INTEGRATED REPORT
Financial Review 2019
Year ended March 31, 2019

Contents

Summary and Forecast of Business Performance

Amounts less than ¥0.1 billion have been rounded down.

Overview of Business Performance

During the fiscal year ended March 31, 2019, despite an overall growth trend in the global economy, the economies of certain countries and regions witnessed a slowdown and concerns over the future outlook mounted as the effects of trade problems from the latter half of the year gradually became evident.

The Japanese economy continued to pick up moderately with an increase in capital investment backed by improvements in corporate earnings and recovery in personal consumption reflecting the robust employment and income environment, despite sluggish exports and weaknesses in certain production segments due to the effects of the series of natural disasters in Japan and the trade problems.

In the Japanese construction market, construction demand remained stable supported by capital investments for function-upgrading and labor-saving mainly in the manufacturing industry, as well as large-scale redevelopment projects in the Tokyo metropolitan area. While shortages in certain materials and labor were evident due to the increase in construction volume, the effect on construction costs was limited.

As a result, the Kajima Group's consolidated financial results for the fiscal year ended March 31, 2019 were as follows.

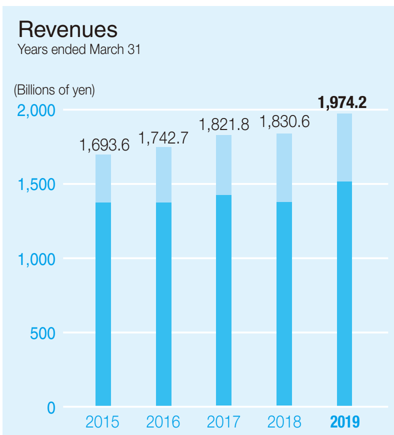
Construction contract awards totaled ¥2,010.1 billion, up 19.2% from ¥1,685.9 billion in the previous fiscal year, mainly due to increases in building construction and in overseas subsidiaries and affiliates. On a non-consolidated basis, contracts awarded to Kajima Corporation (hereinafter, the "Company"), including those for real estate development and other projects, totaled ¥1,444.4 billion, up 20.4% from ¥1,200.0 billion in the previous fiscal year.

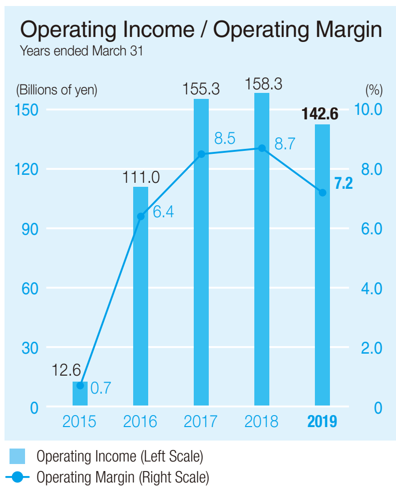
Consolidated revenues totaled ¥1,974.2 billion, up 7.8% from ¥1,830.6 billion in the previous fiscal year, mainly due to an increase in building construction.

On the profit front, operating income totaled ¥142.6 billion, down 9.9% from ¥158.3 billion in the previous fiscal year, mainly due to a decrease in gross profit in civil engineering. Net income attributable to owners of the parent came in at ¥109.8 billion, a decrease of 13.4% from ¥126.7 billion in the previous fiscal year, due to an increase in extraordinary losses mainly as a result of Kajima Road Co., Ltd., a consolidated subsidiary of the Company, recording a provision for loss on Anti-Monopoly Act.

The gross profit margins in civil engineering and building construction were 19.0% and 12.5% respectively for the fiscal year under review, both of which exceeded the forecast (civil engineering: 15.7%, building construction: 11.7%), due to a decrease in costs as a result of ongoing productivity improvements and the streamlining of construction. Other factors included construction costs remaining more stable than initially expected and additional design change orders for certain construction projects.

While overall profits decreased on a consolidated basis compared to the previous fiscal year, profits exceeded the forecast since segments including real estate development and other businesses, domestic subsidiaries and affiliates and overseas subsidiaries and affiliates managed to secure solid operating income.





Overview of Performance by Business Segment

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

Civil Engineering

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

Revenues totaled ¥301.0 billion, down 17.9% from ¥366.5 billion in the previous fiscal year, falling short of the high levels recorded in the previous fiscal year both in Japan and overseas.

Segment profit totaled ¥35.2 billion, a decrease of 38.6% from ¥57.4 billion in the previous fiscal year, mainly due to the decrease in revenues.

(Billions of yen)

(Years ended March 31)	2019	2018	2019/2018 (%)
Revenues	301.0	366.5	(17.9)
Segment profit	35.2	57.4	(38.6)

Building Construction

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

Revenues totaled ¥928.0 billion, up 23.3% from ¥752.6 billion in the previous fiscal year, due to steady progress in the completion of a large volume of construction projects in hand.

Segment profit was also up, at ¥79.6 billion, an increase of 12.3% from the ¥70.9 billion recorded in the previous fiscal year, due to the increase in revenues.

(Billions of yen)

(Years ended March 31)	2019	2018	2019/2018 (%)
Revenues	928.0	752.6	23.3
Segment profit	79.6	70.9	12.3

Real Estate Development and Other Businesses

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

Revenues totaled ¥51.2 billion, up 11.5% from ¥45.9 billion in the previous fiscal year, mainly due to sales of real estate.

Segment profit decreased to ¥5.4 billion, down 20.7% from the ¥6.8 billion recorded in the previous fiscal year, mainly due to a decline in gross profit in businesses related to design and engineering, despite an increase in gross profit in the real estate development business.

(Billions of yen)

(Years ended March 31)	2019	2018	2019/2018 (%)
Revenues	51.2	45.9	11.5
Segment profit	5.4	6.8	(20.7)

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)

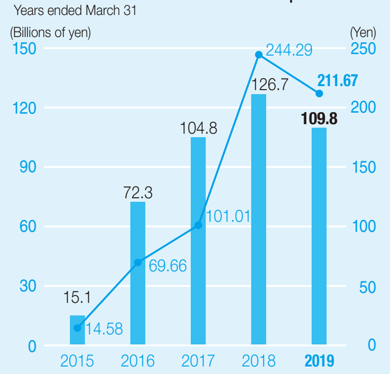
Revenues increased to ¥389.6 billion, up 7.1% from ¥363.9 billion in the previous fiscal year, as a result of increases in revenues in the construction business and sales of construction materials.

Segment profit was roughly in line with the previous fiscal year at ¥16.5 billion, up 1.4% from ¥16.2 billion.

(Billions of yen)

(Years ended March 31)	2019	2018	2019/2018 (%)
Revenues	389.6	363.9	7.1
Segment profit	16.5	16.2	1.4

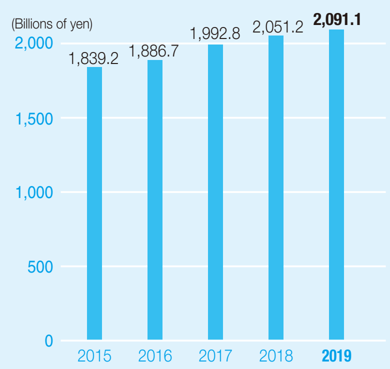
Net Income Attributable to Owners of the Parent / Basic Net Income per Share
Years ended March 31



Net Income Attributable to Owners of the Parent (Left Scale)
Basic Net Income per Share (Right Scale)

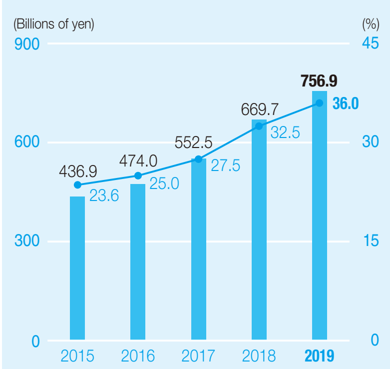
Note: The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, basic net income per share for the fiscal years ended March 31, 2018 and 2019 is calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2018.

Total Assets
As of March 31



Note: From the beginning of the fiscal year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Statement No. 28 issued by the Accounting Standards Board of Japan on February 16, 2018). Accordingly, total assets as of March 31, 2018 were restated to reflect this change.

Total Equity / Owners' Equity Ratio
As of March 31



Total Equity (Left Scale)
Owners' Equity Ratio (Right Scale)

Overseas Subsidiaries and Affiliates

(Construction business, real estate development business and others overseas such as in the North America, Europe, Asia, Oceania and other areas operated by overseas subsidiaries and affiliates)

Revenues remained roughly in line with the previous fiscal year at ¥455.9 billion, up 4.3% from ¥437.1 billion.

Segment profit rose to ¥6.2 billion, an increase of 272.4% from ¥1.6 billion in the previous fiscal year, primarily due to improvements in the gross profit margin in the construction, real estate development and other businesses.

(Billions of yen)

(Years ended March 31)	2019	2018	2019/2018 (%)
Revenues	455.9	437.1	4.3
Segment profit	6.2	1.6	272.4

Analysis of Financial Position

Assets, Liabilities and Equity

From the beginning of the fiscal year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Statement No. 28 issued by the Accounting Standards Board of Japan on February 16, 2018). Accordingly, in the analysis of financial position, year-end comparisons and analyses have been carried out using restated figures for the previous fiscal year to reflect the said accounting standard.

As of March 31, 2019, total assets were ¥2,091.1 billion, an increase of ¥39.9 billion compared with ¥2,051.2 billion at the end of the previous fiscal year. Main factors underlying the difference included an increase in notes and accounts receivable–trade and an increase in investments in securities, which reflected gains from higher market values of stockholdings, despite a decrease in cash and cash equivalents.

Total liabilities were ¥1,334.2 billion, a decrease of ¥47.1 billion compared with ¥1,381.4 billion at the end of the previous fiscal year. This was mainly due to a decrease in advances received on construction projects in progress.

Total equity was ¥756.9 billion, representing an increase of ¥87.1 billion compared with ¥669.7 billion at the end of the previous fiscal year.

As a result, the owners' equity ratio improved to 36.0%, up 3.5 points compared with 32.5% at the end of the previous fiscal year.

Cash Flows

Cash flows from operating activities generated a net cash inflow of ¥30.3 billion, compared with ¥120.4 billion in the previous fiscal year. This cash inflow resulted mainly from income before income taxes with adjustment for depreciation and amortization, which exceeded the main cash outflows of a net increase in receivables and the payment of income taxes.

Investing activities resulted in a net cash outflow of ¥25.3 billion, compared with ¥47.3 billion in the previous fiscal year. The main contributing factors were outflows of payment for purchases of property and equipment and disbursements for loans, which exceeded the main cash inflows from proceeds from sales of property and equipment.

Financing activities resulted in a net cash outflow of ¥75.0 billion, compared with ¥53.0 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 above, cash and cash equivalents totaled ¥315.4 billion, a decrease of ¥73.8 billion, compared with ¥389.3 billion at the end of the previous fiscal year.

Statements of Cash Flows Highlights

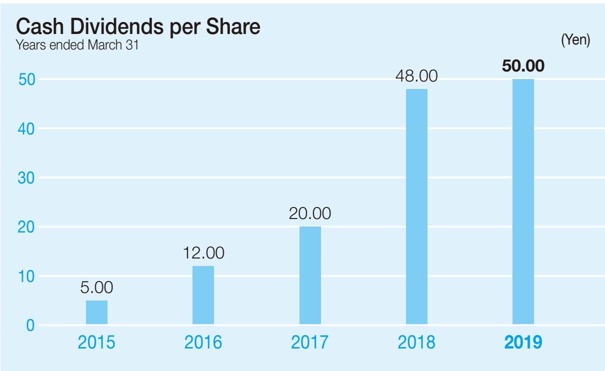
(Billions of yen)

(Years ended March 31)	2019	2018	2017
Net cash provided by operating activities	30.3	120.4	187.5
Net cash used in investing activities	(25.3)	(47.3)	(31.9)
Net cash used in financing activities	(75.0)	(53.0)	(20.5)
Cash and cash equivalents, end of year	315.4	389.3	367.4

Basic Profit Allocation Policy and Payment of Dividends*

The Company's basic policy for profit allocation aims to distribute stable amounts of dividend with a target range of a 20 to 30% payout ratio, while securing adequate consolidated equity capital, as well as to provide stockholder returns with consideration of business performance, financial condition and business environment. The Company will utilize internal reserves for investments which contribute to sustainable growth while maintaining financial soundness.

The Company paid an annual dividend of ¥50 per share for the fiscal year ended March 31, 2019, consisting of a year-end dividend of ¥26 per share and an interim (end of second quarter) dividend of ¥24 per share. The Company also plans to pay an annual dividend of ¥50 per share (including an interim dividend of ¥25 per share) for the fiscal year ending March 31, 2020.



Note: *The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the above-mentioned dividends per share are calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2018.*

* The forecasts contained herein are based on information available as of the date of the announcement, May 15, 2019. Actual results may differ materially from the forecasts due to various factors.

Forecast for the Fiscal Year Ending March 31, 2020*

Despite the need to keep a close watch on trends in the global economy given uncertainty going forward, the Japanese economy is expected to continue growing moderately as capital investment and personal consumption improve, backed by strong corporate earnings and various government policies.

In the Japanese construction market, construction investment is expected to be brisk over the short term due to robust private-sector demand backed by advances in technological innovations as well as the increase in public-sector investments relating to the plan for national resilience, despite concerns over soaring construction costs due to tightening supply and demand for materials and equipment as well as labor.

Furthermore, in the medium-to-long-term, various elements including diversification and increased sophistication of social and customer needs, as well as quantitative and qualitative changes in construction investments are expected to bring about changes in the business environment.

Incorporating this outlook, the Kajima Group, in accordance with the "Kajima Group Medium-Term Business Plan (Fiscal 2018-2020)," will deal appropriately with the current increase in construction volume and secure stable profits, while working to achieve sustainable growth by proactively promoting ESG-oriented policies and addressing social issues through its businesses taking into account the SDGs adopted by the United Nations.

The consolidated financial forecast for the fiscal year ending March 31, 2020, is as follows.

Consolidated revenues are forecast to increase by 3.3% to ¥2,040.0 billion, compared with ¥1,974.2 billion in the fiscal year under review. Operating income is forecast at ¥118.5 billion, down 16.9% from ¥142.6 billion. Net income attributable to owners of the parent is forecast at ¥90.0 billion, down 18.1% from ¥109.8 billion.

* The forecasts contained herein are based on information available as of the date of the announcement, May 15, 2019. Actual results may differ materially from the forecasts due to various factors.

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 Group precludes, diversifies and hedges these and other business-related risks and uncertainties to the largest extent practically possible in order to minimize their impact on its corporate activities. Any forward-looking statements in this section are based on judgments made by the Company's management as of March 31, 2019.

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, Oceania, 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 the Group's 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, 2019, 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 Group could affect its results and financial position if the outcome differs from the Group's position or predictions.

Consolidated Balance Sheet

KAJIMA Corporation and Consolidated Subsidiaries

Note: In the financial statements and notes, all yen and U.S. dollar amounts are rounded to the nearest million yen and thousand dollars respectively, except where otherwise stated.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	**2019**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 18)	**¥ 315,451**	¥ 389,349	**$ 2,841,901**
Marketable securities (Notes 3 and 18)	**422**	188	**3,802**
Operational investments in securities (Notes 3 and 18)	**12,384**	12,388	**111,568**
Notes and accounts receivable—trade (Notes 8 and 18)	**701,965**	626,715	**6,324,009**
Allowance for doubtful accounts (Note 18)	**(841)**	(854)	**(7,577)**
Inventories:			
Construction projects in progress	**52,050**	54,079	**468,919**
Development projects in progress, real estate for sale and other (Note 8)	**136,600**	124,978	**1,230,631**
Other current assets (Notes 8 and 18)	**104,367**	87,019	**940,242**
Total current assets	**1,322,398**	1,293,862	**11,913,495**
PROPERTY AND EQUIPMENT:			
Land (Notes 4, 5, 6 and 8)	**178,077**	182,701	**1,604,297**
Buildings and structures (Notes 5, 6 and 8)	**122,350**	134,905	**1,102,252**
Machinery, equipment and other	**19,520**	19,796	**175,856**
Construction in progress (Note 6)	**11,753**	3,527	**105,883**
Total property and equipment	**331,700**	340,929	**2,988,288**
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 3, 8 and 18)	**280,321**	255,148	**2,525,414**
Investments in unconsolidated subsidiaries and affiliates (Notes 8 and 18)	**46,654**	40,149	**420,306**
Long-term loans receivable (Notes 7, 8 and 18)	**3,583**	15,036	**32,279**
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 8 and 18)	**46,319**	39,281	**417,288**
Allowance for doubtful accounts (Note 18)	**(3,706)**	(7,615)	**(33,387)**
Deferred tax assets (Note 14)	**4,022**	15,096	**36,234**
Other (Note 12)	**59,885**	59,340	**539,506**
Total investments and other assets	**437,078**	416,435	**3,937,640**
TOTAL	**¥ 2,091,176**	¥ 2,051,226	**$ 18,839,423**

See notes to consolidated financial statements.

	As of March 31				
	Millions of Yen				Thousands of U.S. Dollars (Note 1)
		2019		2018	2019
LIABILITIES AND EQUITY						
CURRENT LIABILITIES:						
Short-term borrowings (Notes 9 and 18)	¥	**85,193**	¥	67,811	$ **767,505**
Commercial paper (Notes 10 and 18)		**35,000**		61,000	**315,315**
Current portion of long-term debt (Notes 8, 9 and 18)		**20,747**		52,642	**186,910**
Notes and accounts payable—trade (Note 18)		**530,421**		509,027	**4,778,568**
Advances received:					
Construction projects in progress (Note 11)		**146,076**		187,648	**1,316,000**
Development projects in progress, real estate for sale and other		**13,833**		13,489	**124,622**
Income taxes payable (Note 18)		**17,666**		28,787	**159,153**
Accrued expenses		**38,014**		38,999	**342,468**
Other current liabilities		**175,374**		144,248	**1,579,945**
Total current liabilities		**1,062,324**		1,103,651	**9,570,486**
LONG-TERM LIABILITIES:					
Long-term debt (Notes 8, 9 and 18)		**160,308**		166,121	**1,444,216**
Deferred tax liabilities (Note 14)		**1,963**		929	**17,685**
Deferred tax liabilities on revaluation surplus of land (Note 4)		**20,695**		20,714	**186,441**
Liability for retirement benefits (Note 12)		**60,191**		57,705	**542,261**
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates		**1,205**		1,279	**10,856**
Other long-term liabilities (Note 8)		**27,566**		31,031	**248,343**
Total long-term liabilities		**271,928**		277,779	**2,449,802**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 17, 19 and 20)					
EQUITY (Notes 13 and 24.a):					
Common stock, authorized, 1,250,000,000 shares; issued, 528,656,011 shares*		**81,447**		81,447	**733,757**
Capital surplus		**43,268**		45,304	**389,802**
Retained earnings		**507,094**		424,195	**4,568,414**
Treasury stock—at cost, 9,748,800 shares in 2019 and 9,697,405 shares in 2018* (Notes 24.b and 24.c)		**(6,642)**		(6,567)	**(59,838)**
Accumulated other comprehensive income:					
Unrealized gain on available-for-sale securities (Note 3)		**111,417**		97,469	**1,003,757**
Deferred loss on derivatives under hedge accounting (Note 19)		**(371)**		(223)	**(3,342)**
Revaluation surplus of land (Note 4)		**18,618**		18,663	**167,730**
Foreign currency translation adjustments		**250**		7,225	**2,251**
Defined retirement benefit plans (Note 12)		**(1,803)**		(1,491)	**(16,243)**
Total		**753,278**		666,022	**6,786,288**
Noncontrolling Interests		**3,646**		3,774	**32,847**
Total equity		**756,924**		669,796	**6,819,135**
TOTAL	¥	**2,091,176**	¥	2,051,226	$ **18,839,423**

*The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the number of shares is calculated as if the consolidation of shares had been conducted at the beginning of the financial year ended March 31, 2018.

See notes to consolidated financial statements.

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	**2019**
REVENUES:			
Construction projects	**¥ 1,776,346**	¥ 1,645,462	**$ 16,003,117**
Real estate and other (Note 6)	**197,923**	185,164	**1,783,090**
Total revenues	**1,974,269**	1,830,626	**17,786,207**
COST OF REVENUES:			
Construction projects	**1,559,913**	1,421,641	**14,053,270**
Real estate and other (Note 6)	**163,185**	150,061	**1,470,135**
Total cost of revenues	**1,723,098**	1,571,702	**15,523,405**
Gross profit	**251,171**	258,924	**2,262,802**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**108,548**	100,550	**977,910**
Operating income	**142,623**	158,374	**1,284,892**
OTHER INCOME (EXPENSES):			
Interest and dividends	**9,956**	8,328	**89,694**
Interest expense	**(3,432)**	(3,349)	**(30,919)**
Foreign currency exchange gain	**91**	643	**820**
Equity in earnings of unconsolidated subsidiaries and affiliates	**3,180**	3,421	**28,649**
Equity in earnings of partnership	**6,921**	5,232	**62,351**
Reversal of doubtful accounts	**3,122**	2,153	**28,126**
Loss on investments in silent partnership	**(767)**	—	**(6,910)**
Gain on sales or disposals of property and equipment—net (Note 6)	**3,824**	2	**34,450**
Gain on sales of marketable and investment securities—net (Note 3)	**20**	418	**180**
Valuation loss on marketable and investment securities (Note 3)	**(630)**	(3)	**(5,676)**
Gain on sales of investments in unconsolidated subsidiaries and affiliates	**165**	—	**1,486**
Loss on liquidation of subsidiaries and affiliates	**—**	(2)	**—**
Loss on impairment of long-lived assets (Notes 5 and 6)	**(66)**	(6,647)	**(595)**
Litigation settlement	**(38)**	(131)	**(342)**
Provision for loss on Anti-Monopoly Act	**(8,702)**	—	**(78,396)**
Reversal of foreign currency translation adjustments	**—**	4,383	**—**
Other—net	**1,207**	4,816	**10,875**
Other income —net	**14,851**	19,264	**133,793**
INCOME BEFORE INCOME TAXES	**157,474**	177,638	**1,418,685**
INCOME TAXES (Note 14)**:**			
Current	**39,413**	46,786	**355,072**
Deferred	**7,883**	4,300	**71,018**
Total income taxes	**47,296**	51,086	**426,090**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	**2019**
NET INCOME	**110,178**	126,552	**992,595**
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(339)**	227	**(3,054)**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**¥ 109,839**	¥ 126,779	**$ 989,541**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 23):			
Basic net income*	**¥ 211.67**	¥ 244.29	**$ 1.907**
Cash dividends applicable to the year*	**50.00**	48.00	**0.450**

Years Ended March 31

*The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the basic net income per share and cash dividends per share are calculated as if the consolidation of shares had been conducted at the beginning of the financial year ended March 31, 2018.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31					
	Millions of Yen				Thousands of U.S. Dollars (Note 1)	
	2019		2018		**2019**	
NET INCOME	¥	**110,178**	¥	126,552	$	**992,595**
OTHER COMPREHENSIVE INCOME (Note 21):						
Unrealized gain on available-for-sale securities		**10,094**		18,139		**90,937**
Deferred (loss) gain on derivatives under hedge accounting		**(90)**		132		**(811)**
Revaluation surplus of land		**—**		10		**—**
Foreign currency translation adjustments		**(7,744)**		(1,109)		**(69,766)**
Defined retirement benefit plans (Note 12)		**(316)**		(2)		**(2,847)**
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates		**618**		(2,666)		**5,568**
Total other comprehensive income		**2,562**		14,504		**23,081**
COMPREHENSIVE INCOME	¥	**112,740**	¥	141,056	$	**1,015,676**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:						
Owners of the parent	¥	**112,454**	¥	141,422	$	**1,013,099**
Noncontrolling interests		**286**		(366)		**2,577**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2019 and 2018

	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, 2017	518,988	¥ 81,447	¥ 45,304	¥ 319,834	¥ (6,506)	¥ 79,330	¥ (409)
Net income attributable to owners of the parent	—	—	—	126,779	—	—	—
Cash dividends paid:							
Final for prior year, ¥26.00 per share*	—	—	—	(13,494)	—	—	—
Interim for current year, ¥20.00 per share*	—	—	—	(10,379)	—	—	—
Reversal of revaluation surplus of land	—	—	—	1,455	—	—	—
Purchase of treasury stock	(30)	—	—	—	(61)	—	—
Net change in the year	—	—	—	—	—	18,139	186
BALANCE, MARCH 31, 2018 (as previously reported)	518,959	81,447	45,304	424,195	(6,567)	97,469	(223)
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates	—	—	—	—	—	3,859	—
BALANCE, APRIL 1, 2018 (as restated)	518,959	81,447	45,304	424,195	(6,567)	101,328	(223)
Net income attributable to owners of the parent	**—**	**—**	**—**	**109,839**	**—**	**—**	**—**
Cash dividends paid:							
Final for prior year, ¥28.00 per share*	**—**	**—**	**—**	**(14,531)**	**—**	**—**	**—**
Interim for current year, ¥24.00 per share*	**—**	**—**	**—**	**(12,454)**	**—**	**—**	**—**
Change in ownership interest of the parent due to				**—**			
transactions with noncontrolling interests	**—**	**—**	**(2,036)**	**—**	**—**	**—**	**—**
Reversal of revaluation surplus of land	**—**	**—**	**—**	**45**	**—**	**—**	**—**
Purchase of treasury stock	**(52)**	**—**	**—**	**—**	**(31)**	**—**	**—**
Change in treasury stock arising from change in equity in entities accounted for using equity method	**—**	**—**	**—**	**—**	**(44)**	**—**	**—**
Net change in the year	**—**	**—**	**—**	**—**	**—**	**10,089**	**(148)**
BALANCE, MARCH 31, 2019	**518,907**	**¥ 81,447**	**¥ 43,268**	**¥ 507,094**	**¥ (6,642)**	**¥ 111,417**	**¥ (371)**

	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, 2017	¥ 20,109	¥ 10,952	¥ (1,527)	¥ 548,534	¥ 4,019	¥ 552,553
Net income attributable to owners of the parent	—	—	—	126,779	—	126,779
Cash dividends paid:			—			
Final for prior year, ¥26.00 per share*	—	—	—	(13,494)	—	(13,494)
Interim for current year, ¥20.00 per share*	—	—	—	(10,379)	—	(10,379)
Reversal of revaluation surplus of land	(1,446)	—	—	9	—	9
Purchase of treasury stock	—	—	—	(61)	—	(61)
Net change in the year	—	(3,727)	36	14,634	(245)	14,389
BALANCE, MARCH 31, 2018 (as previously reported)	18,663	7,225	(1,491)	666,022	3,774	669,796
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates	—	—	—	3,859	—	3,859
BALANCE, APRIL 1, 2018 (as restated)	18,663	7,225	(1,491)	669,881	3,774	673,655
Net income attributable to owners of the parent	**—**	**—**	**—**	**109,839**	**—**	**109,839**
Cash dividends paid:						
Final for prior year, ¥28.00 per share*	**—**	**—**	**—**	**(14,531)**	**—**	**(14,531)**
Interim for current year, ¥24.00 per share*	**—**	**—**	**—**	**(12,454)**	**—**	**(12,454)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	**—**	**—**	**—**	**(2,036)**		**(2,036)**
Reversal of revaluation surplus of land	**(45)**	**—**	**—**	**—**	**—**	**—**
Purchase of treasury stock	**—**	**—**	**—**	**(31)**	**—**	**(31)**
Change in treasury stock arising from change in equity in entities accounted for using equity method	**—**	**—**	**—**	**(44)**		**(44)**
Net change in the year	**—**	**(6,975)**	**(312)**	**2,654**	**(128)**	**2,526**
BALANCE, MARCH 31, 2019	**¥ 18,618**	**¥ 250**	**¥ (1,803)**	**¥ 753,278**	**¥ 3,646**	**¥ 756,924**

*The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, number of shares and per share figures are calculated as if the consolidation of shares had been conducted at the beginning of the financial year ended March 31,2018.

See notes to consolidated financial statements.

Year Ended March 31, 2019

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income: Unrealized Gain on Available-for-Sale Securities	Accumulated Other Comprehensive Income: Deferred Loss on Derivatives under Hedge Accounting
	Thousands of U.S. Dollars (Note 1)					
BALANCE, MARCH 31, 2018	$ 733,757	$ 408,144	$ 3,821,576	$ (59,162)	$ 878,099	$ (2,009)
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates	—	—	—	—	34,766	—
BALANCE, APRIL 1, 2018 (as restated)	733,757	408,144	3,821,576	(59,162)	912,865	(2,009)
Net income attributable to owners of the parent	—	—	**989,541**	—	—	—
Cash dividends paid:						
Final for prior year, $0.252 per share*	—	—	**(130,910)**	—	—	—
Interim for current year, $0.216 per share*	—	—	**(112,198)**	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	**(18,342)**	—	—	—	—
Reversal of revaluation surplus of land	—	—	**405**	—	—	—
Purchase of treasury stock	—	—	—	**(279)**	—	—
Change in treasury stock arising from change in equity in entities accounted for using equity method	—	—	—	**(397)**	—	—
Net change in the year	—	—	—	—	**90,892**	**(1,333)**
BALANCE, MARCH 31, 2019	**$ 733,757**	**$ 389,802**	**$ 4,568,414**	**$ (59,838)**	**$ 1,003,757**	**$ (3,342)**

	Revaluation Surplus of Land	Accumulated Other Comprehensive Income: Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Income: Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
	Thousands of U.S. Dollars (Note 1)					
BALANCE, MARCH 31, 2018	$ 168,135	$ 65,090	$ (13,432)	$ 6,000,198	$ 34,000	$ 6,034,198
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates	—	—	—	34,766	—	34,766
BALANCE, APRIL 1, 2018 (as restated)	168,135	65,090	(13,432)	6,034,964	34,000	6,068,964
Net income attributable to owners of the parent	—	—	—	**989,541**	—	**989,541**
Cash dividends paid:						
Final for prior year, $0.252 per share*	—	—	—	**(130,910)**	—	**(130,910)**
Interim for current year, $0.216 per share*	—	—	—	**(112,198)**	—	**(112,198)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	—	—	**(18,342)**	—	**(18,342)**
Reversal of revaluation surplus of land	**(405)**	—	—	—	—	—
Purchase of treasury stock	—	—	—	**(279)**	—	**(279)**
Change in treasury stock arising from change in equity in entities accounted for using equity method	—	—	—	**(397)**	—	**(397)**
Net change in the year	—	**(62,839)**	**(2,811)**	**23,909**	**(1,153)**	**22,756**
BALANCE, MARCH 31, 2019	**$ 167,730**	**$ 2,251**	**$ (16,243)**	**$ 6,786,288**	**$ 32,847**	**$ 6,819,135**

*The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, per share figures are calculated as if the consolidation of shares had been conducted at the beginning of the financial year ended March 31,2018.

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31					
	Millions of Yen				Thousands of U.S. Dollars (Note 1)	
		2019		2018		**2019**
OPERATING ACTIVITIES:						
Income before income taxes	¥	**157,474**	¥	177,638	$	**1,418,685**
Adjustments for:						
Income taxes—paid		**(50,878)**		(48,070)		**(458,360)**
Depreciation and amortization		**19,166**		19,380		**172,667**
Decrease in provision for doubtful accounts		**(2,956)**		(2,220)		**(26,631)**
Foreign currency exchange loss (gain)		**237**		(1,930)		**2,135**
Equity in earnings of unconsolidated subsidiaries and affiliates		**(3,180)**		(3,421)		**(28,649)**
Increase in provision for loss on Anti-Monopoly Act		**8,702**		—		**78,396**
Reversal of foreign currency translation adjustments		**—**		(4,383)		**—**
Valuation loss on marketable and investment securities		**630**		3		**5,676**
Gain on sales or disposals of property and equipment—net		**(3,824)**		(2)		**(34,450)**
Gain on sales of marketable and investment securities—net		**(20)**		(418)		**(180)**
Gain on sales of investments in unconsolidated subsidiaries and affiliates		**(165)**		—		**(1,486)**
Loss on impairment of long-lived assets		**66**		6,647		**595**
Changes in operating assets and liabilities:						
Increase in receivables		**(79,361)**		(13,955)		**(714,964)**
(Increase) decrease in inventories		**(13,495)**		18,780		**(121,577)**
Increase in operational investments in securities		**—**		(2,232)		**—**
Increase (decrease) in payables		**25,374**		(9,266)		**228,595**
Decrease in advances received		**(39,992)**		(25,208)		**(360,288)**
(Decrease) increase in accrued expenses		**(256)**		3,984		**(2,306)**
Increase in liability for retirement benefits		**2,025**		1,297		**18,243**
Increase in other assets		**(14,124)**		(11,334)		**(127,243)**
Increase in other liabilities		**22,146**		14,092		**199,514**
Other—net		**2,821**		1,098		**25,412**
Net cash provided by operating activities		**30,390**		120,480		**273,784**
INVESTING ACTIVITIES:						
(Increase) decrease in time deposits excluding cash equivalents—net		**(2,287)**		1,635		**(20,604)**
Payment for purchases of marketable and investment securities		**(8,121)**		(394)		**(73,162)**
Payment for investments in unconsolidated subsidiaries and affiliates		**(7,502)**		(4,410)		**(67,586)**
Proceeds from sales and redemption of marketable and investment securities		**291**		1,323		**2,622**
Proceeds from sales and redemption of investments in unconsolidated subsidiaries and affiliates		**192**		3,847		**1,730**
Payment for purchases of property and equipment		**(23,407)**		(12,731)		**(210,874)**
Proceeds from sales of property and equipment		**22,545**		1,200		**203,108**
Payment for purchase of intangible assets		**(2,771)**		(2,081)		**(24,964)**
Purchases of shares of subsidiaries resulting in change in scope of consolidation (Note 22)		**(2,434)**		(158)		**(21,928)**
Disbursements for loans		**(12,003)**		(29,894)		**(108,135)**
Proceeds from collection of loans		**13,248**		7,036		**119,351**
Other—net		**(3,097)**		(12,728)		**(27,900)**
Net cash used in investing activities		**(25,346)**		(47,355)		**(228,342)**
FINANCING ACTIVITIES:						
Increase in short-term borrowings—net		**18,699**		2,255		**168,459**
Repayment of commercial paper—net		**(26,000)**		(14,000)		**(234,234)**
Proceeds from issuance of long-term debt		**15,363**		20,840		**138,405**
Repayment of long-term debt		**(52,719)**		(46,878)		**(474,946)**
Proceeds from issuance of bonds		**—**		10,000		**—**
Repayment of finance lease obligations		**(972)**		(1,205)		**(8,757)**
Cash dividends paid		**(26,985)**		(23,873)		**(243,108)**
Other—net		**(2,394)**		(238)		**(21,568)**
Net cash used in financing activities		**(75,008)**		(53,099)		**(675,749)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS		**(3,934)**		1,850		**(35,441)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(73,898)**		21,876		**(665,748)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**389,349**		367,473		**3,507,649**
CASH AND CASH EQUIVALENTS, END OF YEAR	¥	**315,451**	¥	389,349	$	**2,841,901**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries

Year Ended March 31, 2019

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 ¥111 to $1, the approximate rate of exchange at March 31, 2019. 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, 2019, include the accounts of the Company and its 137 (128 in 2018) 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 33 (35 in 2018) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 72 (71 in 2018) 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, 2019, the Company had 2 special purpose entities (2 in 2018) 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 ¥42,782 million ($385,423 thousand) and ¥42,773 million ($385,342 thousand), respectively, as of March 31, 2019, and ¥43,091 million and ¥43,082 million, respectively, as of March 31, 2018. The Company recognized lease payments of ¥3,327 million ($29,973 thousand) and ¥3,321 million based on lease agreements of real estate for the years ended March 31, 2019 and 2018, respectively. Certain domestic subsidiaries recognized revenues of ¥252 million ($2,270 thousand) from repair works for the year ended March 31, 2019. The investment in silent partnership was ¥5,933 million ($53,450 thousand) and ¥5,737 million as of March 31, 2019 and 2018, respectively, and its related distributed profit was ¥1,527 million ($13,757 thousand) and ¥1,512 million for the years ended March 31, 2019 and 2018, 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, 2019

1) Number of consolidated subsidiaries	:	137 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 31 subsidiaries, Kajima Overseas Asia Pte. Ltd. (KOA) and its 44 subsidiaries, Kajima Europe Ltd. (KE) and its 20 subsidiaries, Kajima Europe B.V. (KEBV), Kajima Australia Pty. Ltd. (KA) and its 25 subsidiaries, Chung-Lu Construction Co., Ltd., and 6 subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method	:	33 ARTES Corporation, Japan Sea Works Co., Ltd. and 31 other companies
3) Number of affiliates accounted for using the equity method	:	72 Katabami Kogyo Co., Ltd. and 71 other companies

(2) Changes for the year ended March 31, 2019

1) Newly consolidated companies	:	3 subsidiaries of KUSA and 8 subsidiaries of KOA due to establishment and acquisition
2) Companies excluded from consolidation	:	1 subsidiary of KE and 1 subsidiary of KEBV due to liquidation

3) Companies newly accounted for using the equity method : 3 affiliates due to establishment

4) Companies excluded from the equity method : 2 subsidiaries and 2 affiliates due to liquidation and sales of shares and interests

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. Business Combinations — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred.

e. 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.

f. 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, 2019 and 2018, decreased by ¥595 million ($5,360 thousand) and ¥648 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.

g. 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 ¥352 million ($3,171 thousand) and ¥108 million for the years ended March 31, 2019 and 2018, respectively.

h. 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 mainly 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.

i. 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 ¥314,362 million ($2,832,090 thousand) and ¥322,376 million as of March 31, 2019 and 2018, respectively.

j. 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.

k. 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.

l. 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 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.

m. 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.

n. 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 mainly recorded using the percentage-of-completion method.

The revenues posted by way of the percentage-of-completion method for the years ended March 31, 2019 and 2018, were ¥1,638,837 million ($14,764,297 thousand) and ¥1,508,312 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 ¥12,852 million ($115,784 thousand) and ¥14,768 million as of March 31, 2019 and 2018, respectively.

o. 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, 2019 and 2018, totaled ¥13,969 million ($125,847 thousand) and ¥10,322 million, respectively.

p. 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.

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

r. 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.

From the beginning of the year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting"(Statement No.28 issued by the Accounting Standards Board of Japan ("ASBJ") on February 16, 2018) which requires deferred tax assets to be classified as investments and other assets, and deferred tax liabilities to be classified as long-term liabilities.

As a result, in the consolidated balance sheet as of March 31, 2018, "deferred tax assets" in current assets decreased by ¥36,252 million, and "deferred tax assets" in investments and other assets increased by ¥13,295 million. In addition, "other current liabilities" decreased by ¥16 million, and "deferred tax liabilities" in long-term liabilities decreased by ¥22,941 million.

Since the deferred tax assets and deferred tax liabilities of the same taxable entity were offset, total assets as of March 31, 2018 decreased by ¥22,956 million compared with the amount before the change.

s. 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.

t. 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.

u. 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.

v. Provision for Loss on Anti-Monopoly Act — Provision for loss on Anti-Monopoly Act is provided based on estimated payment for penalties under the Anti-Monopoly Act, which amounted ¥8,702 million ($78,396 thousand) for the year ended March 31, 2019.

w. 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, 2019 and 2018.

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.

Based on the resolution at the Ordinary Stockholders' Meeting held on June 26, 2018, the Company consolidated its shares at a rate of one share for every two shares, and changed the number of its shares constituting one unit from 1,000 shares to 100 shares, effective October 1, 2018. Accordingly, all share and per share figures are calculated as if the consolidation of shares had been conducted at the beginning of the year ended March 31,2018 to provide data on a basis comparable to the year ended March 31,2019. Such restatements include calculations regarding the Company’s weighted-average number of common shares, basic net income per share, and cash dividends per share.

x. New Accounting Pronouncements

On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Companies expect to apply the accounting standard and guidance for financial years beginning on or after April 1, 2021, and are in the process of measuring the effects of applying the accounting standard and guidance in future applicable years.

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, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Current:			
Equity securities	**¥ —**	¥ 100	**$ —**
Government and corporate bonds	**422**	88	**3,802**
Preferred equity investment	**10,156**	10,156	**91,495**
Other	**2,228**	2,232	**20,073**
Total	**¥ 12,806**	¥ 12,576	**$ 115,370**
Non-Current:			
Equity securities	**¥ 270,670**	¥ 246,423	**$ 2,438,468**
Government and corporate bonds	**905**	1,213	**8,153**
Other	**8,746**	7,512	**78,793**
Total	**¥ 280,321**	¥ 255,148	**$ 2,525,414**

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2019 and 2018, were as follows:

As of March 31, 2019	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**¥ 106,996**	**¥ 160,046**	**¥ (2,519)**	**¥ 264,523**
Government and corporate bonds	**1,321**	**15**	**(9)**	**1,327**
Other	**1,338**	**451**	**(9)**	**1,780**
Total	**¥ 109,655**	**¥ 160,512**	**¥ (2,537)**	**¥ 267,630**

As of March 31, 2018	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ 100,682	¥ 141,454	¥ (2,081)	¥ 240,055
Government and corporate bonds	1,280	24	(3)	1,301
Other	1,379	401	(5)	1,775
Total	¥ 103,341	¥ 141,879	¥ (2,089)	¥ 243,131

As of March 31, 2019	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**$ 963,928**	**$ 1,441,856**	**$ (22,694)**	**$ 2,383,090**
Government and corporate bonds	**11,901**	**135**	**(81)**	**11,955**
Other	**12,054**	**4,063**	**(81)**	**16,036**
Total	**$ 987,883**	**$ 1,446,054**	**$ (22,856)**	**$ 2,411,081**

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥276 million ($2,486 thousand) and ¥311 million as of March 31, 2019 and 2018, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2019 and 2018, was as follows:

Year Ended March 31, 2019	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**¥ 47**	**¥ 22**	**¥ (2)**
Government and corporate bonds	**2**	**0**	**(0)**
Other	**55**	**4**	**(4)**
Total	**¥ 104**	**¥ 26**	**¥ (6)**

Year Ended March 31, 2018	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥ 1,187	¥ 424	¥ (6)
Government and corporate bonds	3	0	—
Other	27	0	(0)
Total	¥ 1,217	¥ 424	¥ (6)

Year Ended March 31, 2019	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**$ 423**	**$ 198**	**$ (18)**
Government and corporate bonds	**18**	**0**	**(0)**
Other	**496**	**36**	**(36)**
Total	**$ 937**	**$ 234**	**$ (54)**

The impairment losses on available-for-sale securities were ¥630 million ($5,676 thousand) and ¥3 million for the years ended March 31, 2019 and 2018, 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, 2018, 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	Chiba Prefecture	1
Idle properties	Land, Buildings and structures	Tokyo and others	8

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 domestic consolidated subsidiaries recognized impairment losses of ¥6,647 million, which consisted of asset held for rent of ¥1,955 million and idle properties of ¥4,692 million for the year ended March 31, 2018.

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

For the year ended March 31, 2019, information about impairment losses of assets is not disclosed since the effects were immaterial.

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 ¥8,455 million ($76,171 thousand), and gain on sales or disposals of property and equipment—net was ¥4,027 million ($36,279 thousand) for the year ended March 31, 2019. The net of rental income and operating expenses for those rental properties was ¥9,805 million, gain on sales or disposals of property and equipment—net was ¥21 million and loss on impairment of long-lived assets was ¥6,647 million for the year ended March 31, 2018.

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, 2018	**Increase/Decrease**	**As of March 31, 2019**	**As of March 31, 2019**
¥ 156,997	**¥ (8,658)**	**¥ 148,339**	**¥ 314,383**

Millions of Yen

Carrying amount			Fair value
As of April 1, 2017	Increase/Decrease	As of March 31, 2018	As of March 31, 2018
¥ 163,062	¥ (6,065)	¥ 156,997	¥ 322,103

Thousands of U.S. Dollars

Carrying amount			Fair value
As of April 1, 2018	**Increase/Decrease**	**As of March 31, 2019**	**As of March 31, 2019**
$ 1,414,387	**$ (78,000)**	**$ 1,336,387**	**$ 2,832,279**

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, 2019 and 2018, 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, 2019, the following assets of the Companies were pledged to secure the repayment of current portion of long-term debt of ¥31 million ($279 thousand), long-term debt of ¥21,291 million ($191,811 thousand) and other long-term liabilities of ¥4 million ($36thousand) and to assure the performance by the Companies under certain agreements.

	Millions of Yen	Thousands of U.S. Dollars
Notes and accounts receivable—trade	¥ **750**	$ **6,757**
Inventories:		
Development projects in progress, real estate for sale and other	**35,026**	**315,550**
Other current assets	**86**	**775**
Land	**26**	**234**
Buildings and structures	**769**	**6,928**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**943**	**8,495**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	**1,008**	**9,081**
Total	¥ **38,608**	$ **347,820**

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2019 and 2018, mainly consisted of bank overdrafts. The weighted-average interest rates of short-term borrowings as of March 31, 2019 and 2018, were 1.40% and 0.92%, respectively.

Long-term debt as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Long-term loans, due 2019 – 2077	**¥ 138,509**	¥ 146,021	**$ 1,247,829**
Corporate bonds, due 2021 – 2026	**40,000**	70,000	**360,360**
Lease obligations	**2,546**	2,742	**22,937**
Total	**181,055**	218,763	**1,631,126**
Current portion included in current liabilities	**(20,747)**	(52,642)	**(186,910)**
Total	**¥ 160,308**	¥ 166,121	**$ 1,444,216**

Long-term loans as of March 31, 2019 and 2018, were primarily from banks and insurance companies. The weighted-average interest rates of long-term loans as of March 31, 2019 and 2018, were 1.61% and 1.40%, 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, 2019 and 2018, were 0.26% and 0.49%, 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, 2019, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2020	**¥ 20,747**	**$ 186,910**
2021	**58,819**	**529,901**
2022	**15,434**	**139,045**
2023	**4,758**	**42,865**
2024	**7,127**	**64,207**
2025 and thereafter	**74,170**	**668,198**
Total	**¥ 181,055**	**$ 1,631,126**

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

The outstanding balances of such loans as of March 31, 2019 and 2018, were included in the consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Current portion of long-term debt	**¥ —**	¥ 2,000	**$ —**
Long-term debt	**15,000**	15,000	**135,135**
Total	**¥ 15,000**	¥ 17,000	**$ 135,135**

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,351,351 thousand) with several Japanese banks. There were no outstanding balances under the committed loan facility agreements as of March 31, 2019.

10. COMMERCIAL PAPER

Commercial paper was represented by 94- to 109- day paper issued by the Company with the weighted-average interest rate of (0.00) % and 7- to 203- day paper with the weighted-average interest rate of (0.01)% as of March 31, 2019 and 2018, 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, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Balance at beginning of year	**¥ 65,161**	¥ 62,998	**$ 587,036**
Current service cost	**4,547**	4,458	**40,964**
Interest cost	**328**	357	**2,955**
Actuarial losses	**294**	731	**2,649**
Benefits paid	**(3,195)**	(3,415)	**(28,784)**
Increase due to change in measurement of retirement benefit obligations from the simplified method to the standard method	**439**	—	**3,955**
Other	**(44)**	32	**(397)**
Balance at end of year	**¥ 67,530**	¥ 65,161	**$ 608,378**

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, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Balance at beginning of year	**¥ 10,096**	¥ 9,085	**$ 90,964**
Expected return on plan assets	**64**	66	**577**
Actuarial (losses) gains	**(479)**	503	**(4,315)**
Contributions from the employer	**138**	157	**1,243**
Gain on contribution of securities to retirement benefit trust	**—**	726	**—**
Benefits paid	**(242)**	(441)	**(2,190)**
Balance at end of year	**¥ 9,577**	¥ 10,096	**$ 86,279**

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, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Balance at beginning of year	¥ **1,690**	¥ 1,567	$ **15,225**
Benefit cost	**276**	318	**2,486**
Benefits paid	**(129)**	(151)	**(1,162)**
Contributions to the funds	**(56)**	(52)	**(505)**
Decrease due to change in measurement of retirement benefit obligations from the simplified method to the standard method	**(209)**	—	**(1,883)**
Other	**(1)**	8	**(8)**
Balance at end of year	¥ **1,571**	¥ 1,690	$ **14,153**

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, 2019 and 2018, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Funded defined benefit obligation	¥ **9,553**	¥ 9,515	$ **86,063**
Plan assets	**(9,983)**	(10,460)	**(89,937)**
Total	**(430)**	(945)	**(3,874)**
Unfunded defined benefit obligation	**59,954**	57,700	**540,126**
Net liability for defined benefit obligation	¥ **59,524**	¥ 56,755	$ **536,252**

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Liability for retirement benefits	¥ **60,191**	¥ 57,705	$ **542,261**
Asset for retirement benefits	**(667)**	(950)	**(6,009)**
Net liability for defined benefit obligation	¥ **59,524**	¥ 56,755	$ **536,252**

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, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Service cost	¥ **4,547**	¥ 4,458	$ **40,964**
Interest cost	**328**	357	**2,955**
Expected return on plan assets	**(64)**	(66)	**(577)**
Recognized actuarial losses	**243**	291	**2,189**
Amortization of past service cost	**—**	(37)	**—**
Benefit cost in simplified method	**276**	318	**2,486**
Amount expensed due to change in measurement of retirement benefit obligations from the simplified method to the standard method	**229**	—	**2,063**
Other	**(1)**	2	**(8)**
Net periodic benefit costs	¥ **5,558**	¥ 5,323	$ **50,072**

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, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Past service cost	¥ —	¥ (37)	$ —
Actuarial (losses) gains	**(525)**	70	**(4,730)**
Total	¥ **(525)**	¥ 33	$ **(4,730)**

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, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Unrecognized actuarial losses	**(2,537)**	(2,012)	**(22,856)**

h. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2019 and 2018, consisted of the following:

	2019	2018
Equity investments	**55 %**	58 %
Debt investments	**20**	20
Cash and cash equivalents	**10**	9
General accounts with life insurance companies	**9**	7
Other	**6**	6
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, 2019 and 2018, were set forth as follows:

	2019	2018
Discount rate	**0.1% to 0.6%**	0.1% to 0.7%
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 ¥2,774 million ($24,991 thousand) and ¥2,671 million for the years ended March 31, 2019 and 2018, 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.

Based on the resolution at the Ordinary Stockholders' Meeting held on June 26, 2018, the Company consolidated its shares at a rate of one share for every two shares, and changed the number of its shares constituting one unit from 1,000 shares to 100 shares, effective October 1, 2018.

14. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.5% and 30.8% for the years ended March 31, 2019 and 2018 respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Deferred tax assets:			
Liability for retirement benefits	**¥ 19,010**	¥ 18,105	**$ 171,261**
Valuation loss on property and equipment	**14,529**	16,522	**130,892**
Other	**51,048**	55,405	**459,892**
Subtotal	**84,587**	90,032	**762,045**
Valuation allowance	**(27,564)**	(26,256)	**(248,324)**
Total	**57,023**	63,776	**513,721**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(47,970)**	(43,414)	**(432,162)**
Other	**(6,994)**	(6,195)	**(63,009)**
Total	**(54,964)**	(49,609)	**(495,171)**
Net deferred tax assets	**¥ 2,059**	¥ 14,167	**$ 18,550**

As of March 31, 2019, certain consolidated subsidiaries of the Company have tax loss carryforwards available to offset future taxable income, which will start expiring in 2020. As for the domestic consolidated subsidiaries, their tax loss carryforwards will gradually expire by 2029. 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 ¥1,707 million ($15,378 thousand) and ¥1,576 million as of March 31, 2019 and 2018 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, 2018, was as follows:

	2018
Normal effective statutory tax rate	30.8 %
Expenses not deductible for income tax purposes	0.8
Valuation allowance	(0.7)
Tax credit for income growth	(1.4)
Other—net	(0.7)
Actual effective tax rate	28.8 %

Information for the year ended March 31, 2019, is not disclosed, because the difference was not more than 5% of the normal effective statutory tax rate.

15. BUSINESS COMBINATIONS

Year Ended March 31, 2019

Business Combination by Acquisition

a. Outline of the business combination

(1) Name of acquired company and its business outline

Name of the acquired company:	Flournoy Development Group, LLC
Business outline:	Development business in North America
Name of the acquired company:	Flournoy Construction Group, LLC
Business outline:	Construction business in North America

(2) Major reason for the business combination

The acquired companies whose core business is development of multifamily rental properties in the Southern part of the United States provide full professional services by vertically integrating development, construction, and property management divisions.

The Company determined to acquire the above two companies after it has reached the conclusion that the acquisition brings diversification of revenue sources in order to flexibly respond to economic fluctuations in the U.S. real estate market as well as further cooperation between the construction and the development business in the United States by obtaining the new development platform in the residential sector.

(3) Date of business combination

January 5, 2018

(4) Legal form of business combination

Interests acquisition in consideration for cash

(5) Name of the company after the combination

Flournoy Development Group, LLC

Flournoy Construction Group, LLC

(6) Ratio of voting rights acquired

100%

(7) Basis for determining the acquirer

It is based on the fact that a consolidated subsidiary of Kajima U.S.A. Inc., a consolidated subsidiary of the Company, acquired 100% of voting rights by means of interests acquisition in consideration for cash.

b. The period for which the operations of the acquired company are included in the consolidated financial statements

The deemed acquisition date is January 1, 2018. The operations of the acquired companies for the year ended December 31, 2018, were included in the consolidated statement of income for the year ended March 31, 2019, because the financial year end of the acquired companies is December 31 which differs by three months from that of the Company.

c. Acquisition cost of the acquired company and related details of each class of consideration

	Millions of Yen	Thousands of U.S. Dollars
Consideration for acquisition—Cash	¥ 3,030	$ 27,297
Acquisition cost	¥ 3,030	$ 27,297

d. Major acquisition-related costs

Advisory fees to the lawyers and others: ¥48 million ($432 thousand)

e. Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

(1) Amount of goodwill incurred

¥619 million ($5,576 thousand)

(2) Reasons for the goodwill incurred

Goodwill was incurred from expected excess earnings power in the future arising from further business development.

(3) Method and period of amortization

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

f. The assets acquired and the liabilities assumed

The assets acquired and the liabilities assumed at the acquisition date were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 879	$ 7,919
Non-current assets	2,069	18,640
Total assets	¥ 2,948	$ 26,559
Current liabilities	¥ 35	$ 315
Non-current liabilities	502	4,523
Total liabilities	¥ 537	$ 4,838

g. Amounts allocated to intangible assets, other than goodwill, breakdown by component and Weighted-Average amortization period by component

	Millions of Yen	Thousands of U.S. Dollars	Weighted-Average amortization period
Customer-related assets	¥ 1,107	$ 9,973	5 years

16. RELATED PARTY TRANSACTIONS

a. Transactions of the Company with affiliates

During the year ended March 31, 2019, the Company sold properties to an affiliate as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Sales price	¥ **17,260**	¥ —	$ **155,495**
Net profit	**2,704**	—	**24,360**

The sales price is determined by negotiations based on the appraisal reports issued by the third party.

b. Transactions of the consolidated subsidiaries with affiliates

During the year ended March 31, 2019, a consolidated subsidiary sold a property to an affiliate as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Sales price	¥ **3,350**	¥ —	$ **30,180**
Net profit	**1,218**	—	**10,973**

The sales price is determined by negotiations based on the appraisal reports issued by the third party.

17. 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, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Due within one year	¥ **8,016**	¥ 7,036	$ **72,216**
Due after one year	**46,520**	46,050	**419,099**
Total	¥ **54,536**	¥ 53,086	$ **491,315**

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Due within one year	¥ **11,182**	¥ 7,883	$ **100,739**
Due after one year	**48,377**	45,535	**435,829**
Total	¥ **59,559**	¥ 53,418	$ **536,568**

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Policy for financial instruments

The Companies use financial instruments, mainly loans from banks, commercial paper 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. It is the Companies' policy to use derivatives only 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 19 for more details regarding derivatives.

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,351,351thousand) 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 19 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, 2019 and 2018, were as follows. However, financial instruments whose fair value cannot be reliably determined are not included.

	Millions of Yen		
As of March 31, 2019	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥ 315,451	¥ 315,451	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	267,630	267,630	—
Notes and accounts receivable—trade	701,965		
Allowance for doubtful accounts	(385)		
	701,580	701,787	207
Other current assets			
Time deposits due after three months of the date of acquisition	7,207	7,207	—
Long-term loans receivable	3,583		
Long-term loans to unconsolidated subsidiaries and affiliates	46,319		
Allowance for doubtful accounts	(1,992)		
	47,910	47,976	66
Total	¥ 1,339,778	¥ 1,340,051	¥ 273
LIABILITIES			
Short-term borrowings	¥ 85,193	¥ 85,193	¥ —
Commercial paper	35,000	35,000	—
Current portion of long-term debt	20,747	20,747	—
Notes and accounts payable—trade	530,421	530,421	—
Income taxes payable	17,666	17,666	—
Long-term debt	160,308	160,492	184
Total	¥ 849,335	¥ 849,519	¥ 184

As of March 31, 2018	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥ 389,349	¥ 389,349	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	243,131	243,131	—
Notes and accounts receivable—trade	626,715		
Allowance for doubtful accounts	(628)		
	626,087	626,159	72
Other current assets			
Time deposits due after three months of the date of acquisition	5,202	5,202	—
Long-term loans receivable	15,036		
Long-term loans to unconsolidated subsidiaries and affiliates	39,281		
Allowance for doubtful accounts	(5,867)		
	48,450	48,642	192
Total	¥ 1,312,219	¥ 1,312,483	¥ 264
LIABILITIES			
Short-term borrowings	¥ 67,811	¥ 67,811	¥ —
Commercial paper	61,000	61,000	—
Current portion of long-term debt	52,642	52,739	97
Notes and accounts payable—trade	509,027	509,027	—
Income taxes payable	28,787	28,787	—
Long-term debt	166,121	165,875	(246)
Total	¥ 885,388	¥ 885,239	¥ (149)

As of March 31, 2019	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	**$ 2,841,901**	**$ 2,841,901**	**$ —**
Marketable securities and investments in securities			
Available-for-sale securities	**2,411,081**	**2,411,081**	**—**
Notes and accounts receivable—trade	**6,324,009**		
Allowance for doubtful accounts	**(3,468)**		
	6,320,541	**6,322,405**	**1,864**
Other current assets			
Time deposits due after three months of the date of acquisition	**64,928**	**64,928**	**—**
Long-term loans receivable	**32,279**		
Long-term loans to unconsolidated subsidiaries and affiliates	**417,288**		
Allowance for doubtful accounts	**(17,946)**		
	431,621	**432,216**	**595**
Total	**$ 12,070,072**	**$ 12,072,531**	**$ 2,459**
LIABILITIES			
Short-term borrowings	**$ 767,505**	**$ 767,505**	**$ —**
Commercial paper	**315,315**	**315,315**	**—**
Current portion of long-term debt	**186,910**	**186,910**	**—**
Notes and accounts payable—trade	**4,778,568**	**4,778,568**	**—**
Income taxes payable	**159,153**	**159,153**	**—**
Long-term debt	**1,444,216**	**1,445,873**	**1,657**
Total	**$ 7,651,667**	**$ 7,653,324**	**$ 1,657**

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 mainly 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 19.

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Investments in securities			
Available-for-sale:			
Equity securities	¥ **6,147**	¥ 6,468	$ **55,378**
Preferred equity investment	**10,156**	10,156	**91,495**
Other	**9,194**	7,969	**82,830**
Investments in unconsolidated subsidiaries and affiliates	**46,654**	40,149	**420,306**
Total	¥ **72,151**	¥ 64,742	$ **650,009**

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, 2019	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	¥ 315,451	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	420	679	224	—
Notes and accounts receivable—trade	652,818	48,347	98	702
Other current assets				
Time deposits due after three months of the date of acquisition	7,207	—	—	—
Long-term loans receivable	1,407	2,522	45	1,016
Long-term loans to unconsolidated subsidiaries and affiliates	96	37,544	377	8,398
Total	¥ 977,399	¥ 89,092	¥ 744	¥ 10,116

As of March 31, 2019	Thousands of U.S. Dollars Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$ 2,841,901	$ —	$ —	$ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	3,784	6,117	2,018	—
Notes and accounts receivable—trade	5,881,243	435,559	883	6,324
Other current assets				
Time deposits due after three months of the date of acquisition	64,928	—	—	—
Long-term loans receivable	12,675	22,721	405	9,153
Long-term loans to unconsolidated subsidiaries and affiliates	865	338,234	3,396	75,658
Total	$ 8,805,396	$ 802,631	$ 6,702	$ 91,135

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

19. 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, 2019	Millions of Yen Contract Amount	Millions of Yen Contract Amount due after One Year	Millions of Yen Fair Value	Millions of Yen Unrealized Gain (Loss)
Foreign exchange forward contracts				
Selling:				
Euro forward	**¥ 1,053**	**¥ —**	**¥ (12)**	**¥ (12)**
U.S. Dollar forward	**948**	**267**	**(21)**	**(21)**
Total	**¥ 2,001**	**¥ 267**	**¥ (33)**	**¥ (33)**

As of March 31, 2018	Millions of Yen Contract Amount	Millions of Yen Contract Amount due after One Year	Millions of Yen Fair Value	Millions of Yen Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Polish Zloty forward	¥ 3,203	¥ —	¥ 33	¥ 33
Selling:				
Euro forward	2,807	422	57	57
Total	¥ 6,010	¥ 422	¥ 90	¥ 90

As of March 31, 2019	Thousands of U.S. Dollars Contract Amount	Thousands of U.S. Dollars Contract Amount due after One Year	Thousands of U.S. Dollars Fair Value	Thousands of U.S. Dollars Unrealized Gain (Loss)
Foreign exchange forward contracts				
Selling:				
Euro forward	**$ 9,486**	**$ —**	**$ (108)**	**$ (108)**
U.S. Dollar forward	**8,541**	**2,405**	**(189)**	**(189)**
Total	**$ 18,027**	**$ 2,405**	**$ (297)**	**$ (297)**

b. Derivative transactions to which hedge accounting is applied

As of March 31, 2019	Hedged item	Contract Amount (Millions of Yen)	Contract Amount due after One Year (Millions of Yen)	Fair Value (Millions of Yen)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	**¥ 243**	**¥ —**	**¥ (2)**
Norwegian Krone forward	Accounts payable—trade	**36**	**—**	**(1)**
Euro forward	Accounts payable—trade	**18**	**—**	**(1)**
Selling:				
Euro forward	Accounts receivable—trade	**12,856**	**766**	**(62)**
Total		**¥ 13,153**	**¥ 766**	**¥ (66)**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**¥ 31,797**	**¥ 22,532**	**¥ (340)**
Total		**¥ 31,797**	**¥ 22,532**	**¥ (340)**

As of March 31, 2018	Hedged item	Contract Amount (Millions of Yen)	Contract Amount due after One Year (Millions of Yen)	Fair Value (Millions of Yen)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	¥ 54	¥ —	¥ (3)
Norwegian Krone forward	Accounts payable—trade	76	—	0
Euro forward	Accounts payable—trade	20	—	(0)
Selling:				
U.S. Dollar forward	Accounts receivable—trade	3,892	—	83
Total		¥ 4,042	¥ —	¥ 80
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	¥ 32,994	¥ 31,833	¥ (465)
Total		¥ 32,994	¥ 31,833	¥ (465)

As of March 31, 2019	Hedged item	Contract Amount (Thousands of U.S. Dollars)	Contract Amount due after One Year (Thousands of U.S. Dollars)	Fair Value (Thousands of U.S. Dollars)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	**$ 2,189**	**$ —**	**$ (18)**
Norwegian Krone forward	Accounts payable—trade	**324**	**—**	**(9)**
Euro forward	Accounts payable—trade	**162**	**—**	**(9)**
Selling:				
Euro forward	Accounts receivable—trade	**115,820**	**6,901**	**(559)**
Total		**$ 118,495**	**$ 6,901**	**$ (595)**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**$ 286,459**	**$ 202,991**	**$ (3,063)**
Total		**$ 286,459**	**$ 202,991**	**$ (3,063)**

The fair value of derivative transactions is mainly 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.

20. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2019, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥21,016 million ($189,333 thousand).

21. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Unrealized gain on available-for-sale securities:			
Gains arising during the year	**¥ 13,936**	¥ 26,644	**$ 125,550**
Reclassification adjustments to profit or loss	**585**	(631)	**5,270**
Amount before income tax effect	**14,521**	26,013	**130,820**
Income tax effect	**(4,427)**	(7,874)	**(39,883)**
Total	**¥ 10,094**	¥ 18,139	**$ 90,937**
Deferred (loss) gain on derivatives under hedge accounting:			
(Losses) gains arising during the year	**¥ (278)**	¥ 304	**$ (2,505)**
Reclassification adjustments to profit or loss	**199**	(146)	**1,793**
Amount before income tax effect	**(79)**	158	**(712)**
Income tax effect	**(11)**	(26)	**(99)**
Total	**¥ (90)**	¥ 132	**$ (811)**
Revaluation surplus of land:			
Adjustments arising during the year	**¥ —**	¥ —	**$ —**
Reclassification adjustments to profit or loss	**—**	—	**—**
Amount before income tax effect	**—**	—	**—**
Income tax effect	**—**	10	**—**
Total	**¥ —**	¥ 10	**$ —**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ (7,744)**	¥ 3,274	**$ (69,766)**
Reclassification adjustments to profit or loss	**—**	(4,383)	**—**
Amount before income tax effect	**(7,744)**	(1,109)	**(69,766)**
Income tax effect	**—**	—	**—**
Total	**¥ (7,744)**	¥ (1,109)	**$ (69,766)**
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ (768)**	¥ (221)	**$ (6,919)**
Reclassification adjustments to profit or loss	**243**	254	**2,189**
Amount before income tax effect	**(525)**	33	**(4,730)**
Income tax effect	**209**	(35)	**1,883**
Total	**¥ (316)**	¥ (2)	**$ (2,847)**
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates:			
Gains (losses) arising during the year	**¥ 662**	¥ (1,416)	**$ 5,964**
Reclassification adjustments to profit or loss	**(44)**	(1,250)	**(396)**
Total	**¥ 618**	¥ (2,666)	**$ 5,568**
Total other comprehensive income	**¥ 2,562**	¥ 14,504	**$ 23,081**

22. SUPPLEMENTAL CASH FLOW INFORMATION

The components of assets acquired and liabilities assumed of consolidated subsidiaries which were acquired through the interests and share acquisition during the year ended March 31, 2019 and 2018, as well as a reconciliation between the acquisition cost and the payment for the acquisition were as follows:

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
	2019	2018	**2019**
Current assets	¥ **879**	¥ 7,249	$ **7,919**
Non-current assets	**2,069**	815	**18,640**
Goodwill	**619**	1,971	**5,576**
Current liabilities	**(35)**	(7,258)	**(315)**
Non-current liabilities	**(502)**	(242)	**(4,523)**
Acquisition cost	**3,030**	2,535	**27,297**
Accounts payable	**(505)**	(552)	**(4,550)**
Cash and cash equivalents of subsidiaries	**(39)**	(1,825)	**(351)**
Net payment for acquisition	¥ **2,486**	¥ 158	$ **22,396**

23. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2019 and 2018, 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, 2019:				
Basic EPS				
Net income attributable to common stockholders	¥ **109,839**	**518,925**	¥ **211.67**	$ **1.907**
For the year ended March 31, 2018:				
Basic EPS				
Net income attributable to common stockholders	¥ 126,779	518,974	¥ 244.29	

*Shares and per share figures are calculated as if the consolidation of shares had been conducted at the beginning of the financial year ended March 31,2018.

24. SUBSEQUENT EVENTS

a. Appropriation of Retained Earnings

On June 25, 2019, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥26.00 ($0.234) per share (final for the year ended March 31, 2019) for a total amount of ¥13,516 million ($121,766 thousand).

b. Acquisition of Own Shares

The Company, at the Board of Directors' Meeting held on May 15, 2019, resolved matters related to acquisition of its own shares in accordance with Article 156 of the Companies Act, applicable pursuant to Article 165, Paragraph 3 of the said Act, and the acquisition has been completed.

(1) Reason for acquiring own shares

To expand shareholder returns and improve capital efficiency

(2) Details relating to the acquisition

1) Type of shares to be acquired: Common Stock of the Company

2) Aggregate number of shares to be acquired: 8,000,000 shares (upper limit)
(The ratio to the aggregate number of issued shares (excluding own shares): 1.5%)
3) Aggregate acquisition price of shares: 10,000,000,000 Japanese yen (upper limit)
4) Acquisition period: May 16, 2019 to September 30, 2019

(3) Results of the acquisition

1) Type of shares acquired:	Common Stock of the Company
2) Aggregate number of shares acquired:	6,542,000 shares
3) Aggregate acquisition price of shares:	9,999,769,400 Japanese yen
4) Acquisition period:	May 16, 2019 to June 19, 2019(on a trade basis)
5) Acquisition method:	Market purchase on the Tokyo Stock Exchange

c. Introduction of Restricted Stock Remuneration Plan

The Company, at the Board of Directors' Meeting held on May 15, 2019, reviewed its executive remuneration plan and resolved to introduce a restricted stock remuneration plan (the "Plan") and to submit the proposal concerning the Plan to the 122nd Ordinary Stockholders' Meeting of the Company held on June 25, 2019 (the "Stockholders' Meeting"). This proposal was approved and resolved as originally proposed at the Stockholders' Meeting.

(1) Purpose, etc. of introduction of the Plan

The 108th Ordinary Stockholders' Meeting held on June 29, 2005 approved the maximum amount of monthly remuneration for the Company's Directors of ¥60 million, and the 120th Ordinary Stockholders' Meeting held on June 29, 2017 approved the maximum amount of annual bonuses for the Company's Directors of ¥300 million in total.

With the aim of enhancing motivation of the Company's Directors (the "Targeted Directors", which exclude Outside Directors) to contribute to an increase of the stock value and corporate value of the Company by sharing the benefit and risks of stock value fluctuation with stockholders, the Company allots shares of its common stock to the Targeted Directors that are subject to some restrictions (the "Shares with Restriction on Transfer") described in (2) below, including a transfer restriction period and the Company's right to acquire the shares without contribution if particular conditions are met. Shares with Restriction on Transfer will be awarded apart from the remuneration and bonuses for the Directors mentioned above.

The Company provides monetary remuneration receivables to the Targeted Directors to grant the Shares with Restriction on Transfer. The maximum amount of those receivables shall be ¥300 million per year, comprehensively taking into account factors such as the Targeted Directors' contributions to the Company.

(2) Overview of the Plan

1) Allotment and payment of Shares with Restriction on Transfer

Based on the resolution at the Board of Directors' Meeting, the Company provides monetary remuneration receivables to the Targeted Directors as remuneration related to Shares with Restriction on Transfer , within the annual amount as described above. Shares with Restriction on Transfer are allotted to each Targeted Director by providing such monetary remuneration receivables to the Company in full amount through contribution in kind.

The amount to be paid in for Shares with Restriction on Transfer shall be determined by the Board of Directors of the Company within the scope of an amount that is not particularly advantageous to the Targeted Directors to be granted such Shares with Restriction on Transfer. It shall be based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the relevant resolution of the Board of Directors concerning the issuance or disposal of such shares (if no transaction is executed on such date, the closing price quoted as of the trading day immediately preceding the date shall be applied).

The above monetary remuneration receivables shall be provided to a Targeted Director, on the condition that the Targeted Director has consented to the above contribution in kind and has concluded the restricted stock allotment agreement including details defined in 3) below.

2) Total number of Shares with Restriction on Transfer

The upper limit of Shares with Restriction on Transfer to be allotted in each financial year shall be 600,000 which is the total number of Shares with Restriction on Transfer to be allotted to the Targeted Directors.

However, the total number of said Shares with Restriction on Transfer may be adjusted within a reasonable scope when it becomes necessary to adjust the total number of Shares with Restriction on Transfer to be allotted in the event of stock splits of the Company's common stock (including allotment of the Company's common stock without contribution), reverse stock splits, etc.

3) Details of the restricted stock allotment agreement

Based on the resolution of the Board of Directors of the Company concerning the allotment of Shares with Restriction on Transfer, the restricted stock allotment agreement to be concluded between the Company and each Targeted Director to whom Shares with Restriction on Transfer shall be allotted shall include the following contents.

i) Details of transfer restriction

During the period from the grant date of the Shares with Restriction on Transfer to the date when the Targeted Director retires from either post of the Company's Director or Executive Officer (the "Transfer Restriction Period"), the Targeted Directors to whom Shares with Restriction on Transfer have been allotted may not dispose of such Shares with Restriction on Transfer allotted (the "Allotted Shares") to third parties in any manner, including transfer to third parties, establishment of right of pledge, establishment of a security interest, advancement or bequest (the "Transfer Restriction").

ii) Acquisition of Shares with Restriction on Transfer without contribution

In the event that the Targeted Director to whom Shares with Restriction on Transfer have been allotted retires from either post of the Company's Director or Executive Officer prior to the date immediately preceding the date for the first Ordinary Stockholders' Meeting arriving on or after the commencement date of the Transfer Restriction Period, the Company shall naturally acquire the Allotted Shares without contribution, except when there are legitimate reasons otherwise deemed justifiable by the Company's Board of Director.

In addition, the Company shall naturally acquire without contribution the Allotted Shares for which the Transfer Restriction has not been cancelled pursuant to the reasons for such cancellation described in iii) below when the Transfer Restriction Period stipulated in i) above expires.

iii) Lifting of Transfer Restriction

The Company shall lift the Transfer Restriction for all of the Allotted Shares upon the expiration of the Transfer Restriction Period, on the condition that the Targeted Directors to whom Shares with Restriction on Transfer have been allotted remain in their posts as the Company's Directors or Executive Officers up until the date of the first Ordinary Stockholders' Meeting arriving on or after the commencement date of the Transfer Restriction Period.

However, in the event that such Director leaves his or her post as the Company's Director or Executive Officer prior to the date immediately preceding the date of the first Ordinary Stockholders' Meeting arriving on or after the commencement date of the Transfer Restriction Period, and there are legitimate reasons otherwise deemed justifiable by the Company's Board of Directors, the number of the Allotted Shares for which the Transfer Restriction is lifted and the timing of such lifting shall be adjusted within a reasonable scope as necessary.

iv) Treatment in the event of organizational restructuring, etc

During the Transfer Restriction Period, in the event that approval is given at the Stockholders' Meeting (or at a meeting of the Board of Directors of the Company in the case that approval by the Stockholders' Meeting is not required regarding the organizational restructuring, etc.) for proposals regarding merger agreements under which the Company becomes the non-surviving company, share exchange agreements or share transfer plans under which the Company becomes a wholly-owned subsidiary of another company, or any other proposals regarding organizational restructuring, etc., the Company shall, by resolution of the Board of Directors of the Company and prior to the date on which such organizational restructuring, etc. enters into force, lift the Transfer Restriction for the number of the Allotted Shares reasonably determined by taking into account the period from the commencement date of the Transfer Restriction Period to the day on which such organizational restructuring, etc. is approved.

In such cases, the Company shall naturally acquire without contribution any Allotted Shares for which the Transfer Restriction has not been lifted immediately after the Transfer Restriction has been lifted pursuant to the provisions above.

25. 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:	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 domestic subsidiaries and affiliates
Overseas Subsidiaries and Affiliates:	Construction business, real estate development business and others overseas such as in North America, Europe, Asia, Oceania and other areas operated by 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, 2019	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	¥ 301,064	¥ 925,847	¥ 48,417	¥ 243,349	¥ 455,592	¥ 1,974,269	¥ —	¥ 1,974,269
Intersegment sales or transfers	—	2,248	2,791	146,288	387	151,714	(151,714)	—
Total	¥ 301,064	¥ 928,095	¥ 51,208	¥ 389,637	¥ 455,979	¥ 2,125,983	¥ (151,714)	¥ 1,974,269
Segment profit	¥ 35,236	¥ 79,626	¥ 5,430	¥ 16,523	¥ 6,283	¥ 143,098	¥ (475)	¥ 142,623
Other:								
Depreciation	¥ 864	¥ 2,665	¥ 3,505	¥ 5,970	¥ 6,272	¥ 19,276	¥ (110)	¥ 19,166
Amortization of goodwill	—	—	—	—	975	975	—	975

Year Ended March 31, 2018	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	¥ 366,589	¥ 750,342	¥ 43,458	¥ 233,125	¥ 437,112	¥ 1,830,626	¥ —	¥ 1,830,626
Intersegment sales or transfers	—	2,335	2,452	130,824	18	135,629	(135,629)	—
Total	¥ 366,589	¥ 752,677	¥ 45,910	¥ 363,949	¥ 437,130	¥ 1,966,255	¥ (135,629)	¥ 1,830,626
Segment profit	¥ 57,405	¥ 70,935	¥ 6,849	¥ 16,300	¥ 1,687	¥ 153,176	¥ 5,198	¥ 158,374
Other:								
Depreciation	¥ 1,184	¥ 2,432	¥ 3,939	¥ 5,668	¥ 6,314	¥ 19,537	¥ (157)	¥ 19,380
Amortization of goodwill	—	—	—	—	825	825	—	825

Year Ended March 31, 2019	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	**$ 2,712,288**	**$ 8,340,964**	**$ 436,189**	**$ 2,192,333**	**$ 4,104,433**	**$ 17,786,207**	**$ —**	**$ 17,786,207**
Intersegment sales or transfers	**—**	**20,252**	**25,145**	**1,317,910**	**3,486**	**1,366,793**	**(1,366,793)**	**—**
Total	**$ 2,712,288**	**$ 8,361,216**	**$ 461,334**	**$ 3,510,243**	**$ 4,107,919**	**$ 19,153,000**	**$ (1,366,793)**	**$ 17,786,207**
Segment profit	**$ 317,441**	**$ 717,351**	**$ 48,919**	**$ 148,856**	**$ 56,604**	**$ 1,289,171**	**$ (4,279)**	**$ 1,284,892**
Other:								
Depreciation	**$ 7,784**	**$ 24,009**	**$ 31,576**	**$ 53,784**	**$ 56,505**	**$ 173,658**	**$ (991)**	**$ 172,667**
Amortization of goodwill	**—**	**—**	**—**	**—**	**8,784**	**8,784**	**—**	**8,784**

Notes:

(1) The amount of reconciliations in segment profit, which was loss of ¥475 million ($4,279 thousand) and profit of ¥5,198 million for the years ended March 31, 2019 and 2018, 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, 2019	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	**¥ 1,776,346**	**¥ 68,244**	**¥ 129,679**	**¥ 1,974,269**

Year Ended March 31, 2018	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	¥ 1,645,462	¥ 60,120	¥ 125,044	¥ 1,830,626

Year Ended March 31, 2019	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	**$ 16,003,117**	**$ 614,811**	**$ 1,168,279**	**$ 17,786,207**

(2) Information about geographical areas

1) Revenues

Millions of Yen						
2019						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,517,029	**¥ 210,167**	**¥ 35,556**	**¥ 119,130**	**¥ 92,192**	**¥ 195**	**¥ 1,974,269**

Millions of Yen						
2018						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,369,150	¥ 180,725	¥ 22,028	¥ 127,052	¥ 107,825	¥ 23,846	¥ 1,830,626

Thousands of U.S. Dollars						
2019						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 13,666,928	**$ 1,893,396**	**$ 320,324**	**$ 1,073,243**	**$ 830,559**	**$ 1,757**	**$ 17,786,207**

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

2) Property and equipment

Millions of Yen						
2019						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 253,867	**¥ 10,630**	**¥ 10,257**	**¥ 56,357**	**¥ 580**	**¥ 9**	**¥ 331,700**

Millions of Yen						
2018						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 261,246	¥ 10,813	¥ 10,138	¥ 58,303	¥ 423	¥ 6	¥ 340,929

Thousands of U.S. Dollars						
2019						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 2,287,090	**$ 95,766**	**$ 92,405**	**$ 507,721**	**$ 5,225**	**$ 81**	**$ 2,988,288**

c. Information about impairment losses of assets

	Millions of Yen
	2018
Impairment losses of assets	¥ 6,647

Notes:

(1) Impairment losses of assets of ¥6,647 million for the year ended March 31, 2018, consisted of asset held for rent of ¥1,955 million and idle properties of ¥4,692 million. Please see Note 5 for more details. Information about impairment losses of assets for the year ended March 31, 2019, is not disclosed since the effects were immaterial.

(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, 2019 and 2018

Millions of Yen		Thousands of U.S. Dollars
2019	2018	**2019**
¥ 975	¥ 825	**$ 8,784**

(2) Carrying amounts of goodwill as of March 31, 2019 and 2018

Millions of Yen		Thousands of U.S. Dollars
2019	2018	**2019**
¥ 2,335	¥ 3,022	**$ 21,036**

Note: Goodwill is not allocated to operating segments.

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi, Chiyoda-ku
Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www.deloitte.com/jp/en

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, 2019, 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, 2019, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 25, 2019

Member of
Deloitte Touche Tohmatsu Limited