KAJIMA CORPORATION

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CORPORATE REPORT

Financial Review 2015

Year ended March 31, 2015

Contents

Summary and Forecast of Business Performance

Amounts less than 0.1 billion yen have been rounded down.

Overview of Business Performance

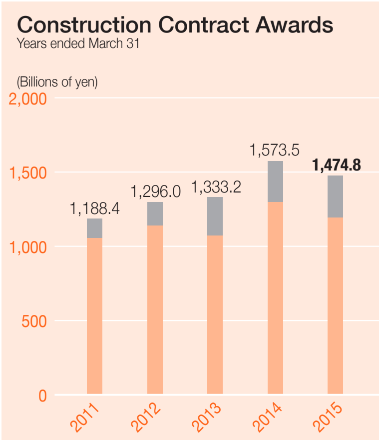
During the fiscal year ended March 31, 2015, the global economy was limited to a weak recovery overall. Despite the U.S. economy demonstrating underlying strength, the economies of China and certain other emerging countries appeared to decelerate. In Japan, although a hike in the consumption tax rate resulted in lackluster consumer spending and manufacturing activity, economic measures pursued by the government and the Bank of Japan sustained a gradual recovery that included increased corporate earnings, as well as an improved employment and income environment.

In the Japanese construction market, public spending remained robust and private-sector capital expenditures for certain types of projects were seen to recover. Amidst this, due to limited supply but strong demand in the labor market, Kajima Corporation (hereinafter, “Kajima” or “the Company”) had to work hard to secure project margin and operations. These and other factors ensured the challenging business environment continued. Under these conditions, the Kajima Group’s consolidated financial results for the period under review were as follows.

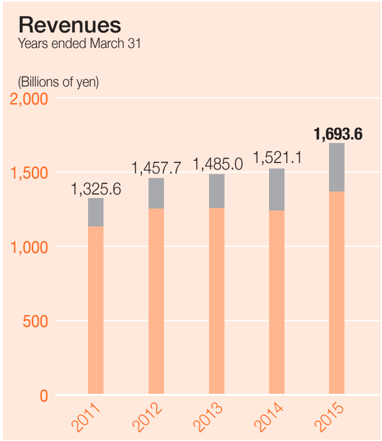
Total construction contract awards amounted to ¥1,474.8 billion, down 6.3% compared to ¥1,573.5 billion in the previous fiscal year. This reflected a decrease in construction contracts awarded to the Company. Total contracts awarded to the Company, including those for real estate development and other work, amounted to ¥1,193.8 billion, a decline of 5.6% over ¥1,264.6 billion recorded in the previous fiscal year. Consolidated revenues rose 11.3%, to ¥1,693.6 billion from ¥1,521.1 billion. This was mainly on account of an increase in completed construction projects by the Company and its consolidated subsidiaries based overseas. On the profit front, the Company’s real estate development projects and other work and its consolidated subsidiaries both in Japan and overseas recorded year-on-year increases in gross profit, while profitability in the Company’s overseas civil engineering projects deteriorated. This and other factors resulted in a year-on-year decline in consolidated operating income of 44.9%, to ¥12.6 billion, from ¥23.0 billion in the previous fiscal year. Meanwhile, consolidated net income fell 27.0% year on year, from ¥20.7 billion to ¥15.1 billion. Contributing factors for this included the Company posting extraordinary income on a gain on sales of investment securities and conducting a reversal of deferred tax assets in line with tax system reforms.

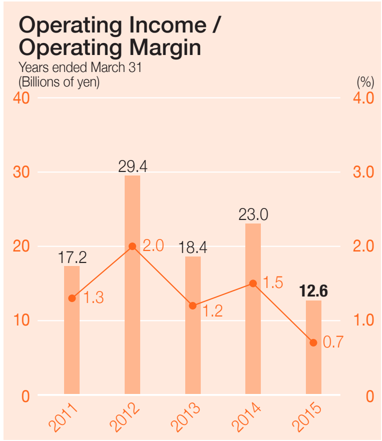
Overview of Performance by Business Segment

Results by business segment are as follows. (Segment results are stated including inter segment internal sales and transfers.)



Japan
Overseas





Operating Income (Left Scale)
Operating Margin (Right Scale)

Civil Engineering (Parent Company)

In the Civil Engineering business segment, revenues amounted to ¥276.4 billion, down 7.5% from ¥298.8 billion in the previous fiscal year. The business segment posted an operating loss of ¥15.5 billion, attributable to deterioration in the profitability of certain overseas construction projects, compared to operating income of ¥35.0 billion in the previous fiscal year.

(Billions of yen)

(Years ended March 31)	2015	2014	2015/2014 (%)
Revenues	276.4	298.8	(7.5)
Operating income	(15.5)	35.0	–

Building Construction (Parent Company)

Revenues totaled ¥780.8 billion, up 13.2% year on year from ¥690.0 billion, on account of the particularly high volume of construction contracts awarded in the previous fiscal period. The business segment posted an operating loss of ¥23.4 billion, compared to the operating loss of ¥31.6 billion in the previous fiscal year. This was mainly the result of continued low profitability in certain construction projects.

(Billions of yen)

(Years ended March 31)	2015	2014	2015/2014 (%)
Revenues	780.8	690.0	13.2
Operating income	(23.4)	(31.6)	–

Real Estate Development and Other (Parent Company)

Revenues increased 46.5% year on year, from ¥57.1 billion to ¥83.7 billion. The business segment recorded an operating income of over 12 times that of the previous fiscal year, to ¥20.9 billion from ¥1.6 billion, owing to increased property sales against the backdrop of recovery in the real estate market.

(Billions of yen)

(Years ended March 31)	2015	2014	2015/2014 (%)
Revenues	83.7	57.1	46.5
Operating income	20.9	1.6	–

Domestic Subsidiaries and Affiliates

Revenues rose 8.4% to ¥366.4 billion, from ¥338.1 billion in the previous fiscal year. Operating income jumped 65.8%, to ¥19.1 billion, from ¥11.5 billion, as a result of increased gross profit at all domestic subsidiaries.

(Billions of yen)

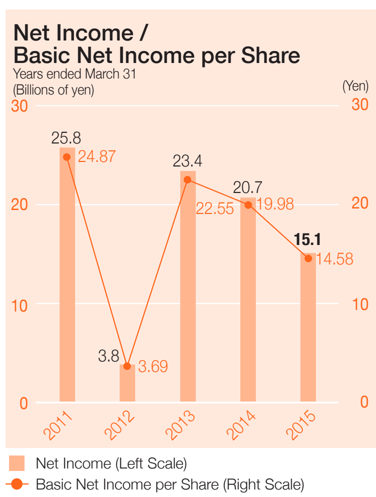
(Years ended March 31)	2015	2014	2015/2014 (%)
Revenues	366.4	338.1	8.4
Operating income	19.1	11.5	65.8

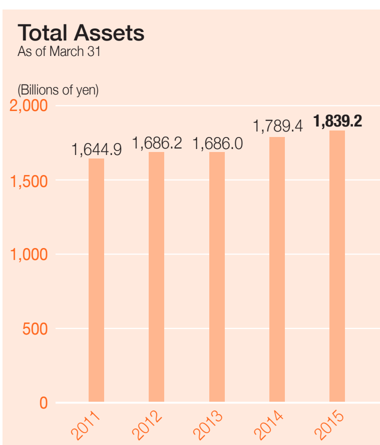
Overseas Subsidiaries and Affiliates

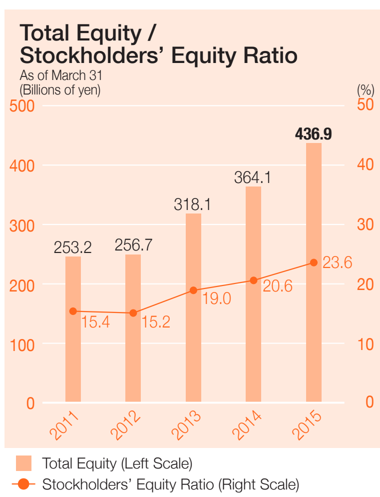
Revenues amounted to ¥340.1 billion, up 28.9% year on year, from ¥263.8 billion. This was primarily on account of an increase in completed construction projects in the United States. Operating income rose 69.7%, from ¥6.5 billion in the previous fiscal year, to ¥11.1 billion, mainly due to the sale of real estate development properties in Europe.

(Billions of yen)

(Years ended March 31)	2015	2014	2015/2014 (%)
Revenues	340.1	263.8	28.9
Operating income	11.1	6.5	69.7







Analysis of Financial Position

Assets, Liabilities and Equity

As of the end of the fiscal period under review, total assets amounted to ¥1,839.2 billion, an increase of ¥49.7 billion from ¥1,789.4 billion at the end of the previous fiscal year. Major changes included an increase in investments in securities, primarily due to an increase in unrealized gain on available-for-sale securities.

Total liabilities amounted to ¥1,402.3 billion, down ¥23.0 billion year on year, from ¥1,425.3 billion. This was mainly due to an increase in notes and accounts payable—trade, and decreases in interest-bearing debt, advances received, and income taxes payable.

Total equity came to ¥436.9 billion, an increase of ¥72.8 billion from ¥364.1 billion at the end of the previous fiscal year. As a result, the stockholders' equity ratio was 23.6%, up 3.0 points year on year from 20.6% at the end of the previous fiscal year.

Cash Flows

Operating activities generated a net cash inflow of ¥59.2 billion, compared to a net cash inflow of ¥32.9 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 payables. The cash outflow resulted mainly from a decrease in advances received, as well as income taxes—paid.

Investing activities resulted in a net cash inflow of ¥8.3 billion, compared to a net cash inflow of ¥17.3 billion in the previous fiscal year. The cash inflow resulted mainly from proceeds from sales and redemption of marketable and investment securities, and decrease in time deposits excluding cash equivalents. Major cash outflow items included payment for purchases of property and equipment.

Financing activities resulted in a net cash outflow of ¥70.7 billion, compared to a net cash outflow of ¥17.1 billion in the previous fiscal year. Main cash outflow items included net of financing and repayment of short-term borrowings, long-term debt, commercial paper and bonds, as well as cash dividends paid.

As a result of the above factors, cash and cash equivalents amounted to ¥242.5 billion, an increase of ¥2.4 billion from ¥240.1 billion over the end of the previous fiscal year.

Statements of Cash Flows Highlights

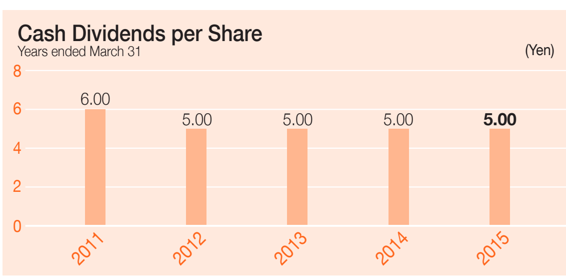
(Billions of yen)

(Years ended March 31)	2015	2014	2013
Net cash provided by operating activities	59.2	32.9	58.4
Net cash provided by investing activities	8.3	17.3	36.7
Net cash used in financing activities	(70.7)	(17.1)	(58.6)
Cash and cash equivalents, end of year	242.5	240.1	201.1

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.

The Company remains on track to pay 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. As the Company continues to project increased profit for the fiscal year ending March 31, 2016, and in line with its policy to return profits based on business performance, the Company plans to pay a dividend of ¥6 per share (including an interim dividend of ¥3), a ¥1 per share increase on the year, for the fiscal year ending March 31, 2016.



Forecast for the Fiscal Year Ending March 31, 2016

The Japanese economy is expected to be on track for sustainable growth as the global economy continues on a moderate recovery and the effects of various economic measures taken by the Japanese government seem poised to generate improved personal spending and increased capital investment.

In the Japanese construction market, construction demand in both public and private sectors is expected to be brisk. However, trends in labor costs and building material costs will continue to require a watchful eye, and Kajima expects that it will continue to be faced with the challenge of navigating a course to well-managed construction projects and increasing profits.

In light of these conditions, the Company's consolidated forecasts for the fiscal year ending March 31, 2016, are as follows: an increase in consolidated revenues of 3.3% year on year to ¥1,750.0 billion (from ¥1,693.6 billion), operating income up 215.8% to ¥40.0 billion (from ¥12.6 billion), and net income increased by 65.1% to ¥25.0 billion (from ¥15.1 billion).

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, 2015.

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, 2015, 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

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 17)	¥ 242,557	¥ 240,123	$ 2,021,308
Marketable securities (Notes 3 and 17)	113	163	942
Operational investments in securities (Notes 3 and 17)	10,156	10,156	84,633
Notes and accounts receivable—trade (Notes 8, 17 and 19)	545,422	567,204	4,545,183
Allowance for doubtful accounts (Note 17)	(2,969)	(2,223)	(24,742)
Inventories:			
Construction projects in progress	71,816	44,180	598,467
Development projects in progress, real estate for sale and other (Note 8)	88,051	103,646	733,758
Deferred tax assets (Note 14)	56,823	70,193	473,525
Other current assets (Notes 8 and 17)	110,777	112,953	923,143
Total current assets	1,122,746	1,146,395	9,356,217
PROPERTY AND EQUIPMENT:			
Land (Notes 4, 5, 6 and 8)	180,198	177,532	1,501,650
Buildings and structures (Notes 5, 6 and 8)	123,602	121,606	1,030,017
Machinery, equipment and other (Note 5)	15,382	14,972	128,183
Construction in progress (Note 6)	28,040	14,317	233,667
Total property and equipment	347,222	328,427	2,893,517
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 3, 8 and 17)	275,252	230,567	2,293,767
Investments in unconsolidated subsidiaries and affiliates (Notes 8 and 17)	30,888	27,153	257,400
Long-term loans receivable (Notes 7, 8 and 17)	21,272	21,865	177,267
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 8 and 17)	9,058	8,294	75,483
Allowance for doubtful accounts (Note 17)	(8,965)	(9,189)	(74,708)
Deferred tax assets (Note 14)	925	1,812	7,708
Other (Notes 5 and 12)	40,862	34,172	340,516
Total investments and other assets	369,292	314,674	3,077,433
TOTAL	¥ 1,839,260	¥ 1,789,496	$ 15,327,167

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 9 and 17)	¥ 95,281	¥ 113,216	$ 794,008
Commercial paper (Notes 10 and 17)	53,700	54,000	447,500
Current portion of long-term debt (Notes 8, 9 and 17)	38,224	60,012	318,533
Notes and accounts payable—trade (Note 17)	539,811	458,797	4,498,425
Advances received:			
Construction projects in progress (Note 11)	104,846	130,921	873,717
Development projects in progress, real estate for sale and other	9,230	6,459	76,917
Income taxes payable (Note 17)	4,125	21,402	34,375
Accrued expenses	22,712	21,496	189,267
Other current liabilities (Note 8)	179,328	180,288	1,494,400
Total current liabilities	1,047,257	1,046,591	8,727,142
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8, 9,17 and 22.a)	201,348	220,833	1,677,900
Deferred tax liabilities (Note 14)	30,502	16,028	254,183
Deferred tax liabilities on revaluation surplus of land (Notes 4 and 14)	25,080	27,730	209,000
Liability for retirement benefits (Note 12)	53,698	60,175	447,483
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	1,250	1,192	10,417
Other long-term liabilities (Note 8)	43,173	52,820	359,775
Total long-term liabilities	355,051	378,778	2,958,758
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	678,725
Capital surplus	45,304	45,304	377,533
Retained earnings	163,105	148,740	1,359,208
Treasury stock—at cost, 18,991,740 shares in 2015 and 18,916,038 shares in 2014	(6,263)	(6,227)	(52,192)
Accumulated other comprehensive income (Note 14):			
Unrealized gain on available-for-sale securities (Note 3)	106,663	71,425	888,858
Deferred loss on derivatives under hedge accounting	(499)	(418)	(4,158)
Revaluation surplus of land (Note 4)	20,834	18,165	173,617
Foreign currency translation adjustments	24,473	9,281	203,942
Defined retirement benefit plans (Note 12)	(149)	514	(1,241)
Total	434,915	368,231	3,624,292
Minority Interests	2,037	(4,104)	16,975
Total equity	436,952	364,127	3,641,267
TOTAL	¥ 1,839,260	¥ 1,789,496	$ 15,327,167

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
REVENUES:			
Construction projects (Note 15)	¥ 1,480,107	¥ 1,334,314	$ 12,334,225
Real estate and other (Note 6)	213,551	186,878	1,779,592
Total revenues	1,693,658	1,521,192	14,113,817
COST OF REVENUES:			
Construction projects	1,432,587	1,250,708	11,938,225
Real estate and other (Note 6)	164,352	162,497	1,369,600
Total cost of revenues	1,596,939	1,413,205	13,307,825
Gross profit	96,719	107,987	805,992
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	84,053	84,979	700,442
Operating income	12,666	23,008	105,550
OTHER INCOME (EXPENSES):			
Interest and dividends	7,473	6,140	62,275
Interest expense	(4,918)	(6,342)	(40,983)
Foreign currency exchange gain	1,544	1,686	12,867
Reversal of allowance for doubtful accounts	92	1,129	767
Equity in earnings of unconsolidated subsidiaries and affiliates	1,030	4,499	8,583
Equity in earnings of partnership	2,529	1,897	21,075
Gain (loss) on sales or disposals of property and equipment—net (Note 6)	156	(864)	1,300
Gain on sales of marketable and investment securities—net (Note 3)	19,032	9,087	158,600
Valuation loss on marketable and investment securities (Note 3)	(17)	(39)	(142)
Gain on sales of investments in consolidated subsidiaries	—	8,013	—
Gain on sales of investments in unconsolidated subsidiaries and affiliates	—	508	—
Loss on impairment of long-lived assets (Notes 5 and 6)	(448)	(1,394)	(3,733)
Litigation settlement	(101)	(349)	(842)
Compensation expenses	—	(4,400)	—
Other—net	765	262	6,375
Other income—net	27,137	19,833	226,142
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	39,803	42,841	331,692
INCOME TAXES (Note 14)**:**			
Current	7,172	24,652	59,767
Deferred	15,530	(3,117)	129,417
Total income taxes	22,702	21,535	189,184
NET INCOME BEFORE MINORITY INTERESTS	17,101	21,306	142,508
MINORITY INTERESTS IN NET INCOME	(1,961)	(553)	(16,341)
NET INCOME	¥ 15,140	¥ 20,753	$ 126,167
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 21)**:**			
Basic net income	¥ 14.58	¥ 19.98	$ 0.122
Cash dividends applicable to the year	5.00	5.00	0.042

Consolidated Statement of Comprehensive Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET INCOME BEFORE MINORITY INTERESTS	¥ 17,101	¥ 21,306	$ 142,508
OTHER COMPREHENSIVE INCOME (Note 20)**:**			
Unrealized gain on available-for-sale securities	35,235	12,714	293,625
Deferred loss on derivatives under hedge accounting	(30)	541	(250)
Revaluation surplus of land	2,657	20	22,142
Foreign currency translation adjustments	14,814	18,293	123,450
Defined retirement benefit plans (Note 12)	(648)	—	(5,400)
Share of other comprehensive income in unconsolidated subsidiaries and affiliates	124	(381)	1,033
Total other comprehensive income	52,152	31,187	434,600
COMPREHENSIVE INCOME	¥ 69,253	¥ 52,493	$ 577,108
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 67,482	¥ 52,605	$ 562,350
Minority interests	1,771	(112)	14,758

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2015 and 2014

	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, 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 (APRIL 1, 2014, as previously reported)	1,038,396	81,447	45,304	148,740	(6,227)	71,425	(418)
Cumulative effect of accounting change	—	—	—	4,430	—	—	—
BALANCE, APRIL 1, 2014 (as restated)	1,038,396	81,447	45,304	153,170	(6,227)	71,425	(418)
Net income	—	—	—	15,140	—	—	—
Cash dividends paid:							
Final for prior year, ¥2.50 per share	—	—	—	(2,596)	—	—	—
Interim for current year, ¥2.50 per share	—	—	—	(2,596)	—	—	—
Adjustments of revaluation surplus of land	—	—	—	(13)	—	—	—
Repurchase of treasury stock	(76)	—	—	—	(36)	—	—
Net change in the year	—	—	—	—	—	35,238	(81)
BALANCE, MARCH 31, 2015	**1,038,320**	**¥ 81,447**	**¥ 45,304**	**¥ 163,105**	**¥ (6,263)**	**¥ 106,663**	**¥ (499)**

	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, 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 (APRIL 1, 2014, as previously reported)	18,165	9,281	514	368,231	(4,104)	364,127
Cumulative effect of accounting change	—	—	—	4,430	—	4,430
BALANCE, APRIL 1, 2014 (as restated)	18,165	9,281	514	372,661	(4,104)	368,557
Net income	—	—	—	15,140	—	15,140
Cash dividends paid:						
Final for prior year, ¥2.50 per share	—	—	—	(2,596)	—	(2,596)
Interim for current year, ¥2.50 per share	—	—	—	(2,596)	—	(2,596)
Adjustments of revaluation surplus of land	2,669	—	—	2,656	—	2,656
Repurchase of treasury stock	—	—	—	(36)	—	(36)
Net change in the year	—	15,192	(663)	49,686	6,141	55,827
BALANCE, MARCH 31, 2015	**¥ 20,834**	**¥ 24,473**	**¥ (149)**	**¥ 434,915**	**¥ 2,037**	**¥ 436,952**

Year Ended March 31, 2015

	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, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	$ 678,725	$ 377,533	$ 1,239,500	$ (51,892)	$ 595,208	$ (3,483)
Cumulative effect of accounting change	—	—	36,916	—	—	—
BALANCE, APRIL 1, 2014 (as restated)	678,725	377,533	1,276,416	(51,892)	595,208	(3,483)
Net income	—	—	126,167	—	—	—
Cash dividends paid:						
Final for prior year, $0.021 per share	—	—	(21,633)	—	—	—
Interim for current year, $0.021 per share	—	—	(21,633)	—	—	—
Adjustments of revaluation surplus of land	—	—	(109)	—	—	—
Repurchase of treasury stock	—	—	—	(300)	—	—
Net change in the year	—	—	—	—	293,650	(675)
BALANCE, MARCH 31, 2015	**$ 678,725**	**$ 377,533**	**$ 1,359,208**	**$ (52,192)**	**$ 888,858**	**$ (4,158)**

	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, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	$ 151,375	$ 77,342	$ 4,283	$ 3,068,591	$ (34,200)	$ 3,034,391
Cumulative effect of accounting change	—	—	—	36,916	—	36,916
BALANCE, APRIL 1, 2014 (as restated)	151,375	77,342	4,283	3,105,507	(34,200)	3,071,307
Net income	—	—	—	126,167	—	126,167
Cash dividends paid:						
Final for prior year, $0.021 per share	—	—	—	(21,633)	—	(21,633)
Interim for current year, $0.021 per share	—	—	—	(21,633)	—	(21,633)
Adjustments of revaluation surplus of land	22,242	—	—	22,133	—	22,133
Repurchase of treasury stock	—	—	—	(300)	—	(300)
Net change in the year	—	126,600	(5,524)	414,051	51,175	465,226
BALANCE, MARCH 31, 2015	**$ 173,617**	**$ 203,942**	**$ (1,241)**	**$ 3,624,292**	**$ 16,975**	**$ 3,641,267**

Consolidated Statement of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31				
	Millions of Yen			Thousands of U.S. Dollars (Note 1)	
		2015	2014		**2015**
OPERATING ACTIVITIES:					
Income before income taxes and minority interests	¥	**39,803**	¥ 42,841	$	**331,692**
Adjustments for:					
Income taxes—paid		**(24,951)**	(14,535)		**(207,925)**
Depreciation and amortization		**17,130**	18,290		**142,750**
Provision for doubtful accounts		**611**	(487)		**5,092**
Foreign currency exchange loss		**729**	330		**6,075**
Equity in earnings of unconsolidated subsidiaries and affiliates		**(1,030)**	(4,499)		**(8,583)**
Valuation loss on marketable and investment securities		**17**	39		**142**
(Gain) loss on sales or disposals of property and equipment—net		**(156)**	864		**(1,300)**
Gain on sales of marketable and investment securities—net		**(19,032)**	(9,087)		**(158,600)**
Loss on impairment of long-lived assets		**448**	1,394		**3,733**
Gain on sales of investments in subsidiaries		**—**	(8,013)		**—**
Gain on sales of investments in unconsolidated subsidiaries and affiliates		**—**	(508)		**—**
Changes in operating assets and liabilities:					
Decrease (increase) in receivables		**27,977**	(62,809)		**233,142**
(Increase) decrease in inventories		**(15,260)**	5,932		**(127,167)**
Decrease in operational investments in securities		**—**	1,200		**—**
Increase in payables		**73,042**	5,822		**608,683**
(Decrease) increase in advances received		**(24,951)**	28,579		**(207,925)**
Increase in accrued expenses		**284**	3,163		**2,367**
Decrease in liability for retirement benefits		**(519)**	(502)		**(4,325)**
Increase in other assets		**(14,676)**	(3,638)		**(122,300)**
(Decrease) increase in other liabilities		**(1,605)**	27,970		**(13,375)**
Other—net		**1,352**	609		**11,266**
Net cash provided by operating activities		**59,213**	32,955		**493,442**
INVESTING ACTIVITIES:					
Decrease (increase) in time deposits excluding cash equivalents—net		**22,491**	(27,739)		**187,425**
Payment for purchases of marketable and investment securities		**(3,868)**	(766)		**(32,233)**
Proceeds from sales and redemption of marketable and investment securities		**23,964**	23,505		**199,700**
Payment for purchases of property and equipment		**(22,412)**	(16,703)		**(186,767)**
Proceeds from sales of property and equipment		**976**	3,277		**8,133**
Payment for purchase of intangible assets		**(1,304)**	(930)		**(10,867)**
Cash and cash equivalents acquired due to decrease in consolidated subsidiaries		**—**	47,597		**—**
Disbursements for loans		**(1,444)**	(11,851)		**(12,033)**
Proceeds from collection of loans		**2,845**	2,857		**23,708**
Proceeds from sales of investments in unconsolidated subsidiaries and affiliates		**—**	1,063		**—**
Other—net		**(12,944)**	(2,922)		**(107,866)**
Net cash provided by investing activities		**8,304**	17,388		**69,200**
FINANCING ACTIVITIES:					
Decrease in short-term borrowings—net		**(25,054)**	(6,634)		**(208,783)**
(Repayment) issuance of commercial paper—net		**(300)**	10,700		**(2,500)**
Proceeds from issuance of long-term debt		**22,105**	83,668		**184,208**
Repayment of long-term debt		**(61,025)**	(118,369)		**(508,542)**
Proceeds from issuance of bonds		**—**	20,000		**—**
Repayment of finance lease obligations		**(1,242)**	(1,185)		**(10,350)**
Cash dividends paid		**(5,192)**	(5,194)		**(43,266)**
Other—net		**(36)**	(145)		**(301)**
Net cash used in financing activities		**(70,744)**	(17,159)		**(589,534)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS		**5,661**	5,774		**47,175**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,434**	38,958		**20,283**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**240,123**	201,165		**2,001,025**
CASH AND CASH EQUIVALENTS, END OF YEAR	¥	**242,557**	¥ 240,123	$	**2,021,308**

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries

Year Ended March 31, 2015

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 ¥120 to $1, the approximate rate of exchange at March 31, 2015. 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, 2015, include the accounts of the Company and its 93 (89 in 2014) 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 38 (41 in 2014) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 59 (55 in 2014) 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, 2015, the Company had 2 special purpose entities (2 in 2014) 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 were ¥42,844 million ($357,033 thousand) and ¥42,836 million ($356,967 thousand) as of March 31, 2015, and ¥44,194 million and ¥44,186 million as of March 31, 2014. The Company recognized lease payments of ¥3,244 million ($27,033 thousand) and ¥3,427 million based on lease agreements of real estate for the years ended March 31, 2015 and 2014, respectively. The investment in anonymous associations was ¥5,716 million ($47,633 thousand) and ¥5,686 million as of March 31, 2015 and 2014, respectively, and its related distributed profit was ¥1,378 million ($11,483 thousand) and ¥1,563 million for the years ended March 31, 2015 and 2014, respectively.

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, 2015

1) Number of consolidated subsidiaries	:	93 Kajima Road Co., Ltd., Chemical Grouting Co., Ltd., Kajima Leasing Corporation, Kajima Mechatro Engineering Co., Ltd., Taiko Trading Co., Ltd., Kajima U.S.A. Inc. (KUSA) and its 26 subsidiaries, Kajima Europe Ltd. (KEL) and its 18 subsidiaries, Kajima Europe B.V. (KE) and its 1 subsidiary, Kajima Europe U.K. Holding Ltd. (KEUK) and its 6 subsidiaries, Kajima Overseas Asia Pte. Ltd. (KOA) and its 22 subsidiaries, Kajima Australia Pty. Ltd. (KA) and its 2 subsidiaries, and 7 subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method	:	38 ARTES Corporation, Japan Sea Works Co., Ltd. and 36 other companies
3) Number of affiliates accounted for using the equity method	:	59 Katabami Kogyo Co., Ltd., Yaesu Book Center Co., Ltd. and 57 other companies

(2) Changes for the year ended March 31, 2015

1) Newly consolidated companies	:	1 subsidiary of KUSA, 1 subsidiary of KOA, and KA and its 2 subsidiaries due to new establishment
2) Companies excluded from consolidation	:	1 subsidiary of KE due to liquidation

3) Companies newly accounted for using the equity method : 2 affiliates of KEL and 4 affiliates of the Company due to new establishment

4) Companies excluded from the equity method : 3 subsidiaries and 2 affiliates due to liquidation and merger

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 recorded in equity through other comprehensive income; (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 recorded in equity through other comprehensive income; (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 year ended March 31 2014, decreased by ¥792 million.

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 conducted by certain overseas subsidiaries have been capitalized as a part of the development costs of such projects. Interest expenses capitalized were ¥145 million ($1,208 thousand) and ¥811 million for the years ended March 31, 2015 and 2014, 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 ¥294,450 million ($2,453,750 thousand) and ¥280,268 million as of March 31, 2015 and 2014, 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 domestic consolidated 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 overseas consolidated 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 benefit formula 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" (thereafter Guidance No. 25 was partially amended on March 26, 2015), 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 are treated as reclassification adjustments.

(3) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, 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, all 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 Company applied the revised accounting standard for retirement benefits for (1) and (2) above, effective March 31, 2014, and for (3) above, effective April 1, 2014.

With respect to (3) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (3) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits and assets for retirement benefits (included in "other" in investments and other assets) as of April 1, 2014, decreased by ¥6,920 million ($57,667 thousand) and ¥66 million ($550 thousand), respectively, and retained earnings as of April 1, 2014, increased by ¥4,430 million ($36,916 thousand), while the effect on operating income and income before income taxes and minority interests for the year ended March 31, 2015, was immaterial.

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 overseas consolidated 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, 2015 and 2014, were ¥1,330,679 million ($11,088,992 thousand) and ¥1,150,545 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 ¥60,416 million ($503,467 thousand) and ¥39,452 million as of March 31, 2015 and 2014, 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, 2015 and 2014, totaled ¥7,742 million ($64,517 thousand) and ¥7,829 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 overseas consolidated 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, 2015 and 2014.

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 Standards for Business Combinations and Consolidated Financial Statements

On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations", revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures", and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements".

Major accounting changes are as follows:

(1) Transactions with noncontrolling interest

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(2) Presentation of the consolidated balance sheet

In the consolidated balance sheet, "minority interests" under the current accounting standard will be changed to "noncontrolling interests" under the revised accounting standard.

(3) Presentation of the consolidated statement of income

In the consolidated statement of income, "income before minority interests" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(4) Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(5) Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards for (1) transactions with noncontrolling interest, (2) presentation of the consolidated balance sheet, (3) presentation of the consolidated statement of income, and (5) acquisition-related costs are effective from the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards above, except for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards for (1) transactions with noncontrolling interest and (5) acquisition-related costs is permitted. In retrospective application of the revised standards, the accumulated effects of retrospective adjustments for all (1) transactions with noncontrolling interest and (5) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards.

The revised standards for (4) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards for (1), (2), (3) and (5) above from April 1, 2015, and for (4) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards in future applicable periods.

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, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Current:			
Government and corporate bonds	**¥ 113**	¥ 163	**$ 942**
Fund trusts and other	**10,156**	10,156	**84,633**
Total	**¥ 10,269**	¥ 10,319	**$ 85,575**
Non-Current:			
Equity securities	**¥ 263,492**	¥ 219,272	**$ 2,195,767**
Government and corporate bonds	**958**	927	**7,983**
Fund trusts and other	**10,802**	10,368	**90,017**
Total	**¥ 275,252**	¥ 230,567	**$ 2,293,767**

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2015 and 2014, were as follows:

As of March 31, 2015	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**¥ 99,890**	**¥ 156,735**	**¥ (328)**	**¥ 256,297**
Government and corporate bonds	**1,034**	**39**	**(2)**	**1,071**
Fund trusts and other	**1,329**	**291**	**(5)**	**1,615**
Total	**¥ 102,253**	**¥ 157,065**	**¥ (335)**	**¥ 258,983**

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, 2015	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**$ 832,416**	**$ 1,306,125**	**$ (2,733)**	**$ 2,135,808**
Government and corporate bonds	**8,617**	**325**	**(17)**	**8,925**
Fund trusts and other	**11,075**	**2,425**	**(41)**	**13,459**
Total	**$ 852,108**	**$ 1,308,875**	**$ (2,791)**	**$ 2,158,192**

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥316 million ($2,633 thousand) and ¥23,301 million as of March 31, 2015 and 2014, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2015 and 2014, was as follows:

Year Ended March 31, 2015	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**¥ 22,658**	**¥ 19,096**	**¥ (64)**
Government and corporate bonds	**31**	**0**	**(0)**
Total	**¥ 22,689**	**¥ 19,096**	**¥ (64)**

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, 2015	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**$ 188,817**	**$ 159,133**	**$ (533)**
Government and corporate bonds	**258**	**0**	**(0)**
Total	**$ 189,075**	**$ 159,133**	**$ (533)**

The impairment losses on available-for-sale securities were ¥17 million ($142 thousand) and ¥39 million for the years ended March 31, 2015 and 2014, respectively.

4. REVALUATION OF LAND

Under the "Law of Land Revaluation", the Company and a domestic consolidated 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, 2015, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥9,393 million ($78,275 thousand).

5. LONG-LIVED ASSETS

For the year ended March 31, 2015, the Company and a domestic consolidated subsidiary recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for rent	Land, Buildings and structures	Nagano Prefecture	1
Idle properties	Land, Buildings and structures	Kanagawa Prefecture	1

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

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

As a result, the Company and a domestic consolidated subsidiary recognized impairment losses of ¥448 million ($3,733 thousand), which consisted of asset used for rent of ¥223 million ($1,858 thousand) and idle property of ¥225 million ($1,875 thousand) for the year ended March 31, 2015.

The recoverable amounts of such assets were measured at the anticipated net selling price at disposition. The Company and a domestic consolidated 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, 2014, the Company and a domestic consolidated 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 domestic consolidated subsidiary recognized impairment losses of ¥1,394 million, which consisted of assets used for business of ¥58 million and idle properties of ¥1,336 million 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 domestic consolidated 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 ¥8,852 million ($73,767 thousand), loss on sales or disposals of property and equipment—net was ¥10 million ($83 thousand) and loss on impairment of long-lived assets was ¥448 million ($3,733 thousand) for the year ended March 31, 2015. The net of rental income and operating expenses for those rental properties was ¥4,226 million, loss on sales or disposals of property and equipment—net was ¥487 million and loss on impairment of long-lived assets was ¥1,336 million for the year ended March 31, 2014.

In addition, the carrying amounts, changes in such balances and fair values of such properties were as follows:

Millions of Yen			
Carrying amount			Fair value
As of April 1, 2014	**Increase/Decrease**	**As of March 31, 2015**	**As of March 31, 2015**
¥ 157,485	**¥ 4,534**	**¥ 162,019**	**¥ 272,224**

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

Thousands of U.S. Dollars			
Carrying amount			Fair value
As of April 1, 2014	**Increase/Decrease**	**As of March 31, 2015**	**As of March 31, 2015**
$ 1,312,375	**$ 37,783**	**$ 1,350,158**	**$ 2,268,533**

Notes:
(1) Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
(2) Fair value of properties as of March 31, 2015 and 2014, was 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, 2015, the following assets of the Companies were pledged to secure the repayment of current portion of long-term debt of ¥25 million ($208 thousand), other current liabilities of ¥32 million ($267 thousand), long-term debt of ¥4,618 million ($38,483 thousand) and other long-term liabilities of ¥490 million ($4,083 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	**¥ 1,095**	**$ 9,125**
Inventories:		
Development projects in progress, real estate for sale and other	**8,386**	**69,883**
Other current assets	**127**	**1,058**
Land	**26**	**217**
Buildings and structures	**384**	**3,200**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**880**	**7,334**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	**1,341**	**11,175**
Total	**¥ 12,239**	**$ 101,992**

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2015 and 2014, mainly consisted of bank overdrafts. The weighted average interest rates of short-term borrowings as of March 31, 2015 and 2014, were 0.78% and 0.77%, respectively.

Long-term debt as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Long-term loans, due 2015 – 2073	**¥ 156,116**	¥ 152,493	**$ 1,300,967**
Corporate bonds, due 2016 – 2018	**80,000**	125,000	**666,666**
Lease obligations	**3,456**	3,352	**28,800**
Total	**239,572**	280,845	**1,996,433**
Current portion included in current liabilities	**(38,224)**	(60,012)	**(318,533)**
Total	**¥ 201,348**	¥ 220,833	**$ 1,677,900**

Long-term loans as of March 31, 2015 and 2014, were primarily from banks and insurance companies. The weighted average interest rates of long-term loans as of March 31, 2015 and 2014, were 1.57% and 1.56%, respectively. The Company issues corporate bonds to meet its financial needs and the weighted average interest rates for the outstanding balances of such corporate bonds as of March 31, 2015 and 2014, were 0.91% and 1.13%, respectively. 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 domestic consolidated subsidiaries have never received such a request.

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2015, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	**¥ 38,224**	**$ 318,533**
2017	**35,606**	**296,717**
2018	**45,577**	**379,808**
2019	**40,577**	**338,142**
2020	**11,188**	**93,233**
2021 and thereafter	**68,400**	**570,000**
Total	**¥ 239,572**	**$ 1,996,433**

Several loan agreements include financial covenants primarily on net assets and interest-bearing debt.

The outstanding balances of such loans as of March 31, 2015 and 2014, were included in the consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Current portion of long-term debt	**¥ —**	¥ 3,333	**$ —**
Long-term debt	**17,000**	17,000	**141,667**
Total	**¥ 17,000**	¥ 20,333	**$ 141,667**

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,250,000 thousand) with several Japanese banks. There was no outstanding balance under the committed loan facility agreements as of March 31, 2015.

10. COMMERCIAL PAPER

Commercial paper was represented by 14- to 34-day paper issued by the Company with the weighted average interest rate of 0.09% and 29- to 30-day paper with the weighted average interest rate of 0.10% as of March 31, 2015 and 2014, 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 domestic consolidated subsidiaries and certain overseas consolidated 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.

a. Changes in defined benefit obligation

The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Balance at beginning of year (as previously reported)	**¥ 67,139**	¥ 69,579	**$ 559,492**
Cumulative effect of accounting change	**(6,855)**	—	**(57,125)**
Balance at beginning of year (as restated)	**60,284**	69,579	**502,367**
Current service cost	**4,197**	3,210	**34,975**
Interest cost	**658**	1,411	**5,483**
Actuarial losses (gains)	**1,735**	(178)	**14,458**
Benefits paid	**(5,998)**	(6,773)	**(49,983)**
Other	**38**	(110)	**317**
Balance at end of year	**¥ 60,914**	¥ 67,139	**$ 507,617**

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

b. Changes in plan assets

The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Balance at beginning of year	**¥ 8,689**	¥ 8,008	**$ 72,408**
Expected return on plan assets	**81**	84	**675**
Actuarial gains	**790**	1,120	**6,584**
Contributions from the employer	**160**	192	**1,333**
Benefits paid	**(445)**	(715)	**(3,708)**
Balance at end of year	**¥ 9,275**	¥ 8,689	**$ 77,292**

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

c. Changes in net defined benefit liability accounted for by using the simplified method

The changes in net defined benefit liability accounted for by using the simplified method for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Balance at beginning of year	**¥ 1,267**	¥ 1,289	**$ 10,558**
Benefit cost	**251**	181	**2,092**
Benefits paid	**(100)**	(111)	**(833)**
Contributions from the funds	**(110)**	(101)	**(917)**
Loss on revision of retirement benefit plan	**184**	—	**1,533**
Other	**13**	9	**109**
Balance at end of year	**¥ 1,505**	¥ 1,267	**$ 12,542**

d. Reconciliation with the consolidated balance sheet

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Funded defined benefit obligation	**¥ 11,290**	¥ 11,629	**$ 94,083**
Plan assets	**(10,833)**	(10,322)	**(90,275)**
	457	1,307	**3,808**
Unfunded defined benefit obligation	**52,687**	58,410	**439,059**
Net liability for defined benefit obligation	**¥ 53,144**	¥ 59,717	**$ 442,867**

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Liability for retirement benefits	**¥ 53,698**	¥ 60,175	**$ 447,483**
Asset for retirement benefits	**(554)**	(458)	**(4,616)**
Net liability for defined benefit obligation	**¥ 53,144**	¥ 59,717	**$ 442,867**

Notes: (1) Retirement benefit plans accounted for by using the simplified method are included.

(2) Asset for retirement benefits is included in "other" in investments and other assets in the consolidated balance sheet.

e. Periodic benefit costs

The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Service cost	**¥ 4,197**	¥ 3,210	**$ 34,975**
Interest cost	**658**	1,411	**5,483**
Expected return on plan assets	**(81)**	(84)	**(675)**
Recognized actuarial (gains) losses	**(16)**	128	**(133)**
Amortization of prior service cost	**(36)**	2,952	**(300)**
Recognized actuarial gains on retern of retirement benefits trust	**—**	(872)	**—**
Benefit cost in simplified method	**251**	181	**2,092**
Loss on revision of retirement benefit plan	**184**	—	**1,533**
Other	**(4)**	6	**(33)**
Net periodic benefit costs	**¥ 5,153**	¥ 6,932	**$ 42,942**

f. Other comprehensive income

Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Prior service cost	**¥ (37)**	¥ —	**$ (309)**
Actuarial losses	**(964)**	—	**(8,033)**
Total	**¥ (1,001)**	¥ —	**$ (8,342)**

g. Accumulated other comprehensive income

Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Unrecognized prior service cost	**¥ 111**	¥ 148	**$ 925**
Unrecognized actuarial (losses) gains	**(241)**	723	**(2,008)**
Total	**¥ (130)**	¥ 871	**$ (1,083)**

h. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Equity investments	**50 %**	54 %
Debt investments	**24**	29
Cash and cash equivalents	**19**	6
General accounts with life insurance companies	**5**	8
Other	**2**	3
Total	**100 %**	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.

i. Assumptions

Assumptions used for the years ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	**0.2% to 1.4%**	2.0%
Expected rate of return on plan assets	**1.0% to 2.5%**	1.0% to 2.5%

j. Defined contribution pension plans

The costs of defined contribution plans were ¥2,554 million ($21,283 thousand) and ¥2,539 million as of March 31, 2015 and 2014, respectively.

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 being prescribed as one year rather than the normal two year 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 within equity 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 a 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 35.4% and 37.8% for the years ended March 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Deferred tax assets:			
Provision for loss on construction contracts	**¥ 19,633**	¥ 13,966	**$ 163,608**
Liability for retirement benefits	**17,786**	21,823	**148,217**
Valuation loss on property and equipment	**12,004**	12,769	**100,033**
Valuation loss on inventories	**11,248**	16,786	**93,733**
Other	**40,801**	55,310	**340,009**
Subtotal	**101,472**	120,654	**845,600**
Valuation allowance	**(17,206)**	(18,391)	**(143,383)**
Total	**84,266**	102,263	**702,217**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(50,781)**	(40,236)	**(423,175)**
Other	**(6,239)**	(6,101)	**(51,992)**
Total	**(57,020)**	(46,337)	**(475,167)**
Net deferred tax assets	**¥ 27,246**	¥ 55,926	**$ 227,050**

As of March 31, 2015, certain consolidated subsidiaries of the Company have tax loss carryforwards whose expiration dates range from 2016 to 2024. 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 ¥1,674 million ($13,950 thousand) and ¥2,046 million as of March 31, 2015 and 2014, 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, 2015, with the corresponding figures for 2014, was as follows:

	2015	2014
Normal effective statutory tax rate	**35.4 %**	37.8 %
Expenses not deductible for income tax purposes	**3.5**	2.4
Inhabitants' taxes	**1.0**	1.0
Difference of taxable income for enterprise tax	**3.6**	0.2
Difference of statutory tax rate between the Company and consolidated subsidiaries	**(5.9)**	(5.1)
Effect of tax rate reduction	**16.7**	6.4
Other—net	**2.7**	7.6
Actual effective tax rate	**57.0 %**	50.3 %

On March 31, 2015, 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 35.4% to 32.9% effective for the financial year beginning on April 1, 2015, and to approximately 32.1% for the financial years beginning on or after April 1, 2016. The effect of these changes was to decrease net deferred tax assets by ¥1,526 million ($12,717 thousand) and deferred tax liabilities on revaluation surplus of land by ¥2,578 million ($21,483 thousand) and to increase accumulated other comprehensive income by ¥7,713 million ($64,275 thousand) in the consolidated balance sheet as of March 31, 2015, and to increase income taxes—deferred by ¥6,660 million ($55,500 thousand) in the consolidated statement of income for the year ended March 31, 2015.

15. RELATED PARTY TRANSACTIONS

During the financial year ended March 31, 2015, the Company recognized construction revenue of ¥16 million ($133 thousand) under a construction contract of the same amount with a director of the Company. During the financial year ended March 31, 2014, the Company recognized construction revenue of ¥106 million under several construction contracts that amounted to ¥106 million in aggregate 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 operating lease agreements, primarily for office space and computer equipment, which are renewable upon expiration and mainly cancelable.

a. Operating leases as a lessee

The minimum rental commitments under noncancelable operating leases as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Due within one year	**¥ 7,981**	¥ 8,361	**$ 66,508**
Due after one year	**28,960**	34,410	**241,334**
Total	**¥ 36,941**	¥ 42,771	**$ 307,842**

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Due within one year	**¥ 9,121**	¥ 7,569	**$ 76,008**
Due after one year	**44,163**	40,878	**368,025**
Total	**¥ 53,284**	¥ 48,447	**$ 444,033**

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 credit risk management, which principally includes credit research 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 demand 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 details about derivatives.

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,250,000 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 quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also, please see Note 18 for the details 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, 2015 and 2014, were as follows. However, financial instruments whose fair value cannot be reliably determined are not included.

	Millions of Yen		
As of March 31, 2015	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥ **242,557**	¥ **242,557**	¥ **—**
Marketable securities and investments in securities			
Available-for-sale securities	**258,983**	**258,983**	**—**
Notes and accounts receivable—trade	**545,422**		
Allowance for doubtful accounts	**(1,998)**		
	543,424	**543,260**	**(164)**
Other current assets			
Time deposits due after three months of the date of acquisition	**9,694**	**9,694**	**—**
Long-term loans receivable	**21,272**		
Long-term loans to unconsolidated subsidiaries and affiliates	**9,058**		
Allowance for doubtful accounts	**(5,877)**		
	24,453	**24,524**	**71**
Total	¥ **1,079,111**	¥ **1,079,018**	¥ **(93)**
LIABILITIES			
Short-term borrowings	¥ **95,281**	¥ **95,281**	¥ **—**
Commercial paper	**53,700**	**53,700**	**—**
Current portion of long-term debt	**38,224**	**38,314**	**90**
Notes and accounts payable—trade	**539,811**	**539,811**	**—**
Income taxes payable	**4,125**	**4,125**	**—**
Long-term debt	**201,348**	**202,571**	**1,223**
Total	¥ **932,489**	¥ **933,802**	¥ **1,313**

	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

	Thousands of U.S. Dollars		
As of March 31, 2015	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	$ **2,021,308**	$ **2,021,308**	$ **—**
Marketable securities and investments in securities			
Available-for-sale securities	**2,158,192**	**2,158,192**	**—**
Notes and accounts receivable—trade	**4,545,183**		
Allowance for doubtful accounts	**(16,650)**		
	4,528,533	**4,527,167**	**(1,366)**
Other current assets			
Time deposits due after three months of the date of acquisition	**80,783**	**80,783**	**—**
Long-term loans receivable	**177,267**		
Long-term loans to unconsolidated subsidiaries and affiliates	**75,483**		
Allowance for doubtful accounts	**(48,974)**		
	203,776	**204,367**	**591**
Total	$ **8,992,592**	$ **8,991,817**	$ **(775)**
LIABILITIES			
Short-term borrowings	$ **794,008**	$ **794,008**	$ **—**
Commercial paper	**447,500**	**447,500**	**—**
Current portion of long-term debt	**318,533**	**319,283**	**750**
Notes and accounts payable—trade	**4,498,425**	**4,498,425**	**—**
Income taxes payable	**34,375**	**34,375**	**—**
Long-term debt	**1,677,900**	**1,688,092**	**10,192**
Total	$ **7,770,741**	$ **7,781,683**	$ **10,942**

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. Fair value information for marketable securities and investments in securities by classification is included in Note 3.

Notes and accounts receivable—trade

The carrying amounts of notes and accounts receivable—trade with short maturities approximate fair value.
The fair values of notes and accounts receivable—trade with maturities of over one year 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

Fair value information for derivatives is included in Note 18.

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Investments in securities			
Available-for-sale:			
Equity securities	**¥ 7,195**	¥ 9,262	**$ 59,958**
Fund trusts and other	**19,343**	19,057	**161,192**
Investments in unconsolidated subsidiaries and affiliates	**30,888**	27,153	**257,400**
Total	**¥ 57,426**	¥ 55,472	**$ 478,550**

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

d. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
As of March 31, 2015	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	**¥ 242,557**	**¥ —**	**¥ —**	**¥ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**113**	**426**	**493**	**2**
Notes and accounts receivable—trade	**490,298**	**39,800**	**14,422**	**902**
Other current assets				
Time deposits due after three months				
of the date of acquisition	**9,694**	**—**	**—**	**—**
Long-term loans receivable	**13**	**3,860**	**11,221**	**6,191**
Long-term loans to unconsolidated subsidiaries				
and affiliates	**127**	**2,013**	**546**	**6,499**
Total	**¥ 742,802**	**¥ 46,099**	**¥ 26,682**	**¥ 13,594**

	Thousands of U.S. Dollars			
As of March 31, 2015	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	**$ 2,021,308**	**$ —**	**$ —**	**$ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**942**	**3,550**	**4,109**	**16**
Notes and accounts receivable—trade	**4,085,817**	**331,666**	**120,183**	**7,517**
Other current assets				
Time deposits due after three months				
of the date of acquisition	**80,783**	**—**	**—**	**—**
Long-term loans receivable	**108**	**32,167**	**93,508**	**51,592**
Long-term loans to unconsolidated subsidiaries				
and affiliates	**1,059**	**16,775**	**4,550**	**54,158**
Total	**$ 6,190,017**	**$ 384,158**	**$ 222,350**	**$ 113,283**

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, 2015		Millions of Yen Contract Amount		Contract Amount due after One Year		Fair Value		Unrealized Gain (Loss)
Foreign exchange forward contracts								
Buying:								
Czech Koruna forward	¥	106	¥	—	¥	(1)	¥	(1)
Selling:								
Euro forward		5,894		—		(88)		(88)
Total	¥	6,000	¥	—	¥	(89)	¥	(89)
Interest rate swaps								
Pay—fix / Receive—float	¥	5,000	¥	—	¥	(115)	¥	(115)
Total	¥	5,000	¥	—	¥	(115)	¥	(115)

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, 2015		Thousands of U.S. Dollars Contract Amount		Contract Amount due after One Year		Fair Value		Unrealized Gain (Loss)
Foreign exchange forward contracts								
Buying:								
Czech Koruna forward	$	883	$	—	$	(8)	$	(8)
Selling:								
Euro forward		49,117		—		(734)		(734)
Total	$	50,000	$	—	$	(742)	$	(742)
Interest rate swaps								
Pay—fix / Receive—float	$	41,667	$	—	$	(958)	$	(958)
Total	$	41,667	$	—	$	(958)	$	(958)

b. Derivative transactions to which hedge accounting is applied

As of March 31, 2015	Millions of Yen Hedged item		Contract Amount		Contract Amount due after One Year		Fair Value
Foreign exchange forward contracts							
Buying:							
U.S. Dollar forward	Accounts payable—trade	¥	9	¥	—	¥	0
Total		¥	9	¥	—	¥	0
Interest rate swaps							
Pay—fix / Receive—float	Long-term debt	¥	74,067	¥	68,567	¥	(867)
Total		¥	74,067	¥	68,567	¥	(867)

As of March 31, 2014	Millions of Yen Hedged item		Contract Amount		Contract Amount due after One Year		Fair Value
Foreign exchange forward contracts							
Buying:							
U.S. Dollar forward	Accounts payable—trade	¥	167	¥	—	¥	4
Ethiopian Birr forward			2,181		—		(56)
Thai Baht forward			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, 2015	Thousands of U.S. Dollars Hedged item		Contract Amount		Contract Amount due after One Year		Fair Value
Foreign exchange forward contracts							
Buying:							
U.S. Dollar forward	Accounts payable—trade	$	75	$	—	$	0
Total		$	75	$	—	$	0
Interest rate swaps							
Pay—fix / Receive—float	Long-term debt	$	617,225	$	571,392	$	(7,225)
Total		$	617,225	$	571,392	$	(7,225)

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, 2015, accounts receivable—trade amounting to ¥4,913 million ($40,942 thousand) were excluded from the consolidated balance sheet.

As of March 31, 2015, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥6,864 million ($57,200 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 ¥24,239 million ($201,992 thousand), which would be realized only upon the default of Dubai, the United Arab Emirates, due to its financial or national collapse.

20. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Unrealized gain on available-for-sale securities:			
Gains arising during the year	**¥ 65,665**	¥ 27,029	**$ 547,208**
Reclassification adjustments to profit or loss	**(19,066)**	(7,352)	**(158,883)**
Amount before income tax effect	**46,599**	19,677	**388,325**
Income tax effect	**(11,364)**	(6,963)	**(94,700)**
Total	**¥ 35,235**	¥ 12,714	**$ 293,625**
Deferred loss on derivatives under hedge accounting:			
Gains arising during the year	**¥ (28)**	¥ (474)	**$ (233)**
Reclassification adjustments to profit or loss	**(5)**	1,353	**(42)**
Amount before income tax effect	**(33)**	879	**(275)**
Income tax effect	**3**	(338)	**25**
Total	**¥ (30)**	¥ 541	**$ (250)**
Revaluation surplus of land:			
Adjustments arising during the year	**¥ —**	¥ —	**$ —**
Reclassification adjustments to profit or loss	**—**	—	**—**
Amount before income tax effect	**—**	—	**—**
Income tax effect	**2,657**	20	**22,142**
Total	**¥ 2,657**	¥ 20	**$ 22,142**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ 14,814**	¥ 18,329	**$ 123,450**
Reclassification adjustments to profit or loss	**—**	(36)	**—**
Amount before income tax effect	**14,814**	18,293	**123,450**
Income tax effect	**—**	—	**—**
Total	**¥ 14,814**	¥ 18,293	**$ 123,450**
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ (945)**	¥ —	**$ (7,875)**
Reclassification adjustments to profit or loss	**(56)**	—	**(467)**
Amount before income tax effect	**(1,001)**	—	**(8,342)**
Income tax effect	**353**	—	**2,942**
Total	**¥ (648)**	¥ —	**$ (5,400)**
Share of other comprehensive income in unconsolidated subsidiaries and affiliates:			
Gains arising during the year	**¥ 46**	¥ (439)	**$ 383**
Reclassification adjustments to profit or loss	**78**	58	**650**
Total	**¥ 124**	¥ (381)	**$ 1,033**
Total other comprehensive income	**¥ 52,152**	¥ 31,187	**$ 434,600**

21. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2015 and 2014, 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, 2015:				
Basic EPS				
Net income attributable to common stockholders	**¥ 15,140**	**1,038,359**	**¥ 14.58**	**$ 0.122**
For the year ended March 31, 2014:				
Basic EPS				
Net income attributable to common stockholders	¥ 20,753	1,038,639	¥ 19.98	

22. SUBSEQUENT EVENTS

a. Issuance of Unsecured Bonds

The Board of Directors of the Company resolved at its meeting held on May 12, 2015, to issue unsecured bonds with the following terms and conditions:

i) Issue amount:	Maximum of ¥10,000 million ($83,333 thousand)
ii) Maturity:	3 to 10 years
iii) Issue price:	¥100 ($0.833) for face value of ¥100 ($0.833)
iv) Redemption price:	¥100 ($0.833) for face value of ¥100 ($0.833)
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, 2016
ix) Use of proceeds:	Bond redemptions and working capital

In addition, the Board of Directors resolved that the General Manager of the 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 25, 2015, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥2.50 ($0.021) per share (final for the year ended March 31, 2015) for a total amount of ¥2,600 million ($21,667 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 other, 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 Other:	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, 2015	Millions of Yen							
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	**¥ 276,431**	**¥ 776,838**	**¥ 80,983**	**¥ 219,289**	**¥ 340,117**	**¥ 1,693,658**	**¥ —**	**¥ 1,693,658**
Intersegment sales or transfers	**—**	**4,003**	**2,759**	**147,185**	**23**	**153,970**	**(153,970)**	**—**
Total	**¥ 276,431**	**¥ 780,841**	**¥ 83,742**	**¥ 366,474**	**¥ 340,140**	**¥ 1,847,628**	**¥ (153,970)**	**¥ 1,693,658**
Segment profit (loss)	**¥ (15,591)**	**¥ (23,476)**	**¥ 20,991**	**¥ 19,127**	**¥ 11,172**	**¥ 12,223**	**¥ 443**	**¥ 12,666**
Other:								
Depreciation	**¥ 1,054**	**¥ 2,977**	**¥ 4,287**	**¥ 4,722**	**¥ 4,235**	**¥ 17,275**	**¥ (145)**	**¥ 17,130**
Amortization of goodwill	**—**	**—**	**—**	**—**	**—**	**—**	**(626)**	**(626)**

Year Ended March 31, 2014	Millions of Yen							
	Civil Engineering	Building Construction	Real Estate Development and Other	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, 2015	Thousands of U.S. Dollars							
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	**$ 2,303,592**	**$ 6,473,650**	**$ 674,859**	**$ 1,827,408**	**$ 2,834,308**	**$ 14,113,817**	**$ —**	**$ 14,113,817**
Intersegment sales or transfers	**—**	**33,358**	**22,991**	**1,226,542**	**192**	**1,283,083**	**(1,283,083)**	**—**
Total	**$ 2,303,592**	**$ 6,507,008**	**$ 697,850**	**$ 3,053,950**	**$ 2,834,500**	**$ 15,396,900**	**$ (1,283,083)**	**$ 14,113,817**
Segment profit (loss)	**$ (129,925)**	**$ (195,633)**	**$ 174,924**	**$ 159,392**	**$ 93,100**	**$ 101,858**	**$ 3,692**	**$ 105,550**
Other:								
Depreciation	**$ 8,783**	**$ 24,808**	**$ 35,725**	**$ 39,350**	**$ 35,292**	**$ 143,958**	**$ (1,208)**	**$ 142,750**
Amortization of goodwill	**—**	**—**	**—**	**—**	**—**	**—**	**(5,217)**	**(5,217)**

Notes:

(1) The amount of reconciliations in segment profit (loss), which was profit of ¥443 million ($3,692 thousand) and loss of ¥223 million for the years ended March 31, 2015 and 2014, 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, 2015	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	**¥ 1,480,107**	**¥ 105,429**	**¥ 108,122**	**¥ 1,693,658**

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, 2015	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	**$ 12,334,225**	**$ 878,575**	**$ 901,017**	**$ 14,113,817**

(2) Information about geographical areas

1) Revenues

Millions of Yen					
2015					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 1,367,542	**¥ 193,374**	**¥ 23,073**	**¥ 128,637**	**¥ (18,968)**	**¥ 1,693,658**

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

Thousands of U.S. Dollars					
2015					
Japan	North America	Europe	Asia	Other Areas	Total
$ 11,396,183	**$ 1,611,450**	**$ 192,275**	**$ 1,071,975**	**$ (158,066)**	**$ 14,113,817**

Note: Revenues are classified by country or region based on the location of customers.

2) Property and equipment

Millions of Yen					
2015					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 272,802	**¥ 8,996**	**¥ 4,309**	**¥ 61,108**	**¥ 7**	**¥ 347,222**

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

Thousands of U.S. Dollars					
2015					
Japan	North America	Europe	Asia	Other Areas	Total
$ 2,273,350	**$ 74,967**	**$ 35,908**	**$ 509,233**	**$ 59**	**$ 2,893,517**

c. Information about impairment losses of assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Impairment losses of assets	**¥ 448**	¥ 1,394	**$ 3,733**

Notes:
(1) Impairment losses of assets of ¥448 million ($3,733 thousand) for the year ended March 31, 2015, consisted of asset used for rent of ¥223 million ($1,858 thousand) and idle property of ¥225 million ($1,875 thousand). Impairment losses of assets of ¥1,394 million for the year ended March 31, 2014, consisted of assets used for business of ¥58 million and idle properties of ¥1,336 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, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Goodwill	**¥ 11**	¥ 41	**$ 91**
Negative goodwill	**637**	649	**5,308**

(2) Goodwill as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Goodwill	**¥ —**	¥ 11	**$ —**
Negative goodwill	**—**	637	**—**

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.

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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, 2015, 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, 2015, 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 25, 2015

Member of
Deloitte Touche Tohmatsu Limited