & Supervisory Board; 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 37.8% for the years ended March 31, 2014 and 2013.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Deferred tax assets:			
Liability for retirement benefits	**¥ 21,823**	¥ 22,291	**$ 211,874**
Valuation loss on inventories	**16,786**	19,485	**162,971**
Provision for loss on construction contracts	**13,966**	10,377	**135,592**
Valuation loss on property and equipment	**12,769**	12,572	**123,971**
Other	**55,310**	51,167	**536,990**
Subtotal	**120,654**	115,892	**1,171,398**
Valuation allowance	**(18,391)**	(15,838)	**(178,553)**
Total	**102,263**	100,054	**992,845**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(40,236)**	(34,108)	**(390,641)**
Other	**(6,101)**	(5,467)	**(59,233)**
Total	**(46,337)**	(39,575)	**(449,874)**
Net deferred tax assets	**¥ 55,926**	¥ 60,479	**$ 542,971**

As of March 31, 2014, certain consolidated subsidiaries of the Company have tax loss carryforwards whose expiration dates range from 2015 to 2023. 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 ¥2,046 million ($19,864 thousand) and ¥2,383 million as of March 31, 2014 and 2013, respectively.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2014, with the corresponding figures for 2013, was as follows:

	2014	2013
Normal effective statutory tax rate	**37.8 %**	37.8 %
Expenses not deductible for income tax purposes	**2.4**	3.3
Non-taxable income	**(0.9)**	(1.0)
Inhabitants' taxes	**1.0**	1.0
Valuation allowance	**8.9**	5.9
Difference of statutory tax rate between the Company and consolidated subsidiaries	**(5.1)**	(3.8)
Effect of tax rate reduction	**6.4**	—
Other—net	**(0.2)**	0.6
Actual effective tax rate	**50.3 %**	43.8 %

On March 31, 2014, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate for the Company and its domestic subsidiaries from approximately 37.8% to 35.4% effective for the financial year beginning on April 1, 2014.

The effect of this change was to decrease net deferred tax assets by ¥2,750 million ($26,699 thousand) and accumulated other comprehensive income by ¥1 million ($10 thousand) in the consolidated balance sheet as of March 31, 2014, and to increase income taxes—deferred by ¥2,749 million ($26,689 thousand) in the consolidated statement of income for the year ended March 31, 2014.

15. RELATED PARTY TRANSACTIONS

Transactions with unconsolidated subsidiaries and affiliates for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Construction and other revenues	¥ 15,655	¥ 36,397	$ 151,990
Purchases	17,542	16,335	170,311

In addition, during the financial year ended March 31, 2014, the Company recognized construction revenue of ¥106 million ($1,029 thousand) under several construction contracts that amounted to ¥106 million ($1,029 thousand) in aggregate with a director of the Company. During the financial year ended March 31, 2013, the Company recognized construction revenue of ¥17 million under a construction contract of the same amount with a director of the Company.

The contracts are entered into 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 cancelable. Rental expenses on such leases were approximately ¥5,755 million ($55,874 thousand) and ¥5,266 million for the years ended March 31, 2014 and 2013, respectively.

a. Operating leases as a lessee

The minimum rental commitments under noncancelable operating leases as of March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within one year	¥ 8,361	¥ 8,188	$ 81,174
Due after one year	34,410	41,264	334,078
Total	¥ 42,771	¥ 49,452	$ 415,252

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within one year	¥ 7,569	¥ 7,943	$ 73,485
Due after one year	40,878	47,939	396,874
Total	¥ 48,447	¥ 55,882	$ 470,359

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 ($1,456,311 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, 2014 and 2013, were as follows. However, financial instruments whose fair value cannot be reliably determined are not included.

	Millions of Yen		
As of March 31, 2014	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥ 240,123	¥ 240,123	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	212,567	212,567	—
Notes and accounts receivable—trade	567,204		
Allowance for doubtful accounts	(1,127)		
	566,077	566,055	(22)
Other current assets			
Time deposits due after three months of the date of acquisition	28,768	28,768	—
Long-term loans receivable	21,865		
Long-term loans to unconsolidated subsidiaries and affiliates	8,294		
Allowance for doubtful accounts	(6,089)		
	24,070	24,113	43
Total	¥ 1,071,605	¥ 1,071,626	¥ 21
LIABILITIES			
Short-term borrowings	¥ 113,216	¥ 113,216	¥ —
Commercial paper	54,000	54,000	—
Current portion of long-term debt	60,012	60,200	188
Notes and accounts payable—trade	458,797	458,797	—
Income taxes payable	21,402	21,402	—
Long-term debt	220,833	222,207	1,374
Total	¥ 928,260	¥ 929,822	¥ 1,562

As of March 31, 2013	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥ 201,165	¥ 201,165	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	194,599	194,599	—
Notes and accounts receivable—trade	498,068		
Allowance for doubtful accounts	(509)		
	497,559	497,613	54
Other current assets			
Time deposits due after three months of the date of acquisition	1,030	1,030	—
Long-term loans receivable	16,846		
Long-term loans to unconsolidated subsidiaries and affiliates	7,133		
Allowance for doubtful accounts	(10,089)		
	13,890	13,947	57
Total	¥ 908,243	¥ 908,354	¥ 111
LIABILITIES			
Short-term borrowings	¥ 111,903	¥ 111,903	¥ —
Commercial paper	43,300	43,300	—
Current portion of long-term debt	110,372	110,432	60
Notes and accounts payable—trade	446,399	446,399	—
Income taxes payable	10,634	10,634	—
Long-term debt	217,493	218,853	1,360
Total	¥ 940,101	¥ 941,521	¥ 1,420

As of March 31, 2014	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	**$ 2,331,291**	**$ 2,331,291**	**$ —**
Marketable securities and investments in securities			
Available-for-sale securities	**2,063,757**	**2,063,757**	**—**
Notes and accounts receivable—trade	**5,506,835**		
Allowance for doubtful accounts	**(10,942)**		
	5,495,893	**5,495,680**	**(213)**
Other current assets			
Time deposits due after three months of the date of acquisition	**279,301**	**279,301**	**—**
Long-term loans receivable	**212,282**		
Long-term loans to unconsolidated subsidiaries and affiliates	**80,524**		
Allowance for doubtful accounts	**(59,116)**		
	233,690	**234,107**	**417**
Total	**$ 10,403,932**	**$ 10,404,136**	**$ 204**
LIABILITIES			
Short-term borrowings	**$ 1,099,184**	**$ 1,099,184**	**$ —**
Commercial paper	**524,272**	**524,272**	**—**
Current portion of long-term debt	**582,641**	**584,466**	**1,825**
Notes and accounts payable—trade	**4,454,340**	**4,454,340**	**—**
Income taxes payable	**207,786**	**207,786**	**—**
Long-term debt	**2,144,010**	**2,157,350**	**13,340**
Total	**$ 9,012,233**	**$ 9,027,398**	**$ 15,165**

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 2014	2013	Thousands of U.S. Dollars 2014
Investments in securities			
Available-for-sale:			
Equity securities	**¥ 9,262**	¥ 9,247	**$ 89,923**
Fund trusts and other	**19,057**	32,229	**185,020**
Investments in unconsolidated subsidiaries and affiliates	**27,153**	22,258	**263,621**
Total	**¥ 55,472**	¥ 63,734	**$ 538,564**

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

As of March 31, 2014	Millions of Yen 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	¥ 240,123	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	161	158	743	—
Notes and accounts receivable—trade	521,826	44,665	612	101
Other current assets				
Time deposits due after three months of the date of acquisition	28,768	—	—	—
Long-term loans receivable	41	3,899	10,577	7,389
Long-term loans to unconsolidated subsidiaries and affiliates	107	2,152	472	5,670
Total	¥ 791,026	¥ 50,874	¥ 12,404	¥ 13,160

As of March 31, 2014	Thousands of U.S. Dollars 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	$ 2,331,291	$ —	$ —	$ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	1,563	1,534	7,213	—
Notes and accounts receivable—trade	5,066,272	433,641	5,942	980
Other current assets				
Time deposits due after three months of the date of acquisition	279,301	—	—	—
Long-term loans receivable	398	37,854	102,690	71,738
Long-term loans to unconsolidated subsidiaries and affiliates	1,039	20,893	4,582	55,049
Total	$ 7,679,864	$ 493,922	$ 120,427	$ 127,767

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

As of March 31, 2014	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Singapore Dollar forward	¥ 2,577	¥ —	¥ 40	¥ 40
Czech Koruna forward	106	—	(0)	(0)
Selling:				
Euro forward	1,392	—	13	13
Total	¥ 4,075	¥ —	¥ 53	¥ 53
Interest rate swaps				
Pay—fix / Receive—float	¥ 5,000	¥ 5,000	¥ (220)	¥ (220)
Total	¥ 5,000	¥ 5,000	¥ (220)	¥ (220)

As of March 31, 2013	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Singapore Dollar forward	¥ 5,377	¥ —	¥ (75)	¥ (75)
Czech Koruna forward	229	—	(2)	(2)
Selling:				
Euro forward	1,177	—	(5)	(5)
U.S. Dollar forward	1,317	—	(9)	(9)
Total	¥ 8,100	¥ —	¥ (91)	¥ (91)
Interest rate swaps				
Pay—fix / Receive—float	¥ 7,706	¥ 7,706	¥ (1,515)	¥ (1,515)
Total	¥ 7,706	¥ 7,706	¥ (1,515)	¥ (1,515)

As of March 31, 2014	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Singapore Dollar forward	$ 25,019	$ —	$ 388	$ 388
Czech Koruna forward	1,029	—	(0)	(0)
Selling:				
Euro forward	13,515	—	127	127
Total	$ 39,563	$ —	$ 515	$ 515
Interest rate swaps				
Pay—fix / Receive—float	$ 48,544	$ 48,544	$ (2,136)	$ (2,136)
Total	$ 48,544	$ 48,544	$ (2,136)	$ (2,136)

b. Derivative transactions to which hedge accounting is applied

As of March 31, 2014	Hedged item	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward		**¥ 167**	**¥ —**	**¥ 4**
Ethiopian Birr forward		**2,181**	**—**	**(56)**
Thai Baht forward	Accounts payable—trade	**17**	**—**	**(0)**
Euro forward		**3**	**—**	**(0)**
Total		**¥ 2,368**	**¥ —**	**¥ (52)**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**¥ 85,936**	**¥ 59,103**	**¥ (828)**
Total		**¥ 85,936**	**¥ 59,103**	**¥ (828)**

As of March 31, 2013	Hedged item	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward		¥ 15	¥ —	¥ 0
Thai Baht forward	Accounts payable—trade	2	—	0
Euro forward		4	—	(0)
Norwegian Krone forward		8	—	(0)
Selling:				
U.S. Dollar forward	Accounts receivable—trade	6	—	0
Total		¥ 35	¥ —	¥ 0
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	¥ 82,234	¥ 63,174	¥ (1,357)
Total		¥ 82,234	¥ 63,174	¥ (1,357)

As of March 31, 2014	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		**$ 1,621**	**$ —**	**$ 39**
Ethiopian Birr forward		**21,175**	**—**	**(544)**
Thai Baht forward	Accounts payable—trade	**165**	**—**	**(0)**
Euro forward		**29**	**—**	**(0)**
Total		**$ 22,990**	**$ —**	**$ (505)**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**$ 834,330**	**$ 573,816**	**$ (8,039)**
Total		**$ 834,330**	**$ 573,816**	**$ (8,039)**

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, 2014, accounts receivable—trade amounting to ¥18,077 million ($175,505 thousand) were excluded from the consolidated balance sheet.

As of March 31, 2014, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥11,996 million ($116,466 thousand). In addition, there is a contingent liability for collection of receivables for the Dubai Metro Project from the Roads & Transport Authority of Dubai, the United Arab Emirates, amounting to ¥26,691 million ($259,136 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 years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars 2014
Unrealized gain on available-for-sale securities:			
Gains arising during the year	**¥ 27,029**	¥ 55,006	**$ 262,418**
Reclassification adjustments to profit or loss	**(7,352)**	(4,320)	**(71,379)**
Amount before income tax effect	**19,677**	50,686	**191,039**
Income tax effect	**(6,963)**	(17,943)	**(67,602)**
Total	**¥ 12,714**	¥ 32,743	**$ 123,437**
Deferred loss on derivatives under hedge accounting:			
Gains arising during the year	**¥ (474)**	¥ (584)	**$ (4,602)**
Reclassification adjustments to profit or loss	**1,353**	1,392	**13,136**
Amount before income tax effect	**879**	808	**8,534**
Income tax effect	**(338)**	(304)	**(3,281)**
Total	**¥ 541**	¥ 504	**$ 5,253**
Revaluation surplus of land:			
Adjustments arising during the year	**¥ —**	¥ —	**$ —**
Reclassification adjustments to profit or loss	**—**	—	**—**
Amount before income tax effect	**—**	—	**—**
Income tax effect	**20**	(21)	**194**
Total	**¥ 20**	¥ (21)	**$ 194**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ 18,329**	¥ 12,833	**$ 177,951**
Reclassification adjustments to profit or loss	**(36)**	23	**(349)**
Amount before income tax effect	**18,293**	12,856	**177,602**
Income tax effect	**—**	—	**—**
Total	**¥ 18,293**	¥ 12,856	**$ 177,602**
Share of other comprehensive income in unconsolidated subsidiaries and affiliates:			
Gains arising during the year	**¥ (439)**	¥ (1,267)	**$ (4,262)**
Reclassification adjustments to profit or loss	**58**	12	**563**
Total	**¥ (381)**	¥ (1,255)	**$ (3,699)**
Total other comprehensive income	**¥ 31,187**	¥ 44,827	**$ 302,787**

21. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2014 and 2013, was as follows:

	Millions of Yen	Thousand of Shares	Yen	U.S. Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2014:				
Basic EPS				
Net income attributable to common stockholders	**¥ 20,753**	**1,038,639**	**¥ 19.98**	**$ 0.194**
For the year ended March 31, 2013:				
Basic EPS				
Net income attributable to common stockholders	¥ 23,430	1,038,807	¥ 22.55	

22. SUBSEQUENT EVENTS

a. Issuance of Unsecured Bonds

The Board of Directors of the Company resolved at its meeting held on April 15, 2014, to issue unsecured bonds with the following terms and conditions:

i) Issue amount:	Maximum of ¥10,000 million
ii) Maturity:	3 to 10 years
iii) Issue price:	¥100 for face value of ¥100
iv) Redemption price:	¥100 for face value of ¥100
v) Interest rate:	Not more than yield of government bond plus 1.0%
vi) Interest payment:	At the end of every 6 month period
vii) Redemption schedule:	Redemption at maturity
viii) Issue date:	Any date between the date of resolution in the meeting of the Board of Directors and March 31, 2015
ix) Use of proceeds:	Bond redemptions and working capital

In addition, the Board of Directors resolved that the General Manager of Treasury Division (Senior Managing Director) of the Company be authorized to determine the issue amount, maturity, interest rate, issue date and other matters in accordance with the above terms and conditions.

b. Appropriation of Retained Earnings

On June 27, 2014, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥2.50 ($0.024) per share (final for the year ended March 31, 2014) for a total amount of ¥2,600 million ($25,243 thousand).

23. SEGMENT INFORMATION

a. Segment Information

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 separate 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 with 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 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, 2014	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	**¥ 298,806**	**¥ 681,933**	**¥ 56,249**	**¥ 220,419**	**¥ 263,785**	**¥ 1,521,192**	**¥ —**	**¥ 1,521,192**
Intersegment sales or transfers .	**—**	**8,087**	**932**	**117,763**	**21**	**126,803**	**(126,803)**	**—**
Total	**¥ 298,806**	**¥ 690,020**	**¥ 57,181**	**¥ 338,182**	**¥ 263,806**	**¥ 1,647,995**	**¥ (126,803)**	**¥ 1,521,192**
Segment profit (loss)	**¥ 35,045**	**¥ (31,624)**	**¥ 1,693**	**¥ 11,535**	**¥ 6,582**	**¥ 23,231**	**¥ (223)**	**¥ 23,008**
Other:								
Depreciation	**¥ 1,539**	**¥ 3,553**	**¥ 4,510**	**¥ 4,836**	**¥ 3,986**	**¥ 18,424**	**¥ (134)**	**¥ 18,290**
Amortization of goodwill...........	**—**	**—**	**—**	**—**	**6**	**6**	**(614)**	**(608)**

Year Ended March 31, 2013	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	¥ 269,492	¥ 741,620	¥ 53,016	¥ 197,562	¥ 223,330	¥ 1,485,020	¥ —	¥ 1,485,020
Intersegment sales or transfers	—	4,305	1,493	122,515	16	128,329	(128,329)	—
Total	¥ 269,492	¥ 745,925	¥ 54,509	¥ 320,077	¥ 223,346	¥ 1,613,349	¥ (128,329)	¥ 1,485,020
Segment profit (loss)	¥ (8,144)	¥ 9,927	¥ (468)	¥ 8,648	¥ 7,367	¥ 17,330	¥ 1,139	¥ 18,469
Other:								
Depreciation	¥ 1,502	¥ 4,158	¥ 4,853	¥ 5,139	¥ 2,858	¥ 18,510	¥ (175)	¥ 18,335
Amortization of goodwill	—	—	—	—	403	403	(614)	(211)

Year Ended March 31, 2014	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	**$ 2,901,029**	**$ 6,620,709**	**$ 546,107**	**$ 2,139,990**	**$ 2,561,019**	**$ 14,768,854**	**$ —**	**$ 14,768,854**
Intersegment sales or transfers	**—**	**78,515**	**9,048**	**1,143,330**	**204**	**1,231,097**	**(1,231,097)**	**—**
Total	**$ 2,901,029**	**$ 6,699,224**	**$ 555,155**	**$ 3,283,320**	**$ 2,561,223**	**$ 15,999,951**	**$ (1,231,097)**	**$ 14,768,854**
Segment profit (loss)	**$ 340,243**	**$ (307,029)**	**$ 16,437**	**$ 111,990**	**$ 63,903**	**$ 225,544**	**$ (2,165)**	**$ 223,379**
Other:								
Depreciation	**$ 14,942**	**$ 34,495**	**$ 43,786**	**$ 46,952**	**$ 38,699**	**$ 178,874**	**$ (1,301)**	**$ 177,573**
Amortization of goodwill	**—**	**—**	**—**	**—**	**58**	**58**	**(5,961)**	**(5,903)**

Notes:
(1) The amount of reconciliations in segment profit (loss), which was loss of ¥223 million ($2,165 thousand) and profit of ¥1,139 million for the years ended March 31, 2014 and 2013, respectively, mainly consists of the elimination of inter-segment transactions.
(2) Consolidated segment profit (loss) is equal to operating income in the consolidated statement 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

Year Ended March 31, 2014	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	**¥ 1,334,314**	**¥ 74,566**	**¥ 112,312**	**¥ 1,521,192**

Year Ended March 31, 2013	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	¥ 1,301,467	¥ 82,297	¥ 101,256	¥ 1,485,020

Year Ended March 31, 2014	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	**$ 12,954,505**	**$ 723,942**	**$ 1,090,407**	**$ 14,768,854**

(2) Information about geographical areas

1) Revenues

Millions of Yen — **2014**					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 1,240,496	**¥ 126,387**	**¥ 11,567**	**¥ 131,041**	**¥ 11,701**	**¥ 1,521,192**

Millions of Yen — 2013					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 1,255,411	¥ 90,241	¥ 10,734	¥ 125,710	¥ 2,924	¥ 1,485,020

Thousands of U.S. Dollars — **2014**					
Japan	North America	Europe	Asia	Other Areas	Total
$ 12,043,650	**$ 1,227,058**	**$ 112,301**	**$ 1,272,243**	**$ 113,602**	**$ 14,768,854**

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

2) Property and equipment

Millions of Yen — **2014**					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 272,706	**¥ 6,557**	**¥ 3,355**	**¥ 45,799**	**¥ 10**	**¥ 328,427**

Millions of Yen — 2013					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 281,707	¥ 5,066	¥ 2,792	¥ 33,658	¥ 24	¥ 323,247

Thousands of U.S. Dollars — **2014**					
Japan	North America	Europe	Asia	Other Areas	Total
$ 2,647,631	**$ 63,660**	**$ 32,573**	**$ 444,650**	**$ 98**	**$ 3,188,612**

c. Information about impairment losses of assets

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Impairment losses of assets	**¥ 1,394**	¥ 2,569	**$ 13,534**

Notes:
(1) Impairment losses of assets of ¥1,394 million ($13,534 thousand) for the year ended March 31, 2014 consisted of assets used for business of ¥58 million ($563 thousand) and idle properties of ¥1,336 million ($12,971 thousand). Impairment losses of assets of ¥2,569 million for the year ended March 31, 2013 consisted of assets used for business of ¥227 million, asset used for rent of ¥2,300 million and idle properties of ¥42 million. Please see Note 5 for more details.
(2) Impairment losses of assets are not allocated to operating segments.

d. Information about goodwill

(1) Amortization of goodwill for the years ended March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Goodwill	**¥ 41**	¥ 438	**$ 398**
Negative goodwill	**649**	649	**6,301**

(2) Goodwill as of March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Goodwill	**¥ 11**	¥ 51	**$ 107**
Negative goodwill	**637**	1,286	**6,184**

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.

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

Tel:+81 (3) 6720 8200
Fax:+81 (3) 6720 8205
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kajima Corporation:

We have audited the accompanying consolidated balance sheet of Kajima Corporation and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year 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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 Kajima Corporation and its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2014

Member of
Deloitte Touche Tohmatsu Limited