CORPORATE REPORT

Financial Review 2017

Year ended March 31, 2017

Contents

KAJIMA CORPORATION

3-1, Motoakasaka 1-chome, Minato-ku, Tokyo 107-8388, Japan

Summary and Forecast of Business Performance

Amounts less than 0.1 billion yen have been rounded down.

Overview of Business Performance

Global economy in the fiscal year ended March 31, 2017, has gained uncertainty over the future, due to the issue of the United Kingdom's exiting from the European Union and the change of the United States' Presidential administration. However, such issues left the limited economic impact, and the economy has shown moderate growth as a whole.

In Japan, while consumer spending has stagnated, the employment and income environment has improved. Also, private-sector capital investment set up the path for recovery owing to ongoing weaker yen in the late fiscal year. The economy gradually headed for recovery.

In the Japanese construction market, construction investment maintained its underlying strength in both public and private sectors. The investment was sustained by the strong demands of large-scale redevelopment projects focused on the Tokyo metropolitan area and the maintenance for transportation infrastructure. Meanwhile, supply and demand in the labor market continued to be stable.

Under these circumstances, the Kajima Group aims to achieve its sustainable growth and corporate value enhancement. The Group focuses on the initiatives that revitalize and strengthen its construction business, based on the Kajima Group Medium-Term Business Plan (2015-2017) adopted in May 2015. Concurrently, the Group has also addressed the expansion of its business domains that utilizes its strengths and the establishment of business foundation. As a result, the Kajima Group's consolidated financial results for this fiscal year were as follows:

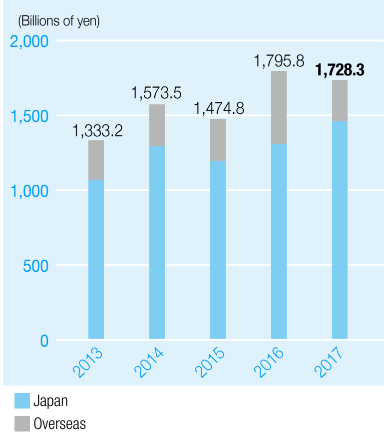
Total construction contract awards remained the same level as the previous fiscal year, ¥1,728.3 billion, down 3.8% year on year, from ¥1,795.8 billion. On the other hand, total contracts awarded to Kajima Corporation (hereinafter, the "Company"), including those for real estate development and other work, amounted to ¥1,349.9 billion, up 9.1% over the ¥1,236.8 billion recorded in the previous fiscal year.

Consolidated revenues remained the same level as the previous fiscal year, ¥1,821.8 billion, up 4.5% year on year, from ¥1,742.7 billion.

On the profit front, operating income reached ¥155.3 billion, up 39.9% compared to ¥111.0 billion in the previous fiscal year. This was primarily due to increased gross profit along with the improved profitability in the construction business and increased property sales in the real estate development business. Net income attributable to owners of the parent was ¥104.8 billion, up 45.0% compared to ¥72.3 billion in the previous fiscal year, also due to an improvement of other income or loss.

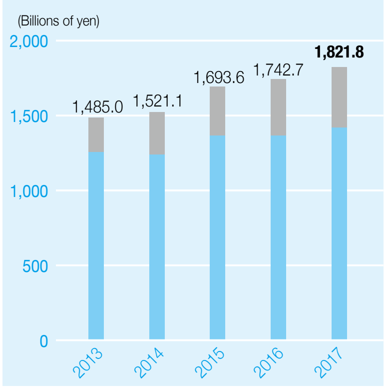
Construction Contract Awards

Years ended March 31



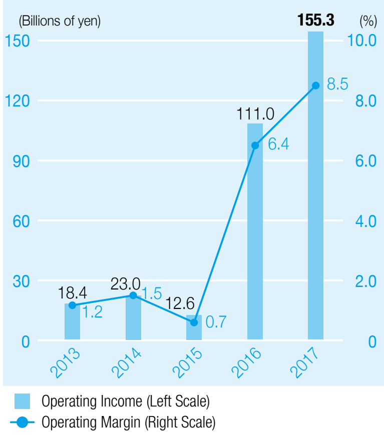
Revenues

Years ended March 31



Operating Income / Operating Margin

Years ended March 31



Overview of Performance by Business Segment

Results by business segment are as follows. (Segment results stated include intersegment sales and transfers.)

Civil Engineering

(Civil engineering in the construction business operated by the Company)

Revenues remained the same level as the previous fiscal year, ¥296.8 billion, down 3.6% year on year, from ¥307.9 billion. Operating income increased to ¥35.9 billion, up 24.8% compared to ¥28.8 billion in the previous fiscal year, due to higher gross profit margin of construction projects.

(Billions of yen)

(Years ended March 31)	2017	2016	2017/2016 (%)
Revenues	296.8	307.9	(3.6)
Operating income	35.9	28.8	24.8

Building Construction

(Building construction in the construction business operated by the Company)

Revenues remained the same level as the previous fiscal year, ¥835.1 billion, up 1.3% year on year, from ¥824.0 billion. Operating income also increased, totaling ¥78.6 billion, up 36.9% compared to ¥57.4 billion in the previous fiscal year, mainly due to higher gross profit margin of construction projects.

(Billions of yen)

(Years ended March 31)	2017	2016	2017/2016 (%)
Revenues	835.1	824.0	1.3
Operating income	78.6	57.4	36.9

Real Estate Development and Other Business

(Urban, regional and other real estate development business, architectural, structural and other design business and engineering business operated by the Company)

Revenues reached ¥71.8 billion, up 110.8% compared to ¥34.0 billion in the previous fiscal year, mainly due to increased property sales. Operating income totaled ¥9.8 billion, up 14 times compared to ¥0.6 billion in the previous fiscal year.

(Billions of yen)

(Years ended March 31)	2017	2016	2017/2016 (%)
Revenues	71.8	34.0	110.8
Operating income	9.8	0.6	–

Domestic Subsidiaries and Affiliates

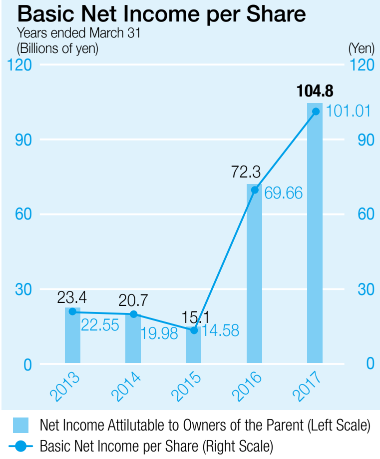
(Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by domestic subsidiaries and affiliates)

Revenues remained the same level as the previous fiscal year, reached ¥361.1 billion, down 0.9% year on year, from ¥364.6 billion. Operating income also remained almost the same level as the previous fiscal year, totaled ¥19.5 billion, down 5.1% year on year, from ¥20.6 billion.

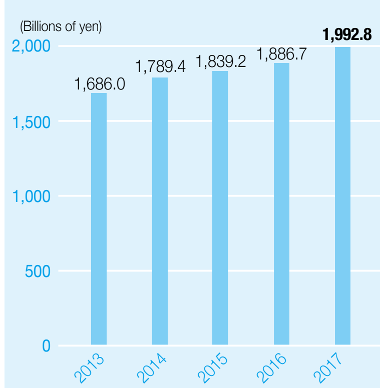
(Billions of yen)

(Years ended March 31)	2017	2016	2017/2016 (%)
Revenues	361.1	364.6	(0.9)
Operating income	19.5	20.6	(5.1)

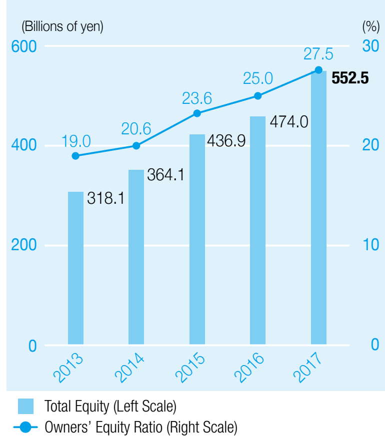
Net Income Attributable to Owners of the Parent / Basic Net Income per Share
Years ended March 31



Total Assets
As of March 31



Total Equity / Owners' Equity Ratio
As of March 31



Overseas Subsidiaries and Affiliates

(Construction business, real estate development business and others in overseas such as the U.S.A., Europe, Asia and other areas operated by overseas subsidiaries and affiliates)

Revenues remained almost the same level as the previous fiscal year, totaled ¥400.9 billion, up 9.0% year on year, from ¥367.9 billion. Operating income reached ¥11.6 billion, up 55.7% compared to ¥7.5 billion in the previous fiscal year, owing to increased revenue and improved gross profit margin.

(Billions of yen)

(Years ended March 31)	2017	2016	2017/2016 (%)
Revenues	400.9	367.9	9.0
Operating income	11.6	7.5	55.7

Analysis of Financial Position

Assets, Liabilities and Equity

As of March 31, 2017, total assets were ¥1,992.8 billion, up ¥106.0 billion compared to ¥1,886.7 billion at the end of the previous fiscal year. This was primarily due to an increase in cash and cash equivalents.

Total liabilities reached ¥1,440.2 billion, up ¥27.5 billion compared to ¥1,412.7 billion at the end of the previous fiscal year. This was mainly due to an increase in advances received on construction projects in progress and a decrease in other current liabilities.

Total equity increased to ¥552.5 billion, up ¥78.5 billion, compared to ¥474.0 billion at the end of the previous fiscal year.

As a result, the owners' equity ratio improved to 27.5%, up 2.5 points year on year, from 25.0%.

Cash Flows

Cash flows in operating activities generated a net cash inflow of ¥187.5 billion, compared to a net cash inflow of ¥36.3 billion in the previous fiscal year. This cash inflow resulted mainly from income before income taxes with adjustment for depreciation and amortization, and an increase in advances received. On the other hand, there was a net cash outflow for paying income taxes and a decrease in other liabilities.

Investing activities resulted in a net cash outflow of ¥31.9 billion, compared to a net cash outflow of ¥27.8 billion in the previous fiscal year. The main contributing factor to the outflow was a payment for purchases of property and equipment.

Financing activities resulted in a net cash outflow of ¥20.5 billion, compared to a net cash outflow of ¥13.1 billion in the previous fiscal year. Primary cash outflows were 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 aforementioned factors, cash and cash equivalents amounted to ¥367.4 billion, an increase of ¥132.6 billion from ¥234.8 billion over the end of the previous fiscal year.

Statements of Cash Flows Highlights

(Billions of yen)

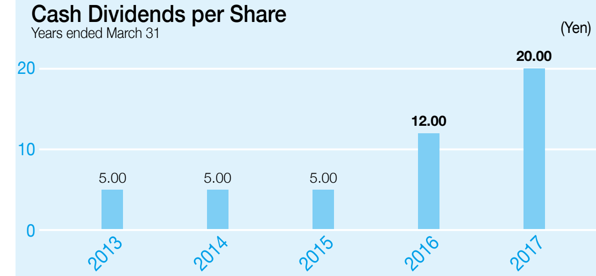
(Years ended March 31)	2017	2016	2015
Net cash provided by operating activities	187.5	36.3	59.2
Net cash (used in) provided by investing activities	(31.9)	(27.8)	8.3
Net cash used in financing activities	(20.5)	(13.1)	(70.7)
Cash and cash equivalents, end of year	367.4	234.8	242.5

Basic Profit Allocation Policy and Payment of Dividends(*)

The Company's basic policy for profit allocation is to distribute profits to stockholders in line with business performance as well as to provide stable dividends, while securing internal reserves to maintain a sound management foundation. The Company plans to utilize internal reserves in order to build a strong financial structure and to invest for maintaining and enhancing business platform.

In consideration of the business performance in the fiscal year under review and the future business environment, the Company paid an annual dividend of ¥20 per share, which consists of a year-end dividend of ¥13 per share and an interim dividend of ¥7 per share. The Company also plans to pay an annual dividend of ¥20 per share (including an interim dividend of ¥10 per share) for the year ending March 31, 2018.

Cash Dividends per Share
Years ended March 31



Forecast for the Fiscal Year Ending March 31, 2018 (*)

Despite uncertainty in politics and financial outlook of other countries, the Kajima Group expects the Japanese economy will show gradual growth sustained by various policies implemented by the Japanese government and the Bank of Japan that will improve consumer spending and private-sector capital investment.

In the Japanese construction market, construction investment in public and private sectors is expected to be brisk. The Company has a concern about a sharp rise in construction costs, due to the tight overlapping of projects for large-scale redevelopment buildings and related facilities for the Tokyo 2020 Olympic and Paralympic Games. To address this issue, the Company will put further importance on the business environment that asks for greater corporate efforts, such as a secured construction system and an improved productivity.

Based on such circumstances, the forecast for consolidated financial results for the fiscal year ending March 31, 2018, is as follows:

Consolidated revenues will be ¥1,830.0 billion, up 0.4% compared to ¥1,821.8 billion in the current fiscal year. Operating income will be ¥106.0 billion, down 31.8% year on year, from ¥155.3 billion. Net income attributable to owners of the parent will be ¥82.0 billion, down 21.8% year on year, from ¥104.8 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 impacts 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, 2017.

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, 2017, 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.

* The forecasts contained herein are based on information available as of the date of the announcement, May 12, 2017, and the actual results may differ materially from the forecasts due to various factors.

Consolidated Balance Sheet

KAJIMA Corporation and Consolidated Subsidiaries

	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars (Note 1) 2017
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 16)	¥ 367,473	¥ 234,811	$ 3,281,009
Marketable securities (Notes 3 and 16)	113	51	1,009
Operational investments in securities (Notes 3 and 16)	10,156	10,156	90,679
Notes and accounts receivable—trade (Notes 8 and 16)	609,701	588,657	5,443,759
Allowance for doubtful accounts (Note 16)	(1,654)	(1,573)	(14,768)
Inventories:			
Construction projects in progress	92,273	85,040	823,866
Development projects in progress, real estate for sale and other (Note 8)	107,064	106,037	955,929
Deferred tax assets (Note 14)	42,677	51,134	381,045
Other current assets (Notes 8 and 16)	76,844	124,160	686,106
Total current assets	1,304,647	1,198,473	11,648,634
PROPERTY AND EQUIPMENT:			
Land (Notes 4, 5, 6 and 8)	187,052	180,130	1,670,107
Buildings and structures (Notes 5, 6 and 8)	145,749	148,253	1,301,331
Machinery, equipment and other (Note 5)	19,767	19,280	176,491
Construction in progress (Note 6)	1,077	3,086	9,616
Total property and equipment	353,645	350,749	3,157,545
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 3, 8 and 16)	229,994	236,008	2,053,518
Investments in unconsolidated subsidiaries and affiliates (Notes 8 and 16)	35,439	35,554	316,420
Long-term loans receivable (Notes 7, 8 and 16)	18,233	21,134	162,795
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 8 and 16)	12,183	9,003	108,777
Allowance for doubtful accounts (Note 16)	(9,823)	(9,674)	(87,705)
Deferred tax assets (Note 14)	1,075	1,115	9,598
Other (Note 12)	47,430	44,420	423,481
Total investments and other assets	334,531	337,560	2,986,884
TOTAL	¥ 1,992,823	¥ 1,886,782	$ 17,793,063

	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars (Note 1) 2017
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 9 and 16)	¥ 65,160	¥ 67,059	$ 581,786
Commercial paper (Notes 10 and 16)	75,000	80,000	669,643
Current portion of long-term debt (Notes 8, 9 and 16)	45,305	39,054	404,509
Notes and accounts payable—trade (Note 16)	517,835	517,267	4,623,527
Advances received:			
Construction projects in progress (Note 11)	210,429	155,468	1,878,830
Development projects in progress, real estate for sale and other	11,404	12,723	101,821
Income taxes payable (Note 16)	30,021	30,798	268,045
Accrued expenses	35,004	28,263	312,536
Other current liabilities (Note 8)	126,915	152,076	1,133,169
Total current liabilities	1,117,073	1,082,708	9,973,866
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8, 9 and 16)	190,631	195,788	1,702,063
Deferred tax liabilities (Note 14)	16,510	14,286	147,411
Deferred tax liabilities on revaluation surplus of land (Note 4)	21,726	21,815	193,982
Liability for retirement benefits (Note 12)	56,065	55,551	500,580
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	1,227	1,227	10,955
Other long-term liabilities (Note 8)	37,038	41,355	330,697
Total long-term liabilities	323,197	330,022	2,885,688
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 15, 17 and 18)			
EQUITY (Notes 13 and 22):			
Common stock, authorized, 2,500,000,000 shares; issued, 1,057,312,022 shares	81,447	81,447	727,205
Capital surplus	45,304	45,304	404,500
Retained earnings	319,834	231,499	2,855,661
Treasury stock—at cost, 19,335,335 shares in 2017 and 19,060,876 shares in 2016	(6,506)	(6,307)	(58,089)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 3)	79,330	82,588	708,304
Deferred loss on derivatives under hedge accounting (Note 17)	(409)	(725)	(3,652)
Revaluation surplus of land (Note 4)	20,109	20,197	179,544
Foreign currency translation adjustments	10,952	19,486	97,786
Defined retirement benefit plans (Note 12)	(1,527)	(2,194)	(13,634)
Total	548,534	471,295	4,897,625
Noncontrolling Interests	4,019	2,757	35,884
Total equity	552,553	474,052	4,933,509
TOTAL	¥ 1,992,823	¥ 1,886,782	$ 17,793,063

As of March 31

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	**2017**
REVENUES:			
Construction projects	**¥ 1,602,054**	¥ 1,581,043	**$ 14,304,054**
Real estate and other (Note 6)	**219,752**	161,658	**1,962,071**
Total revenues	**1,821,806**	1,742,701	**16,266,125**
COST OF REVENUES:			
Construction projects	**1,397,045**	1,408,834	**12,473,616**
Real estate and other (Note 6)	**177,697**	134,768	**1,586,580**
Total cost of revenues	**1,574,742**	1,543,602	**14,060,196**
Gross profit	**247,064**	199,099	**2,205,929**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**91,672**	88,019	**818,500**
Operating income	**155,392**	111,080	**1,387,429**
OTHER INCOME (EXPENSES):			
Interest and dividends	**9,278**	7,606	**82,839**
Interest expense	**(3,894)**	(4,366)	**(34,768)**
Foreign currency exchange loss	**(9)**	(1,483)	**(80)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**2,282**	3,826	**20,375**
Equity in earnings of partnership	**2,201**	1,724	**19,652**
Provision for doubtful accounts	**(273)**	(174)	**(2,438)**
Loss on sales or disposals of property and equipment—net (Note 6)	**(426)**	(170)	**(3,804)**
Gain on sales of marketable and investment securities—net (Note 3)	**358**	4,955	**3,196**
Valuation loss on marketable and investment securities (Note 3)	**(355)**	(14)	**(3,170)**
(Loss) gain on sales of investments in unconsolidated subsidiaries and affiliates	**(17)**	24	**(152)**
Loss on impairment of long-lived assets (Notes 5 and 6)	**(706)**	(8,646)	**(6,304)**
Litigation settlement	**(107)**	(1,000)	**(955)**
Compensation expenses	**—**	(4,334)	**—**
Other—net	**(1,539)**	(503)	**(13,740)**
Other income (expenses)—net	**6,793**	(2,555)	**60,651**
INCOME BEFORE INCOME TAXES	**162,185**	108,525	**1,448,080**
INCOME TAXES (Note 14):			
Current	**44,596**	33,389	**398,179**
Deferred	**11,293**	2,370	**100,830**
Total income taxes	**55,889**	35,759	**499,009**
NET INCOME	**106,296**	72,766	**949,071**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(1,439)**	(443)	**(12,848)**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**¥ 104,857**	¥ 72,323	**$ 936,223**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 21):			
Basic net income	**¥ 101.01**	¥ 69.66	**$ 0.902**
Cash dividends applicable to the year	**20.00**	12.00	**0.179**

Consolidated Statement of Comprehensive Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	**2017**
NET INCOME	**¥ 106,296**	¥ 72,766	**$ 949,071**
OTHER COMPREHENSIVE LOSS (Note 19):			
Unrealized loss on available-for-sale securities	**(3,258)**	(24,071)	**(29,089)**
Deferred gain (loss) on derivatives under hedge accounting	**235**	(160)	**2,098**
Revaluation surplus of land	**(0)**	1,144	**(0)**
Foreign currency translation adjustments	**(8,909)**	(6,212)	**(79,545)**
Defined retirement benefit plans (Note 12)	**671**	(2,069)	**5,991**
Share of other comprehensive income in unconsolidated subsidiaries and affiliates	**368**	1,155	**3,286**
Total other comprehensive loss	**(10,893)**	(30,213)	**(97,259)**
COMPREHENSIVE INCOME	**¥ 95,403**	¥ 42,553	**$ 851,812**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	**¥ 94,048**	¥ 42,135	**$ 839,714**
Noncontrolling interests	**1,355**	418	**12,098**

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2017 and 2016

	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, 2015	1,038,320	¥ 81,447	¥ 45,304	¥ 163,105	¥ (6,263)	¥ 106,663	¥ (499)
Net income attributable to owners of the parent	—	—	—	72,323	—	—	—
Cash dividends paid:							
Final for prior year, ¥2.50 per share	—	—	—	(2,596)	—	—	—
Interim for current year, ¥3.00 per share	—	—	—	(3,115)	—	—	—
Reversal of revaluation surplus of land	—	—	—	1,782	—	—	—
Purchase of treasury stock	(69)	—	—	—	(44)	—	—
Net change in the year	—	—	—	—	—	(24,075)	(226)
BALANCE, MARCH 31, 2016	1,038,251	81,447	45,304	231,499	(6,307)	82,588	(725)
Net income attributable to owners of the parent	—	—	—	**104,857**	—	—	—
Cash dividends paid:							
Final for prior year, ¥9.00 per share	—	—	—	**(9,344)**	—	—	—
Interim for current year, ¥7.00 per share	—	—	—	**(7,266)**	—	—	—
Reversal of revaluation surplus of land	—	—	—	**88**	—	—	—
Purchase of treasury stock	**(274)**	—	—	—	**(199)**	—	—
Net change in the year	—	—	—	—	—	**(3,258)**	**316**
BALANCE, MARCH 31, 2017	**1,037,977**	**¥ 81,447**	**¥ 45,304**	**¥ 319,834**	**¥ (6,506)**	**¥ 79,330**	**¥ (409)**

	Millions of Yen					
	Accumulated Other Comprehensive Income					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2015	¥ 20,834	¥ 24,473	¥ (149)	¥ 434,915	¥ 2,037	¥ 436,952
Net income attributable to owners of the parent	—	—	—	72,323	—	72,323
Cash dividends paid:			—			
Final for prior year, ¥2.50 per share	—	—	—	(2,596)	—	(2,596)
Interim for current year, ¥3.00 per share	—	—	—	(3,115)	—	(3,115)
Reversal of revaluation surplus of land	(637)	—	—	1,145	—	1,145
Purchase of treasury stock	—	—	—	(44)	—	(44)
Net change in the year	—	(4,987)	(2,045)	(31,333)	720	(30,613)
BALANCE, MARCH 31, 2016	20,197	19,486	(2,194)	471,295	2,757	474,052
Net income attributable to owners of the parent	—	—	—	**104,857**	—	**104,857**
Cash dividends paid:						
Final for prior year, ¥9.00 per share	—	—	—	**(9,344)**	—	**(9,344)**
Interim for current year, ¥7.00 per share	—	—	—	**(7,266)**	—	**(7,266)**
Reversal of revaluation surplus of land	**(88)**	—	—	**(0)**	—	**(0)**
Purchase of treasury stock	—	—	—	**(199)**	—	**(199)**
Net change in the year	—	**(8,534)**	**667**	**(10,809)**	**1,262**	**(9,547)**
BALANCE, MARCH 31, 2017	**¥ 20,109**	**¥ 10,952**	**¥ (1,527)**	**¥ 548,534**	**¥ 4,019**	**¥ 552,553**

Year Ended March 31, 2017

	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, 2016	$ 727,205	$ 404,500	$ 2,066,955	$ (56,313)	$ 737,393	$ (6,473)
Net income attributable to owners of the parent	—	—	**936,223**	—	—	—
Cash dividends paid:						
Final for prior year, $0.080 per share	—	—	**(83,429)**	—	—	—
Interim for current year, $0.063 per share	—	—	**(64,875)**	—	—	—
Reversal of revaluation surplus of land	—	—	**787**	—	—	—
Purchase of treasury stock	—	—	—	**(1,776)**	—	—
Net change in the year	—	—	—	—	**(29,089)**	**2,821**
BALANCE, MARCH 31, 2017	**$ 727,205**	**$ 404,500**	**$ 2,855,661**	**$ (58,089)**	**$ 708,304**	**$ (3,652)**

	Thousands of U.S. Dollars (Note 1)					
	Accumulated Other Comprehensive Income					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2016	$ 180,331	$ 173,982	$ (19,589)	$ 4,207,991	$ 24,616	$ 4,232,607
Net income attributable to owners of the parent	—	—	—	**936,223**	—	**936,223**
Cash dividends paid:						
Final for prior year, $0.080 per share	—	—	—	**(83,429)**	—	**(83,429)**
Interim for current year, $0.063 per share	—	—	—	**(64,875)**	—	**(64,875)**
Reversal of revaluation surplus of land	**(787)**	—	—	**(0)**	—	**(0)**
Purchase of treasury stock	—	—	—	**(1,776)**	—	**(1,776)**
Net change in the year	—	**(76,196)**	**5,955**	**(96,509)**	**11,268**	**(85,241)**
BALANCE, MARCH 31, 2017	**$ 179,544**	**$ 97,786**	**$ (13,634)**	**$ 4,897,625**	**$ 35,884**	**$ 4,933,509**

Consolidated Statement of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	**2017**
OPERATING ACTIVITIES:			
Income before income taxes	¥ **162,185**	¥ 108,525	$ **1,448,080**
Adjustments for:			
Income taxes—paid	**(44,995)**	(6,758)	**(401,741)**
Depreciation and amortization	**19,343**	19,558	**172,705**
Provision for doubtful accounts	**279**	1,197	**2,491**
Foreign currency exchange loss	**603**	1,642	**5,384**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(2,282)**	(3,826)	**(20,375)**
Valuation loss on marketable and investment securities	**355**	14	**3,170**
Loss on sales or disposals of property and equipment—net	**426**	170	**3,804**
Gain on sales of marketable and investment securities—net	**(358)**	(4,955)	**(3,196)**
Loss on impairment of long-lived assets	**706**	8,646	**6,304**
Loss (gain) on sales of investments in unconsolidated subsidiaries and affiliates	**17**	(24)	**152**
Changes in operating assets and liabilities:			
Increase in receivables	**(25,240)**	(47,530)	**(225,357)**
Increase in inventories	**(12,172)**	(34,829)	**(108,679)**
Increase (decrease) in payables	**4,114**	(20,257)	**36,732**
Increase in advances received	**54,247**	52,968	**484,348**
Increase in accrued expenses	**7,238**	5,843	**64,625**
Increase (decrease) in liability for retirement benefits	**1,601**	(1,010)	**14,295**
Decrease (increase) in other assets	**45,667**	(16,920)	**407,741**
Decrease in other liabilities	**(26,720)**	(27,883)	**(238,571)**
Other—net	**2,533**	1,784	**22,615**
Net cash provided by operating activities	**187,547**	36,355	**1,674,527**
INVESTING ACTIVITIES:			
Decrease in time deposits excluding cash equivalents—net	**298**	2,364	**2,661**
Payment for purchases of marketable and investment securities	**(755)**	(2,891)	**(6,741)**
Payment for investments in unconsolidated subsidiaries and affiliates	**(841)**	(1,851)	**(7,509)**
Proceeds from sales and redemption of marketable and investment securities	**1,169**	8,911	**10,438**
Proceeds from sales and redemption of investments in unconsolidated subsidiaries and affiliates	**500**	175	**4,464**
Payment for purchases of property and equipment	**(25,031)**	(30,616)	**(223,491)**
Proceeds from sales of property and equipment	**505**	675	**4,509**
Payment for purchase of intangible assets	**(2,847)**	(781)	**(25,420)**
Purchases of shares of subsidiaries resulting in change in scope of consolidation (Note 20)	**—**	(1,010)	**—**
Disbursements for loans	**(8,193)**	(850)	**(73,152)**
Proceeds from collection of loans	**6,546**	1,979	**58,446**
Other—net	**(3,264)**	(3,906)	**(29,143)**
Net cash used in investing activities	**(31,913)**	(27,801)	**(284,938)**
FINANCING ACTIVITIES:			
Decrease in short-term borrowings—net	**(222)**	(27,472)	**(1,982)**
(Repayment) issuance of commercial paper—net	**(5,000)**	26,300	**(44,643)**
Proceeds from issuance of long-term debt	**52,505**	24,965	**468,795**
Repayment of long-term debt	**(69,818)**	(39,733)	**(623,375)**
Proceeds from issuance of bonds	**20,000**	10,000	**178,571**
Repayment of finance lease obligations	**(1,255)**	(1,262)	**(11,205)**
Cash dividends paid	**(16,610)**	(5,711)	**(148,304)**
Other—net	**(178)**	(245)	**(1,589)**
Net cash used in financing activities	**(20,578)**	(13,158)	**(183,732)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(2,578)**	(3,142)	**(23,018)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**132,478**	(7,746)	**1,182,839**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**234,811**	242,557	**2,096,527**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES	**184**	—	**1,643**
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ **367,473**	¥ 234,811	$ **3,281,009**

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries

Year Ended March 31, 2017

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 ¥112 to $1, the approximate rate of exchange at March 31, 2017. 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, 2017, include the accounts of the Company and its 102 (101 in 2016) 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 (38 in 2016) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 60 (56 in 2016) 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 amortized using the straight-line method over its useful life that goodwill is expected to have an effect.

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

As of March 31, 2017, the Company had 2 special purpose entities (2 in 2016) 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 ¥42,240 million ($377,143 thousand) and ¥42,232 million ($377,071 thousand), respectively, as of March 31, 2017, and ¥42,507 million and ¥42,499 million, respectively, as of March 31, 2016. The Company recognized lease payments of ¥3,389 million ($30,259 thousand) and ¥3,239 million based on lease agreements of real estate for the years ended March 31, 2017 and 2016, respectively. The investment in anonymous associations was ¥5,505 million ($49,152 thousand) and ¥5,751 million as of March 31, 2017 and 2016, respectively, and its related distributed profit was ¥1,704 million ($15,214 thousand) and ¥1,279 million for the years ended March 31, 2017 and 2016, 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, 2017

1) Number of consolidated subsidiaries	:	102 Taiko Trading Co., Ltd., Kajima Road Co., Ltd., Kajima Leasing Corporation, Chemical Grouting Co., Ltd., Kajima Tatemono Sogo Kanri Co., Ltd., Kajima U.S.A. Inc. (KUSA) and its 25 subsidiaries, Kajima Overseas Asia Pte. Ltd. (KOA) and its 27 subsidiaries, Kajima Europe Ltd. (KE) and its 22 subsidiaries, Kajima Europe B.V. and its 1 subsidiary, Kajima Europe U.K. Holding Ltd. (KEUK), Chung-Lu Construction Co., Ltd., Kajima Australia Pty. Ltd. (KA) and its 9 subsidiaries, and 6 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	:	60 Katabami Kogyo Co., Ltd. and 59 other companies

(2) Changes for the year ended March 31, 2017

1) Newly consolidated companies	:	6 subsidiaries of KOA and 1 subsidiary of KA due to new establishment, acquisition and increased materiality
2) Companies excluded from consolidation	:	2 subsidiaries of KUSA, 1 subsidiary of KOA, 2 subsidiaries of KE and 1 subsidiary of KEUK due to merger and liquidation

3) Companies newly accounted for using the equity method : 1 subsidiary and 6 affiliates due to new establishment and acquisition

4) Companies excluded from the equity method : 1 subsidiary and 2 affiliates due to liquidation, sales of shares and reclassification to consolidated companies

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 accounting principles generally accepted in the United States of America ("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 costs of research and development; and (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.

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 costs of research and development; and (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.

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

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

Japanese accounting standards require that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

As a result, gross profit for the years ended March 31, 2017 and 2016, decreased by ¥1,653 million ($14,759 thousand) and ¥428 million, respectively.

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

f. Capitalization of Interest — Interest costs incurred for real estate development projects conducted by certain overseas subsidiaries have been capitalized as part of the development costs of such projects. Interest expenses capitalized were ¥181 million ($1,616 thousand) and ¥212 million for the years ended March 31, 2017 and 2016, 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 on or after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016.

The estimated useful lives for buildings and structures range from 2 to 50 years, and for machinery, equipment and other, range from 2 to 25 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 ¥311,854 million ($2,784,411 thousand) and ¥304,615 million as of March 31, 2017 and 2016, respectively.

Pursuant to an amendment to the Corporate Tax Act of Japan, the Company adopted Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 32 "Practical Solution on a change in depreciation method due to Tax Reform 2016" and changed the depreciation method for building improvements and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. The effect on the accompanying consolidated financial statements for the year ended March 31, 2017, was immaterial.

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 Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. 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 are recognized in profit or loss on a straight-line basis over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

l. Asset Retirement Obligations — An asset retirement obligation is recorded for 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 — Construction revenue and construction costs are 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 such 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, 2017 and 2016, were ¥1,456,273 million ($13,002,438 thousand) and ¥1,439,174 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 ¥13,787 million ($123,098 thousand) and ¥49,113 million as of March 31, 2017 and 2016, 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, 2017 and 2016, totaled ¥8,222 million ($73,411 thousand) and ¥7,828 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.

The Company applied ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," effective April 1, 2016. There was no impact from this for the year ended March 31, 2017.

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.

Diluted net income per share is not disclosed because the Companies did not have dilutive shares for the years ended March 31, 2017 and 2016.

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.

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, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Current:			
Government and corporate bonds	**¥ 113**	¥ 51	**$ 1,009**
Preferred equity investment	**10,156**	10,156	**90,679**
Total	**¥ 10,269**	¥ 10,207	**$ 91,688**
Non-Current:			
Equity securities	**¥ 221,547**	¥ 226,948	**$ 1,978,098**
Government and corporate bonds	**1,189**	1,327	**10,616**
Other	**7,258**	7,733	**64,804**
Total	**¥ 229,994**	¥ 236,008	**$ 2,053,518**

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2017 and 2016, were as follows:

As of March 31, 2017	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**¥ 101,746**	**¥ 116,158**	**¥ (2,779)**	**¥ 215,125**
Government and corporate bonds	**1,273**	**32**	**(3)**	**1,302**
Other	**1,390**	**368**	**(5)**	**1,753**
Total	**¥ 104,409**	**¥ 116,558**	**¥ (2,787)**	**¥ 218,180**

As of March 31, 2016	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ 101,318	¥ 120,560	¥ (2,200)	¥ 219,678
Government and corporate bonds	1,342	41	(5)	1,378
Other	1,389	306	(13)	1,682
Total	¥ 104,049	¥ 120,907	¥ (2,218)	¥ 222,738

As of March 31, 2017	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**$ 908,446**	**$ 1,037,125**	**$ (24,812)**	**$ 1,920,759**
Government and corporate bonds	**11,366**	**286**	**(27)**	**11,625**
Other	**12,411**	**3,286**	**(45)**	**15,652**
Total	**$ 932,223**	**$ 1,040,697**	**$ (24,884)**	**$ 1,948,036**

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥387 million ($3,455 thousand) and ¥322 million as of March 31, 2017 and 2016, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2017 and 2016, was as follows:

Year Ended March 31, 2017	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**¥ 694**	**¥ 391**	**¥ (35)**
Government and corporate bonds	**130**	**2**	**—**
Total	**¥ 824**	**¥ 393**	**¥ (35)**

Year Ended March 31, 2016	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥ 1,379	¥ 774	¥ (19)
Government and corporate bonds	18	0	—
Other	7,261	4,200	—
Total	¥ 8,658	¥ 4,974	¥ (19)

Year Ended March 31, 2017	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**$ 6,196**	**$ 3,491**	**$ (313)**
Government and corporate bonds	**1,161**	**18**	**—**
Total	**$ 7,357**	**$ 3,509**	**$ (313)**

The impairment losses on available-for-sale securities were ¥355 million ($3,170 thousand) and ¥14 million for the years ended March 31, 2017 and 2016, 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.

5. LONG-LIVED ASSETS

For the year ended March 31, 2017, the Company and a domestic consolidated subsidiary recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets held for rent	Land, Buildings and structures	Nagano Prefecture	1
Idle properties	Land, Buildings and structures	Kanagawa Prefecture and others	7

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

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

As a result, the Company and a domestic consolidated subsidiary recognized impairment losses of ¥706 million ($6,304 thousand), which consisted of asset held for rent of ¥348 million ($3,107 thousand) and idle properties of ¥358 million ($3,197 thousand) for the year ended March 31, 2017.

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, 2016, the Company and a domestic consolidated subsidiary recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets held for business	Land, Buildings and structures	Saitama Prefecture and others	4
Idle properties	Land, Buildings and structures, Machinery, equipment and other	Kanagawa Prefecture and others	4

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

The carrying amounts of certain assets held for business and idle properties were devalued to their recoverable amounts, due to substantial declines in their fair market value.

As a result, the Company and a domestic consolidated subsidiary recognized impairment losses of ¥8,646 million, which consisted of assets held for business of ¥5,387 million and idle properties of ¥3,259 million for the year ended March 31, 2016.

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 Companies 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 ¥9,451 million ($84,384 thousand), gain on sales or disposals of property and equipment—net was ¥46 million ($411 thousand) and loss on impairment of long-lived assets was ¥706 million ($6,304 thousand) for the year ended March 31, 2017. The net of rental income and operating expenses for those rental properties was ¥8,557 million, loss on sales or disposals of property and equipment—net was ¥56 million and loss on impairment of long-lived assets was ¥3,224 million for the year ended March 31, 2016.

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, 2016	**Increase/Decrease**	**As of March 31, 2017**	**As of March 31, 2017**
¥ 164,865	**¥ (1,803)**	**¥ 163,062**	**¥ 313,817**

Millions of Yen			
Carrying amount			Fair value
As of April 1, 2015	Increase/Decrease	As of March 31, 2016	As of March 31, 2016
¥ 162,019	¥ 2,846	¥ 164,865	¥ 301,333

Thousands of U.S. Dollars			
Carrying amount			Fair value
As of April 1, 2016	**Increase/Decrease**	**As of March 31, 2017**	**As of March 31, 2017**
$ 1,472,009	**$ (16,098)**	**$ 1,455,911**	**$ 2,801,938**

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, 2017 and 2016, 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, 2017, the following assets of the Companies were pledged to secure the repayment of current portion of long-term debt of ¥17 million ($152 thousand), other current liabilities of ¥39 million ($348 thousand), long-term debt of ¥12,942 million ($115,554 thousand) and other long-term liabilities of ¥415 million ($3,705 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	**¥ 820**	**$ 7,321**
Inventories:		
Development projects in progress, real estate for sale and other	**23,154**	**206,733**
Other current assets	**83**	**741**
Land	**26**	**232**
Buildings and structures	**653**	**5,830**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**974**	**8,696**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	**1,178**	**10,518**
Total	**¥ 26,888**	**$ 240,071**

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2017 and 2016, mainly consisted of bank overdrafts. The weighted-average interest rates of short-term borrowings as of March 31, 2017 and 2016, were 0.74% and 0.70%, respectively.

Long-term debt as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Long-term loans, due 2017 – 2077	**¥ 152,768**	¥ 151,468	**$ 1,364,000**
Corporate bonds, due 2017 – 2026	**80,000**	80,000	**714,286**
Lease obligations	**3,168**	3,374	**28,286**
Total	**235,936**	234,842	**2,106,572**
Current portion included in current liabilities	**(45,305)**	(39,054)	**(404,509)**
Total	**¥ 190,631**	¥ 195,788	**$ 1,702,063**

Long-term loans as of March 31, 2017 and 2016, were primarily from banks and insurance companies. The weighted-average interest rates of long-term loans as of March 31, 2017 and 2016, were 1.27% and 1.53%, 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, 2017 and 2016, were 0.62% and 0.81%, respectively. Certain short-term and long-term bank loans of the Company and its domestic consolidated subsidiaries 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, 2017, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	**¥ 45,305**	**$ 404,509**
2019	**52,262**	**466,625**
2020	**19,019**	**169,813**
2021	**39,674**	**354,232**
2022	**10,550**	**94,196**
2023 and thereafter	**69,126**	**617,197**
Total	**¥ 235,936**	**$ 2,106,572**

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

The outstanding balances of such loans as of March 31, 2017 and 2016, were included in the consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Long-term debt	**¥ 17,000**	¥ 17,000	**$ 151,786**

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,339,286 thousand) with several Japanese banks. There were no outstanding balances under the committed loan facility agreements as of March 31, 2017.

10. COMMERCIAL PAPER

Commercial paper was represented by 13- to 94-day paper issued by the Company with the weighted-average interest rate of (0.01) % and 14- to 31-day paper with the weighted-average interest rate of 0.00% as of March 31, 2017 and 2016, 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, which are 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 that 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 using the simplified method.

a. Changes in defined benefit obligation

The changes in defined benefit obligation for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Balance at beginning of year	**¥ 62,009**	¥ 60,914	**$ 553,652**
Current service cost	**4,456**	4,141	**39,786**
Interest cost	**301**	517	**2,688**
Actuarial losses	**287**	1,917	**2,562**
Benefits paid	**(4,045)**	(5,748)	**(36,116)**
Other	**(10)**	268	**(90)**
Balance at end of year	**¥ 62,998**	¥ 62,009	**$ 562,482**

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

b. Changes in plan assets

The changes in plan assets for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Balance at beginning of year	**¥ 8,448**	¥ 9,275	**$ 75,429**
Expected return on plan assets	**71**	80	**634**
Actuarial gains (losses)	**876**	(632)	**7,821**
Contributions from the employer	**162**	141	**1,446**
Benefits paid	**(472)**	(416)	**(4,214)**
Balance at end of year	**¥ 9,085**	¥ 8,448	**$ 81,116**

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

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

The changes in net defined benefit liability accounted for using the simplified method for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Balance at beginning of year	**¥ 1,416**	¥ 1,505	**$ 12,643**
Benefit cost	**277**	65	**2,473**
Benefits paid	**(77)**	(100)	**(688)**
Contributions from the funds	**(46)**	(45)	**(411)**
Other	**(3)**	(9)	**(26)**
Balance at end of year	**¥ 1,567**	¥ 1,416	**$ 13,991**

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, 2017 and 2016, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Funded defined benefit obligation	**¥ 9,562**	¥ 9,822	**$ 85,375**
Plan assets	**(9,408)**	(8,731)	**(84,000)**
Total	**154**	1,091	**1,375**
Unfunded defined benefit obligation	**55,326**	53,886	**493,982**
Net liability for defined benefit obligation	**¥ 55,480**	¥ 54,977	**$ 495,357**

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Liability for retirement benefits	**¥ 56,065**	¥ 55,551	**$ 500,580**
Asset for retirement benefits	**(585)**	(574)	**(5,223)**
Net liability for defined benefit obligation	**¥ 55,480**	¥ 54,977	**$ 495,357**

Notes: (1) Retirement benefit plans accounted for 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, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Service cost	**¥ 4,456**	¥ 4,141	**$ 39,786**
Interest cost	**301**	517	**2,688**
Expected return on plan assets	**(71)**	(80)	**(634)**
Recognized actuarial losses (gains)	**444**	(84)	**3,964**
Amortization of past service cost	**(37)**	(37)	**(330)**
Benefit cost in simplified method	**277**	65	**2,473**
Other	**9**	(33)	**80**
Net periodic benefit costs	**¥ 5,379**	¥ 4,489	**$ 48,027**

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, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Past service cost	¥ (37)	¥ (37)	$ (330)
Actuarial gains (losses)	1,041	(2,883)	9,294
Total	¥ 1,004	¥ (2,920)	$ 8,964

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, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrecognized past service cost	¥ 37	¥ 74	$ 330
Unrecognized actuarial losses	(2,082)	(3,124)	(18,589)
Total	¥ (2,045)	¥ (3,050)	$ (18,259)

h. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2017 and 2016, consisted of the following:

	2017	2016
Equity investments	54 %	54 %
Debt investments	23	28
Cash and cash equivalents	9	9
General accounts with life insurance companies	7	6
Other	7	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, 2017 and 2016, were set forth as follows:

	2017	2016
Discount rate	0.1% to 0.6%	0.2% to 1.2%
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 ¥2,630 million ($23,482 thousand) and ¥2,607 million for the years ended March 31, 2017 and 2016, respectively.

13. EQUITY

Japanese companies are subject to the Companies Act of Japan (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. Additionally, 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 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 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 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 normal effective statutory tax rates of approximately 30.8% and 32.9% for the years ended March 31, 2017 and 2016, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Deferred tax assets:			
Liability for retirement benefits	¥ 17,543	¥ 17,435	$ 156,634
Valuation loss on property and equipment	15,323	14,737	136,813
Other	62,333	70,286	556,544
Subtotal	95,199	102,458	849,991
Valuation allowance	(25,848)	(21,431)	(230,786)
Total	69,351	81,027	619,205
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(35,749)	(36,934)	(319,188)
Other	(6,361)	(6,131)	(56,794)
Total	(42,110)	(43,065)	(375,982)
Net deferred tax assets	¥ 27,241	¥ 37,962	$ 243,223

As of March 31, 2017, certain consolidated subsidiaries of the Company have tax loss carryforwards available to offset future taxable income, which will start expiring in 2018. As for the domestic consolidated subsidiaries, their tax loss carryforwards will gradually expire by 2026. Due to the uncertainty in 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 ¥1,326 million ($11,839 thousand) and ¥1,678 million as of March 31, 2017 and 2016, respectively.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2017, was as follows:

	2017
Normal effective statutory tax rate	30.8 %
Expenses not deductible for income tax purposes	1.0
Valuation allowance	3.2
Tax credit for income growth	(0.6)
Other—net	0.1
Actual effective tax rate	**34.5 %**

Information for the year ended March 31, 2016, is not disclosed, because the difference was not more than 5% of the normal effective statutory tax rate.

15. 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, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Due within one year	¥ 6,798	¥ 7,090	$ 60,696
Due after one year	49,003	50,003	437,527
Total	¥ 55,801	¥ 57,093	$ 498,223

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Due within one year	¥ 9,235	¥ 9,585	$ 82,455
Due after one year	50,757	61,020	453,188
Total	¥ 59,992	¥ 70,605	$ 535,643

16. 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 plans for construction and development businesses. 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 17 for more details regarding derivatives.

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,339,286 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 17 for the details of the fair values of derivatives.

(1) Fair value of financial instruments

The carrying amount, fair value and unrealized gain (loss) of financial instruments as of March 31, 2017 and 2016, were as follows. However, financial instruments whose fair value cannot be reliably determined are not included.

	Millions of Yen		
As of March 31, 2017	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥ 367,473	¥ 367,473	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	218,180	218,180	—
Notes and accounts receivable—trade	609,701		
Allowance for doubtful accounts	(546)		
	609,155	609,345	190
Other current assets			
Time deposits due after three months of the date of acquisition	6,620	6,620	—
Long-term loans receivable	18,233		
Long-term loans to unconsolidated subsidiaries and affiliates	12,183		
Allowance for doubtful accounts	(6,833)		
	23,583	23,802	219
Total	¥ 1,225,011	¥ 1,225,420	¥ 409
LIABILITIES			
Short-term borrowings	¥ 65,160	¥ 65,160	¥ —
Commercial paper	75,000	75,000	—
Current portion of long-term debt	45,305	45,383	78
Notes and accounts payable—trade	517,835	517,835	—
Income taxes payable	30,021	30,021	—
Long-term debt	190,631	190,512	(119)
Total	¥ 923,952	¥ 923,911	¥ (41)

As of March 31, 2016	Carrying Amount (Millions of Yen)	Fair Value (Millions of Yen)	Unrealized Gain (Loss) (Millions of Yen)
ASSETS			
Cash and cash equivalents	¥ 234,811	¥ 234,811	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	222,738	222,738	—
Notes and accounts receivable—trade	588,657		
Allowance for doubtful accounts	(434)		
	588,223	588,534	311
Other current assets			
Time deposits due after three months of the date of acquisition	7,092	7,092	—
Long-term loans receivable	21,134		
Long-term loans to unconsolidated subsidiaries and affiliates	9,003		
Allowance for doubtful accounts	(6,671)		
	23,466	23,603	137
Total	¥ 1,076,330	¥ 1,076,778	¥ 448
LIABILITIES			
Short-term borrowings	¥ 67,059	¥ 67,059	¥ —
Commercial paper	80,000	80,000	—
Current portion of long-term debt	39,054	39,147	93
Notes and accounts payable—trade	517,267	517,267	—
Income taxes payable	30,798	30,798	—
Long-term debt	195,788	196,739	951
Total	¥ 929,966	¥ 931,010	¥ 1,044

As of March 31, 2017	Carrying Amount (Thousands of U.S. Dollars)	Fair Value (Thousands of U.S. Dollars)	Unrealized Gain (Loss) (Thousands of U.S. Dollars)
ASSETS			
Cash and cash equivalents	**$ 3,281,009**	**$ 3,281,009**	**$ —**
Marketable securities and investments in securities			
Available-for-sale securities	**1,948,036**	**1,948,036**	**—**
Notes and accounts receivable—trade	**5,443,759**		
Allowance for doubtful accounts	**(4,876)**		
	5,438,883	**5,440,580**	**1,697**
Other current assets			
Time deposits due after three months of the date of acquisition	**59,107**	**59,107**	**—**
Long-term loans receivable	**162,795**		
Long-term loans to unconsolidated subsidiaries and affiliates	**108,777**		
Allowance for doubtful accounts	**(61,009)**		
	210,563	**212,518**	**1,955**
Total	**$ 10,937,598**	**$ 10,941,250**	**$ 3,652**
LIABILITIES			
Short-term borrowings	**$ 581,786**	**$ 581,786**	**$ —**
Commercial paper	**669,643**	**669,643**	**—**
Current portion of long-term debt	**404,509**	**405,205**	**696**
Notes and accounts payable—trade	**4,623,527**	**4,623,527**	**—**
Income taxes payable	**268,045**	**268,045**	**—**
Long-term debt	**1,702,063**	**1,701,000**	**(1,063)**
Total	**$ 8,249,573**	**$ 8,249,206**	**$ (367)**

ASSETS

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

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

Marketable securities and Investments in securities

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

The information on the fair values of derivatives is included in Note 17.

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Investments in securities			
Available-for-sale:			
Equity securities	**¥ 6,422**	¥ 7,271	**$ 57,339**
Preferred equity investment	**10,156**	10,156	**90,679**
Other	**5,505**	6,050	**49,152**
Investments in unconsolidated subsidiaries and affiliates	**35,439**	35,554	**316,420**
Total	**¥ 57,522**	¥ 59,031	**$ 513,590**

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 quoted prices in active markets.

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

As of March 31, 2017	Millions of Yen Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 367,473	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	113	755	403	2
Notes and accounts receivable—trade	565,799	43,041	114	747
Other current assets				
Time deposits due after three months				
of the date of acquisition	6,620	—	—	—
Long-term loans receivable	21	11,148	77	7,008
Long-term loans to unconsolidated subsidiaries				
and affiliates	83	3,654	518	8,011
Total	¥ 940,109	¥ 58,598	¥ 1,112	¥ 15,768

As of March 31, 2017	Thousands of U.S. Dollars Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$ 3,281,009	$ —	$ —	$ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	1,009	6,740	3,598	18
Notes and accounts receivable—trade	5,051,776	384,295	1,018	6,670
Other current assets				
Time deposits due after three months				
of the date of acquisition	59,107	—	—	—
Long-term loans receivable	188	99,536	688	62,571
Long-term loans to unconsolidated subsidiaries				
and affiliates	741	32,625	4,625	71,527
Total	$ 8,393,830	$ 523,196	$ 9,929	$ 140,786

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

17. DERIVATIVES

The Companies enter into derivative financial instruments ("derivatives"), including principally foreign exchange forward contracts, currency swap agreements and interest rate swap 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, 2017	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Polish Zloty forward	¥ 1,282	¥ —	¥ 17	¥ 17
Selling:				
Euro forward	374	—	0	0
Total	¥ 1,656	¥ —	¥ 17	¥ 17
Interest rate swaps				
Pay—fix / Receive—float	¥ 30,000	¥ —	¥ (133)	¥ (133)
Total	¥ 30,000	¥ —	¥ (133)	¥ (133)

As of March 31, 2016	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Czech Koruna forward	¥ 197	¥ —	¥ (3)	¥ (3)
Polish Zloty forward	1,272	—	(10)	(10)
Selling:				
Euro forward	3,468	—	(66)	(66)
Total	¥ 4,937	¥ —	¥ (79)	¥ (79)

As of March 31, 2017	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Polish Zloty forward	$ 11,447	$ —	$ 152	$ 152
Selling:				
Euro forward	3,339	—	0	0
Total	$ 14,786	$ —	$ 152	$ 152
Interest rate swaps				
Pay—fix / Receive—float	$ 267,857	$ —	$ (1,188)	$ (1,188)
Total	$ 267,857	$ —	$ (1,188)	$ (1,188)

b. Derivative transactions to which hedge accounting is applied

		Millions of Yen		
As of March 31, 2017	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Selling:				
Euro forward	Accounts receivable—trade	¥ **4,386**	¥ **—**	¥ **(32)**
Total		¥ **4,386**	¥ **—**	¥ **(32)**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	¥ **36,031**	¥ **33,031**	¥ **(670)**
Total		¥ **36,031**	¥ **33,031**	¥ **(670)**

		Millions of Yen		
As of March 31, 2016	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	¥ 12	¥ —	¥ (1)
Total		¥ 12	¥ —	¥ (1)
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	¥ 70,718	¥ 66,068	¥ (1,269)
Total		¥ 70,718	¥ 66,068	¥ (1,269)

		Thousands of U.S. Dollars		
As of March 31, 2017	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Selling:				
Euro forward	Accounts receivable—trade	$ **39,161**	$ **—**	$ **(286)**
Total		$ **39,161**	$ **—**	$ **(286)**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	$ **321,705**	$ **294,920**	$ **(5,982)**
Total		$ **321,705**	$ **294,920**	$ **(5,982)**

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.

18. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2017, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥11,548 million ($103,107 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 ¥9,160 million ($81,786 thousand), which would be realized only upon the default of Dubai, the United Arab Emirates, due to its financial or national collapse.

19. OTHER COMPREHENSIVE LOSS

The components of other comprehensive loss for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Unrealized loss on available-for-sale securities:			
Losses arising during the year	¥ **(4,496)**	¥ (38,128)	$ **(40,143)**
Reclassification adjustments to profit or loss	**(139)**	(160)	**(1,241)**
Amount before income tax effect	**(4,635)**	(38,288)	**(41,384)**
Income tax effect	**1,377**	14,217	**12,295**
Total	¥ **(3,258)**	¥ (24,071)	$ **(29,089)**
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	¥ **94**	¥ (400)	$ **839**
Reclassification adjustments to profit or loss	**268**	174	**2,393**
Amount before income tax effect	**362**	(226)	**3,232**
Income tax effect	**(127)**	66	**(1,134)**
Total	¥ **235**	¥ (160)	$ **2,098**
Revaluation surplus of land:			
Adjustments arising during the year	¥ **—**	¥ —	$ **—**
Reclassification adjustments to profit or loss	**—**	—	**—**
Amount before income tax effect	**—**	—	**—**
Income tax effect	**(0)**	1,144	**(0)**
Total	¥ **(0)**	¥ 1,144	$ **(0)**
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ **(8,909)**	¥ (6,212)	$ **(79,545)**
Reclassification adjustments to profit or loss	**—**	—	**—**
Amount before income tax effect	**(8,909)**	(6,212)	**(79,545)**
Income tax effect	**—**	—	**—**
Total	¥ **(8,909)**	¥ (6,212)	$ **(79,545)**
Defined retirement benefit plans:			
Adjustments arising during the year	¥ **597**	¥ (2,799)	$ **5,330**
Reclassification adjustments to profit or loss	**407**	(121)	**3,634**
Amount before income tax effect	**1,004**	(2,920)	**8,964**
Income tax effect	**(333)**	851	**(2,973)**
Total	¥ **671**	¥ (2,069)	$ **5,991**
Share of other comprehensive income in unconsolidated subsidiaries and affiliates:			
Gains arising during the year	¥ **297**	¥ 1,077	$ **2,652**
Reclassification adjustments to profit or loss	**71**	78	**634**
Total	¥ **368**	¥ 1,155	$ **3,286**
Total other comprehensive loss	¥ **(10,893)**	¥ (30,213)	$ **(97,259)**

20. SUPPLEMENTAL CASH FLOW INFORMATION

The components of assets acquired and liabilities assumed of consolidated subsidiaries which were acquired through a share acquisition during the year ended March 31, 2016, as well as a reconciliation between the acquisition cost and the payment for the acquisition were as follows:

	Millions of Yen
Current assets	¥ 2,127
Non-current assets	152
Goodwill	2,573
Current liabilities	(2,261)
Noncontrolling interests	(5)
Acquisition cost	2,586
Cash and cash equivalents of subsidiaries	(1,576)
Net payment for acquisition	¥ 1,010

21. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2017 and 2016, was as follows:

	Millions of Yen	Thousand of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted–Average Shares	EPS	
For the year ended March 31, 2017:				
Basic EPS				
Net income attributable to common stockholders	**¥ 104,857**	**1,038,089**	**¥ 101.01**	**$ 0.902**
For the year ended March 31, 2016:				
Basic EPS				
Net income attributable to common stockholders	¥ 72,323	1,038,282	¥ 69.66	

22. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

On June 29, 2017, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥13.00 ($0.116) per share (final for the year ended March 31, 2017) for a total amount of ¥13,517 million ($120,688 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, 2017	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	**¥ 296,858**	**¥ 830,108**	**¥ 69,868**	**¥ 224,000**	**¥ 400,972**	**¥ 1,821,806**	**¥ —**	**¥ 1,821,806**
Intersegment sales or transfers	**—**	**5,042**	**1,969**	**137,191**	**17**	**144,219**	**(144,219)**	**—**
Total	**¥ 296,858**	**¥ 835,150**	**¥ 71,837**	**¥ 361,191**	**¥ 400,989**	**¥ 1,966,025**	**¥ (144,219)**	**¥ 1,821,806**
Segment profit	**¥ 35,995**	**¥ 78,611**	**¥ 9,889**	**¥ 19,594**	**¥ 11,683**	**¥ 155,772**	**¥ (380)**	**¥ 155,392**
Other:								
Depreciation	**¥ 960**	**¥ 2,700**	**¥ 4,117**	**¥ 5,340**	**¥ 6,378**	**¥ 19,495**	**¥ (152)**	**¥ 19,343**
Amortization of goodwill	**—**	**—**	**—**	**—**	**523**	**523**	**—**	**523**

Year Ended March 31, 2016	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	¥ 307,965	¥ 822,635	¥ 32,767	¥ 211,392	¥ 367,942	¥ 1,742,701	¥ —	¥ 1,742,701
Intersegment sales or transfers .	—	1,462	1,318	153,246	21	156,047	(156,047)	—
Total	¥ 307,965	¥ 824,097	¥ 34,085	¥ 364,638	¥ 367,963	¥ 1,898,748	¥ (156,047)	¥ 1,742,701
Segment profit	¥ 28,847	¥ 57,437	¥ 693	¥ 20,640	¥ 7,503	¥ 115,120	¥ (4,040)	¥ 111,080
Other:								
Depreciation	¥ 1,072	¥ 2,870	¥ 4,161	¥ 4,849	¥ 6,752	¥ 19,704	¥ (146)	¥ 19,558
Amortization of goodwill............	—	—	—	—	386	386	—	386

Year Ended March 31, 2017	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	**$ 2,650,518**	**$ 7,411,678**	**$ 623,822**	**$ 2,000,000**	**$ 3,580,107**	**$ 16,266,125**	**$ —**	**$ 16,266,125**
Intersegment sales or transfers .	**—**	**45,018**	**17,580**	**1,224,920**	**152**	**1,287,670**	**(1,287,670)**	**—**
Total	**$ 2,650,518**	**$ 7,456,696**	**$ 641,402**	**$ 3,224,920**	**$ 3,580,259**	**$ 17,553,795**	**$ (1,287,670)**	**$ 16,266,125**
Segment profit	**$ 321,384**	**$ 701,884**	**$ 88,294**	**$ 174,946**	**$ 104,313**	**$ 1,390,821**	**$ (3,392)**	**$ 1,387,429**
Other:								
Depreciation	**$ 8,571**	**$ 24,107**	**$ 36,760**	**$ 47,679**	**$ 56,946**	**$ 174,063**	**$ (1,358)**	**$ 172,705**
Amortization of goodwill............	**—**	**—**	**—**	**—**	**4,670**	**4,670**	**—**	**4,670**

Notes:
(1) The amount of reconciliations in segment profit, which was loss of ¥380 million ($3,393 thousand) and loss of ¥4,040 million for the years ended March 31, 2017 and 2016, respectively, mainly consists of the elimination of intersegment transactions.
(2) Consolidated segment profit is equal to operating income in the consolidated statement of income.
(3) Assets are not allocated to operating segments.

b. Related Information

(1) Information about products and services

Year Ended March 31, 2017	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	**¥ 1,602,054**	**¥ 100,557**	**¥ 119,195**	**¥ 1,821,806**

Year Ended March 31, 2016	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	¥ 1,581,043	¥ 52,198	¥ 109,460	¥ 1,742,701

Year Ended March 31, 2017	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	**$ 14,304,054**	**$ 897,830**	**$ 1,064,241**	**$ 16,266,125**

(2) Information about geographical areas

1) Revenues

Millions of Yen					
2017					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 1,419,246	**¥ 218,278**	**¥ 15,839**	**¥ 113,385**	**¥ 55,058**	**¥ 1,821,806**

Millions of Yen					
2016					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 1,366,820	¥ 202,626	¥ 19,009	¥ 122,387	¥ 31,859	¥ 1,742,701

Thousands of U.S. Dollars					
2017					
Japan	North America	Europe	Asia	Other Areas	Total
$ 12,671,839	**$ 1,948,911**	**$ 141,420**	**$ 1,012,366**	**$ 491,589**	**$ 16,266,125**

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

2) Property and equipment

Millions of Yen					
2017					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 270,860	**¥ 10,233**	**¥ 9,441**	**¥ 62,850**	**¥ 261**	**¥ 353,645**

Millions of Yen					
2016					
Japan	North America	Europe	Asia	Other Areas	Total
¥ 266,969	¥ 9,766	¥ 11,763	¥ 62,064	¥ 187	¥ 350,749

Thousands of U.S. Dollars					
2017					
Japan	North America	Europe	Asia	Other Areas	Total
$ 2,418,393	**$ 91,366**	**$ 84,295**	**$ 561,161**	**$ 2,330**	**$ 3,157,545**

c. Information about impairment losses of assets

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Impairment losses of assets	**¥ 706**	¥ 8,646	**$ 6,304**

Notes:
(1) Impairment losses of assets of ¥706 million ($6,304 thousand) for the year ended March 31, 2017, consisted of asset held for rent of ¥348 million ($3,107 thousand) and idle properties of ¥358 million ($3,197 thousand). Impairment losses of assets of ¥8,646 million for the year ended March 31, 2016, consisted of assets held for business of ¥5,387 million and idle properties of ¥3,259 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, 2017 and 2016

Millions of Yen		Thousands of U.S. Dollars
2017	2016	**2017**
¥ 523	¥ 386	**$ 4,670**

(2) Carrying amounts of goodwill as of March 31, 2017 and 2016

Millions of Yen		Thousands of U.S. Dollars
2017	2016	**2017**
¥ 1,794	¥ 2,187	**$ 16,018**

Note: Goodwill is 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, 2017, 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, 2017, 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 29, 2017

Member of
Deloitte Touche Tohmatsu Limited