CORPORATE REPORT Financial Review 2013

Year ended March 31, 2013

Contents

KAJIMA CORPORATION

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Summary and Forecast of Business Performance

Overview of Business Performance

During the fiscal year ended March 31, 2013, the global economic recovery remained weak overall, as the economies in developed countries were sluggish against the backdrop of the protracted debt crisis in Europe, despite robust conditions in Southeast Asian countries. The Japanese economy picked up on the back of progress in reconstruction of areas damaged by the Great East Japan Earthquake, but struggled to gain momentum due to the global economic slump. On the other hand, there were signs that the economy was bottoming out, supported by expectations regarding the new government's economic policies introduced around the fiscal year-end as well as improvements in export conditions.

In the Japanese construction market, public works investment remained strong primarily in response to reconstruction demand in disaster areas. Private-sector capital investment, however, was lacking, and overall investment in construction remained at insufficient levels. Consequently, Kajima's business environment remained severe.

In these conditions, the Kajima Group's consolidated financial results for the fiscal year ended March 31, 2013 were as follows.

Total construction contract awards amounted to ¥1,333.3 billion, up 2.9% year on year. This mainly reflected an increase in construction contracts awarded to overseas subsidiaries and affiliates, in contrast to a decrease in construction contracts awarded to the parent company. Construction contracts awarded to the parent company, including those for real estate development business and other work, decreased 4.3% to ¥1,053.6 billion.

Consolidated revenues remained on par with the previous fiscal year, edging up 1.9% to ¥1,485.0 billion.

In terms of profit, consolidated operating income fell 37.4% year on year to ¥18.5 billion, mainly due to worsening profitability in certain overseas civil engineering as well as building construction in Japan.

Consolidated net income, however, jumped 511.2% year on year to ¥23.4 billion. This was mainly attributable to a significant improvement in other income due to posting of a gain on the sale of partial rights to sectional ownership of a rental building held jointly by Kajima's consolidated subsidiary, Kajima Yaesu Kaihatsu Co., Ltd., and another company.

Segment Performance

Civil Engineering (Parent Company)

Revenues did not grow significantly, down 5.1% to ¥269.5 billion. Meanwhile, the segment recorded an operating loss of ¥8.1 billion, compared with operating income of ¥5.2 billion the previous fiscal year. This was mainly due to underperformance of certain construction projects overseas.

(Billions of yen)

(Years ended March 31)	2013	2012	2013/2012 (%)
Revenues	269.5	284.0	(5.1)
Operating income (loss)	(8.1)	5.2	–

Building Construction (Parent Company)

Revenues were largely flat, edging down 0.3% to ¥745.9 billion from the previous fiscal year. Operating income dropped 26.1% to ¥9.9 billion as a result of deteriorating profits from certain construction projects.

(Billions of yen)

(Years ended March 31)	2013	2012	2013/2012 (%)
Revenues	745.9	748.5	(0.3)
Operating income (loss)	9.9	13.4	(26.1)

Real Estate Development and Other (Parent Company)

Revenues decreased 19.7% to ¥54.5 billion, owing to a protracted slump in Japan's real estate market. The segment recorded an operating loss of ¥0.5 billion, following a loss of ¥1.0 billion in the previous fiscal year.

(Billions of yen)

(Years ended March 31)	2013	2012	2013/2012 (%)
Revenues	54.5	67.9	(19.7)
Operating income (loss)	(0.5)	(1.0)	–

Domestic Subsidiaries and Affiliates

Revenues totaled ¥320.1 billion, unchanged from the level of the previous fiscal year.

Operating income, on the other hand, decreased 12.7% to ¥8.6 billion, mainly due to declining gross profit at several consolidated subsidiaries.

(Billions of yen)

(Years ended March 31)	2013	2012	2013/2012 (%)
Revenues	320.1	319.9	0.0
Operating income (loss)	8.6	9.9	(12.7)

Overseas Subsidiaries and Affiliates

Revenues grew 35.3% year on year to ¥223.3 billion as a result of a rise in completed construction projects, reflecting growth in construction contract awards.

Operating income was also up, expanding 421.9% to ¥7.4 billion on the back of an increase in gross profit.

(Billions of yen)

(Years ended March 31)	2013	2012	2013/2012 (%)
Revenues	223.3	165.0	35.3
Operating income (loss)	7.4	1.4	421.9

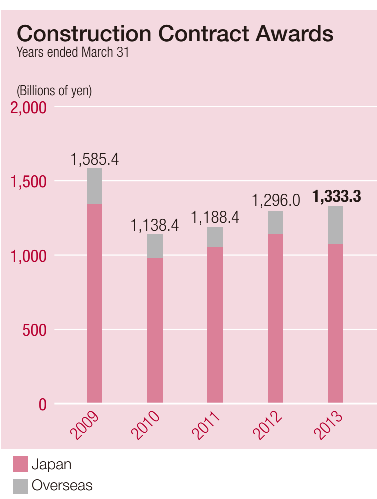
Analysis of Financial Position

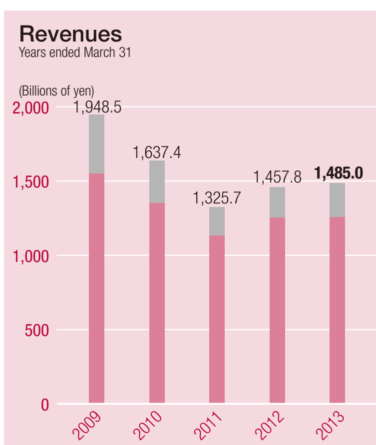
Assets, Liabilities and Equity

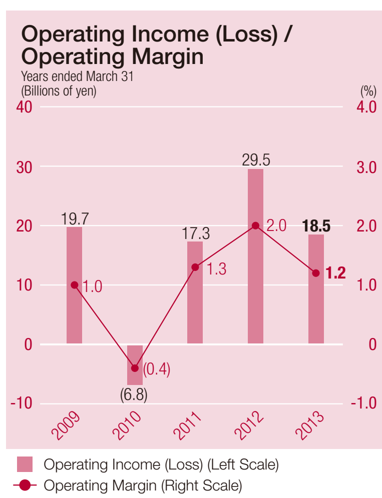
Total assets as of March 31, 2013 decreased ¥0.1 billion from a year earlier to ¥1,686.1 billion. Major changes included an increase in investments in securities and a decrease in deferred tax assets, primarily due to an increase in unrealized gain on available-for-sale securities. Also cash and cash equivalents increased, while inventories, property and equipment and notes and accounts receivable—trade decreased.

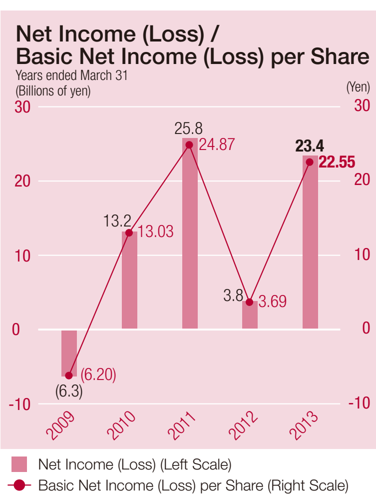
Total liabilities decreased ¥61.6 billion from a year earlier to ¥1,367.9 billion. This was mainly due to a decrease in interest-bearing debt and notes and accounts payable—trade.

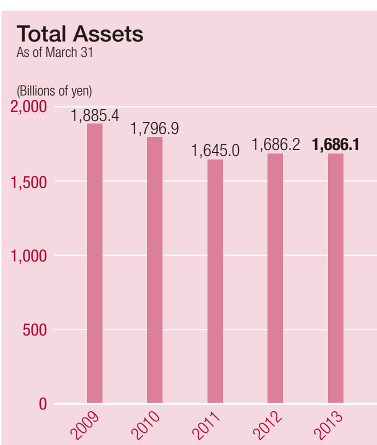
Total equity increased ¥61.4 billion from a year earlier to ¥318.1 billion. As a result, the stockholders' equity/assets ratio increased to 19.0 percent from 15.2 percent as of March 31, 2012.

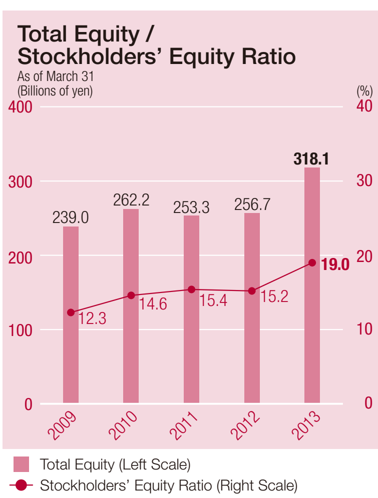












Cash Flows

Operating activities generated a net cash inflow of ¥58.5 billion during the fiscal year ended March 31, 2013 (fiscal year ended March 31, 2012: net cash inflow of ¥81.7 billion). The cash inflow resulted mainly from income before income taxes and minority interests of ¥43.9 billion, with adjustments including depreciation and amortization of ¥18.3 billion and a decrease in inventories of ¥31.5 billion. The cash outflow resulted mainly from a decrease in payables of ¥24.7 billion.

Investing activities resulted in a net cash inflow of ¥36.7 billion (fiscal year ended March 31, 2012: net cash outflow of ¥38.7 billion). The cash inflow resulted mainly from proceeds from sales of property and equipment of ¥42.3 billion and proceeds from sales and redemption of marketable and investment securities of ¥13.4 billion. The cash outflow resulted mainly from payment for purchases of property and equipment totaling ¥19.6 billion.

Financing activities resulted in a net cash outflow of ¥58.6 billion (fiscal year ended March 31, 2012: net cash outflow of ¥37.8 billion). There were net outflows of ¥52.7 billion from fund procurement and repayments related to short-term borrowings, commercial paper, long-term debt and bonds, in addition to cash dividends paid of ¥4.7 billion.

As a result, cash and cash equivalents on March 31, 2013 increased ¥40.5 billion from a year earlier to ¥201.2 billion.

Statements of Cash Flows Highlights

(Billions of yen)

(Years ended March 31)	2013	2012	2011
Net cash provided by operating activities	58.5	81.7	64.1
Net cash provided by (used in) investing activities	36.7	(38.7)	3.0
Net cash used in financing activities	(58.6)	(37.8)	(50.6)
Cash and cash equivalents, end of year	201.2	160.6	156.4

Cash Flow Indicators over the Past Five Years

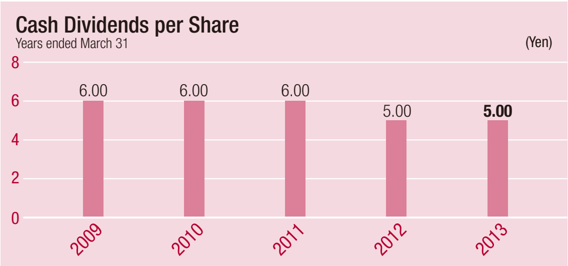
(%)

(As of March 31)	2013	2012	2011	2010	2009
Stockholders' equity ratio	19.0	15.2	15.4	14.6	12.3
Market value-based stockholders' equity ratio	15.8	15.5	14.7	13.2	13.0

Basic Policy for Profit Allocation

Our basic policy for profit allocation is to provide stable dividends to stockholders in accordance with business performance while securing internal reserves to maintain a sound management foundation. We use internal reserves to reinforce our financial structure and raise capital efficiency.

After taking into account factors such as business performance and the future business environment, we paid a dividend of ¥5 per share (including an interim dividend of ¥2.5 per share) as initially planned at the beginning of the fiscal year under review, and we also plan to pay a dividend of ¥5 per share (including the interim dividend amount) in the fiscal year ending March 31, 2014.



Forecast for the Fiscal Year Ending March 31, 2014

Amid modest growth in the global economy, the Japanese economy is projected to continue its gradual recovery on the back of steady progress in revitalizing areas damaged by the Great East Japan Earthquake, and the eventual effects of the government's economic policies. Nevertheless, the country's economy is expected to need a significant amount of time to attain self-sustained growth.

The Japanese construction market is also being boosted by demand for disaster reconstruction; however, it is difficult to foresee major growth in capital investment from the private sector, and the prospect of rising costs for labor and materials is a cause of concern. Therefore, the business environment surrounding the construction industry is expected to remain challenging.

Given these conditions, we forecast that consolidated revenues for the current fiscal year will decrease 3.7% year on year to ¥1,430.0 billion, operating income will increase 67.8% to ¥31.0 billion, and net income will decrease 27.4% to ¥17.0 billion.

*Please note that the above projections are based on information available as of May 14, 2013, and are subject to risk and uncertainties that may cause actual results to vary.

Business and Other Risks

Risk factors that investors should consider before making any decision concerning the Kajima Group include, but are not limited to, those noted below. Forward-looking statements in this section are based on judgments made as of March 31, 2013.

The Kajima Group precludes, diversifies and hedges these and other risks and uncertainties related to its business to the largest extent practically possible, in order to minimize their impact on corporate activities.

1. Changes in Business Environment

Drastic adverse changes in the operating environments for construction and real estate development, including an unexpected decrease in demand for construction, a rapid increase in the cost 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 subject to rapid increases in the prices of primary construction materials that could cause construction costs to increase unexpectedly, which could affect the Kajima Group's results and financial position.

3. Fluctuations in Interest and Foreign Exchange Rates

A sharp increase 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 Kajima Group's results and financial position.

5. Country Risk

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

6. Changes in the PFI Project Environment

PFI business typically extends 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. Construction and Other Defects

The Kajima Group provides various services such as design and construction that, if significantly defective, could affect the Kajima Group's results and financial position.

8. Counterparty Credit Risk

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

9. Deferred Income Tax Assets

The Kajima Group expects to fully utilize deferred income tax assets outstanding as of March 31, 2013 to offset taxable income in the future. However, unexpected events including, but not limited to, changes in tax regulations may partially prevent the Kajima Group from doing so.

10. 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. Revision of these laws, the enactment of new laws or regulations, or changes to the applicable standards could affect the Kajima Group's results and financial position. Also, any litigation against the Kajima Group could affect the Kajima Group's results and financial position if the outcome differs from the Group's assertion or prediction.

Consolidated Balance Sheet

KAJIMA Corporation and Consolidated Subsidiaries

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
	As of March 31		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 17)	¥ 201,165	¥ 160,624	$ 2,140,053
Marketable securities (Notes 3 and 17)	66	91	702
Operational investments in securities (Notes 3 and 17)	11,356	16,790	120,809
Notes and accounts receivable—trade (Notes 8, 17 and 19)	498,068	503,867	5,298,596
Allowance for doubtful accounts (Note 17)	(1,982)	(1,909)	(21,085)
Inventories:			
Construction projects in progress	47,498	64,273	505,298
Development projects in progress, real estate for sale and other (Note 8)	155,198	162,141	1,651,043
Deferred tax assets (Note 14)	58,900	60,186	626,596
Other current assets (Notes 8 and 17)	85,327	92,998	907,733
Total current assets	1,055,596	1,059,061	11,229,745
PROPERTY AND EQUIPMENT:			
Land (Notes 4, 5, 6 and 8)	177,728	197,531	1,890,723
Buildings and structures (Notes 5, 6 and 8)	124,966	127,156	1,329,426
Machinery, equipment and other (Note 5)	14,052	13,583	149,489
Construction in progress (Note 6)	6,501	7,373	69,160
Total property and equipment	323,247	345,643	3,438,798
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 3, 8 and 17)	224,653	178,192	2,389,926
Investments in unconsolidated subsidiaries and affiliates (Notes 8 and 17)	22,258	22,036	236,787
Long-term loans receivable (Notes 7 and 17)	16,846	17,705	179,213
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 8 and 17)	7,133	6,581	75,883
Allowance for doubtful accounts (Note 17)	(13,571)	(13,650)	(144,372)
Deferred tax assets (Note 14)	1,605	21,707	17,074
Other (Note 5)	48,305	48,946	513,882
Total investments and other assets	307,229	281,517	3,268,393
TOTAL	¥1,686,072	¥1,686,221	$17,936,936

See notes to consolidated financial statements.

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
	As of March 31		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 8, 9 and 17)	¥ 111,903	¥ 118,091	$ 1,190,457
Commercial paper (Notes 10 and 17)	43,300	63,000	460,638
Current portion of long-term debt (Notes 8, 9 and 17)	110,372	91,322	1,174,170
Notes and accounts payable—trade (Note 17)	446,399	466,238	4,748,926
Advances received:			
Construction projects in progress (Notes 11 and 15)	100,755	96,058	1,071,862
Development projects in progress, real estate for sale and other	5,092	7,937	54,170
Income taxes payable (Note 17)	10,634	3,722	113,128
Accrued expenses	21,613	19,973	229,926
Other current liabilities (Note 8)	155,879	161,202	1,658,287
Total current liabilities	1,005,947	1,027,543	10,701,564
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8, 9,17 and 22.a)	217,493	256,327	2,313,755
Deferred tax liabilities (Note 14)	26	16	277
Deferred tax liabilities on revaluation surplus of land (Note 4)	28,419	28,780	302,330
Liability for retirement benefits (Note 12)	61,588	61,170	655,191
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	1,149	1,296	12,223
Other long-term liabilities (Note 8)	53,324	54,383	567,277
Total long-term liabilities	361,999	401,972	3,851,053
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 16, 18 and 19)			
EQUITY (Notes 13 and 22.b)**:**			
Common stock, authorized, 2,500,000,000 shares; issued, 1,057,312,022 shares	81,447	81,447	866,457
Capital surplus	45,304	45,304	481,957
Retained earnings	132,090	112,774	1,405,213
Treasury stock—at cost, 18,533,958 shares in 2013 and 18,477,064 shares in 2012	(6,082)	(6,068)	(64,702)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 3)	58,707	25,960	624,543
Deferred loss on derivatives under hedge accounting	(981)	(1,442)	(10,436)
Revaluation surplus of land (Note 4)	19,236	19,818	204,638
Foreign currency translation adjustments	(9,271)	(21,078)	(98,628)
Total	320,450	256,715	3,409,042
Minority Interests	(2,324)	(9)	(24,723)
Total equity	318,126	256,706	3,384,319
TOTAL	¥1,686,072	¥1,686,221	$17,936,936

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Years Ended March 31	2013	2012	2013
REVENUES (Note 15)**:**			
Construction projects	¥1,301,467	¥1,269,231	$13,845,394
Real estate and other (Note 6)	183,553	188,523	1,952,691
Total revenues	1,485,020	1,457,754	15,798,085
COST OF REVENUES (Note 15)**:**			
Construction projects	1,220,137	1,173,842	12,980,181
Real estate and other (Notes 3 and 6)	160,534	169,431	1,707,808
Total cost of revenues	1,380,671	1,343,273	14,687,989
Gross profit	104,349	114,481	1,110,096
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	85,880	84,982	913,617
Operating income	18,469	29,499	196,479
OTHER INCOME (EXPENSES):			
Interest and dividends	5,880	7,002	62,553
Interest expense	(6,527)	(7,432)	(69,436)
Foreign currency exchange gain (loss)	1,112	(909)	11,830
Equity in earnings of unconsolidated subsidiaries and affiliates	809	1,324	8,606
Equity in earnings of partnership	4,291	5,001	45,649
Penalty income on development projects	3,610	6,000	38,404
Gain (loss) on sales or disposals of property and equipment—net (Note 6)	17,397	(367)	185,074
Gain on sales of marketable and investment securities—net (Note 3)	4,384	46	46,638
Valuation loss on marketable and investment securities (Note 3)	(697)	(6,781)	(7,415)
Gain on sales of investments in consolidated subsidiaries	510	—	5,426
Gain on sales of investments in unconsolidated subsidiaries and affiliates	289	360	3,074
Provision for doubtful accounts	(427)	—	(4,543)
Reversal of allowance for doubtful accounts	—	1,921	—
Loss on impairment of long-lived assets (Notes 5 and 6)	(2,569)	(5,828)	(27,330)
Litigation settlement	(85)	(200)	(904)
Loss on accident of construction projects	—	(2,982)	—
Other—net	(2,582)	(1,701)	(27,467)
Other income (expenses)—net	25,395	(4,546)	270,159
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	43,864	24,953	466,638
INCOME TAXES (Note 14)**:**			
Current	16,220	4,239	172,553
Deferred	3,007	15,618	31,989
Total income taxes	19,227	19,857	204,542
NET INCOME BEFORE MINORITY INTERESTS	24,637	5,096	262,096
MINORITY INTERESTS IN NET INCOME	(1,207)	(1,263)	(12,841)
NET INCOME	¥ 23,430	¥ 3,833	$ 249,255
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 21)**:**			
Basic net income	¥ 22.55	¥ 3.69	$ 0.240
Cash dividends applicable to the year	5.00	5.00	0.053

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

KAJIMA Corporation and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Years Ended March 31	2013	2012	2013
NET INCOME BEFORE MINORITY INTERESTS	¥24,637	¥ 5,096	$262,096
OTHER COMPREHENSIVE INCOME (Note 20)**:**			
Unrealized gain on available-for-sale securities	32,743	6,173	348,330
Deferred loss on derivatives under hedge accounting	504	(172)	5,362
Revaluation surplus of land	(21)	4,180	(223)
Foreign currency translation adjustments	12,856	(4,427)	136,766
Share of other comprehensive income in unconsolidated subsidiaries and affiliates	(1,255)	539	(13,352)
Total other comprehensive income	44,827	6,293	476,883
COMPREHENSIVE INCOME	¥69,464	¥11,389	$738,979
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥68,423	¥10,128	$727,904
Minority interests	1,041	1,261	11,075

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2013 and 2012

	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
BALANCE, APRIL 1, 2011	1,039,173	¥81,447	¥45,331	¥116,504	¥(6,030)	¥ 19,797
Net income	—	—	—	3,833	—	—
Cash dividends paid:						
Final for prior year, ¥3.00 per share	—	—	—	(3,117)	—	—
Interim for current year, ¥3.00 per share	—	—	—	(3,117)	—	—
Adjustments of revaluation surplus of land	—	—	—	(1,329)	—	—
Repurchase of treasury stock	(727)	—	—	—	(172)	—
Disposal of treasury stock	389	—	(27)		134	—
Net change in the year	—	—	—	—	—	6,163
BALANCE, MARCH 31, 2012	1,038,835	81,447	45,304	112,774	(6,068)	25,960
Net income	—	—	—	23,430	—	—
Cash dividends paid:						
Final for prior year, ¥2.00 per share	—	—	—	(2,078)	—	—
Interim for current year, ¥2.50 per share	—	—	—	(2,597)	—	—
Adjustments of revaluation surplus of land	—	—	—	561	—	—
Repurchase of treasury stock	(57)	—	—	—	(14)	—
Net change in the year	—	—	—	—	—	32,747
BALANCE, MARCH 31, 2013	1,038,778	¥81,447	¥45,304	¥132,090	¥(6,082)	¥ 58,707

Millions of Yen

	Accumulated Other Comprehensive Income					
	Deferred Loss on Derivatives under Hedge Accounting	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2011	¥(1,252)	¥14,309	¥(17,219)	¥252,887	¥ 413	¥253,300
Net income	—	—	—	3,833	—	3,833
Cash dividends paid:						
Final for prior year, ¥3.00 per share	—	—	—	(3,117)	—	(3,117)
Interim for current year, ¥3.00 per share	—	—	—	(3,117)	—	(3,117)
Adjustments of revaluation surplus of land	—	5,509	—	4,180	—	4,180
Repurchase of treasury stock	—	—	—	(172)	—	(172)
Disposal of treasury stock	—	—	—	107	—	107
Net change in the year	(190)	—	(3,859)	2,114	(422)	1,692
BALANCE, MARCH 31, 2012	(1,442)	19,818	(21,078)	256,715	(9)	256,706
Net income	—	—	—	23,430	—	23,430
Cash dividends paid:						
Final for prior year, ¥2.00 per share	—	—	—	(2,078)	—	(2,078)
Interim for current year, ¥2.50 per share	—	—	—	(2,597)	—	(2,597)
Adjustments of revaluation surplus of land	—	(582)	—	(21)	—	(21)
Repurchase of treasury stock	—	—	—	(14)	—	(14)
Net change in the year	461	—	11,807	45,015	(2,315)	42,700
BALANCE, MARCH 31, 2013	¥ (981)	¥19,236	¥ (9,271)	¥320,450	¥(2,324)	¥318,126

See notes to consolidated financial statements.

Year Ended March 31, 2013

	Thousands of U.S. Dollars (Note 1)				
					Accumulated Other Comprehensive Income
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities
BALANCE, APRIL 1, 2012	$866,457	$481,957	$1,199,724	$(64,553)	$276,170
Net income	—	—	249,255	—	—
Cash dividends paid:					
Final for prior year, $0.021 per share	—	—	(22,106)	—	—
Interim for current year, $0.027 per share	—	—	(27,628)	—	—
Adjustments of revaluation surplus of land	—	—	5,968	—	—
Repurchase of treasury stock	—	—	—	(149)	—
Net change in the year	—	—	—	—	348,373
BALANCE, MARCH 31, 2013	$866,457	$481,957	$1,405,213	$(64,702)	$624,543

Thousands of U.S. Dollars (Note 1)

	Accumulated Other Comprehensive Income					
	Deferred Loss on Derivatives under Hedge Accounting	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2012	$(15,340)	$210,829	$(224,234)	$2,731,010	$ (95)	$2,730,915
Net income	—	—	—	249,255	—	249,255
Cash dividends paid:						
Final for prior year, $0.021 per share	—	—	—	(22,106)	—	(22,106)
Interim for current year, $0.027 per share	—	—	—	(27,628)	—	(27,628)
Adjustments of revaluation surplus of land	—	(6,191)	—	(223)	—	(223)
Repurchase of treasury stock	—	—	—	(149)	—	(149)
Net change in the year	4,904	—	125,606	478,883	(24,628)	454,255
BALANCE, MARCH 31, 2013	$(10,436)	$204,638	$ (98,628)	$3,409,042	$(24,723)	$3,384,319

Consolidated Statement of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 43,864	¥ 24,953	$ 466,638
Adjustments for:			
Income taxes—paid	(7,945)	(2,226)	(84,521)
Depreciation and amortization	18,335	17,740	195,053
Provision for doubtful accounts	246	(1,947)	2,617
Foreign currency exchange loss	527	51	5,605
Equity in earnings of unconsolidated subsidiaries and affiliates	(809)	(1,324)	(8,606)
Valuation loss on marketable and investment securities	697	6,781	7,415
(Gain) loss on sales or disposals of property and equipment—net	(17,397)	367	(185,074)
Gain on sales of marketable and investment securities—net	(4,384)	(46)	(46,638)
Loss on impairment of long-lived assets	2,569	5,828	27,330
Gain on sales of investments in subsidiaries	(510)	—	(5,426)
Gain on sales of investments in unconsolidated subsidiaries and affiliates	(289)	(360)	(3,074)
Changes in operating assets and liabilities:			
Decrease (increase) in receivables	10,548	(63,645)	112,213
Decrease in inventories	31,534	11,617	335,468
Decrease in operational investments in securities	5,434	1,649	57,809
(Decrease) increase in payables	(24,683)	51,013	(262,585)
Increase in advances received	320	11,636	3,404
Increase in accrued expenses	954	1,907	10,149
Increase in liability for retirement benefits	382	1,316	4,064
Decrease (increase) in other assets	5,787	(20)	61,564
(Decrease) increase in other liabilities	(8,042)	14,642	(85,553)
Other—net	1,322	1,798	14,063
Net cash provided by operating activities	58,460	81,730	621,915
INVESTING ACTIVITIES:			
Decrease of time deposits excluding cash equivalents	564	1,011	6,000
Payment for purchases of marketable and investment securities	(2,999)	(8,026)	(31,904)
Proceeds from sales and redemption of marketable and investment securities	13,355	1,944	142,074
Payment for purchases of property and equipment	(19,551)	(31,466)	(207,989)
Proceeds from sales of property and equipment	42,335	3,467	450,372
Payment for purchase of intangible assets	(998)	(1,143)	(10,617)
Cash and cash equivalents acquired due to decrease in consolidated subsidiaries	1,012	—	10,766
Disbursements for loans	(1,143)	(3,759)	(12,160)
Proceeds from collection of loans	6,148	3,938	65,404
Proceeds from sales of investments in unconsolidated subsidiaries and affiliates	1,786	452	19,000
Other—net	(3,794)	(5,142)	(40,361)
Net cash provided by (used in) investing activities	36,715	(38,724)	390,585
FINANCING ACTIVITIES:			
Decrease in short-term borrowings	(10,060)	(30,352)	(107,021)
Net repayment of commercial paper	(19,700)	(1,000)	(209,574)
Proceeds from issuance of long-term debt	86,927	28,642	924,755
Repayment of long-term debt	(129,903)	(57,383)	(1,381,947)
Proceeds from issuance of bonds	20,000	30,000	212,766
Repayment of finance lease obligations	(1,205)	(1,324)	(12,819)
Cash dividends paid	(4,675)	(6,234)	(49,734)
Other—net	(13)	(102)	(139)
Net cash used in financing activities	(58,629)	(37,753)	(623,713)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	3,995	(1,417)	42,500
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,541	3,836	431,287
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	160,624	156,356	1,708,766
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	—	432	—
CASH AND CASH EQUIVALENTS, END OF YEAR	¥201,165	¥160,624	$2,140,053

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries
Year Ended March 31, 2013

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 ¥94 to $1, the approximate rate of exchange at March 31, 2013. 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, 2013, include the accounts of the Company and its 86 (93 in 2012) significant subsidiaries.

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

Another 42 (46 in 2012) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 57 (50 in 2012) affiliates were accounted for using the equity method. (The Company, its subsidiaries and affiliates are collectively referred to as "the Group".)

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

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

On March 29, 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Implementation Guidance No. 15, "Implementation Guidance on Disclosures about Certain Special Purpose Entities". This standard requires companies to disclose certain information about special purpose entities, 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 Company had 2 special purpose entities (3 in 2012) as of March 31, 2013. The total assets and liabilities of such special purpose entities as of March 31, 2013 and 2012, were ¥45,250 million ($481,383 thousand) and ¥45,886 million, ¥45,243 million ($481,309 thousand) and ¥45,875 million, respectively. The Company recognized lease payments of ¥3,414 million ($36,319 thousand) and ¥4,101 million based on lease agreements of real estate for the years ended March 31, 2013 and 2012, respectively. The investment in anonymous association was ¥5,704 million ($60,681 thousand) and ¥5,986 million, respectively, and its related distributed profit was ¥1,494 million ($15,894 thousand) and ¥2,798 million, including profit due to liquidation of a special purpose entity, respectively, as of and for the years ended March 31, 2013 and 2012. The Company received a refund of investment in special purpose entities of ¥92 million ($979 thousand) and ¥660 million during the years ended March 31, 2013 and 2012, respectively. The Company purchased real estate of ¥10,115 million in aggregate from special purpose entities during the year ended March 31, 2012.

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, 2013

1) Number of consolidated subsidiaries:	86: Kajima Road Co., Ltd., Chemical Grouting Co., Ltd., Kajima Leasing Corporation, Kajima Mechatro Engineering Co., Ltd., Taiko Trading Co., Ltd., Kajima U.S.A. Inc. (KUSA) and its 26 subsidiaries, Kajima Europe Ltd. (KEL) and its 14 subsidiaries, Kajima Europe B.V. (KE) and its 4 subsidiaries, Kajima Europe U.K. Holding Ltd. (KEUK) and its 6 subsidiaries, Kajima Overseas Asia Pte. Ltd. (KOA) and its 19 subsidiaries and 7 subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method:	42: ARTES Corporation, Japan Sea Works Co., Ltd. and 40 other companies
3) Number of affiliates accounted for using the equity method:	57: Katabami Kogyo Co., Ltd., Yaesu Book Center Co., Ltd., and 55 other companies

(2) Changes for the year ended March 31, 2013

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

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

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

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

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

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

As a result of applying the measurement guidance, gross profit for the years ended March 31, 2013 and 2012, decreased by ¥2,348 million ($24,979 thousand) and ¥2,217 million, respectively.

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

f. Capitalization of Interest — Interest costs incurred for real estate development projects (including property and equipment) conducted by certain overseas subsidiaries have been capitalized as a part of the development cost of such projects. Interest expense capitalized was ¥1,081 million ($11,500 thousand) and ¥643 million for the years ended March 31, 2013 and 2012, respectively.

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

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

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

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

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

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

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

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

Accumulated depreciation totaled ¥265,940 million ($2,829,149 thousand) and ¥256,841 million as of March 31, 2013 and 2012, respectively.

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

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

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

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

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

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

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

The revenues posted by way of the percentage-of-completion method for the years ended March 31, 2013 and 2012, were ¥1,108,525 million ($11,792,819 thousand) and ¥1,055,602 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 ¥27,801 million ($295,755 thousand) and ¥26,974 million as of March 31, 2013 and 2012, respectively.

n. **Costs of Research and Development and Debenture Issuance —** All research and development costs and debenture issuance costs are charged to income as incurred. Costs of research and development for the years ended March 31, 2013 and 2012, totaled ¥8,463 million ($90,032 thousand) and ¥9,169 million, respectively.

o. **Leases —** On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions.

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

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

All other leases are accounted for as operating leases.

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

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

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

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

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

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

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

Derivative financial instruments are classified and accounted for as follows:

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

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

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

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

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

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

Diluted net income per share is not disclosed because the Companies have nothing which might dilute the per share information for the years ended March 31, 2013 and 2012.

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

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

(1) Changes in Accounting Policies

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation

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

(3) Changes in Accounting Estimates

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

(4) Corrections of Prior-Period Errors

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

w. New Accounting Pronouncements

Accounting Standard for Retirement Benefits

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

Major changes are as follows:

(1) Treatment in the balance sheet

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

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

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

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

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

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

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

The Companies expect to apply the revised accounting standard for (1) and (2) above from the end of the financial year beginning on April 1, 2013, and for (3) above from the beginning of the financial year beginning on April 1, 2014, and are in the process of measuring the effects of applying the revised accounting standard in future applicable financial 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, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current:			
Government and corporate bonds	¥ 66	¥ 91	$ 702
Fund trusts and other	11,356	16,790	120,809
Total	¥ 11,422	¥ 16,881	$ 121,511
Non-Current:			
Equity securities	¥200,529	¥157,249	$2,133,287
Government and corporate bonds	1,922	1,751	20,447
Fund trusts and other	22,202	19,192	236,192
Total	¥224,653	¥178,192	$2,389,926

The costs and aggregate fair values regarding the category of the securities classified as available-for-sale as of March 31, 2013 and 2012, were as follows:

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

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

As of March 31, 2013	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	$1,063,755	$1,023,426	$(52,266)	$2,034,915
Government and corporate bonds	20,660	489	(0)	21,149
Fund trusts and other	12,968	1,170	—	14,138
Total	$1,097,383	$1,025,085	$(52,266)	$2,070,202

The above figures include marketable equity securities temporarily lent to financial institutions based on a securities lending agreement in the amount of ¥194 million ($2,064 thousand) and ¥329 million as of March 31, 2013 and 2012, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2013 and 2012, was as follows:

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

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

Year Ended March 31, 2013	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	$129,606	$60,968	$(14,000)
Government and corporate bonds	1,234	64	—
Fund trusts and other	8,437	574	(968)
Total	$139,277	$61,606	$(14,968)

The impairment losses on available-for-sale securities were ¥697 million ($7,415 thousand), which was included in valuation loss on marketable and investment securities for the year ended March 31, 2013, and ¥7,210 million, of which ¥6,792 million was included in valuation loss on marketable and investment securities and ¥418 million was included in cost of revenues of real estate and other, for the year ended March 31, 2012.

4. REVALUATION OF LAND

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

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

As of March 31, 2013, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥11,588 million ($123,277 thousand).

5. LONG-LIVED ASSETS

For the year ended March 31, 2013, the Company and a consolidated domestic subsidiary recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business	Land, Buildings and structures, Machinery, equipment and other, Others	Kagawa Prefecture and others	11
Assets used for rent	Land, Buildings and structures, Leasehold	Kanagawa Prefecture	1
Idle properties	Buildings and structures, Machinery, equipment and other	Tochigi Prefecture and other	2

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

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

As a result, the Company and a consolidated domestic subsidiary recognized impairment losses of ¥2,569 million ($27,330 thousand), which consisted of assets used for business of ¥227 million ($2,415 thousand), asset used for rent of ¥2,300 million ($24,468 thousand) and idle properties of ¥42 million ($447 thousand) for the year ended March 31, 2013.

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

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

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

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

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

As a result, the Company recognized an impairment loss of ¥5,828 million for the year ended March 31, 2012.

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

6. INVESTMENT PROPERTY

The Company and consolidated subsidiaries own certain rental properties such as office buildings and commercial facilities in Tokyo, other areas in Japan and overseas (Indonesia, United Kingdom and others). The net of rental income and operating expenses for those rental properties was ¥2,658 million ($28,277 thousand), gain on sales or disposals of property and equipment—net was ¥18,831 million ($200,330 thousand) and loss on impairment of long-lived assets was ¥2,330 million ($24,787 thousand) for the year ended March 31, 2013. The net of rental income and operating expenses for those rental properties was ¥5,968 million, gain on sales or disposals of property and equipment—net was ¥24 million and loss on impairment of long-lived assets was ¥5,828 million for the year ended March 31, 2012.

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

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

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

Thousands of U.S. Dollars			
Carrying amount			Fair value
As of April 1, 2012	Increase/Decrease	As of March 31, 2013	As of March 31, 2013
$1,965,447	**$(256,202)**	**$1,709,245**	**$2,393,330**

Notes:
(1) Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
(2) Decrease during the financial year ended March 31, 2013, primarily represents the sale of real estate of ¥22,110 million ($235,213 thousand).
(3) Fair value of properties as of March 31, 2013 and 2012, is measured as follows:
1) Fair value of domestic properties is principally measured by the Companies in accordance with its Real-estate Appraisal Standard, including adjustments using indexes.
2) Fair value of overseas properties is principally measured by third-party appraisal reports.

7. LONG-TERM LOANS RECEIVABLE

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

8. PLEDGED ASSETS

As of March 31, 2013, the following assets of the Companies were pledged to secure the repayment of short-term borrowings of ¥19 million ($202 thousand), current portion of long-term debt of ¥5,110 million ($54,362 thousand), other current liabilities of ¥29 million ($308 thousand), long-term debt of ¥5,447 million ($57,947 thousand) and other long-term liabilities of ¥554 million ($5,894 thousand) and to assure the performance by the Companies under certain agreements.

	Millions of Yen	Thousands of U.S. Dollars
Notes and accounts receivable—trade	¥ 181	$ 1,926
Inventories:		
Development projects in progress, real estate for sale and other	16,058	170,830
Other current assets	69	733
Land	26	277
Buildings and structures	851	9,053
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	865	9,202
Long-term loans to unconsolidated subsidiaries and affiliates	1,540	16,383
Total	¥19,590	$208,404

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2013 and 2012, mainly consisted of bank overdrafts. The annual interest rates applicable to the short-term borrowings ranged from 0.46% to 5.1% and 0.47% to 2.45% as of March 31, 2013 and 2012, respectively.

Long-term debt as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
0.49917% to 7.0425% loans from banks, due 2013 – 2073	¥176,965	¥194,665	$1,882,606
0.49917% to 5% loans from insurance companies and other financial institutions, due 2013 – 2021	22,975	24,957	244,415
0.89% to 1.6% bonds, due 2013 – 2018	125,000	125,000	1,329,787
Lease obligations	2,925	3,027	31,117
Total	327,865	347,649	3,487,925
Current portion included in current liabilities	(110,372)	(91,322)	(1,174,170)
Total	¥217,493	¥256,327	$2,313,755

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

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2013, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥110,372	$1,174,170
2015	62,454	664,404
2016	35,687	379,649
2017	29,983	318,968
2018	39,968	425,191
2019 and thereafter	49,401	525,543
Total	¥327,865	$3,487,925

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,595,745 thousand) with several Japanese banks. There was no outstanding balance under the committed loan facility agreements as of March 31, 2013.

10. COMMERCIAL PAPER

Commercial paper was represented by 14- to 33-day paper issued by the Company with interest at 0.134% to 0.17% and 28- to 44-day paper at 0.115% to 0.121% as of March 31, 2013 and 2012, respectively.

11. ADVANCES RECEIVED ON CONSTRUCTION PROJECTS IN PROGRESS

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

12. RETIREMENT BENEFITS

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

Certain overseas subsidiaries have defined contribution plans.

The information for employees' retirement benefits was as follows:

a. The liability for employees' retirement benefits as of March 31, 2013 and 2012

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥72,481	¥76,689	$771,074
Fair value of plan assets	(9,621)	(9,089)	(102,351)
Unrecognized actuarial loss	96	(1,759)	1,021
Unrecognized prior service cost	(2,833)	(6,049)	(30,138)
Amount reported on the consolidated balance sheet	60,123	59,792	639,606
Prepaid pension costs	1,465	1,378	15,585
Provision for retirement benefits	¥61,588	¥61,170	$655,191

b. The components of net periodic benefit costs for the years ended March 31, 2013 and 2012

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥ 3,567	¥ 3,923	$ 37,947
Interest cost	1,487	1,621	15,819
Expected return on plan assets	(91)	(170)	(968)
Amortization of actuarial loss	531	646	5,649
Amortization of prior service cost	3,218	2,360	34,234
Other	2,503	2,306	26,628
Net periodic benefit costs	¥11,215	¥10,686	$119,309

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

c. Assumptions used for the years ended March 31, 2013 and 2012

	2013	2012
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.0% to 2.5%	0% to 2.5%
Amortization period of prior service cost	10 years	10 years
Recognition period of actuarial gain/loss	10 years	10 years

13. EQUITY

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

a. Dividends

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

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

b. Increases / decreases and transfer of common stock, reserve and surplus

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

c. Treasury stock and treasury stock acquisition rights

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

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

14. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 37.8% and 40.5% for the years ended March 31, 2013 and 2012, respectively.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Liability for retirement benefits	¥22,291	¥22,257	$237,138
Valuation loss on Inventories	19,485	23,644	207,287
Valuation loss on Property and equipment	12,572	12,748	133,745
Provision for loss on construction contracts	10,377	10,195	110,394
Other	51,167	51,465	544,330
Subtotal	115,892	120,309	1,232,894
Valuation allowance	(15,838)	(14,564)	(168,490)
Total	100,054	105,745	1,064,404
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(34,108)	(17,443)	(362,851)
Other	(5,467)	(6,425)	(58,160)
Total	(39,575)	(23,868)	(421,011)
Net deferred tax assets	¥60,479	¥81,877	$643,393

As of March 31, 2013, certain consolidated subsidiaries of the Company have tax loss carryforwards whose expiration dates range from 2014 to 2022. Due to the uncertainty of the realization of such tax loss carryforwards, the Companies have established a valuation allowance to offset part of the related deferred tax assets in the amount of ¥2,383 million ($25,351 thousand) and ¥2,451 million as of March 31, 2013 and 2012, respectively.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2013, with the corresponding figures for 2012, was as follows:

	2013	2012
Normal effective statutory tax rate	37.8%	40.5%
Expenses not deductible for income tax purposes	3.3	5.8
Non-taxable income	(1.0)	(1.7)
Inhabitants' taxes	1.0	1.8
Valuation allowance	5.9	0.0
Difference of statutory tax rate between the Company and consolidated subsidiaries	(3.8)	(4.8)
Effect of tax rate reduction	—	34.4
Other—net	0.6	3.6
Actual effective tax rate	43.8%	79.6%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate for the Company and its domestic subsidiaries from approximately 40.5% to 37.8% effective for the years ended March 31, 2013 through 2015, and to 35.4% afterwards.

15. RELATED PARTY TRANSACTIONS

Transactions with unconsolidated subsidiaries and affiliates for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Construction and other revenues	¥36,397	¥15,694	$387,202
Purchases	16,335	19,421	173,777

In addition, during the financial year ended March 31, 2013, the Company recognized construction revenue of ¥17 million ($181 thousand) under a construction contract of the same amount with a director of the Company.

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

16. LEASES

The Companies have a number of lease agreements, primarily for office space and computer equipment, which are renewable upon expiration and mainly cancelable. Rental expenses on such leases were approximately ¥5,266 million ($56,021 thousand) and ¥5,588 million for the years ended March 31, 2013 and 2012, respectively.

a. Operating leases as a lessee

The minimum rental commitments under noncancelable operating leases as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 8,188	¥ 7,752	$ 87,106
Due after one year	41,264	45,380	438,979
Total	¥49,452	¥53,132	$526,085

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 7,943	¥ 8,077	$ 84,500
Due after one year	47,939	56,056	509,989
Total	¥55,882	¥64,133	$594,489

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Policy for financial instruments

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

b. Nature, extent of risks arising from financial instruments, and risk management for financial instruments

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

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

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

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

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

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,595,745 thousand) with several Japanese banks to manage exposure to liquidity risks on raising funds.

c. Fair values of financial instruments

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

(1) Fair value of financial instruments

The carrying amount, fair value and unrealized gain (loss) of financial instruments as of March 31, 2013 and 2012, were as follows. However, financial instruments whose fair value cannot be reliably determined are not included.

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

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

As of March 31, 2013	Thousands of U.S. Dollars Carrying Amount	 Fair Value	 Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	$ 2,140,053	$ 2,140,053	$ —
Marketable securities and investments in securities			
Available-for-sale securities	2,070,202	2,070,202	—
Notes and accounts receivable—trade	5,298,596		
Allowance for doubtful accounts	(5,415)		
	5,293,181	5,293,756	575
Other current assets			
Time deposits due after three months of the date of acquisition	10,958	10,958	—
Long-term loans receivable	179,213		
Long-term loans to unconsolidated subsidiaries and affiliates	75,883		
Allowance for doubtful accounts	(107,330)		
	147,766	148,372	606
Total	$ 9,662,160	$ 9,663,341	$ 1,181
LIABILITIES			
Short-term borrowings	$ 1,190,457	$ 1,190,457	$ —
Commercial paper	460,638	460,638	—
Current portion of long-term debt	1,174,170	1,174,809	639
Notes and accounts payable—trade	4,748,926	4,748,926	—
Income taxes payable	113,128	113,128	—
Long-term debt	2,313,755	2,328,223	14,468
Total	$10,001,074	$10,016,181	$15,107

ASSETS

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

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

Marketable securities and investments in securities

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

Notes and accounts receivable—trade

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

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

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

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

LIABILITIES

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

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

Current portion of long-term debt

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

Long-term debt

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

DERIVATIVES

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

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

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars 2013
Investments in securities			
Available-for-sale:			
Equity securities	¥ 9,247	¥ 9,876	$ 98,372
Fund trusts and other	32,229	33,892	342,863
Investments in unconsolidated subsidiaries and affiliates	22,258	22,036	236,787
Total	¥63,734	¥65,804	$678,022

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

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

Millions of Yen

As of March 31, 2013	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	¥201,165	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	66	294	628	954
Notes and accounts receivable—trade	442,618	54,646	679	125
Other current assets				
Time deposits due after three months of the date of acquisition	1,030	—	—	—
Long-term loans receivable	54	4,304	29	12,513
Long-term loans to unconsolidated subsidiaries and affiliates	73	2,023	1,218	3,892
Total	¥645,006	¥61,267	¥2,554	¥17,484

Thousands of U.S. Dollars

As of March 31, 2013	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	$2,140,053	$ —	$ —	$ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	702	3,128	6,680	10,149
Notes and accounts receivable—trade	4,708,702	581,341	7,223	1,330
Other current assets				
Time deposits due after three months of the date of acquisition	10,958	—	—	—
Long-term loans receivable	574	45,787	309	133,117
Long-term loans to unconsolidated subsidiaries and affiliates	777	21,521	12,958	41,404
Total	$6,861,766	$651,777	$27,170	$186,000

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

18. DERIVATIVES

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

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

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

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

a. Derivative transactions to which hedge accounting is not applied

Millions of Yen

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

Millions of Yen

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

As of March 31, 2013	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Singapore Dollar forward	$57,202	$ —	$ (798)	$ (798)
Czech Koruna forward	2,436	—	(21)	(21)
Selling:				
Euro forward	12,521	—	(53)	(53)
U.S. Dollar forward	14,011	—	(96)	(96)
Total	$86,170	$ —	$ (968)	$ (968)
Interest rate swaps				
Pay—fix / Receive—float	$81,979	$81,979	$(16,117)	$(16,117)
Total	$81,979	$81,979	$(16,117)	$(16,117)

b. Derivative transactions to which hedge accounting is applied

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

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

As of March 31, 2013	Hedged item	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward		$ 160	$ —	$ 0
Thai Baht forward	Accounts	21	—	0
Euro forward	payable—trade	43	—	(0)
Norwegian Krone forward		85	—	(0)
Selling:				
U.S. Dollar forward	Accounts receivable—trade	63	—	0
Total		$ 372	$ —	$ 0
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	$874,830	$672,064	$(14,436)
Total		$874,830	$672,064	$(14,436)

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

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

19. COMMITMENTS AND CONTINGENT LIABILITIES

The Company sold accounts receivable—trade to financial institutions. As of March 31, 2013, accounts receivable—trade amounting to ¥4,474 million ($47,596 thousand) were excluded from the consolidated balance sheet.

As of March 31, 2013, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥9,374 million ($99,723 thousand). In addition, there is a contingent liability for collection of receivables for the Dubai Metro Project from the Roads & Transport Authority of Dubai, the United Arab Emirates, amounting to ¥29,360 million ($312,340 thousand), which would be realized only upon the default of Dubai, the United Arab Emirates, due to its financial or national collapse.

20. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥55,006	¥ 6,541	$585,170
Reclassification adjustments to profit or loss	(4,320)	378	(45,957)
Amount before income tax effect	50,686	6,919	539,213
Income tax effect	(17,943)	(746)	(190,883)
Total	¥32,743	¥ 6,173	$348,330
Deferred loss on derivatives under hedge accounting:			
Gains arising during the year	¥ (584)	¥ (842)	$ (6,213)
Reclassification adjustments to profit or loss	1,392	609	14,809
Amount before income tax effect	808	(233)	8,596
Income tax effect	(304)	61	(3,234)
Total	¥ 504	¥ (172)	$ 5,362
Revaluation surplus of land:			
Adjustments arising during the year	¥ —	¥ —	$ —
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	—	—	—
Income tax effect	(21)	4,180	(223)
Total	¥ (21)	¥ 4,180	$ (223)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥12,833	¥(4,427)	$136,521
Reclassification adjustments to profit or loss	23	—	245
Amount before income tax effect	12,856	(4,427)	136,766
Income tax effect	—	—	—
Total	¥12,856	¥(4,427)	$136,766
Share of other comprehensive income in unconsolidated subsidiaries and affiliates:			
Gains arising during the year	¥ (1,267)	¥ 533	$ (13,479)
Reclassification adjustments to profit or loss	12	6	127
Total	¥ (1,255)	¥ 539	$ (13,352)
Total other comprehensive income	¥44,827	¥ 6,293	$476,883

21. NET INCOME PER SHARE

The basis of calculation of the basic net income per share ("EPS") for the years ended March 31, 2013 and 2012, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
		Weighted Average Shares	EPS	
For the year ended March 31, 2013:				
Basic EPS				
Net income attributable to common stockholders	¥23,430	1,038,807	¥22.55	$0.240
For the year ended March 31, 2012:				
Basic EPS				
Net income attributable to common stockholders	¥ 3,833	1,038,829	¥ 3.69	

22. SUBSEQUENT EVENTS

a. Issuance of Unsecured Bonds

The Board of Directors of the Company resolved at its meeting held on April 16, 2013, to issue unsecured bonds with the following terms and conditions:

i) Issue amount:	Maximum of ¥20,000 million
ii) Maturity:	3 to 10 years
iii) Issue price:	¥100 for face value of ¥100
iv) Redemption price:	¥100 for face value of ¥100
v) Interest rate:	Not more than swap rate plus 1.50%
vi) Interest payment:	At the end of every 6 month period
vii) Redemption schedule:	Redemption at maturity
viii) Issue date:	Any date between the date of resolution in the meeting of the Board of Directors and March 31, 2014
ix) Use of proceeds:	Bond redemptions and working capital

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

b. Appropriation of Retained Earnings

On June 27, 2013, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥2.50 ($0.027) per share (final for the year ended March 31, 2013) for a total amount of ¥2,601 million ($27,670 thousand).

23. SEGMENT INFORMATION

a. Segment Information

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

(1) Description of reportable segments

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

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

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

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

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

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

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

Year Ended March 31, 2013 — Millions of Yen

	Civil Engineering	Building Construction	Real Estate Development and Others	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	¥269,492	¥741,620	¥53,016	¥197,562	¥223,330	¥1,485,020	¥ —	¥1,485,020
Intersegment sales or transfers	—	4,305	1,493	122,515	16	128,329	(128,329)	—
Total	¥269,492	¥745,925	¥54,509	¥320,077	¥223,346	¥1,613,349	¥(128,329)	¥1,485,020
Segment profit (loss)	¥ (8,144)	¥ 9,927	¥ (468)	¥ 8,648	¥ 7,367	¥ 17,330	¥ 1,139	¥ 18,469
Other:								
Depreciation	¥ 1,502	¥ 4,158	¥ 4,853	¥ 5,139	¥ 2,858	¥ 18,510	¥ (175)	¥ 18,335
Amortization of goodwill	—	—	—	—	403	403	(614)	(211)

Year Ended March 31, 2012 — Millions of Yen

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

Year Ended March 31, 2013 — Thousands of U.S. Dollars

	Civil Engineering	Building Construction	Real Estate Development and Others	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	$2,866,936	$7,889,574	$564,000	$2,101,723	$2,375,852	$15,798,085	$ —	$15,798,085
Intersegment sales or transfers	—	45,798	15,883	1,303,351	170	1,365,202	(1,365,202)	—
Total	$2,866,936	$7,935,372	$579,883	$3,405,074	$2,376,022	$17,163,287	$(1,365,202)	$15,798,085
Segment profit (loss)	$ (86,638)	$ 105,606	$ (4,979)	$ 92,000	$ 78,373	$ 184,362	$ 12,117	$ 196,479
Other:								
Depreciation	$ 15,979	$ 44,234	$ 51,628	$ 54,670	$ 30,404	$ 196,915	$ (1,862)	$ 195,053
Amortization of goodwill	—	—	—	—	4,287	4,287	(6,532)	(2,245)

Notes:
(1) The amount of reconciliations in segment profit (loss), which was profit of ¥1,139 million ($12,117 thousand) and profit of ¥502 million for the years ended March 31, 2013 and 2012, respectively, mainly consists of the elimination of inter-segment transactions.
(2) Consolidated segment profit (loss) is equal to operating income in the consolidated statement of income.
(3) Amortization of negative goodwill, which was generated on or before March 31, 2010, is included in Amortization of goodwill.
(4) Assets are not allocated to operating segments.

b. Related Information

(1) Information about products and services

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

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

Year Ended March 31, 2013	Thousands of U.S. Dollars Construction	Real Estate	Other	Total
Sales to external customers	$13,845,394	$875,500	$1,077,191	$15,798,085

(2) Information about geographical areas

1) Revenues

Millions of Yen — 2013

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

Millions of Yen — 2012

Japan	North America	Europe	Asia	Other Areas	Total
¥1,254,652	¥72,185	¥8,257	¥91,427	¥31,233	¥1,457,754

Thousands of U.S. Dollars — 2013

Japan	North America	Europe	Asia	Other Areas	Total
$13,355,436	$960,011	$114,191	$1,337,340	$31,107	$15,798,085

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

2) Property and equipment

Millions of Yen — 2013

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

Millions of Yen — 2012

Japan	North America	Europe	Asia	Other Areas	Total
¥311,169	¥3,498	¥6,104	¥24,748	¥124	¥345,643

Thousands of U.S. Dollars — 2013

Japan	North America	Europe	Asia	Other Areas	Total
$2,996,883	$53,894	$29,702	$358,064	$255	$3,438,798

c. Information about impairment losses of assets

	Millions of Yen 2013	2012	Thousands of U.S. Dollars 2013
Impairment losses of assets	¥2,569	¥5,828	$27,330

Notes:

(1) The impairment losses of assets of ¥2,569 million ($27,330 thousand) for the year ended March 31, 2013 consisted of assets used for business of ¥227 million ($2,415 thousand), asset used for rent of ¥2,300 million ($24,468 thousand) and idle properties of ¥42 million ($447 thousand) for the year ended March 31, 2013. The impairment losses of assets of ¥5,828 million for the year ended March 31, 2012 consisted of asset used for rent of ¥5,828 million. Please see Note 5 for more details.

(2) The impairment losses of assets are not allocated to operating segments.

d. Information about goodwill

(1) Amortization of goodwill for the years ended March 31, 2013 and 2012

	Millions of Yen 2013	2012	Thousands of U.S. Dollars 2013
Goodwill	¥438	¥462	$ 4,659
Negative goodwill	649	649	6,904

(2) Goodwill as of March 31, 2013 and 2012

	Millions of Yen 2013	2012	Thousands of U.S. Dollars 2013
Goodwill	¥ 51	¥ 426	$ 543
Negative goodwill	1,286	1,935	13,681

Notes:

(1) Negative goodwill was generated on or before March 31, 2010, mainly because of the share exchange to make Kajima Road Co., Ltd., a wholly owned subsidiary of the Company, and is offset by goodwill.

(2) Goodwill and negative goodwill are not allocated to operating segments.

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kajima Corporation:

We have audited the accompanying consolidated balance sheet of Kajima Corporation and its consolidated subsidiaries as of March 31, 2013, 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, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 27, 2013

Member of
Deloitte Touche Tohmatsu Limited