

TAISEI

ANNUAL REPORT
2014



TAISEI GROUP OF COMPANIES

For a Lively World

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Editorial Policy

This Corporate Report (integrated report) includes financial information and ESG information (environmental, social and governance), in order to inform readers of the Taisei Corporation initiatives to create value based on the group ideals and the Taisei Spirit.

Organizations Covered	Published
Taisei Corporation and the Main Taisei Group of Companies	1st September 2014
Report Period	
FY 2013 (1st April 2013 to 31st March 2014) (Some contents outside this financial year are included)	
Reference Guidelines	
<ul style="list-style-type: none"> ▶ Ministry of the Environment "Environmental Report Guidelines (2012 Edition)" ▶ GRI "Sustainability Reporting guidelines Version 3.1" ▶ ISO 26000 (International Guidance on Social Responsibility of Organizations) ▶ International Integrated Reporting Council (IIRC) "Integrated Reporting Framework" 	

Structure of Communication Tools

This Report is published to enable stakeholders to obtain an overall view of the company's history over 140 years, the group's activities in accordance with the Taisei Corporation Group ideals and the Group Action Guidelines, financial information, management issues and the creation of corporate value. The report consists of this volume and a separate volume (Data Book). This volume mainly introduces the company's technologies for creating value and achievements, and the separate volume includes financial information and information regarding CSR management, such as environmental, social and governance, etc. Detailed information not included in this report can be found on the Taisei Corporation website.

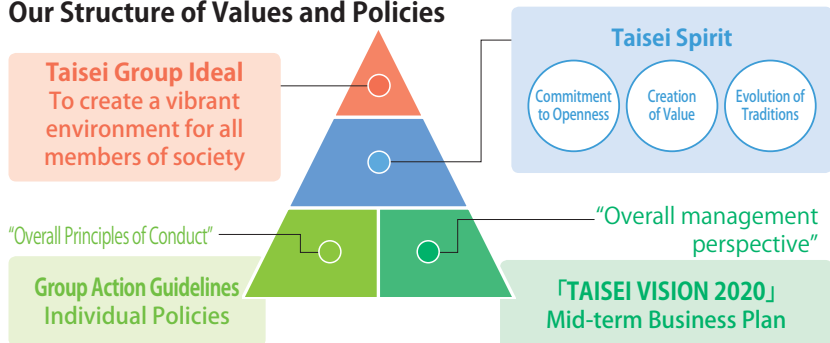
- We are included in the world's representative SRI Indexes



- We are selected in the world's representative SRI Indexes



Our Structure of Values and Policies



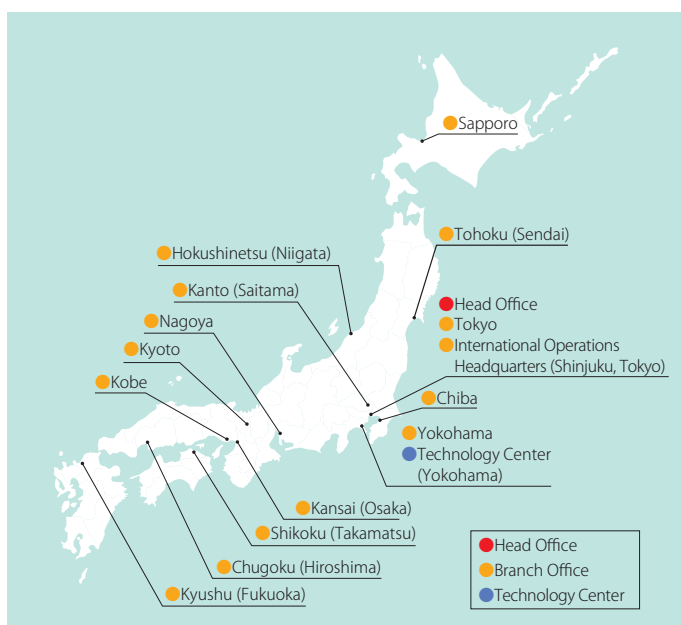
Corporate Data

Taisei Corporation (as of 31st March, 2014)

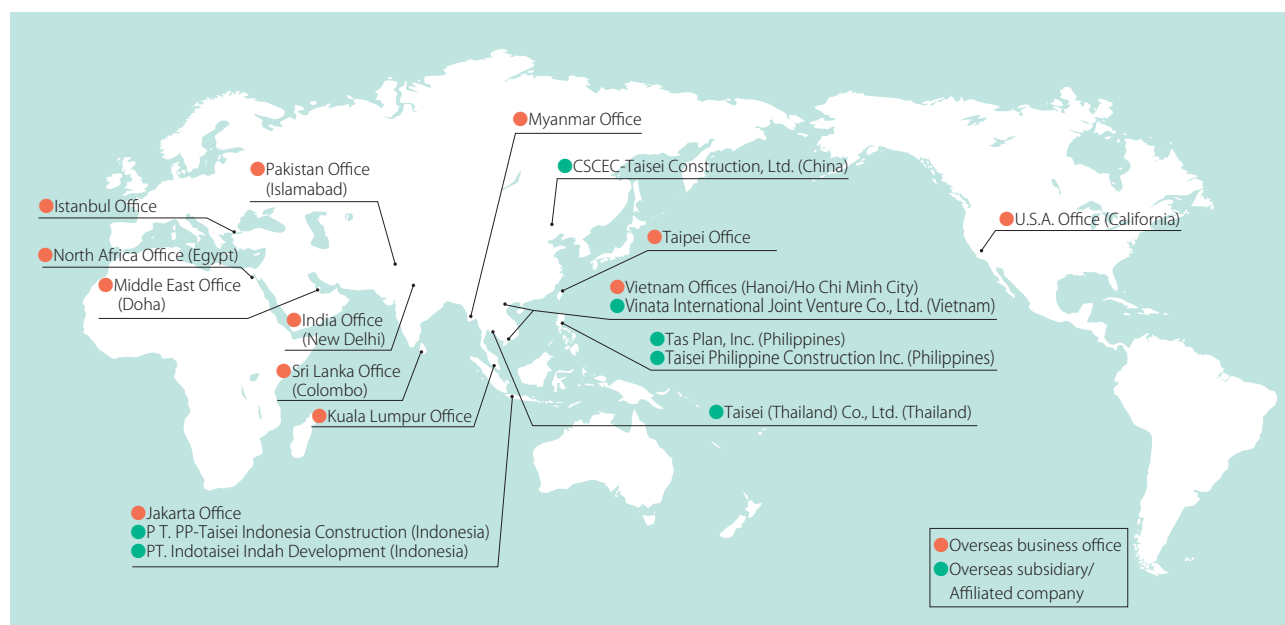
Name	Taisei Corporation
Established	December 28, 1917
Paid-in capital	112.4 billion yen
Head Office	Shinjuku Center Building, 1-25-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0606, Japan

Representative	Takashi Yamauchi, Representative Director, President and Chief Executive Officer
Main business Operations	Civil engineering, Building construction Development, other
Number of employees	7,951

Domestic Network



Overseas Network



Financial and Non-Financial Highlights

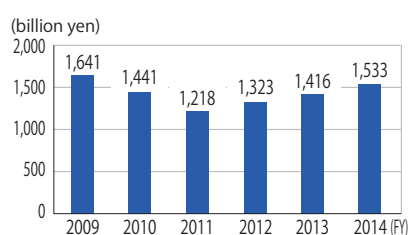
Six-Year Financial Summary

TAISEI CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2009 through 2014

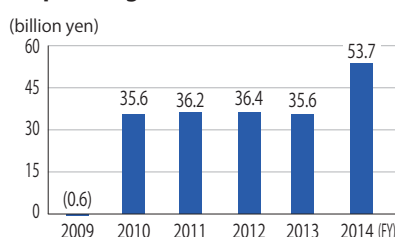
	Millions of yen (except for per share figures)						Thousands of U.S. Dollars*
	2009	2010	2011	2012	2013	2014	2014
Revenue:							
Net sales:							
Construction contracts	¥ 1,467,070	¥ 1,289,809	¥ 1,079,139	¥ 1,171,927	¥ 1,254,291	¥ 1,321,289	\$ 12,838,020
Real estate development and other	174,112	152,166	138,980	151,577	162,205	212,184	2,061,640
1 Total	1,641,182	1,441,975	1,218,119	1,323,504	1,416,496	1,533,473	14,899,660
% change from previous year	(4.1)%	(12.1)%	(15.5)%	8.7%	7.0%	8.3%	
Costs and expenses							
Cost of sales	1,545,918	1,318,593	1,100,022	1,206,014	1,304,677	1,402,446	13,626,564
Selling, general and administrative expenses	95,920	87,755	81,803	81,004	76,213	77,254	750,622
Total	1,641,838	1,406,348	1,181,825	1,287,018	1,380,890	1,479,700	14,377,186
2 Operating income (loss) ...	(656)	35,627	36,294	36,486	35,606	53,773	522,474
Income (loss) before income taxes	(38,449)	35,516	19,374	16,673	32,828	46,593	452,711
Income taxes	(9,404)	14,462	8,514	15,480	12,399	14,120	137,194
Net income (loss)	¥ (24,401)	¥ 21,222	¥ 10,883	¥ 1,181	¥ 20,051	¥ 32,089	\$ 311,786
Per share data of common stock							
(in yen and dollars):							
Net assets	¥ 239.87	¥ 262.15	¥ 253.94	¥ 255.60	¥ 299.84	¥ 335.42	\$ 3.259
Net income (loss)	(22.93)	19.74	9.58	1.04	17.60	28.17	0.274
Cash dividends	5.00	5.00	5.00	5.00	5.00	6.00	0.058
Financial ratios:							
Net income (loss) as a percentage of total revenue	(1.5)%	1.5%	0.9%	0.1%	1.4%	2.1%	
Total costs and expenses as a percentage of total revenue	100.0%	97.5%	97.0%	97.2%	97.5%	96.5%	
Dividends paid as a percentage of net income	(21.8)%	25.3%	52.4%	482.5%	28.4%	21.3%	
Financial position data:							
Current assets	¥ 1,082,037	¥ 912,895	¥ 847,467	¥ 982,931	¥ 1,012,639	¥ 1,076,213	\$ 10,456,791
Current liabilities	1,074,229	894,026	808,052	921,196	907,281	946,097	9,192,547
Net property and equipment	236,705	238,534	232,000	212,639	206,076	181,051	1,759,143
Long-term liabilities	248,400	250,083	235,607	219,101	292,514	268,802	2,611,757
Shareholders' equity	252,905	274,779	290,282	284,714	299,336	327,067	3,177,876
Net assets	284,713	297,179	290,598	292,602	343,300	384,166	3,732,666
Other data:							
3 New orders received during the year	¥ 1,524,578	¥ 1,244,439	¥ 1,254,095	¥ 1,379,572	¥ 1,404,407	¥ 1,645,895	\$ 15,991,984
Contract backlog at the end of the year	1,768,950	1,571,414	1,607,390	1,663,458	1,651,369	1,763,792	17,137,505
Shares issued (thousands)	1,064,803	1,090,622	1,140,269	1,140,269	1,140,269	1,140,269	11,079,178

*U.S. dollar amounts were translated from yen, for convenience only, at the rate of US \$ 1 = ¥102.92

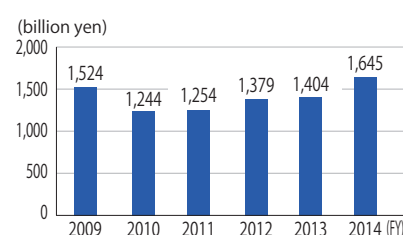
1 Net sales



2 Operating income (loss)



3 New orders

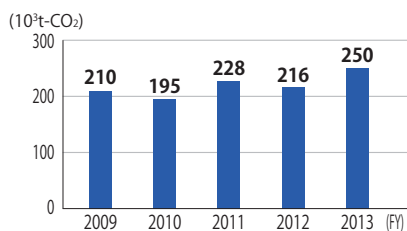


Non-Financial Information

ISO26000/ Important tasks and targets (FY2013)	main KPIs	FY 2011	FY 2012	FY 2013	
The Environment <ul style="list-style-type: none"> ● Response to global warming ● Efficient use of resources ● Biodiversity conservation and environmental conservation activities ● Response to environmental risk ● Research and development of environmental technologies and improvement in proposal capability 	Rate of reduction of predicted CO ₂ emissions in the building operation stage	38	44	35	(E)
	Rate of reduction of CO ₂ emissions in construction stage	51	56	48	
	Rate of recycling of construction waste	95	96	96	
	Rate of green procurement	39	31	33	
	Rate of use of Electronic Manifest systems	82	86	86	
Consumer issues <ul style="list-style-type: none"> ● Ensuring quality and raising customer satisfaction ● Innovation management 	Customer satisfaction surveys	100/80	100/60	100/65	(E)
	Number of patents obtained	193	224	272	
	Number of media announcements regarding technical development and application projects	66	75	84	
Community involvement and development <ul style="list-style-type: none"> ● Contributions to local communities 	Number of environmental and social contribution activities	779	1,048	1,076	(E)
	Number of employees participating as volunteers	258	247	176	
Human rights and Labor practices <ul style="list-style-type: none"> ● Respect for human rights ● Diversity management ● Creating a pleasant workplace ● Supporting employee career formation 	Rate of attendance at human rights training	100	100	100	(S)
	Numbers attending female leadership development training	26	26	47	
	rate of employment of handicapped persons	1.88	1.95	2.05	
	number of re-employed	676	582	643	
	Numbers taking leave for childcare	2/27	1/37	4/31	
	Rate of taking paid leave	48	49	51	
	Number of job return registrants	33	34	29	
	Training hours per person	40	42	42	
	Number of trainees at overseas sites, etc.	26	16	12	
	Number of trainees at overseas training organizations	17	10	11	
Labor practices <ul style="list-style-type: none"> ● Improvement in safety and health standards 	Number of fatal accidents	4	2	3	(S)
	frequency rates *	0.58	0.81	0.84	
Organization <ul style="list-style-type: none"> ● Corporate governance and internal controls ● Risk management ● Stakeholder engagement 	Rate of implementation of e-learning regarding the Taisei Group Ideal	91	98	91	(G)
	Rate of participation in large scale disaster countermeasure training	100	100	100	
	Number of dialogs, etc., held	5	5	7	
Fair operating practices <ul style="list-style-type: none"> ● Promotion of compliance ● Supply chain management ● Protection, management and use of intellectual property ● Measures for information security 	Attendance at compliance training	100	100	100	(G)
	Number of companies monitored for CSR procurement	—	—	160	
	Number of trained staff regarding intellectual property	31	36	40	
	Number of major information security accidents	0	0	1	

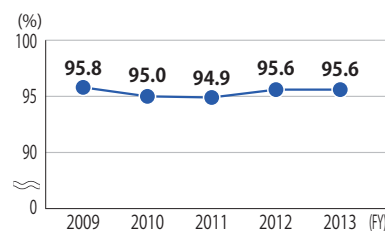
* Until 2012, calculated for accidents entailing for more days off work. From 2012, the target was set on the bases of all accidents entailing days off work, irrespective of the number of days.

Total CO₂ emissions



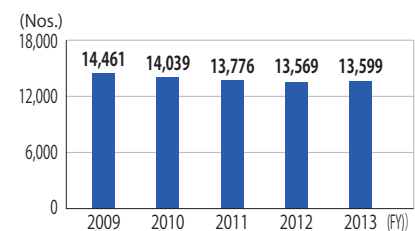
* Non-consolidated
 * From data on the effect of business activities on the environment (Data Book P15 Material Flow - Output)

Construction waste recycling percentage



* Non-consolidated

Number of employees



* Consolidated

➔ Refer to Data Book P3 to P6 for details of the Group Action Guidelines and KPI information.

Taisei Corporation was Founded 140 Years Ago



山内隆司

Takashi Yamauchi

President and Chief Executive Officer,
Taisei Corporation

Inheriting a History of Tackling Challenges

October 2013 marked the 140th anniversary of the founding of Taisei Corporation. This achievement is entirely due to the unstinting support and patronage of our customers for many years, and I wish to express my heartfelt thanks.

Okura Gumi Shokai, the predecessor of the Group, was founded in October 1873 by Kihachiro Okura. Our journey since then has been a history of persistent efforts and challenges. In 1927, the underground railway between Ueno and Asakusa in Tokyo was constructed through the efforts of Japanese engineers alone. In 1964, we braved severe cold to help construct a meteorological radar base at the summit of Mount Fuji. Such difficult projects enabled society to progress.

This frontier spirit of tackling challenges with an enterprising attitude continues to influence our company. We worked with Turkish construction companies to build the Bosphorus Straits Crossing Railway Tunnel, which opened in 2013. The technical difficulty of this project was so great that the world's prominent construction companies hesitated to become involved, but we completed it in nine years. As a result of the opening of the first railway to cross the Bosphorus Strait, chronic traffic congestion is being gradually eased, thereby greatly improving the environment in Istanbul.

Status of the Mid-term Business Plan

In 2010, Taisei Vision 2020 was formulated as both the long term vision for the Group and the policies to realize that vision. Based on this vision, a Mid-term Business Plan (2012 to 2014) was launched in FY 2012. In this plan, we set five management tasks:

① Construction business: Strengthening of the core

business

- ② Development/improvement of social infrastructure: Contribution to post-earthquake reconstruction
- ③ Overseas business: Establishment of an earnings structure
- ④ Strengthening of initiatives and expansion of business fields to create high added value
- ⑤ Development/improvement of robust business foundations

Initiatives are being taken group-wide to establish a new business structure that 1) promotes social responsibility in the construction industry and 2) creates high added value in accordance with social demands through research, development and projects.

In FY 2013, the second year of the Mid-term Business Plan, major results were achieved in earthquake recovery, such as decontamination work, processing the waste from the disaster, resettlement to higher ground, etc., and in restoring profitability in overseas projects, which had been a concern.

As a result, revenue and profit have increased compared with that of the previous financial year, and interest-bearing debt is steadily shrinking.

This is the last year of the Mid-term Business Plan. Favorable trends include infrastructure investment for the Tokyo Olympics and Paralympics in 2020 and private capital investment on the expectation of economic recovery. On the other hand, we face a shortage of skilled construction labor and rising construction costs, so the business environment does not allow complacency.

We aim to continue strengthening our management initiatives in order to achieve the targets of the Mid-term Business Plan.

Aiming for Greater Corporate Value

Under the Group ideal of "creating a vibrant environment for all members of society", our mission is to contribute to the development of a sustainable society. I believe that we can create corporate value by clarifying and confronting our social issues from the point of view of ESG (environment, society, governance).

We established TAISEI Green Target 2050 as a long-term environmental management target for the year 2050. Specific targets have been set to reduce carbon dioxide emissions, efficiently use resources, and conserve biodiversity.

In order to rapidly carry out research and development in accordance with society's needs, we implemented a 5-year plan in FY 2012 to enhance the facilities of the Technology Center. In FY 2014, we opened the ZEB Building, or zero-energy building, to evaluate energy use.

On the other hand, a major earthquake is predicted for the near future. As preparation, the social infrastructure must be rapidly reconstructed to enhance its ability to withstand the earthquake. Our Group is developing technologies to protect human lives in disasters and to ensure the long-term safety and resilience of buildings and structures.

To solve the skilled labor shortage problem, we are strengthening our links with partner companies (cooperating companies) in order to train workers based on policies formulated by the Japan Federation of Construction Contractors.

Being a Reliable Corporate Group

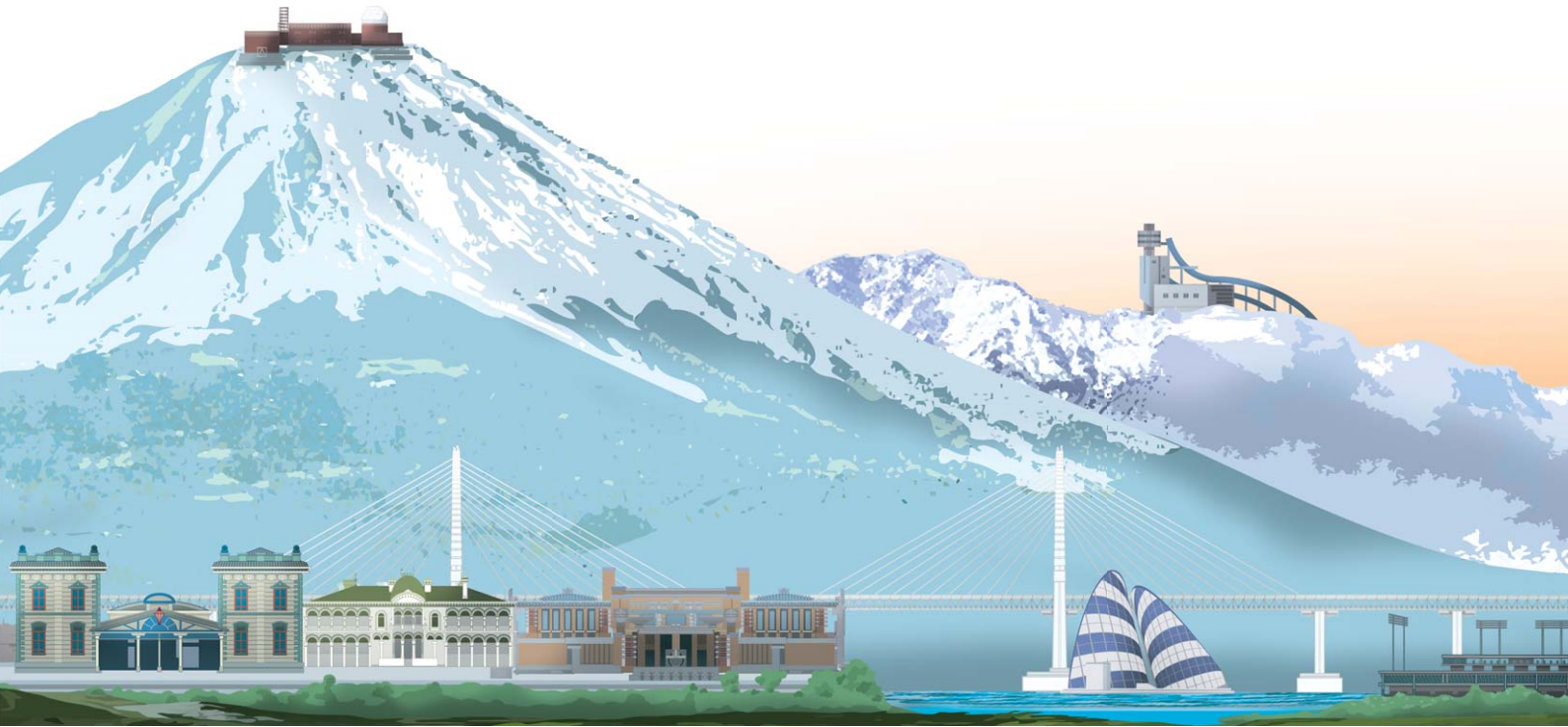
Kihachiro Okura believed that a person or company must have three things in order to grow and carry out actions with a sense of achievement, responsibility and ethical duty towards society: self-help, perseverance and sincerity. Society has greatly changed since that time, but even today, there is a great need for companies to work together as members of society and solve the various problems with social fairness. In the future, we want to earn the trust of all of our stakeholders through our corporate activities and create a corporate Group that serves society.

Consolidated Financial Progress in the Mid-term Business Plan (2012 - 2014)

	Results		Target*
	FY 2012 (1st year)	FY 2013 (2nd year)	FY 2014 (final year)
Operating income	35billion yen	53 billion yen	47 billion yen
Interest-bearing debt	379 billion yen	316 billion yen	Less than 300 billion yen
D/E ratio (No.)	1.0	0.8	1.0

* However, the predicted interest-bearing debt and D/E ratio were amended in the May 2014 announcement of financial results.

Taisei Corporation's Journey over 140 Years



1873 to 1945

Construction projects to support modernization of Japan

- 1873 Kihachiro Okura established Okura Gumi Shokai
◆ Ginza Renga Gai (Ginza Brick Street) [reconstruction]
- 1882 Arc lighting lit in front of Okuragumi Shokai in Ginza
- 1883 ◆ The Rokumeikan building
- 1887 ◇ Nippon Doboku Co., Ltd. [the first corporation in the construction industry]
- 1890 ◆ Lake Biwa Lock and Tunnel

- 1911 Okura Gumi Civil Engineering Department launched
- 1912 ◆ Ujigawa Power Station for Ujigawa Electric Co.
- 1916 ◆ Tokyo urban elevated line from Tokyo Station to Manseibashi to Shin-Tokiwabashi
- 1917 ◇ Okura Doboku Gumi [first stock-type company in the construction industry]
- 1923 ◆ New Imperial Hotel
- 1927 ◆ Tokyo Metro from Ueno to Asakusa [first metro in Asia]
- 1931 ◆ Okura Schanze ski jump
- 1936 ◆ Kawana Hotel Fuji golf course
- 1939 ◆ Special Japanese Pavilion at the San Francisco Exposition

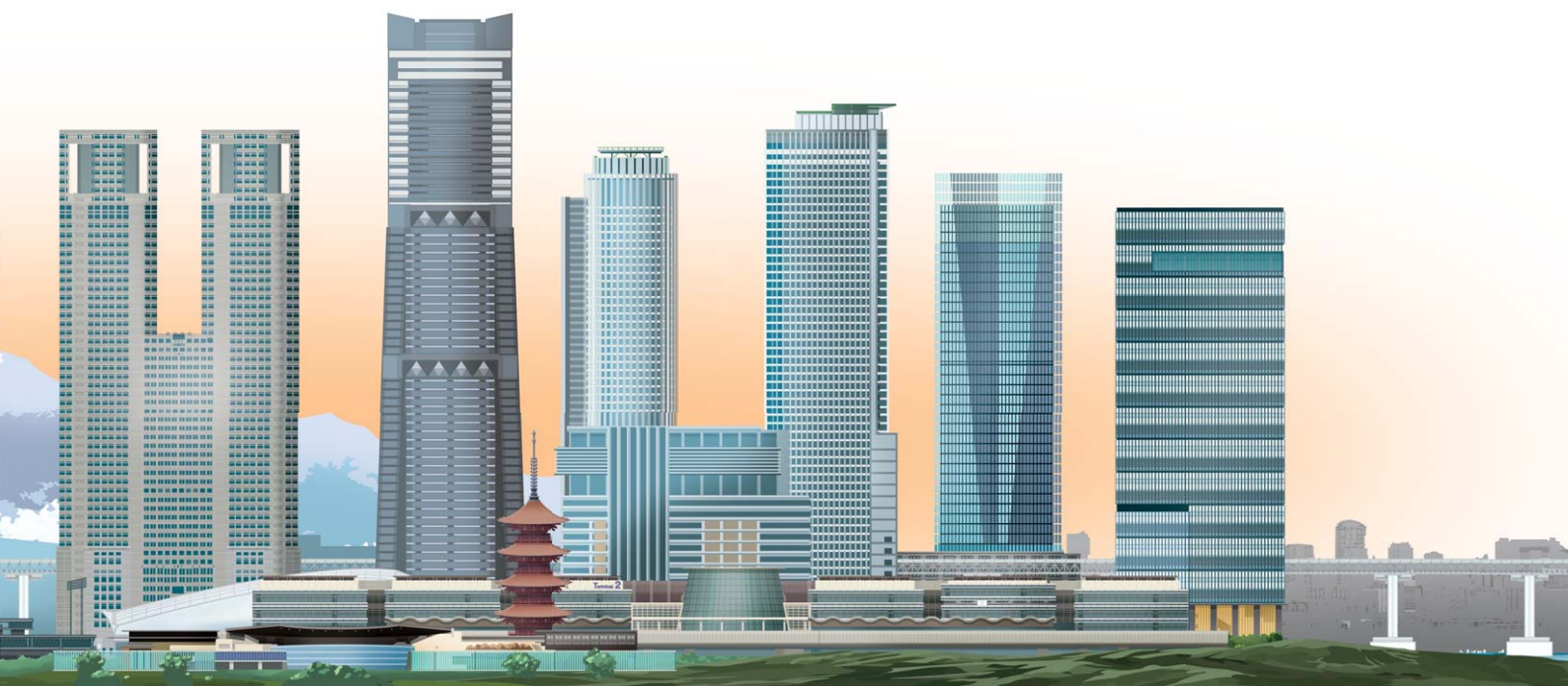
1946 to 1969

From restoration to new growth

- 1946 Name changed to Taisei Corporation
- 1947 Election of President and Directors by employee voting
- 1953 ◇ Yuraku Real Estate Co., Ltd. [currently Taisei –Yuraku Real Estate Co., Ltd.]
- 1955 ◆ Tokyo International Airport (Haneda) Terminal Building
- 1956 ◇ Seiwa Machinery Co., Ltd. [currently Seiwa Renewal Works Co., Ltd.]
- 1957 Listing of shares on Tokyo Stock Exchange [first in the construction industry]
- 1958 ◆ National Stadium (Tokyo) [venue for the third Asian Games]
- 1960 ◆ Technical research center [currently Technology Center]
- 1961 ◇ Taisei Road Construction Co., Ltd. [currently Taisei Rotec Corporation]
- 1962 ◆ Hotel Okura, Tokyo
◆ Hotel Indonesia [first overseas construction project after world war II]
- 1963 ◇ Taisei Prefabrication Construction Co., Ltd. [currently Taisei U-LEC Co., Ltd.]
- 1964 ◆ Hotel New Otani Main Building [first high rise hotel building in Japan]
◆ Mt. Fuji Weather Station
- 1965 ◇ Taiko Setsubi Co., Ltd. [currently Taisei Setsubi Co., Ltd.]
- 1966 ◆ Kyoto International Conference Center

◇ : Established ◆ : Completed construction

2013 marked the 140th anniversary of the founding of Taisei Corporation, the core company of the Group. Since the founding of Okura Gumi Shokai by our founder, Kihachiro Okura in 1873, we have contributed to the development of society through the construction of a safe and comfortable living environment. For the future also we will apply all the energies of our Group to the creation of greater future value.



1970 to 1989

Creation of new technologies and the challenges of national projects

- 1970 ◆ Osaka Expo Fuji Group Pavilion
- ◆ Sanyo Shinkansen Yoshii River Bridge
- 1971 ◇ Taisei Service, Inc. [currently Taisei –Yuraku Real Estate Co.,Ltd.]
- ◆ Okurayama Schanze ski jump [refurbishment]
- 1973 Celebration of 100th anniversary of founding
- 1974 ◆ Hotel New Otani Tower
- ◆ State Guest House [refurbishment]
- 1978 ◆ Qatar Steel Plant
- 1979 ◆ Research Institute moved to Yokohama
- ◆ Shinjuku Center Building [headquarters moved to Shinjuku]
- 1981 ◆ Gulf Cement Factory,USA
- 1983 ◆ Asahan Tangga Hydroelectric power station, Indonesia
- 1985 ◆ UBN Complex, Malaysia
- 1986 ◆ Beijing Shangri La International Hotel, China
- 1987 ◆ Seikan Tunnel [world's longest]
- ◆ Hilton International Hotel Colombo, Sri Lanka
- 1988 ◆ Cirata Hydroelectric Power Station, Indonesia
- ◆ Sheraton Grande Torrey Pines, USA
- 1989 ◆ Kansai International Airport land reclamation

1990 to 2014

Care for the environment, contributing to safety and security of society

- 1991 ◆ Tokyo Metropolitan Government Main Building No. 1
- 1997 ◆ New Kuala Lumpur International Airport Malaysia
- ◇ Taisei Housing Corporation
- 1999 ◆ Subaru Telescope, Hawaii ,USA
- ◆ Expressway 2, Taiwan
- 2001 ◆ Ilo Coal-Fired Power Plant, Peru
- 2003 ◆ Indus Highway Project(N-55), Kohat Tunnel and Access Roads, Pakistan
- 2006 ◆ UNIMAS (University Malaysia Sarawak) Development Project
- ◆ Bangkok Industrial Ring Road, Cable-stayed Bridges, Thailand
- 2008 ◆ The Palm Jumeirah Submarine Tunnel, Dubai, UAE
- ◆ Bali Beach Conservation Project, Package IV: Shore ProtectionWork for Kuta Beach, Indonesia
- ◆ Coal Unloading jetty and Connecting Bridge, Taiwan
- 2009 ◆ Djibouti Kempinski Hotel 11
- ◆ Jimah Coal Fired Power Station, Malaysia
- ◆ Al Mas Tower, Dubai , UAE
- 2010 ◆ Improvement of Kararo-Wadh Section of National HighwayN-25, Pakistan
- ◆ Yas Island South Crossing Tunnel
- 2012 ◆ Taisei-Yuraku Real Estate Co., Ltd.
- 2013 ◆ New Doha International Airport, Qatar
- ◆ Bosphorus Strait Crossing Railway Tunnel,Turkey
- 2014 ◆ Otemachi Tower, Tokyo

1873 to 1945

Construction projects to support the modernization of Japan

Under the conviction and passion of our founder, Kihachiro Okura, many pioneering projects were successfully completed, contributing to modern national construction in Japan.

The founder, Kihachiro Okura

Kihachiro Okura was born in Shibata, Echigo (Niigata) at the end of the Edo Era. At the age of 18 he went to Tokyo, and successively tried his hand at various new businesses of the times, such as building contracts, Western goods, trading, etc. In 1873 he established Okura Gumi Shokai, the first trading company by a Japanese person. He undertook direct importing and construction of buildings, gathered around him talented engineers, and successfully carried out major constructions such as the Rokumeikan Building, Usui Tunnel, Hakodate Dock, etc. In addition he launched various types of project, such as electrical power, gas, brewing, hotels, schools, etc., which were major achievements for the modernization of Japan.



Ginza Brick Street Restoration

● 1873
This was a project to regenerate and restore Ginza, which had been burned down in a fire, using incombustible bricks.



Lake Biwa Lock and Tunnel

● 1890
This was a pioneering modernization project constructed so that the water of Lake Biwa could be used for water transport and power generation, etc.



Tokyo Metro (between Ueno and Asakusa)

● 1927
This was the first underground railway in the orient. A pioneering construction method was used for underground excavation that ensured that road traffic could flow above.



1946 to 1969

From restoration to new growth

After passing through the post-war period of chaos, the company made a new start as Taisei Corporation, undertaking post-war restoration work and the development of the regenerated Japan.

The Birth of Taisei Corporation

In 1946 the predecessor of the company, Okura Doboku, was thrown into a crisis that threatened the company's existence, with the order to dissolve zaibatsus (financial conglomerates). Before this Okura Doboku had changed its name to Taisei Corporation to make a new start, and in 1947 the President and Directors were elected by employee vote, an unprecedented method of voting for the President and Directors. In addition, an employee shareholding system was instituted in which employees could buy shares in the company.

National Stadium

● 1958
This was a major athletics stadium constructed for the Third Asian Games. After refurbishment it was used as the main stadium for the Tokyo Olympics (1964).



Hotel Indonesia

● 1962
This was our first post-war overseas project. At the time this was the only international class hotel in Indonesia, so 30 years later in 1993 it was declared to be a historical asset of Jakarta City.



Japan's First High-rise Hotel Building Hotel New Otani Main Building

● 1964

This was Japan's first 1,000 room class international hotel, constructed in conjunction with the Tokyo Olympics held in 1964. In order to realize high-rise building (height 60 m or more), the challenge of constructing a hotel with a flexible structure was undertaken for the first time in Japan. The techniques used here were successively adopted on the group of taller high-rise buildings in Shinjuku, and widely used elsewhere.



1970 to 1989

Creation of new technologies and the challenges of national projects

We participated in many national projects, and undertook the challenges of improving our technical and overall capabilities, in order to respond to diversified construction needs.

Birth of the New Technology Center

In 1979 our Research Institute (currently the Technology Center) which was the center for research and development in the company, was transferred to and re-opened in Totsuka-ku, Yokohama City. In addition to being equipped with the most advanced testing equipment, such as large structural testing equipment for measuring the strength of concrete, etc., an open layout was adopted without partitions in the research rooms, in order to produce research that expands beyond specialist fields, aiming for an open research institute.



Shinjuku Center Building

● 1979

This was constructed as the culmination of all the technology on high-rise building construction accumulated to that time. In 2009 it was the first to implement retrofit measures against long period seismic motions.



Malaysia UNB Complex

● 1985

This is a multi-purpose high-rise building consisting of a hotel, offices, and apartments, 31 stories above ground constructed in the capital city, Kuala Lumpur. In 1982 we opened a sales office in Malaysia, and in this period overseas construction expanded, as we won several large scale construction projects in Malaysia.



Singapore Mass Rapid Transit, Singapore

● 1987



National Project to Link Honshu and Shikoku

North and South Bisan Seto Bridges

● 1985

The giant anchorages (concrete blocks) with a height of 103 m for anchoring the main cables of the North and South Bisan Seto Bridges were constructed in the sea. Under the severe conditions with rapid tidal currents and deep water, the sea bottom was excavated 10 m down to construct the foundations, and a total of 290,000 m³ of concrete was poured to construct the bridge piers. Although the company had much experience in marine civil engineering, this was a construction project on which our technologies were exhibited to the full.

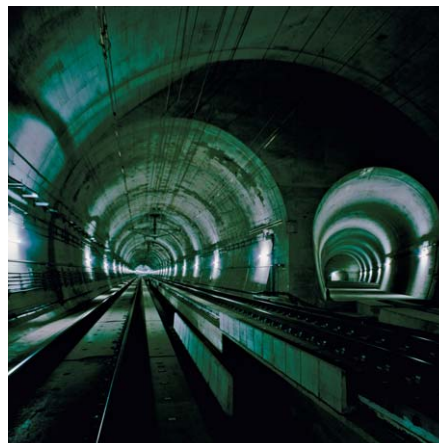


Unprecedented Construction in the History of Civil Engineering in Japan

Seikan Tunnel

● 1987

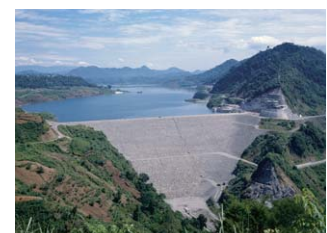
At the time of opening, this was and currently remains the world's longest operational railway tunnel. The construction took 24 years. The scale was unprecedented in the history of civil engineering in Japan, with a total of 14 million workers having been involved in the work. The company was responsible for the Yoshioka construction sector on the Hokkaido side. New technologies that rewrote the history of civil engineering were successively developed, demonstrating that our technology for long tunnels under the sea was at the world's top level.



Cirata Hydroelectric Power Station (Indonesia)

● 1988

This was the largest national project in Indonesia at the time. It is still the largest source of electric power on Java Island.



Care for the environment, contributing to safety and security of society

We are contributing to the development of a sustainable society by actively undertaking measures to solve environmental problems, and providing measures to protect society and lifestyles from disasters.

Formulation of new corporate ideals, action guidelines and symbol mark

The new corporate ideal "to create a vibrant environment for all members of society" was introduced in 1990, as concern over environmental problems increased worldwide. The orange, blue and green in the symbol mark represent a bright future, outstanding technology and rich nature respectively, symbolizing the company strongly continuing with our corporate activities, while maintaining equilibrium with the natural environment.



Tokyo Metropolitan Government Building No. 1

● 1991
This building is the symbol of Tokyo the international city, rising out of the new urban center. It has been provided with high seismic resistance, and is equipped with intelligent functions that were the most advanced at the time.



Yokohama Landmark Tower

● 1993
This high-rise building was once the highest in Japan. It has played the leading role in the development of the Minato Mirai 21 area.



Trans-Tokyo Bay Highway

● 1997
Trans-Tokyo Bay Highway has a total length of 15.1 km and connects Kawasaki City and Kisarazu City via an undersea tunnel, an artificial island and a bridge. The company was responsible for the shield tunnel on the Kawasaki side and the artificial island. The Kawasaki artificial island was the base for commencement of the undersea shield tunnel, and after the tunnel was opened, a ventilation facility was constructed on the artificial island. Overcoming the problems of soft soils below the seabed in 25 m depth of water was a major task. The ventilation tower that is suggestive of the sails of a yacht is a monument to that construction over 9 years.



Environmental Design that Increases the Local Charm Sapporo Dome

● 2001
Sapporo Dome was developed on the remains of a broad agricultural testing station on the outskirts of Sapporo. During this construction, 8,000 trees were replanted and a waterside environment was created to ensure biological continuity with the broad rich green land, and in addition a natural grassland was cultivated. In a survey carried out after the construction, it was confirmed that there was more flora and fauna inhabiting this area compared with before construction.



New Kuala Lumpur International Airport, Malaysia

● 1997
The modern form and functional design was carried out by the Japanese architect, the late Kisho Kurokawa. The company constructed the main terminal.



Indus Highway Project (N-55), Kohat Tunnel and Access Roads, Pakistan

● 2003
We opened a Liaison office in Pakistan in 2002. At that time our business expanded mainly with civil engineering projects, starting with the Kohat Tunnel.



Palm Jumeirah Undersea Tunnel

● 2010
This is an undersea tunnel connecting the tip of the palm tree-shaped main island and the outer ring crescent island. Our environmental management work to conserve marine life was highly evaluated, and was widely covered in the local newspapers.



Aiming to Create Future Value

We aim to create future value by promoting technical innovations in response to the problems associated with changes in society.

Long-term Business Plan for Sustainable Development

Formulation of Taisei Vision 2020

●2010

In 2010 all the Directors of the Group re-formulated the system of ideals to enable a sense of unity in the Group, that was clear and easy to understand and could be shared. Also, the "Taisei Vision 2020" was formulated as the long-term business plan within the new system of ideals that would serve as a signpost to achievement of the future aimed for 10 years hence. At present a Mid-term Business Plan (2012-2014) is being implemented, which reflects the main policy measures of this vision.

The World's First Hybrid Runway

Tokyo International Airport (Haneda) Runway D

●2010

Runway D at Haneda Airport has a hybrid structure that combines a reclaimed land portion with a jetty portion, so as not to block the flow at the mouth of the Tama River. The deck of the jetty portion uses a type of high strength fiber reinforced concrete known as Ductal, to increase both strength and durability. Also, a large scale production system for about 200,000 m² of Ductal deck slabs was established, a first in the world.



Aiming for Creation of Innovative Technologies

Expansion of the Technology Center Facilities on a 5-year Plan

●2012

As interest in the disaster prevention and energy fields has increased rapidly and to strengthen our system of developing new technologies in response to these needs, since 2012 the facilities of the Technology Center are being expanded on a 5-year plan. In 2014, a Zero Energy Building (ZEB) will open with the aim of demonstrating and creating urban-style ZEBs. In addition, a construction ICT building for demonstrating mechanized construction and remote control technologies and a tsunami experimental facility, etc., are being newly established, to promote the creation of innovative technologies.



New Doha International Airport Terminal Building (Qatar)

●2013

This is a hub airport constructed to the world's highest levels in Qatar. This project was successfully completed by bringing together our know how cultivated in the construction of many airports.



Bosphorus Straits Crossing Railway Tunnel (Turkey)

●2013

This project is said to have been the earnest wish of the Turkish people for 150 years. It was completed by overcoming many technical tunneling challenges for the first time in the world.



The Otemachi Tower

●2014

This project aimed to achieve urban renewal and renewal of nature. At the base of the high-rise building a green area was created with a form close to that of a natural forest.



For a Better Future, We aim to Create New Value Through our Projects

Taisei Corporation Group has established a new business structure to create higher added value, aiming to be a corporate group that develops sustainably. Through this process, we contribute to the creation of a sustainable society, fulfilling our responsibility to solve social problems through the use of our technologies, human resources and know how.

Response to social problems and environmental problems

Environmental problems

(energy efficiency, CO₂ reduction)



Response to large scale disasters



Development of social infrastructure



Response to the Growth of the Company

Taisei Vision 2020

We aim to be a company that creates high added value, that establishes new business structures, and that is sustainably developing as we approach 150 years since the company was founded.

Mid-term Business Plan (FY2012-2014)

Basic Policies

1. Fulfillment of social responsibilities imposed on the construction industry
2. Establishment of a business structure for the creation of high-added value

▶ Details P33

Group Action Guidelines

In order to realize the Group Ideal and the Taisei Spirit, activities are continuously implemented to spread and establish the Group Action Guidelines among officers and employees.

Individual Policies

- Safety and Health Policy
- Quality Policy
- Environmental Policy
- Procurement Policy, etc.

▶ Details P34

TAISEI Green Target 2050

Long term environmental management targets

▶ Details: Data Book P8

Creating new value with technologies, human resources, and know how

Business Structure of the Taisei Corporation Group

Civil Engineering

Construction of structures such as tunnels, bridges, roads, dams, nuclear decontamination work, renewal projects, etc.

Creating social infrastructure to support people's lifestyles and industry, to harmonize with the environment, and that can be handed down to the next generation

Building Construction

Construction of facilities such as airports, offices, commercial facilities, factories, hospitals, etc., housing projects, demolition and renewal projects, etc.

Construction of buildings and facilities using research and development and technologies for a safe, secure, and low carbon society based on recycling

Real Estate Development

PFI projects, redevelopment projects, land use, property management, condominium projects, etc.

Proposing urban renewal plans using our unique methods and know how on diverse schemes

Other Businesses

* Tasks identified by the Taisei Corporation Group

Bosphorus Straits Crossing Railway
Immersion of tunnel element



Aokigawa Bridge



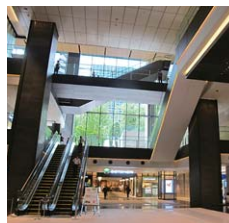
Shield machine for the Shirako River underground flood control reservoir



Noi Bai Airport, Vietnam



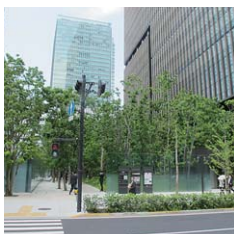
Ultra high strength CFT columns in Otemachi Tower



Demolition by TECOREP system



Otemachi Forest



The Otemachi Tower



Real estate services and solutions

Contract research, providing technologies, environmental measurements, etc.

We provide the ideal solutions for each phase

Introducing our main achievements

Introducing construction completed in recent years and ongoing construction.

Civil Engineering P15-P19

- Message from Mr. Kimura, General Manager of the Civil Engineering Division
- Bosphorus Straits Crossing Railway Tunnel, etc.

Building Construction P20-P24

- Message from Mr. Murata, General Manager of the Architecture & Engineering Division
- Noi Bai International Airport, Vietnam, etc.

Real Estate Development...P25-P28

- Message from Mr. Kanai, General Manager of the Urban Development Division
- Otemachi Tower, etc.

Taisei Corporation Technologies and Services..... P29-P30

- Taisei Corporation's urban-style Zero Energy Building (ZEB), etc.

Initiatives of the Taisei Group of Companies P31-P32

Taisei Corporation Group CSR / Corporate Date..... P33-P40

Financial Section P41-P75

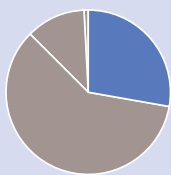
- Explanation and Analysis of Business Results/ Risk Information/ Consolidated Balance Sheets, etc.
- Independent Auditors' Report/ International Business Network

Civil Engineering

Outline of segment

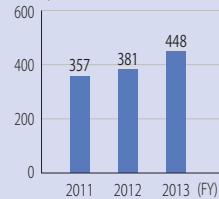
Percentage of sales

27.9%



Trend in sales

(billion yen)



Sales **448.1 billion yen** Operating income **32.5 billion yen**

Construction of structures such as tunnels, bridges, roads, dams, decontamination work, renewal projects, etc.

Sales increased, the same as for the company and consolidated subsidiaries, increasing by 17.6% to 448.1 billion yen. Also, as a result of the increase in sales and improvement in gross margin on sales, the operating income has increased by 236.4% to 32.5 billion yen.

Number of employees (percentage employees) 3,743 (27.5%)

* The outline of the segment states the values for results, including sales between segments, etc.

Developing Strategic Technologies to Provide High Added Value



Hiroyuki Kimura

Executive Vice-President and Representative Director;
Chief of Civil Engineering Division and Deputy Chief of Corporate Planning Office

In the Civil Engineering Division, we construct various infrastructure facilities in accordance with the changes in the times and business environment. To respond to these diverse needs, we pour our efforts into developing strategic technologies. To further strengthen this business infrastructure, we promote technologies for constructing underground structures, technologies for high-speed construction of dams, maintenance and renewal technologies such as replacement of bridges, information sharing technologies using iPads, and CIM* initiatives, etc. As a result, in 2013 we completed construction of the Metropolitan Expressway Central Circular Route Shinagawa Line in a speed with long distance excavation that was unprecedented in the world with a sole shield machine, the Aokigawa Bridge on the New Tomei Expressway which was awarded as a design and construct contract, etc. We overcame various problems based on our extensive construction experience and reliable technologies, receiving high evaluation from customers.

We are also expanding our business field in the world. In the Bosphorus Straits Crossing Railway Tunnel project which was completed in 2013, we succeeded in directly connecting different types of tunnel, which was the first in the world. Our overall accomplishments in providing good construction processes and quality by utilizing advanced technology and undertaking difficult construction was highly evaluated, and we received many awards such as the Japan Industry and Technology Award-Prime Minister's Award, and the Japan Society of Civil Engineers' Technology Award.

Using this technology and know-how we contributed to the maximum extent to the recovery and restoration from the Great East Japan Earthquake in 2011. As a part of the works, we are engaged in many social infrastructure restoration projects, such as radioactive decontamination work ordered by the Ministry of the Environment and local governments, related works to Fukushima No. 1 Nuclear Power Plant, group relocation for disaster mitigation for UR Higashi Matsushima and Kesenuma, etc.

In the future we intend to continue to enhance our design capability, pass experience to the next generations, and develop our technologies..

* See P30

Contributing to a secure power supply in Taiwan through the construction of an enormous jetty extending 2 km offshore

This jetty extends 2.2 km offshore, and was constructed to provide docking and unloading capability for coal ships of up to 150,000 dwt as well as transport facilities for Taiwan Power Company's coal-fired power plant outside Kaohsiung city. This large-scale jetty construction was undertaken in Taiwan's coastal area of typhoon-prone seas, requiring full implementation of Taisei's most advanced marine engineering know-how.

Coal Unloading Jetty and Connecting Bridge

Client : Taiwan Power Company
Design : Union-Tech Engineering Consultants Co.
Completion : April 2008
Location : No. 125, Minzhi Rd., Qieding Dist., Kaohsiung City 852, Taiwan



Kingdom of Thailand's first twin cable-stayed bridges relieving traffic congestion

Taisei constructed this pair of steel and concrete long-span hybrid cable-stayed bridges across the Chao Phraya River. These bridges form part of the Industrial Ring Road that connects the Center of Bangkok to the outlying districts. The bridges contribute to economic development in the area by significantly shortening transport time between the southern industrial district and the city of Bangkok, where goods previously had to be transported by ferry.

Bangkok Industrial Ring Road, Cable-stayed Bridges

Client : Ministry of Transport, Kingdom of Thailand
Design : Mott MacDonald JV
Completion : August 2006
Location : Prapadaeng, Samutprakarn, Bangkok City, Kingdom of Thailand



The Southern Highway is also an important factor for peacebuilding in Sri Lanka

The Southern Colombo Highway, the first genuine motorway in Sri Lanka, was completed in November 2011. The construction started in 2006, and extends 100km from Colombo to Galle, a famous world-heritage sightseeing city situated on the southwestern tip of Sri Lanka. The completion of this highway has led to considerable tourist development and the subsequent flow of foreign currency, as well as an increase in local employment. This in turn contributes to the elimination of poverty and closing the wealth - gap between regions.

Southern Transport Development Project-Package 2

Client : Road Development Authority (Sri Lanka)
Design : Oriental Consultants Co., Ltd.
Completion : November 2011
Location : Dodangoda-Kurundugahetekma Sri Lanka



Bali Beach Conservation Project including protection of corals

Artificial beach nourishment work was carried out on the Indonesian island of Bali to protect the sand beach in Kuta district from erosion and simultaneously safeguard the landscape of this major tourism resource. Shore protection was performed by evenly laying sand taken from the seabed and removing unnecessary sea banks and tetrapods. This environmental project also transplanted corals within the reef (35,000 m²) as part of an environmental conservation measure. At present, the lively beach is attracting many tourists and local residents.

Bali Beach Conservation Project, Package IV: Shore Protection Works for Kuta Beach

Client : Ministry of Public Works of Indonesia
Design : Nippon Koei Co., Ltd. JV
Completion : December 2008
Location : Kuta District, Bali, Republic of Indonesia



A Partner in Turkey's 150 Year Dream

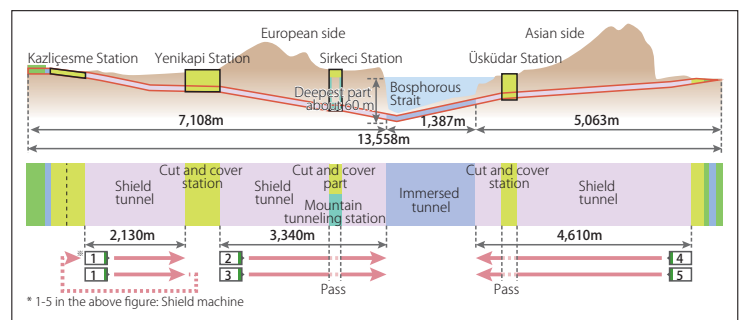
The Bosphorus Straits Crossing Railway Tunnel has been constructed as a national project of the Republic of Turkey. An undersea tunnel is said to be a "150 year dream", envisaged since the time of the Ottoman Empire. The Bosphorus Strait which connects Asia and Europe divides Turkey's main city Istanbul into two, and has been an obstacle to traffic from ancient times. With economic development in recent times traffic congestion and atmospheric pollution have become more serious, so in August 2004 work on construction of a railway tunnel that is capable of large volume transport commenced supported by a yen loan from the Japanese Government. This is a giant project implemented by a joint venture of Taisei Corporation together with 2 Turkish construction companies, with a total length of about 13.6 km. The most advanced tunneling techniques were used for constructing the tunnel: the approximately 1.4 km undersea tunnel was constructed by the immersed tunnel method, and the on-land tunnel was constructed by a combination of the shield tunnel method and the NATM method, etc. This was a difficult project requiring construction under severe and highly difficult natural environmental conditions and detailed response to conservation of archeological and historical structures, but the railway was opened on 29th October 2013 on the 90th anniversary of the proclamation of the Republic of Turkey. The opening ceremony was attended by both Prime Minister Erdoğan and Prime Minister Abe.



Recipient of the Prime Minister's Award

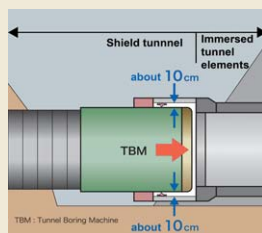
Bosphorus Strait Crossing Railway Tunnel

- Client** : General Directorate of Railways Ports and Airports Construction (DLH), Turkish Ministry of Transport
- Design** : Taisei, Gama, Nurol JV
- Partial opening** : October 2013
- Location** : Istanbul, Republic of Turkey



Technology Window

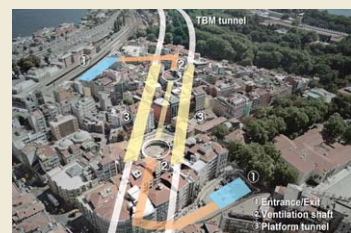
The undersea tunnel was constructed by the immersed tunnel method in which concrete elements are immersed to the bottom of the sea and joined. Immersion to a depth of 60 m from the surface of the sea, the world's deepest, for an immersed tunnel was achieved using IT, etc., to deal with the complex and rapid tidal currents in the Bosphorus Strait. In addition, the undersea tunnel (immersed tunnel method) and the land tunnel (shield tunnel method) were directly connected under the sea. This is the first time in the world that this was accomplished, and it required great accuracy and safety. On the other hand the portion of the tunnel on land was carried out by the shield method, excavating underground with a shield machine, and by the NATM method at the densely built up area around Sirkeci Station. The ideal construction methods were adopted taking into consideration the locality which contains many historical structures as well as the effect on buildings.



Direct connection of different types of tunnel (schematic diagram of connection between shield tunnel and immersed tunnel element)



World's first working vessel for constructing RC immersed tunnel element on the sea and immersing them



The NATM method was used for construction below the built up area around Sirkeci Station, due to restricted operating land

OUR STORY >>> “By combining all our efforts, we accomplished everything up until opening”



This project was an engineering, procurement, and construction contract (EPC contract*). We were responsible for virtually everything up until opening of the railway, from determining the alignment of the underground railway, the configuration of services and systems, preparation of maintenance and operation manuals, and training. In addition, this was a site that required the greatest care and bold ideas, such as marine operations in the strait under complex currents, excavation of tunnels under historic buildings that have degraded with time, etc. Of these, what made it possible to safely and reliably complete such a large scale construction was the culture of resolutely taking up new challenges, and comprehensive technical capability such as design, construction, IT, etc. I feel that this is a project that has demonstrated to the world the capabilities of Taisei.

HIDEMI OHMI Senior Managing Executive Officer In charge of Marmaray Project BC1

OUR STORY >>> “We Realized a Bold Design and Construct Proposal”



In EPC contracts, normally the contractor plans everything based on the requirements of the customer. The specification to satisfy the required function is determined and proposed by the contractor. From an early stage we strove to gain the client's confidence. In the beginning we sensed an atmosphere of doubt regarding the design departments of general contractors, which are rare in Europe, but I believe we demonstrated our strengths by effectively undertaking both the design and construction. In this case there were many technical challenges, so from the design stage there was close communication with the Construction Division. Searching for specific methods of realization and sharing ideas from the stage of determining the specification was a contributor to the success of the project. The proof of this is the fact that the confidence of the client suddenly increased after seeing the product.

MASAHIKO TSUCHIYA Design Project Manager

OUR STORY >>> “Appropriate Prior Studies make successful results”



A feature of the tidal currents in the Bosphorus Strait is that they are greatly affected by the weather, so forecast of the tidal current changes are difficult. It was essential to develop a system to forecast the tidal currents for safe operation of immersed tunnel installation. This system uses IT to deliver analysis forecast data based on monitoring site data. The data delivered via the web shows the tidal currents for a continuous 36 hours. Before commencement of construction work, we researched the available technical papers and conducted many hydraulic physical models at the Technology Center, but the truth is we had concerns until we started work on site. However, as measurement data accumulated the forecast accuracy also increased, so we became more confident. Also, we keenly felt the need for logic and suitable explanations through managing the Turkish staff and negotiating with the client. I believe that developing the skills of each member of staff will lead to further overseas expansion.

KAZUNORI ITO Construction Manager

OUR STORY >>> “I have Grown Greatly as an Engineer and a Manager”



After being involved in all processes of the immersed tunnel from production of the elements to the immersion operation, I was transferred to the Design Department where I was responsible for work supervision and communication and coordination with other relevant organizations. Having experienced a wide range of work, I have been able to obtain overall project management knowledge. I have worked to be able to contribute to the maximum extent, by responding to the instructions of my bosses and avidly absorbing knowledge. This was my first experience of construction of an immersed tunnel, so initially I was unsure whether I could perform my work well, but seeing the success with my own eyes gave me great confidence. For the future I want to further study technologies, share my knowledge and experience with my colleagues as a manager, and accumulate many more marvelous successes like this one.

TOLGA PULAK Construction Engineer, IMT Div.

* One of the forms of contract for construction such as buildings, factories, power stations, etc. It indicates a construction project contract that includes design (engineering), procurement and construction.

Excavation of Ken-Ō Expressway Tunnel Connecting the Tokyo Area

This is a road tunnel between Hayamajima and Ogura in Midori-ku, Sagami City on the Sagami Transverse Road as part of the Ken-Ō Expressway, located at a radius of 40 to 60 km from the center of Tokyo. The tunnels in both directions, each 2.1 km long and 73 m² internal cross-sectional area, were excavated by the NATM method. Ground improvement work was also carried out at the sag (the depression between the downward slope and upward slope).

Sagami Traverse Hayamajima Tunnel

- Client** : Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism
- Design** : Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism
- Completion** : February 2014
- Location** : Sagami City, Kanagawa Prefecture



Achieving Rationalization through Consistent Management of Design and Construction

This is a long span bridge as part of the New Tomei Expressway. The project was implemented by the design and construct method, the first time for the client, Central Nippon Expressway Company Ltd. The structural form was determined from the given conditions: a corrugated steel web box girder superstructure and hollow bridge piers using high strength reinforcement. The bridge was constructed in a short period of time using advanced technologies such as installation of a temporary platform for environmental considerations, construction of large blocks using a very large traveling erection gantry, etc.

New Tomei Expressway Aokigawa Bridge

- Client** : Central Nippon Expressway Company Ltd., Nagoya Branch
- Design** : Taisei-Oriental Shiraishi Joint Venture (design and construct)
- Consultants** : Chuo-Fukken Consultants Co., Ltd., Nippon Koei Co., Ltd., Oriental Consultants Co., Ltd., Yokohama Consulting Center
- Completion** : May 2013
- Location** : Okazaki City, Aichi Prefecture



Large Scale Underground Flood Control Reservoir to Protect the City from flash or heavy rainstorms

This is a flood control reservoir for temporarily storing water during a flood, in response to short localized downpours of rain of recent years. A shield tunnel internal diameter 10.0 m and about 3.2 km long was constructed along Mejiro Dori Avenue, and when there is a rise in water levels the tunnel can receive water from both the Shirako River and the Shakuji River. This is the first case of a flood control reservoir being connected to several rivers in Tokyo. The storage capacity is 212,000 m³, corresponding to a rainfall of 50 mm in 1 hour.

Shirako River Underground Flood Control Reservoir (No. 5)

- Client** : Tokyo Metropolitan Government Bureau of Construction (No. 4 Construction Office)
- Design** : Tokyo Metropolitan Government Bureau of Construction
- Completion** : January 2014
- Location** : Nerima-ku, Tokyo



Contribution to the improvement of the railway system in Singapore

The longest metro in Singapore, Downtown Line, with 40 kilometers in length and a total of 33 stations, is currently under construction over a separated period of three terms. The 907 work package, which we built in the first term (completed in 2013), was constructed under an all-in contract including the downtown metro, as well as the west and east sides of the open-cut tunnel, and completed on September 30, 2013. On December 21, the day it commenced its operation, an opening ceremony was held with Prime Minister, Lee Hsien Loong, as a guest of honor.

Southern Contract 907 Construction and Completion of Landmark Station Including Associated Tunnels for Downtown Line

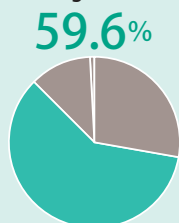
- Client** : Land Transport Authority of Singapore
- Design** : AECOM Singapore Pte Ltd.
- Completion** : September 2013
- Location** : Marina Bay area, Singapore



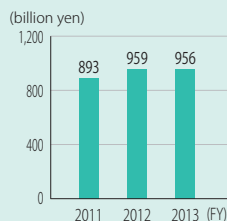
Building Construction

Outline of segment

Percentage of sales



Trend in sales



Sales **956 billion yen** Operating income **(8.9) billion yen**

Construction of facilities such as airports, offices, commercial facilities, factories, hospitals, etc., housing projects, demolition and renewal projects, etc.

Although sales were generally the same as last year at 956 billion yen, as a result of a poor gross margin on sales the operating income was a loss of 8.9 billion yen (19.2 billion yen profit in the previous financial year).

Number of employees (percentage employees) 7,787 (57.3%)

* The outline of the segment states the values for results, including sales between segments, etc..

Bringing Together our Building-related Technologies to Exhibit our Total Capability



Yoshiyuki Murata

Managing Executive Officer, Chief of Architecture & Engineering Division (Integrated);
Chief of Building Construction Division;
Deputy Chief of Corporate Planning Office

In the Building Construction Division, we undertake the construction of various types of facilities, such as offices, housing complexes, as well as accommodation, commercial, medical and welfare, nuclear power, production, traffic, education, sports, theaters and other facilities.

The strength of the company's Building Construction Division is its total capability. We place great store on bringing together the various departments such as design, procurement, environment, engineering, etc., and organically combining our advanced technologies and extensive know how to realize innovative ideas as buildings having quality and functionality. Also, based on the results, we develop new technologies that will be useful for the future.

Development of the company's unique advanced technologies is proceeding, and some of the construction technologies that we are proud of include the group of ultra high strength concrete technologies "T-RC+", the vibration control system "TASMO" for high rise RC buildings, seismic isolation technologies such as urban-style small displacement seismic isolation, etc. Precast concrete is produced by the company's PC factory at Namegawa, Chiba, providing a system that enables a stable supply of products produced with advanced quality control. In addition, great freedom of design and shorter construction time can be achieved by applying precast concrete to various projects, utilizing the characteristics of the PC members. In overseas projects also, we have been expanding mainly through large projects in which we can exhibit our total capability, as represented by the Noi Bai International Airport Terminal Building in Vietnam.

With the prospect of continuing demand for building due to restoration from the earthquake disaster, strengthening the national land, holding the Tokyo Olympics and Paralympics in 2020, etc., we are actively working to solve the shortage of engineers, which is a nationwide problem. Employees are encouraged to improve their skills through education and training for young staff members and acquiring qualifications, etc. Also, measures such as formulation of a rational work flow on construction sites, promotion of a system of appropriate wages for skilled construction labor and registration in social insurance, etc., are being implemented with the cooperation of our partner companies (cooperating companies), in particular Souyukai, to speed up the establishment of a production system appropriate for modern times.

Introducing our main achievements

700,000 KW 2 units power station that provides electricity to the metropolitan area

Taisei's wealth of experience and unique know-how in design and construction is showcased in this large-scale power station in Malaysia.

Jimah Coal Fired Power Station

Client : Sumitomo Corporation
Design : Taisei, IHI, Toshiba
Completion : June 2009
Location : Negeri Sembilan, Malaysia



A luxury hotel completed in just nine months

This five-star hotel was constructed in the city of Djibouti, the capital of the Republic of Djibouti in eastern Africa. It was designed and built in the remarkably short time of only nine months, finished in time for an important international conference for the leaders of the State Summit of The Common Market for Eastern and Southern Africa (COMESA).

Djibouti Palace Kempinski Hotel

Client : Nakheel Properties
Design : Taisei Corporation
Completion : November 2008
Location : Djibouti, Republic of Djibouti



A new high-rise building with a height of 360 m

With 68 floors rising up to 360 m above ground level, the Al Mas Tower has become a landmark in the Jumeirah Lake Tower development area in Dubai.

Al Mas Tower

Client : Nakheel Properties
Design : WS Atkins & Partners Overseas
Completion : December 2009
Location : Dubai, United Arab Emirates



Seismic base-isolated high-rise apartment building designed to provide greater safety for more people

A high-rise apartment building located in the heart of Taiwan's third largest city Taichung has gained prominence as a high-class apartment building with a seismic base-isolated structure.

Apartment Building in Taiwan

Client : Highwealth Construction Corporation
Design : Darong Architects and Planners
Completion : April 2011
Location : Taichung, Taiwan



Constructing a gateway to the sky for the increasing number of passengers

Taisei and Vinaconex, Vietnam's largest construction company, have formed a joint venture for the construction of Terminal 2 at Noi Bai International Airport in Hanoi, Vietnam, which will be the country's largest airport terminal when completed. Servicing routes with 36 airlines to 15 cities in Vietnam and 53 cities overseas, the airport handles over 6 million passengers per year. Terminal 2 was planned to accommodate an increasing number of passengers with a capacity of 10 million passengers per year. Taisei is shouldering the expectations of the Vietnamese people as we engage all-out to complete construction by the end of 2014.

NOI BAI INTERNATIONAL AIRPORT TERMINATION 2 CONSTRUCTION PROJECT

Client : Airports Corporation of Vietnam (ACV)
Design : Japan Airport Consultants, Inc. (JAC)
Completion : December 2014
Location : HA NOI, VIET NAM



OUR STORY >>> Working together with multinational staff



In addition to the construction of the airport terminal building, the entire terminal equipment systems are included in our scope of works which are normally awarded separately to each manufacturer in other projects and this requires expert knowledge. With a Vietnamese client, Japanese consultant, and subcontractors from many countries including Vietnam, Japan, China, the Netherlands, France and Singapore, we are working hard to ensure that information is shared at the earliest opportunity with key staff while optimizing the staff assignment and being mindful to give clear instructions and to follow-up those instructions. Although there are frequent design changes requested by the client, we respond flexibly to them based on the contract conditions as we leverage expertise based on abundant experience with airport construction with the aim to complete the project on schedule.

YOSHIAKI TAKIMOTO Project Manager

OUR STORY >>> Constructing the facilities that determine the functionality of the airport



As properly functioning airport facilities are the basis of airport operation, the construction of these facilities is a heavy responsibility. As diverse systems are integrated in complex ways inside an airport, we are working to reduce the risks of this integration as much as possible.

In this project we recreated the actual communication environment inside a temporary building to verify integration among the systems. Although this marked our first such effort, the approach has greatly shortened the on-site testing and commissioning process.

MASAHIRO KANO Senior MEP Manager



I am in charge of the fuel supply system, airport information system, passenger boarding bridges and other airport terminal equipment. Organically integrating these facilities is important for smooth airport operation and experience counts in

conducting the entire design. Construction of the central function of the airport is a highly motivating work. Through the project, we hope to further expand our knowledge and contribute to the Company's accumulation of expertise.

MASARU IWABUCHI Senior Engineer, Engineering Division

Birth of a New Symbol in Minato Mirai

This is the largest scale commercial facility in the Minato Mirai area, based on the concept of "life entertainment mall". It is directly connected to Yokohama Minato Mirai Railway Company's "Minato Mirai Station", which has direct interconnecting operation with 5 railway companies, and besides restaurants and shops targeting a wide range of ages, a fruit orchard and vegetable garden have been provided on the rooftop. It is expected to be a new landmark.

MARK IS Minato Mirai

Client : MM Development Special Purpose Company
Design : Mitsubishi Estates Co., Ltd.
Completion : May 2013
Location : Nishi-ku, Yokohama City, Kanagawa Prefecture



Construction of a Local Medical Treatment Center to Cope with Population Growth

This is a general hospital for the Toyosu area to cope with the problem of increases in population associated with redevelopment. This hospital will be a base in the event of a disaster, so seismic performance as well as the environmental performance have been ensured. During construction, surplus soil was transported by sea, utilizing the features of the locality, out of consideration for the nearby community. This hospital was completed in May 2014 as a "hospital that is friendly to women and children".

Showa University Koto Toyosu Hospital

Client : Showa University Koto Toyosu Hospital
Design : AXS Satow Inc.
Completion : December 2013
Location : Koto-ku, Tokyo



The Challenge of Urban Development Incorporating Multiple Functions

This project is high-rise condominium block constructed as part of a redevelopment project integral with the Ohashi Junction of the Shinjuku Line of the Metropolitan Expressway Central Circular highway. The portion above ground uses ultra high strength concrete and a vibration control structure, ensuring ample space by keeping the column cross-sections small. A rich green environment is created by directly connecting to a rooftop aerial garden on Ohashi Junction.

Cross Air Tower

Client : Tokyu Land Corporation, Tokyu Corporation, Mitsui Fudosan Residential Co., Ltd., Taisei-Yuraku Real Estate Co., Ltd.
Design : Taisei Corporation
Completion : January 2013
Location : Meguro-ku, Tokyo



Completion of A New Vaccine Research and Manufacturing Building

This is a new vaccine research and production building for the manufacture of Cell Culture influenza vaccines. In addition to incorporating high efficiency high quality production services utilizing the company's pharmaceutical technologies based on our extensive experience throughout Japan, laminated rubber seismic isolation devices have been introduced as a measure against earthquakes. This is expected to be a mass production facility that is also capable of producing the customer's existing products.

Kitasato Daiichi Sankyo Vaccine Co., Ltd.

Client : Kitasato Daiichi Sankyo Vaccine Co., Ltd.
Design : Taisei Corporation, Nihon Sekkei, Inc.
Completion : July 2013
Location : Kitamoto City, Saitama Prefecture



Constructing IT Infrastructure with High Safety and Environmental Efficiency

This project is a data center, a facility for information processing, constructed in Mitaka. Various energy efficient technologies were adopted on this facility, as well as introducing urban-style direct external air cooling for the first time in the Tokyo area. Emergency generators were installed, and high reliability and safety were realized using the company's proprietary seismic isolation method, in preparation for disasters.

MCC Mitaka Building, South Building

Client : Mitsubishi Corporation
Design : Taisei Corporation
Completion : September 2013
Location : Mitaka City, Tokyo



Transmitting the History and Spirit of Jingu Shikinen Sengu

This is an exhibition hall introducing the history of "Shikinen Sengu", a Shinto ceremony performed at Ise Shrine once every 20 years, and the techniques of constructing shrines, etc. The exhibition hall was constructed within the Outer Shrine boundary (Geku) for the occasion of the 62nd Shikinen Sengu in 2013. The symbolic large roof is made from 11.5 cm long cast iron with no joints, produced for Sengu Hall. The slope of the roof also is at 45 degrees, the same as the Inner Shrine (Naiku) and the Outer Shrine (Geku).

Shikinen Sengu Commorative Hall

Client : Jingu Shikinen Construction Office
Design : A. Kuryu Architect & Associates Co., Ltd.
Completion : March 2013
Location : Ise City, Mie Prefecture

Recipient of the 54th BCS Award



As a symbol of the recovery of the fishery town

The tsunami-resistant refrigerator-freezer facility was constructed in Onagawa Town, Miyagi Prefecture, funded by the Qatar Friendship Fund. The facility adopted a new structure by which the exterior walls of the first floor come off when the facility is hit by tsunami, so that the tsunami passes through it, thereby withstanding a Tsunami Level 1*. The facility, functionally and elegantly designed to offer the ease of evacuation and resumption, is known familiarly as a symbol of the recovery of the community.

Refrigerator-freezer facility (MASKAR) of Onagawa Fish Market Buyers Cooperative

Client : Onagawa Fish Market Buyers Cooperative
Design : Taisei Corporation
Completion : September, 2012
Location : Oshika County, Miyagi Prefecture

Recipient of the Good Design Award



Renewal of the Home of Japanese Representative Art

This was a large scale refurbishment of the Tokyo Metropolitan Art Museum, which was constructed in 1975 to a design by Kunio Maekawa. A new restaurant was constructed and convenience and comfort were improved by making the museum "barrier-free", while maintaining the image of the existing building by baking tiles with the same color as the existing tiles, etc. The air conditioning and lighting services were also renewed to improve their function as an art museum and for energy efficiency.

Tokyo Metropolitan Art Museum (renewal Project)

Client : Tokyo Metropolitan Government
Design : No. 1 Facility Conservation Section, Building Conservation Department, Tokyo Metropolitan Government Bureau of Finance, and Mayekawa Associates

Completion : January 2012
Location : Taito-ku, Tokyo

Recipient of 23rd BELCA Award, Best Reform category



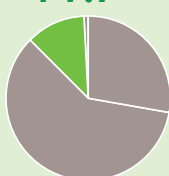
* Tsunami whose approximate frequency of occurrence is once a century.

Real Estate Development

Outline of segment

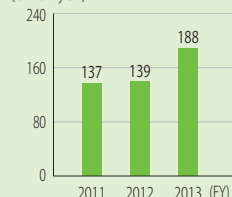
Percentage of sales

11.7%



Trend in sales

(billion yen)



Sales **188.4 billion yen** Operating income **27.9 billion yen**

PFI projects, redevelopment projects, land use, property management, condominium projects, etc.

As a result of dividends associated with the sale of large projects, etc., sales increased by 35.5% year on year to 188.4 billion yen, and operating income increased 391.4% year on year to 27.9 billion yen.

Number of employees (percentage employees) 1,925 (14.2%)

* The outline of the segment states the values for results, including sales between segments, etc.

We Undertake Everything from Project Support to Urban Renaissance with our Accumulated Know How and the Group's Power



Katsuyuki Kanai

Managing Executive Officer;
Chief of Urban Development Division

In the Development Division, we provide solid support for our customers' projects from the project planning stage by using our urban development know-how such as offering profitable development plans, support for discussions with authorities on urban planning and obtaining development permits, and coordination with stakeholders. In redevelopment, which is the company's strongest field, we are involved in about 20% of shopping street redevelopment projects throughout Japan, and our achievements in PFI are also top class. Also in recent years, the demand is increasing for refurbishment of aging buildings that were constructed during an earlier period of high economic growth, for which we propose to customers more efficient facility development, by obtaining a higher floor area ratio or relaxation of building regulations, etc.

Besides these development business activities using our development know-how, we undertake development projects of our own as project promoter. We undertake a wide range of development projects ranging from office buildings such as Ochanomizu Sola City and Otemachi Tower, to Taisei-branded condominiums in collaboration with our subsidiary Taisei-Yuraku Real Estate Co., Ltd. The greatest strength of the Development Division is that we have a company-wide support system for operation and management after completion, as well as the construction, and not only for our own development projects.

It is considered that there will be a step up in urban and infrastructure development for the 2020 Tokyo Olympics and Paralympics, so we need to deal with the problems of the city, such as supporting disaster resistance.

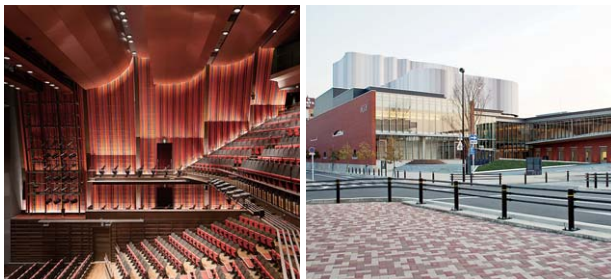
Introducing our main achievements

An Art and Cultural Exchange Facility that Incorporates Specialist Knowledge

This is an art and cultural exchange facility developed by Toyohashi City by the PFI method. A consortium led by Taisei Corporation has undertaken the design and construction, and will maintain the building for 15 years. Specialist techniques in theater construction are incorporated, and an arch design with a brick wall was adopted for the external view along the road. A sustainability "CASBEE" Aichi S rank was obtained through measures such as the use of LED lighting, etc.

Honokuni Toyohashi Arts Theater PLAT

Genre : PFI
Client : Toyohashi Art and Culture Project Support Co., Ltd.
Design : Koyama Hisao Kenchiku Kenkyusho / Taisei Corporation JV
Completion : April 2013
Location : Toyohashi City, Aichi Prefecture



Multi-faceted Support for a Public-Private Sector Joint Redevelopment Project

This is a multi-purpose high-rise condominium block constructed on the West side of JR Ōtsu Station. It is a densely built-up area redevelopment project implemented integrally with a land readjustment project implemented by Ōtsu City, which is rare in Japan. Taisei Corporation supported the implementation of various aspects of the project since 2008 as a project cooperating company and a designated project representative, such as contribution to the association operation funds, administrative bureau work, implementation of construction, etc., as well as acquiring reserved housing floor area as a participating member.

COCOLAS Ōtsu

Genre : Redevelopment
Client : Ōtsu Station West side Urban Redevelopment Association
Design : Research Institute of Architecture
Completion : November 2013
Location : Ōtsu City, Shiga Prefecture



Providing the Value of "Higher Safety and Security"

This is a condominium block for which everything was undertaken by the Taisei Group from planning, design, construction and management, with Taisei Corporation and Taisei-Yuraku Real Estate Co., Ltd. as the project promoters. A seismic isolation structure using the Hybrid TASS method was adopted, a fireproof store is provided on each story, and windows floor-to-ceiling of about 2.3 m height are provided, etc., in the pursuit of a secure, safe, and comfortable city center lifestyle, thereby providing the "Value of Higher Safety and Security" in accordance with the concept of the Taisei condominium brand.

Ober Akashicho Residences

Genre : Condominium project
Client : Taisei Corporation, Taisei-Yuraku Real Estate Co., Ltd.
Design : Taisei Corporation
Completion : March 2014
Location : Chuo-ku, Tokyo



Development and Operation of an Advanced Research Complex Facility

This is a research facility implemented by Kawasaki City by the PPP method, located in the Tonomachi district (King SkyFront) adjacent to Haneda Airport. It aims to realize life and green innovation in cooperation with the industrial, academic, public and private sectors. Taisei Corporation has undertaken all work from design and construction and will manage the facility for 20 years, to form an advanced research center utilizing private sector know how.

Kawasaki Life Science & Environment Research Center (LiSE)

Genre : In-house development
Client : Taisei Corporation
Design : Taisei Corporation
Completion : December 2012
Location : Kawasaki-ku, Kawasaki City, Kanagawa Prefecture

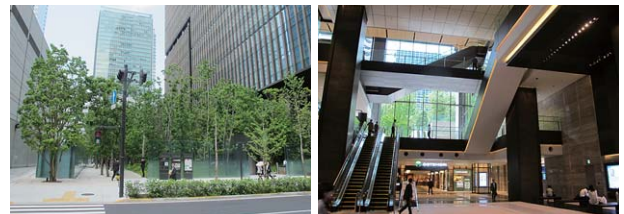


Birth of an International Business Center Surrounded by a Genuine Forest

This is a new landmark born in Otemachi where large scale redevelopment is underway with the aim of strengthening international competitiveness. A new integrated center for international exchange that includes offices, a hotel, commercial facilities, etc., was developed using the Special Urban Renaissance District method by Taisei Corporation and Tokyo Tatemono Co., Ltd. as project promoters.

The 2 buildings that were formerly on the site were demolished, and a high-rise multi-use building 38 stories above ground, the highest in the Otemachi area, was constructed. Besides providing offices for the Mizuho Financial Group and others, Aman Resorts are scheduled to occupy the top stories with a world-class luxury hotel. The underground commercial area "Ootemori" is directly connected to Tokyo Metro's Otemachi Station Tozai Line and Marunouchi Line passageways.

The major feature of this development is the 3,600 m² green area named "Otemachi Forest" on the equivalent of 1/3 of the site. A genuine forest was reproduced in the business district by creating a mixture of trees suitable for the area, based on the theme of regeneration of nature while regenerating the city. The heat island effect is mitigated by forming a cool spot, and an ecological network is formed by linking with the green area of the Imperial Palace. Also, a pedestrian space is created that is continuous from Marunouchi and Otemachi, to Kanda, helping to vitalize the area.



Otemachi Tower

- Client** : Mizuho Trust & Banking Co., Ltd.
- Design** : Taisei Corporation
- Construction completed** : April 2014
- Location** : Chiyoda-ku, Tokyo

Technology Window

Development of The Otemachi Tower commenced with the demolition of buildings. The "Tecorep System" was used to safely demolish the building reducing noise and dust, by covering the whole building. The engineers developed this system were awarded several prizes including the Prime Minister's Award. To form the forest, a "preforest" was developed in advance in Kimitsu City, Chiba Prefecture under the same conditions. Trees were planted in accordance with the plan for soil undulations and tree density and types, etc., and about 3 years after verification the trees and plants were transplanted. Also, ultra high strength CFT columns (steel tubular columns filled with ultra high strength concrete) were adopted for the large space of the atrium from the B2F to 3F. In this way the safety of pedestrians and a comfortable underground space were ensured.



First case of application of the new demolition method "Tecorep System"



Planting experiments in the "Peforest" (about 1,300 m²) (Kimitsu City, Chiba Prefecture)



Ultra high strength CFT columns supporting the atrium

OUR STORY >>> "A Site that Everyone Challenged" It Could Only be Done Here"



This was such an innovative plan that I thought "it could only be done here". No matter how much I prepared, it was a constant battle with unexpected matters on the construction site. In particular, many things were tried out for the first time in this project, so many advance verifications and site tests were carried out at the design stage, in preparation for all kinds of risks. On the other hand, the safety and quality of the construction was supported by the steady accumulation of the efforts of each and every individual. At its maximum, about 2,500 people worked on the site. To ensure that we were advancing with everyone facing in the same direction, the goals were clearly defined, and we ensured that there was close communication. The work on this project was very worthwhile, with so many new challenges. I expect that this experience led to the growth of the young staff members in particular.

YOICHI TAKASE General Project Manager

OUR STORY >>> "I Completed a Daring Project Like No Other"



In the Special Urban Renaissance District system, special measures are applied such as relaxation of the floor area ratio in accordance with the degree of contribution to the district. At the planning stage not only that the function and quality of the building would be at the highest level, but also creation of new value for the area was needed. At this location what was highly evaluated was not compliance with uniform criteria, but contribution, rooted the area so day after day we discussed everything ranging from how to form a pedestrian network to the effect of creating a forest. As a result we received the highest ever floor area ratio designation of 1,600%. I am proud that our accumulated urban development know-how was highly evaluated as a contribution to urban renaissance, and led to the realization of this pioneering scheme.

SHUNSUKE SATO Manager, Urban Development Division

OUR STORY >>> "The Responsibility and Satisfaction of Giving Shape to a Concept"



It is the mission of design to enable a development concept to be realized. The concept of "Otemachi Forest" which is also the symbol of this project was born in order to realize "regeneration of nature while regenerating the city". By using the company's ecological planning capabilities which analyze the relationship of people and community in a multi-faceted manner, the idea of creating a forest in Otemachi adjacent to the Imperial Palace, and realizing a green network stretching towards the East side of Tokyo, where development is proceeding. In addition, an atrium was provided directly connected to Otemachi Metro Station where 5 lines intersect. By providing the forest on a sloping surface natural light can be incorporated, thereby providing an open space that does not seem to be underground. It gives me great satisfaction as a designer to know that these ideas have been materialized as a place that gives many people pleasure.

AKIRA TAGUCHI Group Leader, Architectural Design Group, Design Division

OUR STORY >>> "A Natural Forest from the Trees to the Grass"



We were very particular in creating "Otemachi Forest" in order to reproduce a natural forest. We undertook to create a forest rooted in this area that can continue for more than 100 years, not an orderly artificial forest. Therefore, we prepared environmental records with the local properties and natural vegetation scientifically linked. The species of trees were selected based on the advice of specialists. Not only the trees, but also the grasses covering the ground were reproduced. Monitoring continues at present to ensure that the forest created is cultivating properly. It is expected that in the future this will contribute to conserving biodiversity and mitigating the heat island effect, as well as improving intellectual productivity by the refreshment effect. My wish is that this city center forest will provide many people with more tranquility.

NAOKO HANITA Chief Manager, Environmental Planning & Assessment Sect. Environment Division

Introduction to Innovative Technology Development to Solve Society's Problems and Diverse Solutions to Respond to Customers' Needs

Taisei Corporation's Urban-style Zero Energy Building (ZEB)

Taisei Corporation is aiming to realize an "urban-style ZEB", which is unprecedented in the world. This "urban-style ZEB" will overturn traditional concepts, and is a new concept of building that can provide a comfortable interior environment, while controlling the energy balance of the building to zero over the years. In the "urban-style ZEB", we are undertaking technological development based on 3 fundamental concepts in order to achieve the change from energy conservation to zero energy.



The ZEB Demonstration Building at the Technology Center. It was the first building in Japan to obtain the highest 5-star rank in the Building Energy-efficiency Labeling System (BELS)

Technologies introduced into the "ZEB Verification Building"

Low brightness task & ambient lighting system

- By combining a natural light system with ultra high efficiency LED indirect lighting the feeling of brightness in the interior is achieved
- High efficiency downward-facing LED lighting is controlled using motion sensors to determine whether a person is present or absent
- The lighting environment on the desk surface is adjusted in accordance with preferences using soft light from organic EL task lighting

T-Light Cube

- Natural light is illuminated onto the ceiling surface, which reduces the feeling of glare while increasing the feeling of brightness in the interior
- With a fixed structure, direct sunlight at various elevations throughout the year can be brought into the building
- The light reaches deep into the interior, not just around the windows, so the lighting energy is minimized

Task & ambient air conditioning system using waste heat

- Chilled water is produced with an adsorption refrigerator effectively utilizing low temperature waste heat of fuel cells
- A comfortable environment is provided and drive power is reduced by radiative air conditioning of the building structure
- Both comfort and energy efficiency are achieved by selecting the air flow rate to suit an individual's preference and control of external flow rate with seat occupancy information

T-Fresh Air

- Opening and closing of windows is determined using measurement data such as wind and external air temperature, room temperature, location of people, etc.
- A comfortable interior thermal environment is controlled by the intake of external air

Organic thin film solar panel external wall units

- Application of organic thin film solar panels to wall surfaces, utilizing their characteristics
- The color can be selected or changed because the material is organic
 - The freedom of form and dimension is increased by using the roll-to-roll system
 - Constructability is improved because it is lightweight, and can be integrated with the building materials

Urban-style small displacement seismic isolation

- Realization of seismic isolation that ensures the maximum building area in densely built up urban areas
- The seismic isolation clearance is kept to within 30 cm by switching oil dampers
- Ensures safety in a major earthquake and feeling of security in small and medium earthquakes

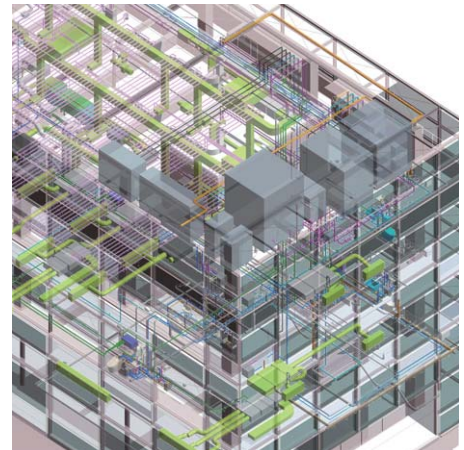
Increasing Productivity

Building and Civil Engineering Design Solutions using BIM and VR/CIM

We are working on using BIM and VR/CIM for greater quality. BIM (Building Information Modeling) is a 3-dimensional virtual model of a building constructed within a computer, in which all the attribute information required for design, construction and maintenance of each member is recorded, and currently we use it on about 70% of our design projects. By coupling this with virtual reality (VR) technology, interior and exterior views of the building can be visually represented, thereby creating greater added value in a wide range of activities such as planning, design and maintenance. In the civil engineering field also, Construction Information Modeling (CIM) is being introduced as a revolutionary tool using ICT equipment and systems and 3-dimensional data models, to increase productivity in the civil engineering industry.

Development of Next-generation Unmanned Construction System with Automatic Control of Construction Machinery

We are developing an autonomous control system in which by just inputting the work instructions, a construction machine can determine the status of the work using various sensors provided in advance, and complete the work without human intervention. This system is being verified on actual machines. The development for commercial application is being implemented in a 3 year plan from FY 2012 with assistance from the Ministry of Land, Infrastructure, Transport and Tourism.



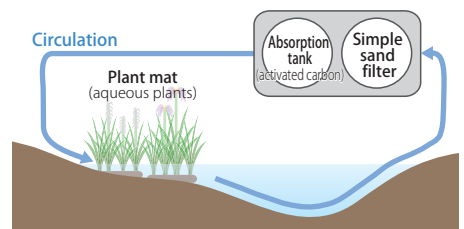
BIM of the Technology Center ZEB Building

Measures for Conservation of Water Quality and Energy Efficiency

Preserving water bodies in the city

A system has been developed for conservation of water quality taking biodiversity into consideration, to enable waterside areas such as ponds, etc., to be habitats for wildlife in cities. By effectively using an absorbent made from natural material, the extreme growth of algae by nutrient enrichment is suppressed, and the ecosystem can be conserved and good views can be created.

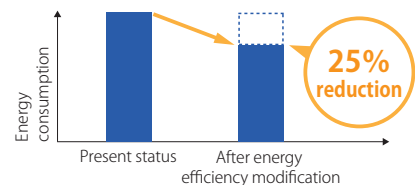
(A joint development with Nisshoku Corporation)



Aquatope Concept Diagram

"Energy Saving Diagnosis Solution" that has Achieved Building Energy Efficiency

The company's engineers with expert knowledge implemented an energy efficiency diagnosis for identifying issues in the present status of a building, with a view to improving the energy efficiency of an existing building. Based on the diagnosis results, we propose energy efficient modifications with excellent environmental efficiency, functionality and economics.



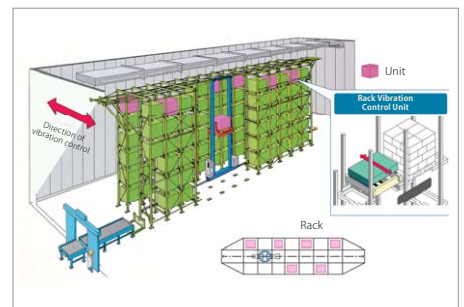
Seismic Countermeasures

"Rack Vibration Control Unit" to Speed up Recovery of an Automatic Warehouse after an Earthquake

This easy to install device has been developed and applied as an earthquake countermeasure for newly built or in-service multi-level automatic warehouses. By installing the unit it is possible to prevent stored goods from falling in an earthquake of seismic intensity "6 weak" (japanese scale) and long term stoppage of operation.

Spherical Panorama Image System "T-Siteview" and Seismic Strengthening of Ceilings "T-Ceiling"

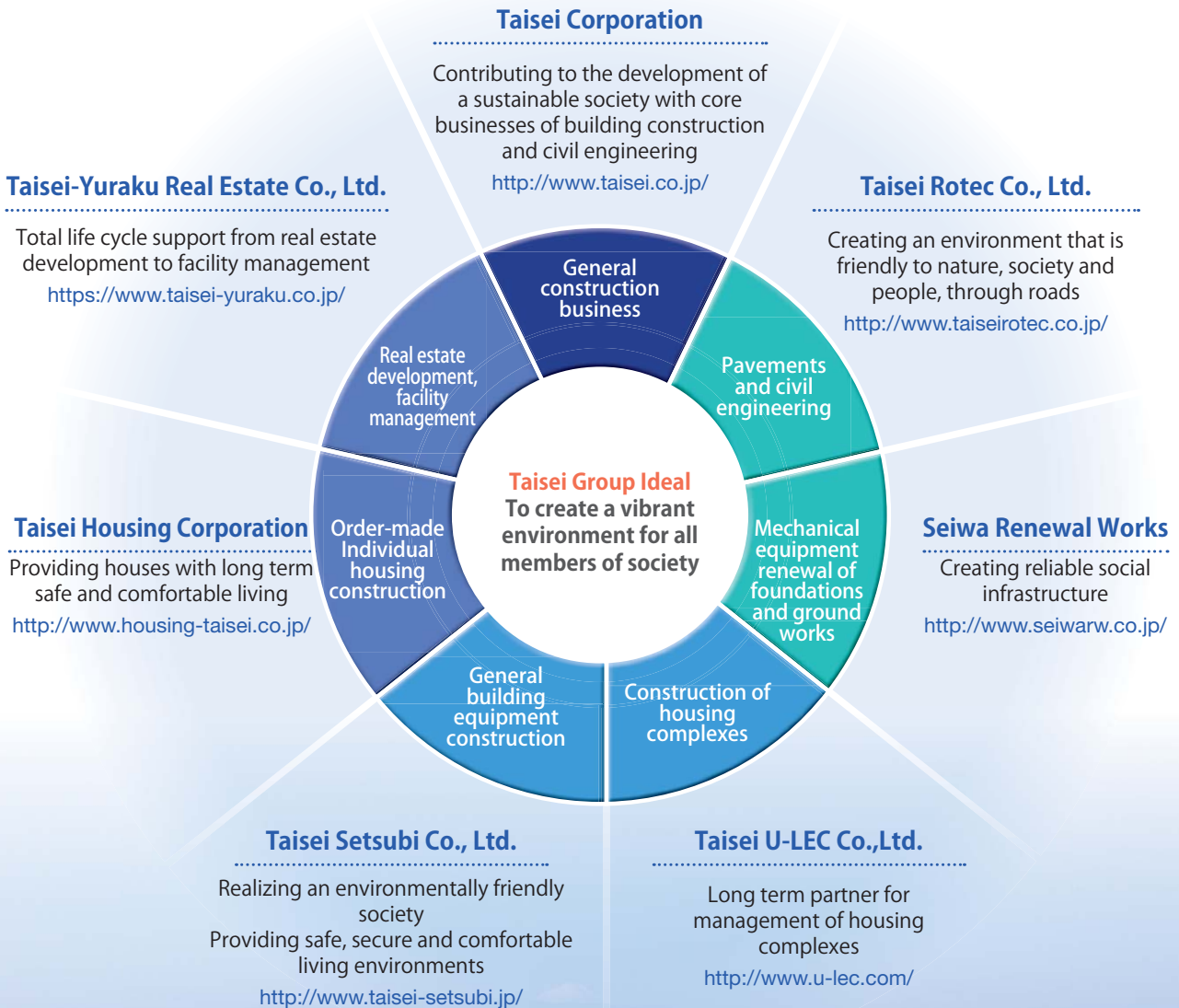
A spherical panorama image system has been developed that enables measurement of the status of services equipment or ceiling members, etc., within the ceiling space of a building in a short period of time and a 3-dimensional view to be produced, and it is being used for surveying and recording ceiling spaces. It enables the status within ceiling spaces and measures to be taken to be determined with a greater feeling of being present, which in the past was difficult with static images. Also, the system is being used for planning and implementing countermeasures to prevent collapse by seismic strengthening of ceilings, based on incidents in which ceiling members have dropped out and collapsed in the Great East Japan Earthquake.



Rack Vibration Control Unit

Group Company Initiatives

Providing New Value to meet the Various Needs in Society



Taisei Rotec Co., Ltd.

Preventing the Heat Island in Cities using Pavement Technologies

Taisei Rotec has developed heat island countermeasure technologies from the approach of pavements. "Coolway" (thermal barrier pavement) is a pavement with a thermal barrier paint applied to the surface to reflect sunlight, and "Coolroad" (water retaining pavement) is a pavement that loses heat when water within the pavement evaporates, thereby preventing the rise in temperature of the pavement, and reducing the amount of heat emitted into the atmosphere from the pavement at night time. At Expo 2005, Coolroad received the "Eco-Tech Award".



Coolway technology applied to Kanda-Surugadai Dori

Taisei U-LEC Co., Ltd.

Providing Living Spaces with earthquake Resistance and earthquake Isolation Performance

With the increasing awareness of companies for BCP and increasing need for safe and secure living spaces, we have started to sell "Palogue X Premium" with an added earthquake isolation function that combines our own high earthquake resistance PC construction method with the Taisei Corporation Hybrid TASS structural method (compound earthquake isolation method). The high earthquake resistance PC construction method is a wall-type precast reinforced concrete construction incorporating our proprietary technology used since founding the company. We provide housing complexes with superior safety and security.



The ideal matching of PC construction method with the Hybrid TASS structural method

Taisei Housing Corporation

Providing Safe, Secure, and Comfortable individual Housing

In 2014 it is 45 years since the introduction of Palcon, the wall-type reinforced concrete structure which has strongly come through several disasters in the past. Taisei Housing Corporation carries on the individual housing business developed using the concrete technology and know how of Taisei Corporation. Our greatest mission is to spread throughout Japan housing that protects people from the Japanese climate, which changes rapidly, and many disasters such as earthquakes, etc., to contribute to a society that is strongly resilient to disasters.

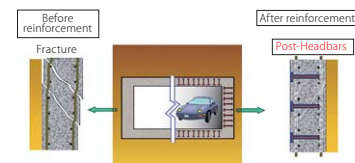


"Palcon Wall" which was the recipient of a Good Design Award in FY 2013

Seiwa Renewal Works

Contributing to Renewal of Existing Infrastructure with the PHb Construction method

The PHb construction method has been developed and is being applied to a wide range of applications ranging from underground structures such as tunnels to above ground structures such as sluice gates, etc. This construction method enables shear strengthening to be effectively applied to existing underground concrete structures from the inside which were difficult to strengthen conventionally. As the aging of infrastructure becomes a problem in society, we are contributing to the creation of safe and reliable social infrastructure through our renewal works.



Seismic strengthening of existing underground structures produces strength with excellent mechanical performance

Taisei Setsubi Co., Ltd.

Providing Building Equipment Renewal for Energy Efficiency

We provide energy efficient building equipments and systems in the 3 fields of environmental control plumbing and electrical systems. In addition to reducing initial costs using subsidies from the Ministry of Land, Infrastructure, Transport and Tourism, etc., running costs are reduced by 15 to 20% by the use of high efficiency air conditioners and LED lighting, etc. We aim to reduce the environmental load by reducing the use of limited resources and reducing CO₂ emissions.



The energy efficient hot water heater EcoCute is installed in the caregiving facility "St. Joseph's Garden"

Taisei-Yuraku Real Estate Co., Ltd.

Supporting both Hard and Soft Aspects of Disaster Prevention

"SONA-YELL 'family disaster prevention' / 'disaster prevention for everyone'" is being introduced to strengthen disaster prevention initiatives for life in condominiums. By utilizing the unique strength of the integrated developer and building manager system, a disaster prevention manual is distributed and support is provided for community formation, taking into consideration the building structure and earthquake resistance. In this way we provide wide-ranging support for both the hard and soft aspects of disaster prevention countermeasures, thereby supporting safe and comfortable living

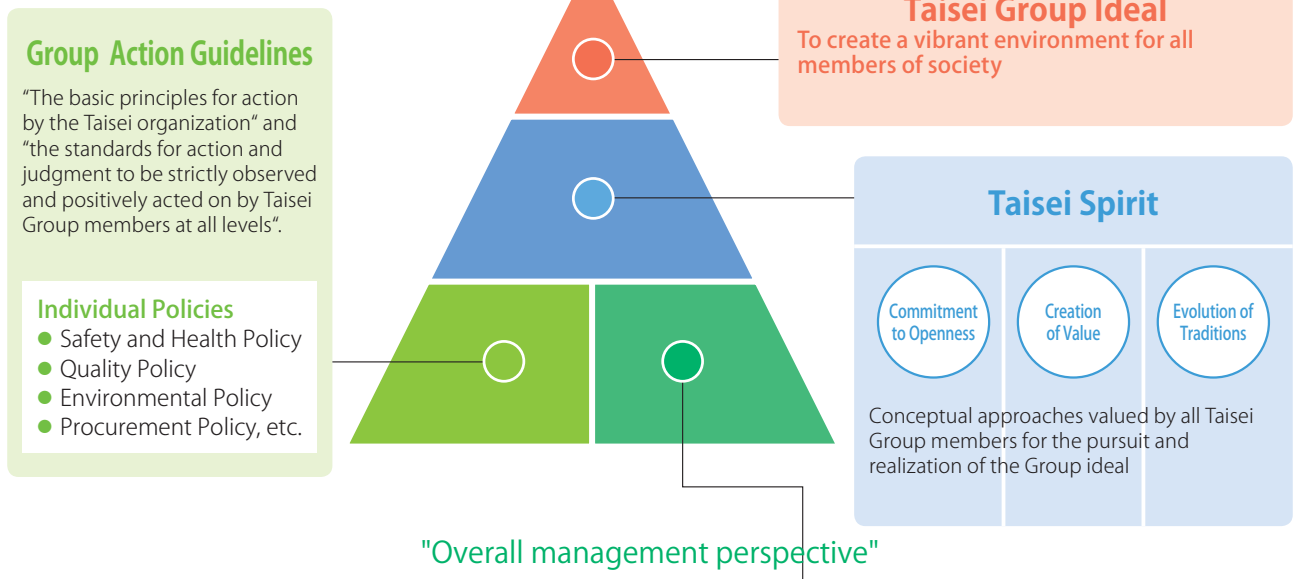


"SONA-YELL", the recipient of a Good Design Award in FY 2013

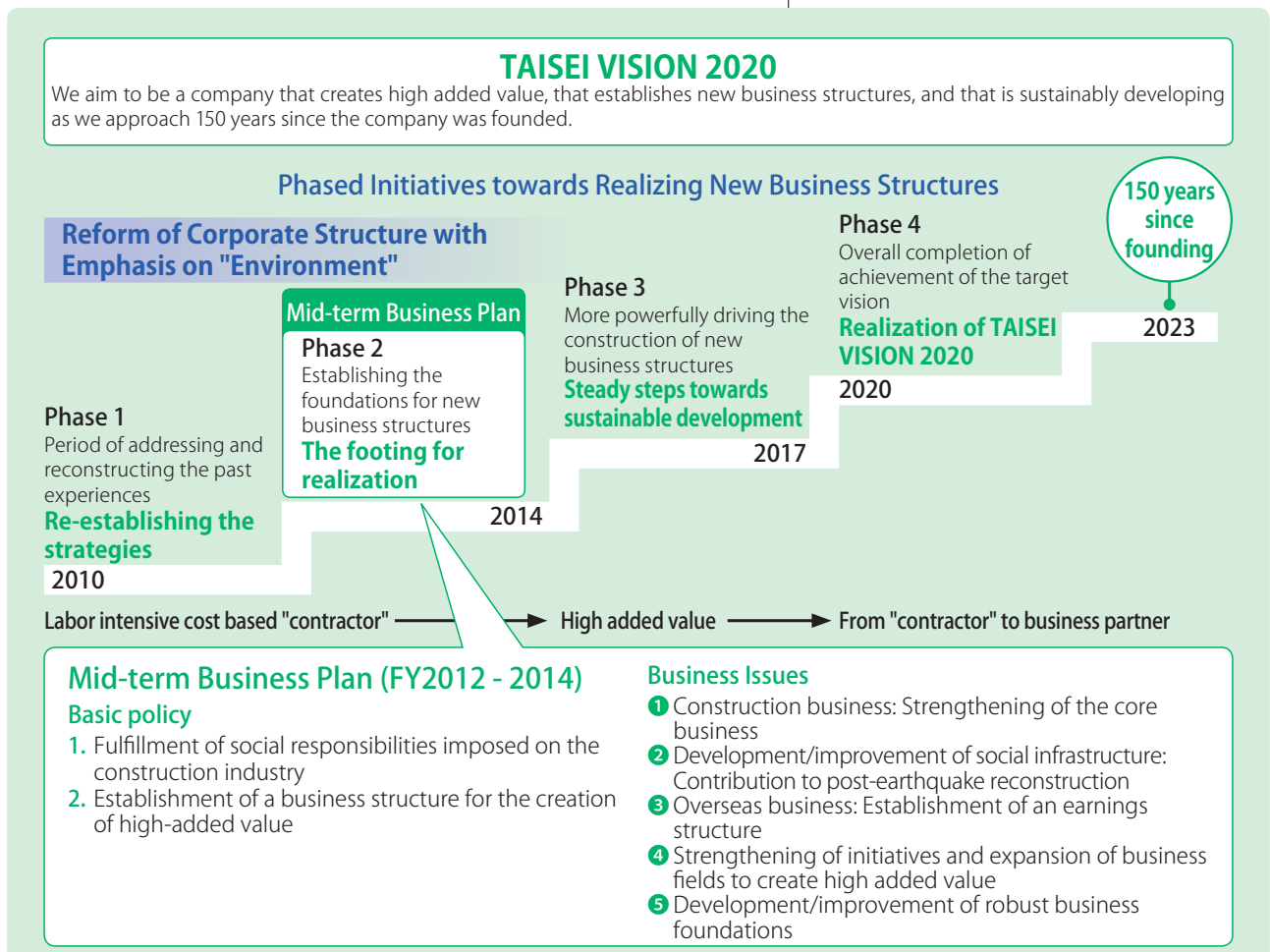
Aiming for Sustainable Development to Create New Value

The Taisei Corporation Group aims to realize the Group ideal "to create a vibrant environment for all members of society" by conducting our business while implementing "Overall Principles of Conduct" (Taisei Group Action Guidelines) and "Overall management perspective" (TAISEI VISION 2020, Mid-term Business Plan) with all members of staff sharing the "Taisei Spirit".

"Overall Principles of Conduct"

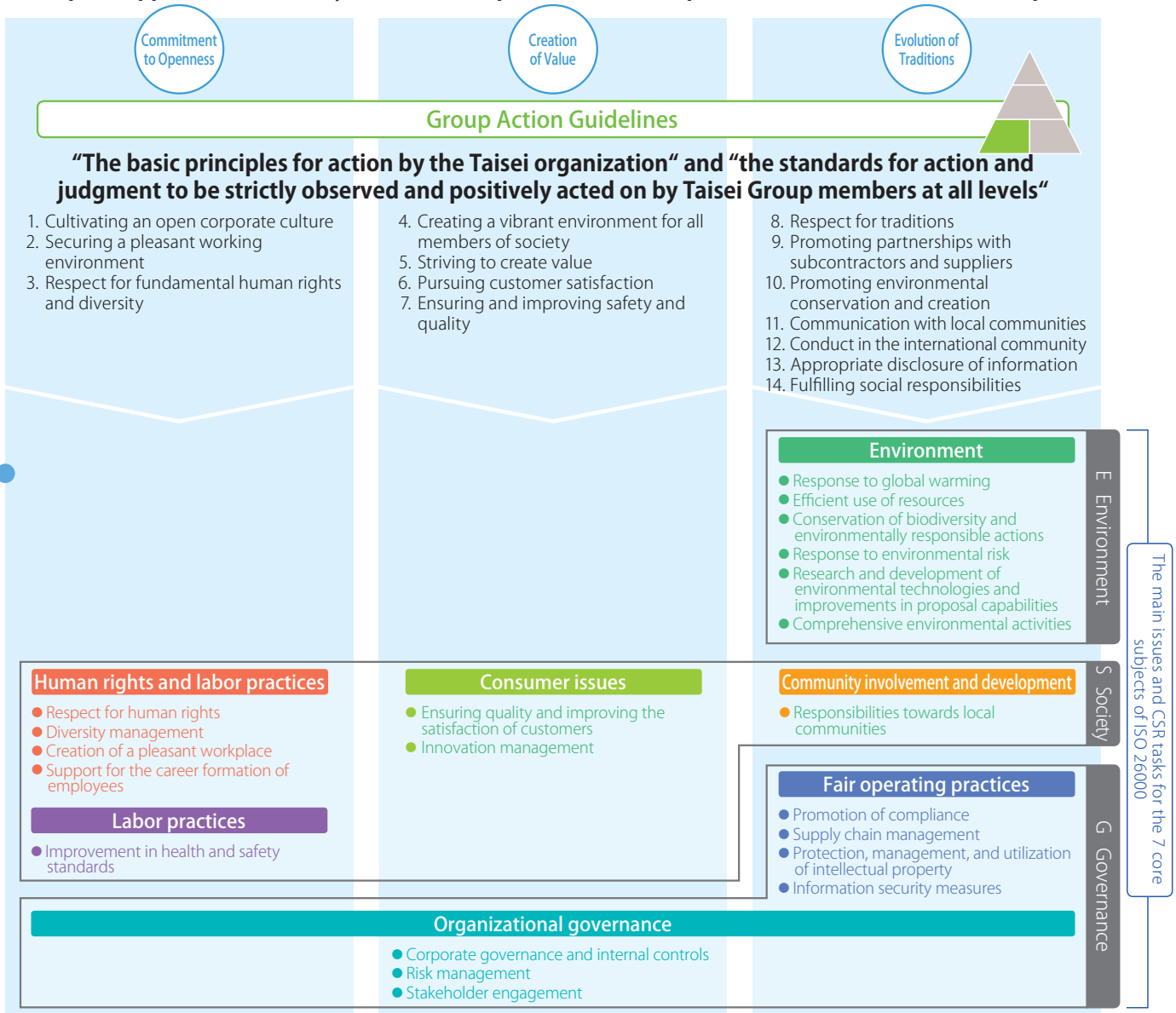


"Overall management perspective"



Taisei Spirit

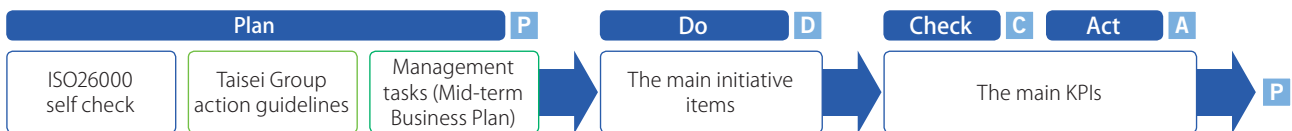
Conceptual approaches valued by all Taisei Group members for the pursuit and realization of the Group ideal



* ISO 26000: International guidance on social responsibility of organizations

* Details Data Book P3-6.

Implementation of CSR management that integrates the “Taisei Action Guidelines” and the “Management Plan” (PDCA cycle)



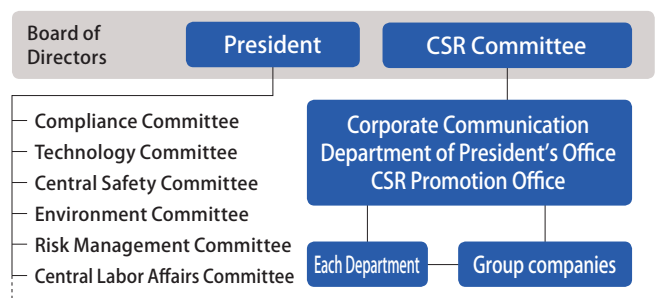
System for Promoting CSR

A CSR committee has been established to promote CSR activities within the Taisei Group.

The CSR Committee includes 5 Taisei board members and officers.

The CSR Promotion Office educates and gives guidance on CSR, and exchanges opinions with the various departments and Group companies to promote the Group’s CSR activities.

Diagram of CSR Promotion System



Report on FY 2013 Environmental, Social and Governance (ESG) Activities

The following is an introduction to the highlights of the Taisei Corporation Group CSR activities in the fields of environmental, social and governance issues.

Environment

Environment

TAISEI Green Target

In FY 2013 the Taisei Corporation Group established TAISEI Green Target 2020 and TAISEI Green Target 2050 as medium and long term environmental management targets.

The construction industry associated with the formation of social infrastructure is founded on environmental loads. On the other hand, environmental problems are becoming more serious on a global scale, so measures are required that extend beyond generation lines. Under these circumstances, Taisei Corporation is undertaking the following medium and long term targets, as a company with social responsibility.



Also, the initiatives of Taisei Corporation to reduce carbon dioxide emissions have been highly evaluated. The "CO₂ Zero Action" and "Eco Model Project" initiatives have been the recipients of the Minister of the Environment's Award for Global Warming Prevention Activities in the category of Practice and Propagation of Countermeasure Activities. For 4 consecutive years we have been selected as a "Carbon Disclosure Project*1 (CDP) Leading Disclosure Company".

Social

Consumer Issues

Innovation Management

The Taisei Corporation Group is investing 9.5 billion yen in research and development (FY 2013 actual results) to cultivate new markets using technology to respond precisely to the needs of society and our customers. The research and development is focused on the fields of basic technologies for design and construction, new materials and advanced technologies, and we are actively forming alliances with other research organizations such as universities, etc., and companies in different business areas.

For the future we intend to develop new technologies that are useful to society, and to provide technical support to our construction sites.

Community Participation and Development

Contributions to Local Communities

In March 2013 the "Vietnam Construction Human Resource Development Council" (Japanese-side Chairperson: Mr. Ogata, Chief of International Operations Division) was launched by general contractors and specialist contractors from both countries, under the auspices of the "Japan-Vietnam Construction Council" of the two governments. The objective of forming this council was to train Vietnamese skilled workers that have the potential to become leaders on construction sites in Vietnam. Taisei Corporation has provided the Itoya Ginza Main Store refurbishment project construction site of the Tokyo Branch as a model site, and has accepted Vietnamese trainees (2 riggers, 2 formwork carpenters).

*1 A project in conjunction with institutional investors that seeks disclosure from companies of their strategy regarding climate change and their quantities of emissions of specific greenhouse effect gases

Governance

Organizational Governance

Corporate Governance and Internal Controls

Corporate Governance

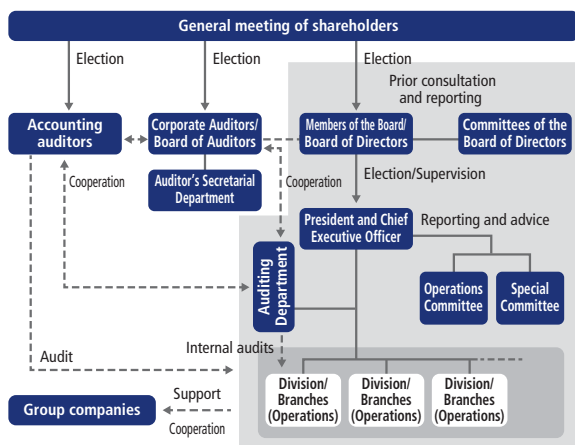
TAISEI has adopted an executive officer system, enabling the Board of Directors (including outside directors) to focus on decision-making and supervision. TAISEI's Board of Directors also has various committees (such as the Human Resources Committee, the Finance Committee, and the Group Companies Committee). The Board of Auditors (including external auditors) serves to ensure the independence of audits and strengthen the TAISEI Group audit system as a whole. The Board of Auditors conducts internal audits in close cooperation with the company's accounting auditors and the internal audit organization.

Appropriate Practice of Internal Controls

In order to ensure reliability of the systems of appropriately and efficiently executing work and financial reporting, the Board of Directors has established "Basic Policy for Improvement of Systems to Ensure the Appropriateness of Operations" upon which various measures have been taken.

Also, internal controls regarding financial reporting based on the Financial Instruments and Exchange Act is recognized as one of the most important tasks as a company, and a system of internal controls has been instituted in order to ensure the reliability of financial reporting disclosed to the public.

Corporate governance system



The status of development and operation of the internal controls is evaluated every year by the Audit Department and its effectiveness is checked by auditing carried out by KPMG Azsa LLC audit company. The evaluation results are presented in the "Internal Controls Report", and the audit results in the "Internal Controls Audit Report". In the future a companywide system applicable to all departments and group companies will be developed, and a system of guidance to maintain appropriate operation of business processes will be developed, so by ensuring the effectiveness of the internal controls, the reliability of financial reporting will be further increased, thereby fulfilling our social responsibility as a company.

Fair operating Practices

Stakeholder Engagement

In Taisei Corporation, dialog and exchange of opinions is held with stakeholders, and since 2002 this dialog has been held with the objective of refocusing our corporate activities.

In FY 2013 various kinds of dialog have been held, such as a site visit for analysts, a "Future session", a symposium held by the NGO CARE.

We listen to the voices of our stakeholders, and consider how our technologies and environmental and CSR initiatives should be used in the future. In addition we consider that an attitude of problem solving is important as a socially responsible company.

Organizational Governance

Supply Chain Management

Taisei Corporation recognizes CSR activities in supply chain management to be an important issue for the construction industry, and has established a "Procurement Policy" and "Procurement Guidelines" to promote CSR procurement. In FY 2013, explanatory meetings have been held with Soyukai, the organization of the company's cooperating companies, and the company's procurement managers (number of participants: 949). Also, monitoring of CSR activities in accordance with the contents of the "Procurement Guidelines" is carried out (160 companies: KPIs set), to evaluate the status of implementation of CSR activities, and guidance has been given to 16 companies.

Board of Directors, Corporate Auditors and Executive Officers As of May 1, 2014



Board of Directors and Corporate Auditors

Chairman of the Board (Representative Director)

1 Takashi Yamauchi

Members of the Board

- 2** Hirofumi Ichihara
(Representative Director)
- 3** Hiroyuki Kimura
(Representative Director)
- 4** Misao Akune
(Representative Director)
- 5** Kazuhiko Dai
- 6** Yoshiyuki Murata
- 7** Shigeyuki Sakurai
- 8** Masahiro Sakai
Tohru Tsuji
Fumio Sudo

Senior Audit & Supervisory Board Members

- 9** Atsushi Okamoto
- 10** Nobuyuki Motegi

Audit & Supervisory Board Members

Masakuni Sekimoto
Terunobu Maeda
Shigeru Morichi
Kiwamu Miyakoshi

Executive Officers

President and Chief Executive Officer

Takashi Yamauchi

Executive Vice Presidents

Hirofumi Ichihara

Chief of Marketing & Sales Division (Integrated); Deputy Chief of Corporate Planning Office; In charge of Safety Administration

Hiroyuki Kimura

Chief of Civil Engineering Division; Deputy Chief of Corporate Planning Office

Misao Akune

Chief of Business Administration Division; Deputy Chief of Corporate Planning Office; In charge of International Operations

Satoru Ogata

Chief of International Operations Headquarters

Toshio Tominaga

Chief of Marketing & Sales (Building Construction) Division III

Senior Managing Executive Officers

Kazuhiko Dai

Chief of Marketing & Sales (Civil Engineering) Division; Deputy Chief of Corporate Planning Office

Masatake Taniuchi

Chief of Marketing & Sales (West Japan) Division

Yasushi Suzuki

Chief of Procurement Division; Deputy Chief of Corporate Planning Office

Hisao Tamura

Deputy Chief of Civil Engineering Division; General Manager of Civil Engineering Department

Managing Executive Officers

Fumihiro Yamada

Chief of Kansai Branch

Shigeki Watanabe

In charge of Civil Engineering

Junichi Ikeguchi

Chief of Nagoya Branch

Toshio Matsuda

Chief of Safety Administration Division

Kazuhiko Hombu

In charge of Technology

Michio Kuboniwa

Chief of Mechanical & Electrical Division

Shigeru Konnai

Chief of Yokohama Branch

Shigeyoshi Tanaka

Chief of Corporate Planning Office

Yoshiyuki Murata

Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division; Deputy Chief of Corporate Planning Office

Shigeyuki Sakurai

Deputy Chief of Business Administration Division; General Manager of Accounting Department

Masahiro Sakai

Chief of Marketing & Sales (Building Construction) Division II

Motofumi Fujiwara

In charge of Algeria East-West Highway Project, International Operations Headquarters

Yoshinobu Shigeji

In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)

Hiroshi Kanazawa

In charge of Technology

Hirofumi Kamata

Chief of Nuclear Facilities Division

Masahiro Oshima

Deputy Chief of Marketing & Sales (Civil Engineering) Division; In charge of Olympic projects

Katsuyuki Kanai

Chief of Urban Development Division

Takashi Ohkawa

Deputy Chief of Marketing & Sales (Civil Engineering) Division

Tamotsu Umehara

Chief of Tokyo Branch

Takeo Horinouchi

Chief of Marketing & Sales Promotion Division; Deputy Chief of Corporate Planning Office

Haruhiko Kouno

Chief of Design Division

Executive Officers

Satoru Tsutae

Deputy Chief, In charge of Civil Engineering Division, International Operations Headquarters

Yukio Matsuno

Deputy Chief, In charge of Building Construction Division, International Operations Headquarters

Masafumi Anami

Deputy Chief, In charge of Business Administration Division, International Operations Headquarters

Yoshitaka Inoue

General Manager of Building Construction Department, International Operations Headquarters; General Manager of Nuclear Facilities Project Department, International Operations Headquarters

Yasushi Yoshinari

Chief of Medical & Welfare Business Division

Yusuke Fukuda

In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)

Tetsuya Shibayama

Chief of Proposal & Solutions Division; In charge of Olympic projects

Shoji Kondo

Chief of Tohoku Branch

Norihiko Yaguchi

Chief of Chugoku Branch

Takao Kanai

Deputy Chief of Marketing & Sales (West Japan) Division

Hiroshi Shirakawa

Chief of Chiba Branch

Yoshinori Nishida

Deputy Chief, In charge of Civil Engineering, Tokyo Branch General Manager of Civil Engineering Department, Tokyo Branch

Hiroshi Suzuki

Project Director, International Operations Headquarters

Tsuyoshi Nakanishi

Chief of Engineering Division

Atsuo Ogawa

In charge of Technology

Takeshi Kagata

Deputy Chief, In charge of Civil Engineering, Kansai Branch

Masaharu Okada

Chief of Kanto Branch

Jirou Taniyama

General Manager of Next Generation Project Department

Yoshiro Aikawa

Chief of Kyusyu Branch

Keiji Hirano

Deputy Chief of Corporate Planning Office; General Manager of Corporate Planning Department

Masahiro Tsuchiya

General Manager of Projects Creation Department Marketing & Sales Division (Integrated)

Masaaki Ito

Chief of East Japan Reconstruction Division; Deputy Chief, In charge of Building Construction Division, Tohoku Branch

Makoto Imasaka

Chief of Environment Division

Nobuyuki Hayashi

General Manager of Design Department, Civil Engineering Division

Hiroshi Tsuchiya

Chief of Marketing & Sales (Building Construction) Division I

Shimpei Oguchi

Deputy Chief of Marketing & Sales (Building Construction) Division II

Tatsuhiko Matsui

Chief of Taisei Technology Center

Susumu Morita

Chief of Hokushinetsu Branch

Taku Yamamoto

Deputy Chief of Marketing & Sales (Building Construction) Division II

Noriaki Kon

Chief of Sapporo Branch

Atsushi Yamamoto

General Manager of Secretarial Department

Executive Fellows

Osamu Hosozawa

Deputy Chief of Design Division; General Manager of Structural Planning Department

Satoshi Imamura

Deputy Chief of Taisei Technology Center; Chief of Civil Engineering Research Institute; General Manager of Civil Engineering Technology Development Department

■ Appointment of External Directors and External Auditors

In order to further enhance corporate governance within Taisei Corporation, 6 external executives (external directors and external auditors) have been appointed. All six satisfy the criteria of independence established by Tokyo Stock Exchange, and they have been notified as independent directors based on the Tokyo Stock exchange regulations for listing securities.

■ External Directors

1 April, 2014



Tohru Tsuji

1991 Appointed Director of Marubeni Corporation
1995 Appointed Managing Officer of Marubeni Corporation
1996 Appointed Representative Managing Executive Officer of Marubeni Corporation
1997 Appointed Representative Senior Managing Executive Officer of Marubeni Corporation
1999 Appointed President and CEO of Marubeni Corporation
2003 Appointed Chairman of the Board of Marubeni Corporation
2004 Appointed Chairman of Marubeni Corporation

2008 Appointed as Adviser to Directors of Marubeni Corporation

2008 Appointed as Adviser to Marubeni Corporation

2011 Appointed as Members of the Board to Taisei Corporation (current post)

2012 Appointed Honorary Executive to Marubeni Corporation (current post)

- Attendance at Board meetings: 13/13 (number of meetings attended/number of meetings held)

He has provided valuable opinions regarding the management of the company in order to strengthen the corporate governance, from a neutral standpoint with deep experience and wide knowledge as a manager in a different field, and as an external director.



Fumio Sudo

1994 Appointed Director of Kawasaki Steel Corporation
1997 Appointed Managing Director of Kawasaki Steel Corporation
2000 Appointed Vice President of Kawasaki Steel Corporation
2001 Appointed President and CEO of Kawasaki Steel Corporation
2002 Appointed Director (Part time) of JFE Holdings, Inc.
2003 Appointed President and CEO of JFE Steel Corporation
2005 Appointed President and CEO of JFE Holdings, Inc.

2010 Appointed Director of JFE Holdings, Inc.

2010 Appointed Adviser to JFE Holdings, Inc.

2011 Appointed as Members of the Board to Taisei Corporation (current post)

- Attendance at Board meetings: 13/13 (number of meetings attended/number of meetings held)

He has provided valuable opinions regarding the management of the company in order to establish the system of internal controls and strengthen the corporate governance, from a neutral standpoint with wide knowledge and multi-faceted viewpoint as a manager in a different field, and as an external director.

■ External Auditors



Masakuni Sekimoto

1991 Head of 1st Bureau Ministry of Finance Auditing Section Board of Audit of Japan
1998 Head of 1st Bureau Board of Audit of Japan
2002 Secretary-General Board of Audit of Japan
2011 Appointed as Audit & Supervisory Board Member to Taisei Corporation (current post)

- Attendance at Board meetings: 13/13 (number of meetings attended/number of meetings held)

- Attendance at Audit Committee meetings: 14/14 (number of meetings attended/number of meetings held)

He has provided appropriate opinions based on his deep knowledge of finance and accounting, and opinions regarding matters relating to execution of the work of auditors.



Shigeru Morichi

1987 Professor Civil Engineering Department, Engineering Faculty, Tokyo Institute of Technology
1996 Professor Social Infrastructure Engineering Department, Graduate School of Engineering, Tokyo University
2004 Professor National Graduate Institute for Policy Studies
2004 Vice Chairman of Institution for Transport Policy Studies and President of Institute for Transport Policy Studies
2011 Director of the Policy Research Center of the National Graduate Institute for Policy Studies
2012 Appointed as Audit & Supervisory Board Member to Taisei Corporation (current post)

- Attendance at Board meetings: 13/13 (number of meetings attended/number of meetings held)

- Attendance at Audit Committee meetings: 13/14 (number of meetings attended/number of meetings held)

He has provided appropriate opinions based on his deep knowledge cultivated through his experience as a university professor, and opinions regarding matters relating to execution of the work of auditors.



Terunobu Maeda

1995 Appointed Director of Fuji Bank Limited
1997 Appointed Managing Director of Fuji Bank Limited
2001 Appointed Vice President of Fuji Bank Limited
2002 Appointed Director of Mizuho Holdings, Inc.
2002 Appointed President of Mizuho Holdings, Inc.
2003 Appointed President of Mizuho Financial Group, Inc.
2009 Appointed Chairman of Mizuho Financial Group, Inc.
2010 Appointed Special Consultant to Mizuho Financial Group, Inc.

2011 Appointed as Audit & Supervisory Board Member to Taisei Corporation (current post)

- Attendance at Board meetings: 12/13 (number of meetings attended/number of meetings held)

- Attendance at Audit Committee meetings: 13/14 (number of meetings attended/number of meetings held)

He has provided appropriate opinions based on his deep knowledge of finance and accounting, and opinions regarding matters relating to execution of the work of auditors.



Kiwamu Miyakoshi

1987 Ministry of Foreign Affairs, First Secretary, Embassy of Japan, Germany
1998 Police Commissioner, Tokushima Prefecture
2004 Auditor-Secretary for Hanshin Expressway Company, Limited

2005 Police Commissioner for Ibaraki Prefecture

2010 Chief of Police for Chugoku District

2011 Chief of Police for Kanto District

2012 Appointed as Audit & Supervisory Board Member to Taisei Corporation (current post)

- Attendance at Board meetings: 13/13 (number of meetings attended/number of meetings held)

- Attendance at Audit Committee meetings: 14/14 (number of meetings attended/number of meetings held)

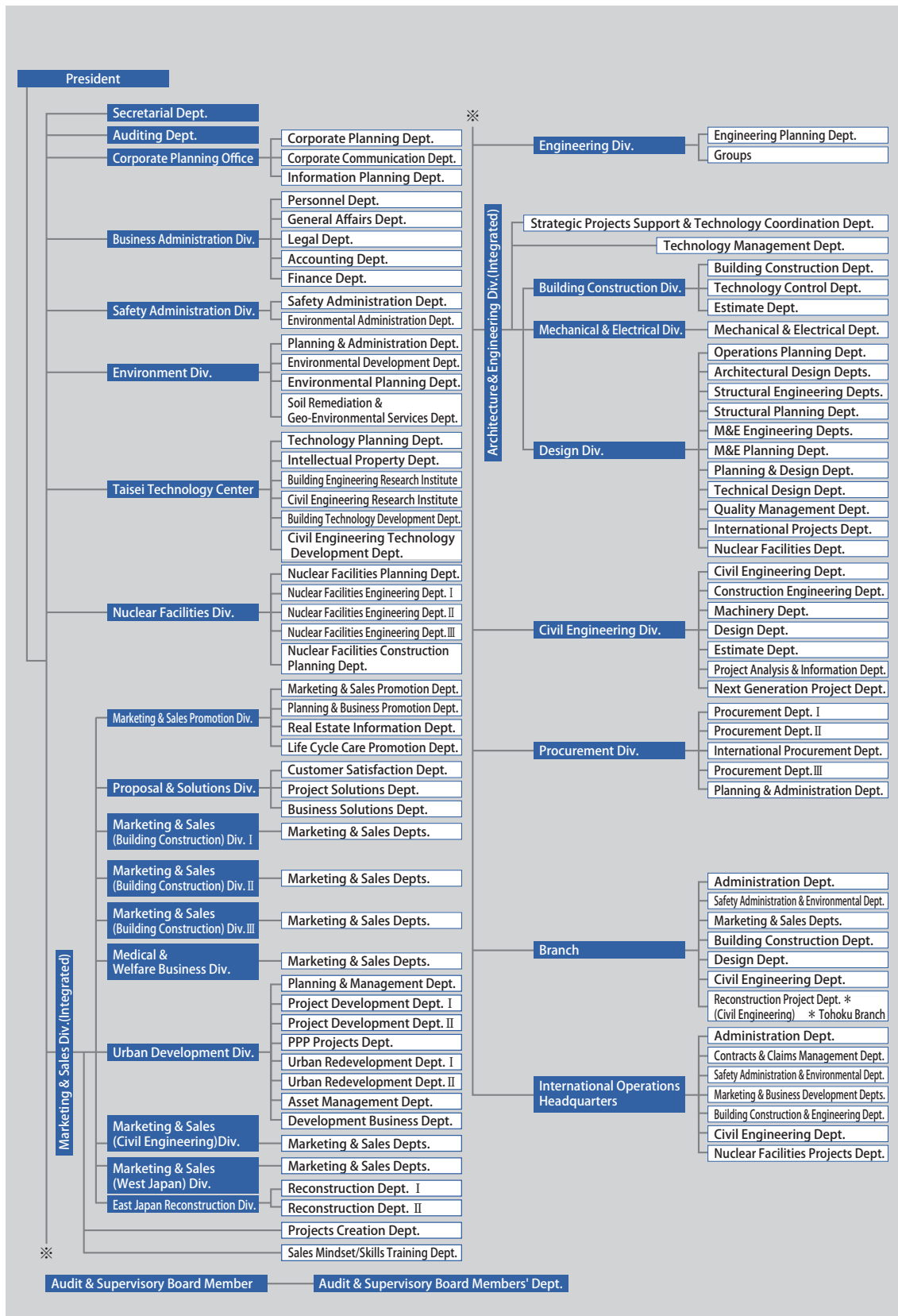
He has provided appropriate opinions based on his deep knowledge cultivated through his experience in police affairs, and opinions regarding matters relating to execution of the work of auditors.

*1 The salaries of Directors were set to a maximum total monthly amount of 70 million yen by the 146th ordinary shareholders' meeting held on June 27th, 2006.

*2 The salaries of Auditors were set to a maximum total monthly amount of 12 million yen by the 134th ordinary shareholders' meeting held on June 29th, 1994.

Organization Chart

1 April, 2014



Explanation and Analysis of Business Results

TAISEI CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2013 and 2014

	Millions of Yen (except for per share figures)		Thousands of U.S. Dollars*	Change (%)
	2013	2014	2014 (except for per share figures)	
Contract backlog at the beginning of the year	¥ 1,663,459	¥ 1,651,370	\$16,045,181	(0.7) %
New orders received during the year	1,404,407	1,645,895	15,991,984	17.2
Net sales	1,416,496	1,533,473	14,899,660	8.3
Contract backlog at the end of the year	¥ 1,651,370	¥ 1,763,792	\$17,137,505	6.8 %
Net income	¥ 20,051	¥ 32,089	\$ 311,786	60.0 %
Per share (in yen and dollars)	17.60	28.17	0.274	60.1
Cash dividends applicable to the year	5,698	6,834	66,401	19.9
Per share (in yen and dollars)	5.00	6.00	0.058	20.0
Net assets	343,300	384,166	3,732,666	11.9
Per share (in yen and dollars)	299.84	335.42	3.259	11.9
Total assets	1,543,095	1,599,065	15,536,970	3.6

* U.S. dollar amounts above and elsewhere in this Annual Report were translated from yen, for convenience only, at the rate of US \$1 = ¥102.92, the approximate exchange rate at March 31, 2014.

Status of Results

In this financial year the Japanese economy has seen an improvement in production and consumption due to financial and fiscal measures having a certain amount of effect, and there are signs of recovery such as recovery in capital investment.

In the domestic construction market, demand has been strong due to the recovery in the non-manufacturing sector, as well as demand associated with a last-minute rush before the increase in consumption tax.

Under these circumstances, the business results of our Group was as follows.

New orders received increased by 17.2% compared with the previous consolidated financial year to 1.6458 trillion yen, and sales increased by 8.3% year on year to 1.5334 trillion yen.

Regarding profitability, operating income increased by 51.0% compared with the previous consolidated financial year to 53.7 billion yen, ordinary income increased by 61.9% year on year to 56.7 billion yen, and net income for this term increased by 60.0% year on year to 32 billion yen.

Major new orders received during FY ended March 2014:

Client	Project
Roppongi 3-chome East Area Urban Land Redevelopment Association	Roppongi 3-chome East Area 1 st Type Urban Land Redevelopment New Construction of Building Facilities and Public Facilities
Land Transport Authority of Singapore	Contract T226 Construction of Marina Bay Station and Tunnels for Thomson Line
Ministry of the Environment	FY2013 litate-mura Radioactive Decontamination Work (NO.2)
Japanese Red Cross Society	New Construction of Saitama Red Cross Hospital
Tokyo Metropolitan Government	Construction work for the new Toyosu market (tentative name) seafood wholesale building and other facilities NO.2

Major projects completed during FY ended March 2014

Client	Project
Miyagi Prefecture	Disaster-related waste management (Kesenuma area of Kesenuma Block)
Kitasato Daiichi Sankyo Vaccine Co., Ltd.	Construction of New Vaccine Research Production Building (P23)
MM Development Tokutei Mokuteki Kaisha	(Tentative Name) MM21 34 th Town Area Commercial Facilities Development Plan (MM is Minatomirai) (P23)
Land Transport Authority of Singapore	Contract 907 Construction and Completion of Landmark Station Including Associated Tunnels for Downtown Line (P19)
SHOWA UNIVERSITY	(Tentative Name) Construction of SHOWA UNIVERSITY New Toyosu Hospital (P23)

Results according to reporting segment, etc., are as follows (the results for reporting segments include internal transactions between segments).

1 Civil Engineering

In our Group, sales increased for the company and consolidated subsidiaries, increasing by 17.6% compared with the previous consolidated financial year to 448.1 billion yen. Also, operating income increased by 236.4% year on year to 32.5 billion yen, due to the increase in sales and an improvement in the gross profit margin.

2 Building Construction

Although sales in the Group were similar to the previous consolidated financial year at 956 billion yen, due to a worsening in gross profit margin an operating loss of 8.9 billion yen was recorded (previous consolidated financial year profit of 19.2 billion yen).

3 Real Estate Development

In the real estate sales market, in the condominium market the business environment is solid as the contract rate remains high due to the low interest rates and improvement in business confidence, although the trend towards higher construction costs continues. Also, in the real estate rental market, the vacancy rates in office buildings has improved, and there is a trend towards higher rents in some buildings, so signs of recovery can be seen.

In our Group, sales have increased by 35.5% compared with the previous consolidated financial year to 188.4 billion yen, due to the yield on large scale projects, and operating income has increased by 391.4% year on year to 27.9 billion yen.

4 Others

Sales in our Group was broadly similar to the previous consolidated financial year at 11.9 billion yen, with operating income increased by 21.6% year on year to 500 million yen.

■ [Consolidated] Results for Orders Received

Units: million yen

Name of reporting segment, etc.	Previous consolidated financial year (1 st April 2012 to 31 st March 2013)	This consolidated financial year (1 st April 2013 to 31 st March 2014)
Civil engineering	391,828	485,492
Building Construction	867,719	967,867
Real estate development	135,150	182,581
Others	9,707	9,953
Total	1,404,406	1,645,895

■ [Consolidated] Results for Sales

Units: million yen

Name of reporting segment, etc.	Previous consolidated financial year (1 st April 2012 to 31 st March 2013)	This consolidated financial year (1 st April 2013 to 31 st March 2014)
Civil engineering	358,327	418,526
Building Construction	915,470	922,647
Real estate development	132,990	182,346
Others	9,707	9,953
Total	1,416,495	1,533,473

Financial Status, Business Results and Analysis

1 Overview

The business results for this consolidated financial year achieved the predictions at the beginning of the financial year for all items: orders received, sales, operating income, normal income, and current net income.

In addition to the current net income, net assets increased to 384.1 billion yen due to effects such as the rise in the stock market, so the ratio of capital to assets increased by 1.8% compared with the previous consolidated financial year to 23.9%. Also, interest-bearing loans associated with procurement of finance reduced by 62.5 billion yen to 316.4 billion yen, so the D/E ratio improved by 0.2 points to 0.8.

2 Financial Status

(1) Status of Assets

As a result of an increase in cash deposits, etc., total assets increased by 3.6% or 55.9 billion yen compared with the previous consolidated financial year to 1.599 trillion yen.

(2) Status of Liabilities

Although there was a reduction in interest-bearing loans associated with procurement of finance, total liabilities increased by 1.3% or 15.1 billion yen to 1.2148 trillion yen, due to an increase in deposits and an increase in amounts received for construction in progress, etc.

The balance of interest-bearing loans associated with procurement of finance at the end of this consolidated financial year was 316.4 billion yen.

(3) Status of Net Assets

Net assets have increased by 11.9% or 40.8 billion yen to 384.1 billion yen compared with the previous consolidated financial year, as a result of an increase in valuation difference on available-for-sale securities due to the rise in the stock market, in addition to recording a current net income.

3 Operating Results

(1) New Orders and Net Sales

Orders received have increased in all segments, increasing by 17.2% to 1.6458 trillion yen compared with the previous consolidated financial year.

Also, sales increased in all segments, increasing by 8.3% to 1.5334 trillion yen compared with the previous consolidated financial year.

(2) Operating Income and Ordinary Income

Although operating income was reduced in the building segment due to poor gross margins in some large scale projects, profit was increased due to the increase in revenue associated with real estate development and the increase in the gross margin rates in the civil engineering segment. Sales costs and general management costs were generally the same as the previous year, so operating income increased by 51.0% compared with the previous consolidated financial year to 53.7 billion yen.

Ordinary income increased by 61.9% compared with the previous consolidated financial year to 56.7 billion yen, due to an improvement in non-operating profit and loss from foreign currency gain.

(3) Net Income

Net income increased by 60.0% compared with the previous financial year to 32 billion yen, due to the increase in ordinary income, although extraordinary losses for the increase in losses on sales of fixed assets increased.

Dividend Policy

The company has a fundamental long term stable dividend policy, enhancing retained earnings in preparation for future business development, and issuing special dividends when results are good, etc., to return the profits to the shareholders.

Taking into consideration that circumstances have been prepared to enable a stable current net income to be earned as a result of the good progress of the Mid-term Business Plan (FY 2012 to FY 2014), it has been decided to increase the dividend by 1 yen compared with the previous term, or a dividend of 6 yen per year per ordinary share is allocated (of which 2.50 yen is allocated as an interim dividend).

The Articles of Association of the company permit an interim dividend to be allocated, in accordance with Article 454-5 of the Companies Act, with dividends allocated twice every year, at the middle and at the end of the financial year. These dividends are decided by the shareholders meeting for the end of term and the Board of Directors' Meeting for the interim dividend.

Also, it is the policy to utilize retained earnings to further strengthen the company's financial standing.

Total Dividend Amount and Dividend Per Share

Resolution meeting date	Total dividend amount (million yen)	Dividend per share (yen)
Board of Directors Meeting 12 th November 2013	2,847	2.50
Shareholders Meeting 27 th June 2014	3,986	3.50

Note: The dividends on surplus earnings at the criterion date of this term are as shown above.

Cash Flows

1 Cash Flows from Sales Activities

A net income before tax of 46.5 billion yen was earned this term, resulting in excess revenue of 138.7 billion yen (excess revenue in previous consolidated financial year was 73 billion yen).

2 Cash Flows from Investment Activities

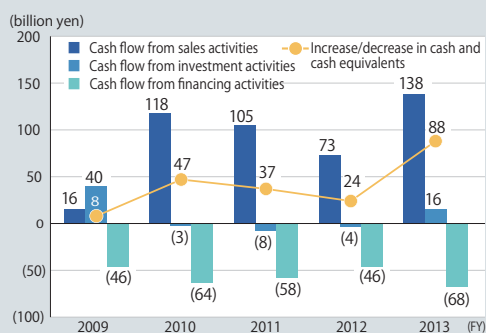
An excess revenue of 16 billion yen was achieved from the sale of investment securities, etc. (expenditure of 4.7 billion yen in previous consolidated financial year).

3 Cash Flows from Financing Activities

An expenditure of 68.8 billion yen was incurred for repayment of interest-bearing loans, etc., associated with procurement of finance (expenditure of 46.5 billion yen in previous consolidated financial year).

As a result of the above, cash and cash equivalents at the end of this consolidated financial year was 354.3 billion yen (an increase of 88.5 billion yen compared with the previous consolidated financial year), and the balance of interest-bearing loans associated with procurement of finance was 316.4 billion yen (a reduction of 62.5 billion yen year on year).

Cash Flows Status



Medium Term Company Management Strategy and Issues to be dealt with

Mainly as a result of the progress in reconstruction projects after the Great East Japan Earthquake and growing demand in the private sector due to expectations for economic recovery, the market is expected to remain strong in the future. However, taking into account the impact of steep price increases for construction materials, as well as demand trends after the Tokyo Olympics, the business environment may continue to be harsh in the years to come.

Recognizing these circumstances, the Company and the Affiliated Companies have formulated strategies for each business segment and specific measures in accordance with the medium-term business plan, which started in FY 2012, and are working toward achieving our management goals listed below.

Summary of Medium-term Business Plan (FY 2012–2014)

Basic Policy

1. Fulfillment of social responsibilities on the construction industry
2. Establishment of business structure for the creation of high-added value

Business Issues

- (1) Construction business: Strengthening of the core business
- (2) Development/improvement of social infrastructure and Contribution to post-earthquake reconstruction
- (3) Overseas business: Establishment of an earnings structure
- (4) Strengthening of initiatives and expansion of business fields to create high-added value
- (5) Development/improvement of robust business foundations

The Company and the Affiliated Companies recognize the six items listed below as important issues to be addressed and will strive to achieve the business plan by tackling these issues.

① Contributing to the development of social infrastructures

The Company and the Affiliated Companies will continue to tackle projects for recovery from the Great East Japan Earthquake and problems of deteriorating infrastructures with whole power of our group, and thus contributing to the future development and improvement of Japanese social infrastructure.

② Improving production capacity

As there is concern about lack of engineers as a result of the growing demand for construction, the Company and the Affiliated Companies will improve its productivity through the appropriate allocation of engineers and technological innovation, and promote the active hiring of capable technical personnel as required. By doing this, the Company and the Affiliated Companies will increase its production capacity and maintain the high quality of its products and services.

③ Enhancing cost-competitiveness and procurement capabilities

Under current circumstances where the labor market has become tight and the prices of construction materials and machinery have soared, the Company and the Affiliated Companies will strive to maintain and improve the profitability by making further efforts to strengthen the procurement functions and enhance its cost-competitiveness.

④ Securing consistent profits in overseas business

In operations outside Japan, the Company and the Affiliated Companies will make every effort to maintain steady profits and achieve sound growth in the future by focusing on the specific regions and business sectors where we can make the most of our strengths, and reinforcing our profit management system and construction management systems.

⑤ Increasing the Affiliated Companies' profit-making capabilities

The Company will ensure integrated management of the Affiliated Companies and will increase the Affiliated Companies' profit-making capabilities by allocating the Affiliated Companies' managerial resources appropriately, reinforcing the governance of the Affiliated Companies, and establishing closer cooperation among the Affiliated Companies.

⑥ Strengthening financial structure

By improving its profitability and operating cash flow, the Company and the Affiliated Companies aim to achieve the goal of reducing interest-bearing debt (to less than 300 billion yen on a consolidated basis) under the medium-term business plan and further increase its internal reserves.

Risk Information

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

The main items of risk for the business of this Group which are considered to have the potential to have an important effect on the decisions of investors are as follows. The Group recognizes the possibility of occurrence of these risks, and intends to take measures to avoid these risks, and deal with them when they occur.

Matters described relating to the future are the judgment of the Group as of the end of this consolidated financial year.

1 Trends in the Construction and Real Estate Markets

If the construction or real estate markets suddenly shrink or if the competitive environment becomes severe, it could affect our results.

2 Risks Associated with Overseas Projects

We carry out projects in many countries throughout the world, so terrorism, war, violence, etc., could occur, the circumstances in the country could worsen, there could be sudden fluctuations in the economic situation, there could be large fluctuations in the exchange rates, and changes in laws and regulations could change without notice, and if it is not possible to hedge these risks through the contract, our results could be affected.

3 Customer Credit Risk

Normal contracts in the construction industry involve a large contract amount in a single transaction, and in most cases contracts are concluded on the condition that a large amount of the construction fee is paid when the constructed object is handed over. Therefore, if the customer runs into credit problems before the construction fee is received, it could affect our results.

4 Fluctuations in Material and Equipment Prices

If the price of raw materials suddenly increases, and if it is difficult to reflect this in the contract amount, our results could be affected.

5 Asset Holding Risks

Assets such as real estate and tradable securities, etc., are held out of necessity for sales activities, so our results could be affected by fluctuations in the present market price.

6 Retirement Benefit Obligations

If there are changes in the assumptions for calculating the retirement benefit obligations, such as a drop in the value of retirement assets, investment yield, discount rate, etc., our results could be affected.

7 Fluctuations in Interest Rates

If interest rates suddenly increased, our results could be affected.

8 Defects on Construction Products or Services

If we become liable for a large amount of compensation based on liability for defects caused by the Group's work or product liability, our results could be affected.

9 Ancillary Related Project Risks

The Group operates ancillary projects associated with PFI projects, leisure projects, as well as civil engineering, building, and real estate development projects. The project period for most of these is long, so if the project environment changes greatly in the future, our results could be affected.

10 Legal Controls Over the Civil Engineering and Building Construction Business

The civil engineering business and the building construction business are subject to legal controls such as the Construction Industry Act, the Building Standard Act, the Industrial Safety and Health Act, and the Anti-Monopoly Act, etc., and if these laws or regulations were amended or abolished, or if new laws or regulations were enacted, and if we were subjected to administrative disciplinary action in accordance with these laws or regulations, our results could be affected.

11 Occurrence of a Major Accident

If a major accident involving human injury or loss of life or damage to a structure occurs in the civil engineering or building construction fields, our results could be affected.

12 Large Scale Natural Disaster, etc., Risk

If a large scale earthquake, a large scale natural calamity such as wind or water damage, etc., or if an infectious disease became an epidemic, our results could be affected.

Consolidated Balance Sheets

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2014	2014
Current assets:			
Cash and time deposits (Notes 3 and 4).....	¥ 266,639	¥ 355,548	\$ 3,454,606
Notes and accounts receivable, trade (Notes 4 and 7).....	430,100	444,425	4,318,160
Cost on uncompleted contracts.....	83,926	74,167	720,628
Cost on development projects in progress.....	133,829	100,149	973,076
Other inventories.....	5,375	5,740	55,771
Deferred income tax assets (Note 9).....	34,918	37,698	366,284
Other current assets.....	58,812	59,304	576,214
Allowance for doubtful accounts.....	(960)	(818)	(7,948)
Total current assets.....	1,012,639	1,076,213	10,456,791
Fixed assets:			
Property, plant and equipment:			
Buildings and structures (Notes 6 and 10).....	143,108	125,146	1,215,955
Machinery, vehicles and equipment (Note 6).....	57,462	58,995	573,212
Land (Notes 11).....	138,780	121,657	1,182,054
Construction in progress.....	372	1,197	11,630
	339,722	306,995	2,982,851
Accumulated depreciation.....	(133,646)	(125,944)	(1,223,708)
Net property and equipment.....	206,076	181,051	1,759,143
Intangibles:.....	7,239	5,017	48,747
Investments and other assets:			
Investment securities (Notes 4, 5 and 6).....	257,371	265,859	2,583,162
Net defined benefit asset.....	-	30,337	294,763
Deferred income tax assets (Note 9).....	11,141	902	8,764
Other assets (Note 6).....	54,963	44,902	436,280
Allowance for doubtful accounts.....	(6,334)	(5,216)	(50,680)
Total investments and other assets.....	317,141	336,784	3,272,289
Total fixed assets.....	530,456	522,852	5,080,179
Total assets.....	¥ 1,543,095	¥ 1,599,065	\$ 15,536,970

The accompanying notes are an integral part of these balance sheets.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2014	2014
Current liabilities:			
Notes and accounts payable, trade (Notes 4 and 7).....	¥ 485,400	¥ 466,030	\$ 4,528,080
Short-term borrowings (Notes 4 and 8).....	144,906	118,799	1,154,285
Straight bonds due within one year (Note 4).....	2,200	11,200	108,822
Lease obligations (Note 13).....	279	283	2,750
Advances received and progress billings on uncompleted contracts.....	115,698	140,657	1,366,663
Deposits received (Note 4).....	91,703	122,875	1,193,889
Allowance for warranty on completed contracts.....	2,584	3,059	29,722
Allowance for losses on construction contracts.....	31,278	50,671	492,334
Allowance for losses on order received.....	240	69	670
Other current liabilities (Note 7).....	32,993	32,454	315,332
Total current liabilities.....	907,281	946,097	9,192,547
Long- term liabilities:			
Straight bonds (Note 4).....	46,200	55,000	534,396
Long-term borrowings (Notes 4 and 8).....	185,766	131,494	1,277,633
Lease obligations (Note 13).....	626	762	7,404
Deferred income tax liabilities (Note 9).....	-	4,345	42,217
Deferred income tax liabilities for revaluation of land (Notes 9 and 19).....	5,696	4,913	47,736
Retirement benefits for directors and corporate auditors.....	427	399	3,877
Allowance for losses on investments in subsidiaries and affiliates.....	508	251	2,439
Allowance for environmental spending.....	308	264	2,565
Allowance for employees' severance and retirement benefits (Note 11).....	33,729	-	-
Net defined benefit liability.....	-	54,279	527,390
Asset retirement obligations (Note 15).....	1,223	916	8,900
Other long-term liabilities.....	18,031	16,179	157,200
Total long-term liabilities.....	292,514	268,802	2,611,757
Total liabilities.....	1,199,795	1,214,899	11,804,304
Net assets (Notes 12 and 22):			
Shareholders' equity:			
Common stock			
Authorized: 2,200,000,000 shares			
Issued: 1,140,268,860 shares.....	112,448	112,448	1,092,577
Capital surplus.....	94,170	94,170	914,983
Retained earnings.....	93,020	120,778	1,173,513
Less: Treasury stock, at cost.....	(302)	(329)	(3,197)
Total shareholders' equity.....	299,336	327,067	3,177,876
Accumulated other comprehensive income:			
Unrealized holding gains on securities, net of taxes.....	45,931	59,650	579,577
Deferred gains or losses on hedging derivatives, net of taxes.....	(208)	(181)	(1,758)
Revaluation reserve for land (Note 19).....	(960)	(2,338)	(22,717)
Foreign currency translation adjustments.....	(2,569)	(2,285)	(22,202)
Remeasurements of defined benefit plans.....	-	129	1,253
Total accumulated other comprehensive income.....	42,194	54,975	534,153
Minority interests:.....	1,770	2,124	20,637
Total net assets.....	343,300	384,166	3,732,666
Total liabilities and net assets.....	¥ 1,543,095	¥ 1,599,065	\$ 15,536,970

Consolidated Statements of Income

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2014	2014
Revenue:			
Net sales (Note 17):			
Construction contracts	¥ 1,254,291	¥ 1,321,289	\$ 12,838,020
Real estate development (and other)	162,205	212,184	2,061,640
	1,416,496	1,533,473	14,899,660
Costs and expenses (Note 17):			
Cost of sales (Note 20)	1,304,677	1,402,446	13,626,564
Selling, general and administrative expenses (Note 20)	76,213	77,254	750,622
	1,380,890	1,479,700	14,377,186
Operating income	35,606	53,773	522,474
Other income (expenses):			
Interest and dividends income	3,295	3,264	31,714
Interest expenses	(6,312)	(5,071)	(49,271)
Taxes and dues	(159)	(340)	(3,304)
Foreign exchange gains (losses)	2,710	3,568	34,668
Investment gain on equity method	461	1,549	15,051
Gains on sale of investment securities	-	1,895	18,412
Gains on sale of property and equipment	464	-	-
Losses on sales of investment securities	(4)	-	-
Losses on sales of property and equipment	-	(6,337)	(61,572)
Impairment losses on fixed assets (Note 21)	(1,402)	(4,599)	(44,685)
Write-down of investment securities	(170)	(25)	(243)
Other, net	(1,661)	(1,084)	(10,533)
	(2,778)	(7,180)	(69,763)
Income before income taxes	32,828	46,593	452,711
Income taxes (Note 9):			
Current	(3,623)	(10,773)	(104,674)
Deferred	(8,776)	(3,347)	(32,520)
	(12,399)	(14,120)	(137,194)
Income before minority interests	20,429	32,473	315,517
Minority interest in consolidated subsidiaries	(378)	(384)	(3,731)
Net income	¥ 20,051	¥ 32,089	\$ 311,786

Amounts per share of common stock:	Yen		U.S. Dollars (Note 1)
Net income (Note 22)	¥ 17.60	¥ 28.17	\$ 0.274
Diluted net income (Note 22)	-	-	-
Cash dividends applicable to the year	5.00	6.00	0.058

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2014	2014
Income before minority interests	¥ 20,429	¥ 32,473	\$ 315,517
Other comprehensive income (Note 23)			
Unrealized holding gains (losses) on securities, net of taxes	35,990	13,718	133,288
Deferred gains (losses) on hedging derivatives, net of taxes	(144)	26	253
Foreign currency translation adjustments	127	377	3,662
Share of other comprehensive income of associates accounted for using equity method	99	19	185
Total other comprehensive income	36,072	14,140	137,388
Comprehensive income	¥ 56,501	¥ 46,613	\$ 452,905

Comprehensive income attribute to:

owners of the parent	56,065	46,118	448,096
minority interests	436	495	4,809

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

Millions of Yen						
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities, net of taxes
Balance at March 31, 2012	¥ 112,448	¥ 94,170	¥ 78,293	¥ (197)	¥ 284,714	¥ 9,943
Dividends.....	-	-	(5,697)	-	(5,697)	-
Net income	-	-	20,051	-	20,051	-
Sale of treasury stock	-	(0)	-	1	1	-
Acquisition of treasury stock	-	-	-	(106)	(106)	-
Reversal of revaluation reserve for land...	-	-	373	-	373	-
Changes other than shareholders' equity, net	-	-	-	-	-	35,988
Balance at March 31, 2013	¥ 112,448	¥ 94,170	¥ 93,020	¥ (302)	¥ 299,336	¥ 45,931
Dividends.....	-	-	(5,695)	-	(5,695)	-
Net income	-	-	32,089	-	32,089	-
Sale of treasury stock	-	0	-	1	1	-
Acquisition of treasury stock	-	-	-	(28)	(28)	-
Reversal of revaluation reserve for land...	-	-	1,378	-	1,378	-
Foreign currency translation adjustments on overseas affiliate	-	-	(14)	-	(14)	-
Changes other than shareholders' equity, net	-	-	-	-	-	13,719
Balance at March 31, 2014	¥ 112,448	¥ 94,170	¥ 120,778	¥ (329)	¥ 327,067	¥ 59,650

Thousands of U.S. Dollars (Note 1)

	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities, net of taxes
Balance at March 31, 2013	\$ 1,092,577	\$ 914,983	\$ 903,809	\$ (2,934)	\$ 2,908,435	\$ 446,279
Dividends.....	-	-	(55,334)	-	(55,334)	-
Net income	-	-	311,786	-	311,786	-
Sale of treasury stock	-	0	-	10	10	-
Acquisition of treasury stock	-	-	-	(273)	(273)	-
Reversal of revaluation reserve for land...	-	-	13,389	-	13,389	-
Foreign currency translation adjustments on overseas affiliate	-	-	(137)	-	(137)	-
Changes other than shareholders' equity, net	-	-	-	-	-	133,298
Balance at March 31, 2014	\$ 1,092,577	\$ 914,983	\$ 1,173,513	\$ (3,197)	\$ 3,177,876	\$ 579,577

The accompanying notes are an integral part of these statements.

Millions of Yen

Unrealized losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
¥ (62)	¥ (587)	¥ (2,739)	¥ -	¥ 6,555	¥ 1,333	¥ 292,602
-	-	-	-	-	-	(5,697)
-	-	-	-	-	-	20,051
-	-	-	-	-	-	1
-	-	-	-	-	-	(106)
-	(373)	-	-	(373)	-	-
(146)	-	170	-	36,012	437	36,449
¥ (208)	¥ (960)	¥ (2,569)	¥ -	¥ 42,194	¥ 1,770	¥ 343,300
-	-	-	-	-	-	(5,695)
-	-	-	-	-	-	32,089
-	-	-	-	-	-	1
-	-	-	-	-	-	(28)
-	(1,378)	-	-	(1,378)	-	-
-	-	14	-	14	-	-
27	-	270	129	14,145	354	14,499
¥ (181)	¥ (2,338)	¥ (2,285)	¥ 129	¥ 54,975	¥ 2,124	¥ 384,166

Thousands of U.S. Dollars (Note 1)

Deferred gains or losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
\$ (2,021)	\$ (9,328)	\$ (24,961)	\$ -	\$ 409,969	\$ 17,198	\$ 3,335,602
-	-	-	-	-	-	(55,334)
-	-	-	-	-	-	311,786
-	-	-	-	-	-	10
-	-	-	-	-	-	(273)
-	(13,389)	-	-	(13,389)	-	-
-	-	137	-	137	-	-
263	-	2,622	1,253	137,436	3,439	140,875
\$ (1,758)	\$ (22,217)	\$ (22,202)	\$ 1,253	\$ 534,153	\$ 20,637	\$ 3,732,666

Consolidated Statements of Cash Flows

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	(Note 1) 2014
Cash flows from operating activities:			
Income before income taxes	¥ 32,828	¥ 46,593	\$ 452,711
Depreciation and amortization	6,866	7,407	71,969
Impairment losses on fixed assets	1,402	4,599	44,685
Increase (Decrease) in allowance for doubtful accounts	(9,012)	(1,265)	(12,291)
Increase (Decrease) in allowance for losses on construction contracts	7,193	19,369	188,195
Increase (Decrease) in retirement benefits	1,866	(33,729)	(327,721)
Increase (Decrease) in net defined benefit liability	-	54,279	527,390
Interest and dividend income	(3,295)	(3,264)	(31,714)
Interest expenses	6,312	5,071	49,271
Foreign exchange losses (Gains)	(2,710)	(3,568)	(34,668)
Write-down of investment securities	401	25	243
Losses (Gains) on sales of investment securities	4	(1,895)	(18,412)
Losses (Gains) on sales of property and equipment	(464)	6,337	61,572
Write-down of cost on development projects in progress	3,229	24,705	240,041
Decrease (Increase) in trade receivables	(45,069)	(13,370)	(129,907)
Decrease (Increase) in cost on uncompleted contract	27,137	9,791	95,132
Decrease (Increase) in inventories other than cost on uncompleted contract	12,456	14,228	138,243
Decrease (Increase) in other inventories other than cost on uncompleted contract	4,877	(361)	(3,508)
Decrease (Increase) in other current assets	(6,562)	(582)	(5,655)
Decrease (Increase) in prepaid pension cost	(2,295)	6,729	65,381
Decrease (Increase) in net defined benefit asset	-	(30,337)	(294,763)
Decrease (Increase) in investment and other assets	18,496	1,712	16,634
Investment gain on equity method	(461)	(1,549)	(15,051)
Increase (Decrease) in trade payables	38,095	(18,293)	(177,740)
Increase (Decrease) in advances received and progress billings on uncompleted contracts	(16,606)	24,479	237,845
Increase (Decrease) in deposits received	6,028	31,173	302,886
Increase (Decrease) in other current liabilities	6,276	(1,849)	(17,965)
Other, net	(4,542)	2,715	26,381
	82,450	149,150	1,449,184
Cash received (paid) during the year for:			
Interest and dividends received	3,619	3,416	33,191
Interest paid	(6,373)	(5,203)	(50,554)
Income taxes paid	(6,615)	(8,613)	(83,687)
Net cash provided by (used in) operating activities	73,081	138,750	1,348,134
Cash flows from investing activities:			
Decrease (Increase) in time deposits	1,753	(142)	(1,380)
Purchase of marketable and investment securities	(11,627)	(9,863)	(95,832)
Proceeds from sale of marketable and investment securities	6,521	24,260	235,717
Purchase of property, equipment and intangible assets	(6,284)	(12,194)	(118,480)
Proceeds from sale of property, equipment and intangible assets	4,193	14,503	140,915
Other, net	741	(536)	(5,207)
Net cash provided by (used in) investing activities	(4,703)	16,028	155,733
Cash flows from financing activities:			
Increase (Decrease) in short-term borrowings	(16,168)	(36,648)	(356,082)
Proceeds from long-term borrowings	102,810	14,600	141,858
Repayment of long-term borrowings	(104,618)	(58,331)	(566,761)
Issue of bonds	-	19,911	193,461
Redemption of bonds	(2,200)	(2,200)	(21,376)
Payment for retirement by purchase of convertible bond	(20,276)	-	-
Cash dividends paid, including those to minority interest	(5,697)	(5,695)	(55,334)
Other, net	(402)	(464)	(4,509)
Net cash provided by (used in) financing activities	(46,551)	(68,827)	(668,743)
Effect of exchange rate changes on cash and cash equivalents	2,783	2,648	25,729
Net increase (Decrease) in cash and cash equivalents	24,610	88,599	860,853
Cash and cash equivalents at beginning of year	241,163	265,773	2,582,326
Cash and cash equivalents at end of year (Note 3)	¥ 265,773	¥ 354,372	\$ 3,443,179

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Taisei Corporation (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of consolidated overseas subsidiaries have been prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified five items as applicable.

Japanese GAAP requires that 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. Japanese GAAP, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, the following five items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material.

- a) **Goodwill not subject to amortization**
- b) **Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss**

- c) **Capitalized expenditures for research and development activities**
- d) **Fair value measurement of investment properties, and revaluation of property, plant and equipment and intangible assets**
- e) **Accounting for net income attributable to minority interests**

The accompanying consolidated financial statements have been reformatted and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2014, which was ¥ 102.92 to U.S. \$ 1. The translations should not be construed as representations of what the Japanese yen amounts have been, could have been, or could in the future be when converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation and equity method

The consolidated financial statements include the accounts of the Company and its subsidiaries which were 25 and 25 for the years ended March 31, 2013 and 2014 respectively. All significant intercompany transactions and account balances were eliminated in consolidation. Investments in significant affiliates, which were 7 and 7 companies for 2013 and 2014, respectively, were accounted for by the equity method.

The consolidated financial statements are required to include the accounts of the Company and significant companies which are controlled by the Company through substantial ownership of more than 50% of the voting rights or through ownership of high percentage of the voting rights, even if it is equal to or less than 50%, and existence of certain conditions evidencing controls by the Company of decision-making body of such companies.

Investments in significant affiliated companies, of which the Company has ownership of 20% or more but less than or equal to 50%, and of 15% or more and less than 20% and can exercise significant influences over operating financial policies of investees, have been accounted for by the equity method.

All consolidated subsidiaries have the same balance sheet date, March 31, corresponding with that of the Company, except for 6 and 6 consolidated overseas subsidiaries for 2013 and 2014, respectively, whose fiscal years end on December 31. Significant transactions, if any, in the period until ended March 31, 2013 and 2014 were adjusted in the respective consolidated financial statements.

(b) Valuation of Assets and Liabilities of Subsidiaries

In the elimination of the investments in subsidiaries, the assets and liabilities of the subsidiaries including the portion attributable to minority shareholders are recorded based on their fair value at the time the Company acquired control of the respective subsidiaries.

(c) Goodwill

Significant excesses of investment cost over net equity of consolidated subsidiaries and affiliated companies accounted for under the equity method are recognized as goodwill (negative goodwill, if credit balance), and amortized principally over the estimated useful life of years or less than twenty years on a straight-line basis. However, immaterial goodwill charged to income in the year of acquisition. Negative goodwill is credited to income upon occurrence.

(d) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end exchange rates. The resulting exchange gains and losses are reflected in the consolidated statements of income. All revenues and expenses associated with foreign currencies are translated at rates of exchange prevailing when such transactions are made.

The financial statements of consolidated foreign subsidiaries and affiliated companies under the equity method are translated into Japanese yen at exchange rates prevailing at the respective year-end dates except for shareholders' equity accounts, which are translated at historical rates. The resulting foreign currency translation adjustments are presented in accumulated other comprehensive income in the net assets section of the consolidated balance sheets.

(e) Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the date of purchase and with insignificant risks of change in value are considered to be cash and cash equivalents.

Notes to Consolidated Financial Statements *(cont.)*

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

(f) Marketable and Investment Securities

Marketable and investment securities are classified, depending on management's intent, as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies that are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income in the net assets section. Realized gains and losses on sales of such securities are computed using moving-average cost. Debt securities with no fair market value available are stated at amortized cost, net of an amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

(g) Construction Contracts

Contract revenue associated with construction contracts of which the outcome can be reliably estimated is accounted for using the percentage-of-completion method; other contract revenue is accounted for using the completed-contract method. The percentage of completion at the end of the reporting period is determined by the ratio of the cost incurred to the estimated total costs.

(h) Real Estate Development

The Company and its certain subsidiaries develop real estate projects on their own account. Real estate inventories, including work in process of development, are mainly stated at the lower of cost based on the specific-identification cost method or net realizable value. For this purpose, the cost includes the purchase cost of land, incidental costs, direct development costs and (in relation to certain developments by one of the subsidiaries) interest expenses. Revenues from sales are recognized when titles of properties sold are transferred to customers.

(i) Property and Equipment

Property and equipment except for buildings are recorded at cost and depreciated principally by the declining-balance method using standard useful lives prescribed in the Corporation Tax Law. Buildings are principally depreciated using the straight-line method.

(j) Accounting for Lease Transactions as Lessee

Finance leases, except for certain immaterial or short-term finance leases which do not transfer ownership, are capitalized and depreciated using the straight-line method over lease periods, supporting estimated residual values to be zero.

(k) Derivatives and Hedge Accounting

Derivative financial instruments are stated at fair value and changes in fair value are recognized as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated domestic subsidiaries defer recognition of gains or losses resulting from changes in fair value of the derivative financial instruments until related losses or gains on hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

- (1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
 - a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and
 - b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
- (2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest on liabilities for which the swap contract were executed.

(l) Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided to reserve for probable losses from bad debt. It consists of the estimated uncollectible amount of certain identified doubtful receivables and the amount estimated on the basis of the past default ratio for normal receivables.

(m) Income Taxes

The Company and its wholly owned domestic subsidiaries apply the system of consolidated tax returns.

The Company computes the provision for income taxes based on the pretax income included in the consolidated statement of income and recognizes deferred tax assets and liabilities for expected future tax consequences of temporary differences between the financial statement basis and the tax basis of assets and liabilities.

(n) Accounting Method for Retirement Benefit

- (1) Method of amortization of actuarial gains or losses and past service cost
In calculating the retirement benefit obligation, the method of attributing expected benefit to the accounting period is based on the straight-line basis (some consolidated subsidiaries calculate on the benefit formula basis).
- (2) Method of amortization of actuarial gains and losses and past service cost
Past service costs are amortized using the straight-line method (some consolidated subsidiaries use the declining-balance method) over 1-10 years, which is not longer than an average remaining service period of the employees when the costs are incurred.
Actuarial gains and losses are amortized from the subsequent financial year (from the current financial year in some consolidated subsidiaries) using the straight-line method (some consolidated subsidiaries use the declining-balance method) over 1-10 years, which is not longer than an estimated average remaining service period of the employees when the gains or losses are incurred.

(o) Retirement Benefits for Directors and Corporate Auditors

Retirement benefits for directors and corporate auditors of certain consolidated subsidiaries have been set up in accordance with each company's regulations.

(p) Allowance for Warranty on Completed Contracts

Allowance for warranty on completed contracts is provided as the amount estimated using an actual ratio of related losses during the past certain periods.

(q) Allowance for Losses on Construction Contracts

Allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably estimated.

(r) Allowance for Losses on Order Received

Allowance for losses on order received is provided with respect to orders (excluding construction contracts) for which eventual losses are reasonably estimated.

(s) Allowance for Losses on Investments in Subsidiaries and Affiliates

Allowance for losses on investments in subsidiaries and affiliates is provided for estimated losses from certain subsidiaries and affiliates in liquidation.

(t) Allowance for Environmental Spending

Allowance for environmental spending is provided based on estimated costs for disposal of Polychlorinated Biphenyl ("PCB") waste, which is obligated to dispose by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Waste.

(u) Net Income and Cash Dividends per Share

Net income per share is calculated by dividing net income available to common shares by the weighted average number of common shares outstanding during the year. Diluted net income per share is calculated similarly, except that it includes the dilutive effect of the assumed exercise of securities.

Cash dividends per share shown for each year represent dividends declared as applicable to the respective years.

(v) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications have no impact on previously reported results of operations or retained earnings.

(w) Change in Accounting Policy

Adoption of the Accounting Standard for Retirement Benefits
Effective from the end of the fiscal year ended March 31, 2014, the Company adopted "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No.26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ statement No.25, issued on May 17 2012), except amendment set forth in the paragraph 35 of "Accounting Standard for Retirement Benefits", and the paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits".

By this adoption, the difference between retirement benefit obligations and plan assets is recorded as net defined benefit liability

(or, net defined benefit asset in the case plan assets exceed retirement benefit obligations), and unrecognized actuarial gains and losses and unrecognized past service costs are recorded as net defined benefit liability and net defined benefit asset.

In transition, as stipulated in the paragraph 37 of "Accounting Standard for Retirement Benefits", the impact associated with the change is recognized by adjusting remeasurements of defined benefit plans presented in accumulated other comprehensive income on the consolidated balance sheet.

As a result, net defined benefit asset of ¥ 30,337 million (\$ 294,763 thousand) and net defined benefit liability of ¥ 54,279 million (\$ 527,390 thousand) are recognized as of the fiscal year ended March 31, 2014. And also, accumulated other comprehensive income increased by ¥ 129 million (\$ 1,253 thousand).

The effect of this change on Per Share Data is described in the relevant section.

(x) Accounting Standards Issued but not yet Adopted

From the viewpoint of improvement to financial reporting and international convergence, the ASBJ has been deliberating the establishment of a revised accounting standard for retirement benefits, ASBJ Statement No.26, Accounting Standard for Retirement Benefits (issued on May 17, 2012) and ASBJ Guidance No. 25, Guidance on Accounting Standard for Retirement Benefit (issued on May 17, 2012), which mainly focus on (a) how actuarial gains and losses and prior service costs should be accounted for, (b) how projected benefit obligations and current service costs should be determined and (c) enhancement of disclosures.

The revision (b) will be introduced and made effective from the beginning of fiscal year 2015. (a) and (c) have already been applied. The resulting impacts on future consolidated financial statements are being examined.

3. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2013 and 2014 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Cash and time deposits	¥ 266,639	¥ 355,548	\$ 3,454,606
Less: Time deposits with maturities exceeding three months	(866)	(1,176)	(11,427)
Cash and cash equivalents	¥ 265,773	¥ 354,372	\$ 3,443,179

Notes to Consolidated Financial Statements (cont.)

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

4. Financial Instruments

(1) Policies for using financial instruments

The Company and its consolidated subsidiaries (hereafter referred as the "Companies") restrict investments to the low risk assets such as deposits, and raise funds by the indirect finance such as borrowings from bank as well as by the direct finance such as issuing corporate bonds or commercial papers.

Derivative financial instruments are employed mainly for hedging fluctuation in interest rate and foreign currency exchange, and not used to speculate.

Receivables: trade notes and trade accounts are exposed to the credit risks of customers. In order to reduce such risks, the Companies conduct strict credit examinations when orders are received, and afterward manage the receivables individually and make effort to direct reduction of credit risks early.

For investment securities which are mainly held-to-maturity debt securities and shares held to keep the relationship with business partners, the Companies regularly monitor the fair values or financial positions of the invested companies, and revise the portfolio (except for held-to-maturity debt securities) considering the relationship with them.

Debts, trade payables: notes and accounts are debts mostly due within one year. Borrowings, commercial papers and bonds are primarily for working capital, and have maturity date of five years or less. For variable interest rate borrowings or bonds, they are exposed to the interest rate fluctuation risks. These risks are hedged by derivative transactions (interest rate swap contracts).

The Companies primarily utilize derivative transactions related to interest rates in order to mitigate the fluctuation risks in interest rates or to reduce financing costs, and derivative transactions related to currency in order to mitigate the foreign exchange risks. These transactions are exposed to the fluctuation risks in interest rates and the foreign exchange risks. However, the Companies are exposed to limited risks, because most of them are hedged by the corresponding transactions. They consider the credit risk to be little, because they conduct derivative transactions solely with reliable international financial institutions.

The derivative transactions are executed and managed by their Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

(2) Fair Value of Financial Instruments

(a) Book values of the financial instruments included in the consolidated balance sheet, the fair values of said items as of March 31, 2013 and 2014, were as follows. Items for which it is extremely

difficult to calculate the fair value were not included in the following table (see Note 2 below).

		Millions of Yen		
		2013		
		Book Value	Fair Value	Difference
[ASSETS]	Cash and time deposits	¥ 266,639	¥ 266,639	¥ -
	Notes and accounts receivable, trade	430,100	429,933	(167)
	Investment securities			
	Debt securities intended to be held to maturity	779	789	10
	Available-for-sale securities	183,971	183,971	-
[LIABILITIES]	Notes and accounts payable, trade	485,400	485,400	-
	Short-term borrowings and Long term borrowings due within one year	144,906	145,465	(559)
	Straight bonds due within one year	2,200	2,229	(29)
	Deposits received	91,703	91,703	-
	Straight bonds	46,200	47,321	(1,121)
	Long-term borrowings	185,766	188,293	(2,528)
	[Derivative financial instruments (*)]	(316)	(316)	-

		Millions of Yen		
		2014		
		Book Value	Fair Value	Difference
[ASSETS]	Cash and time deposits	¥ 355,548	355,548	¥ -
	Notes and accounts receivable, trade	444,425	444,362	(63)
	Investment securities			
	Debt securities intended to be held to maturity	818	826	8
	Available-for-sale securities	207,055	207,055	-
[LIABILITIES]	Notes and accounts payable, trade	466,030	466,030	-
	Short-term borrowings and Long term borrowings due within one year	118,799	119,423	(624)
	Straight bonds due within one year	11,200	11,225	(25)
	Deposits received	122,875	122,875	-
	Straight bonds	55,000	55,992	(992)
	Long-term borrowings	131,494	132,789	(1,295)
	[Derivative financial instruments (*)]	(275)	(275)	-

		Thousands of U.S. dollars		
		2014		
		Book Value	Fair Value	Difference
[ASSETS]	Cash and time deposits	\$ 3,454,606	\$ 3,454,606	\$ -
	Notes and accounts receivable, trade	4,318,160	4,317,548	(612)
	Investment securities			
	Debt securities intended to be held to maturity	7,948	8,026	78
	Available-for-sale securities	2,011,805	2,011,805	-
[LIABILITIES]	Notes and accounts payable, trade	4,528,080	4,528,080	-
	Short-term borrowings and Long term borrowings due within one year	1,154,285	1,160,348	(6,063)
	Straight bonds due within one year	108,822	109,065	(243)
	Deposits received	1,193,889	1,193,889	-
	Straight bonds	534,396	544,034	(9,638)
	Long-term borrowings	1,277,633	1,290,211	(12,583)
	[Derivative financial instruments (*)]	(2,672)	(2,672)	-

(*)Note The assets and liabilities are reported as net amount. Any item for which the total becomes a net liability is indicated in parenthesis.

Note 1: The calculation method of the fair value of financial instrument and securities, derivative transaction

[ASSETS]

• Cash and time deposits and Notes and accounts receivable, trade

The fair values of these financial instruments are almost equivalent to the book value, due to the short term settlements; although, the fair value of receivables due over one year are based on the present value of discounted cash flows using the interest rate, the estimated collection terms and credit risks with respect to each receivable categorized by collection terms.

• Investment securities

The fair values of marketable securities are based on the quoted market value, and bonds are based on the market value, the price indicated by a third party such as broker, or the present value of discounted cash flows.

See the notes on "5 Securities" for notes pertaining to securities according to the purpose for which they are held.

[LIABILITIES]

• Notes and accounts payable, trade, Short-term borrowings and Long term borrowings due within one year, Commercial papers and Deposits received

The fair values of these financial instruments are almost equivalent to the book value, due to the short term settlements; although, the fair values of long-term borrowings due within one year are based on the same method as that for long-term borrowings.

• Long-term borrowings

The fair values of long-term borrowings are based on the present value of discounted cash flows using the interest rate which may be applicable when the same kind of borrowings is conducted.

• Bonds

The fair values of marketable bonds are based on the quoted market value, otherwise the fair values of bonds are based on the present value of discounted cash flows using the interest rate reflecting the estimated redemption terms and issuer's credit risk.

[Derivative financial instruments]

See the notes on "14 Derivative Transactions".

Note 2: Financial instruments for which it is deemed extremely difficult to calculate the fair value

Nonmarketable securities (book value amount to ¥ 72,621 million and ¥ 57,986 million (\$ 563,408 thousand) at March 31, 2013 and 2014, respectively) are not included in the [Assets] Investment securities—Available-for-sale securities above, as it is extremely difficult to calculate the fair values because they have no quoted market price and the future cash flows cannot be estimated.

Note 3: Scheduled redemption amounts after the consolidated balance sheet date for monetary claims and securities with period of maturities as of March 31, 2013 and 2014 were as follows:

	Millions of Yen		
	2013		
	Within one year	Over one year but within five years	Over five years but within ten years
Time deposits	¥ 264,903	¥ -	¥ -
Receivables: Trade notes and Trade accounts	413,356	16,744	-
Investment securities			
Debt securities intended to be held to maturity			
Government bonds	-	606	103
Bonds	-	20	-
Other bonds	-	50	-
Available-for-sale securities			
Government bonds	-	102	160
Bonds	100	-	-
Other bonds	-	2,770	-
Others	-	53	-
Total	¥ 678,359	¥ 20,344	¥ 263

Notes to Consolidated Financial Statements (cont.)

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

	Millions of Yen		
	2014		
	Within one year	Over one year but within five years	Over five years but within ten years
Time deposits	¥ 354,998	¥ -	¥ -
Receivables: Trade notes and Trade accounts	437,396	7,029	-
Investment securities			
Debt securities intended to be held to maturity			
Government bonds	281	383	83
Bonds	20	-	-
Other bonds	50	-	-
Available-for-sale securities			
Government bonds	10	139	144
Others	-	30	-
Total	¥ 792,757	¥ 7,581	¥ 227

	Thousands of U.S. Dollars		
	2014		
	Within one year	Over one year but within five years	Over five years but within ten years
Time deposits	\$3,449,262	\$ -	\$ -
Receivables: Trade notes and Trade accounts	4,249,864	68,296	-
Investment securities			
Debt securities intended to be held to maturity			
Government bonds	2,730	3,721	806
Bonds	194	-	-
Other bonds	486	-	-
Available-for-sale securities			
Government bonds	97	1,351	1,400
Others	-	291	-
Total	\$7,702,653	\$ 73,659	\$ 2,206

Note 4: See the notes on "8 Short-term Borrowings, Commercial Papers and Long-term Borrowings" for notes pertaining to the aggregate annual maturities of long term debt after the consolidated balance sheet date:

5. Securities

(1) Following tables summarized acquisition costs, book values and fair values of securities with fair values available as of March 31, 2013 and 2014:

(a) Held-to-maturity debt securities:

Securities with available fair values exceeding book values

Type	Millions of Yen		
	Book value	Fair value	Difference
Government bonds	¥ 683	¥ 692	¥ 10
Bonds	20	21	1
Others	50	50	0
Total	¥ 753	¥ 763	¥ 11

Type	Millions of Yen			Thousands of U.S. Dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Government bonds	¥ 597	¥ 604	¥ 7	\$ 5,801	\$ 5,868	\$ 67
Bonds	20	21	1	194	204	10
Other	50	50	0	486	486	0
Total	¥ 667	¥ 675	¥ 8	\$ 6,481	\$ 6,558	\$ 77

Other securities

Type	Millions of Yen		
	2013		
	Book value	Fair value	Difference
Government bonds	¥ 26	¥ 26	¥ (0)
Total	¥ 26	¥ 26	¥ (0)

Type	Millions of Yen			Thousands of U.S. Dollars		
	2014			2014		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Government bonds	¥ 151	¥ 151	¥ (0)	\$ 1,467	\$ 1,467	\$ (0)
Total	¥ 151	¥ 151	¥ (0)	\$ 1,467	\$ 1,467	\$ (0)

(b) Available-for-sale securities:

Securities with book values exceeding acquisition costs

Type	Millions of Yen		
	2013		
	Book value	Acquisition cost	Difference
Equity securities	¥163,436	¥ 87,534	¥ 75,902
Government bonds	241	230	11
Other bonds	2,770	2,725	45
Others	965	626	339
Total	¥167,412	¥ 91,115	¥ 76,297

Type	Millions of Yen			Thousands of U.S. Dollars		
	2014			2014		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Equity securities	¥190,502	¥94,703	¥95,799	\$1,850,972	\$920,161	\$930,811
Government bonds	247	238	9	2,400	2,312	88
Others	995	741	254	9,667	7,201	2,466
Total	¥191,744	¥95,682	¥96,062	\$1,863,039	\$929,674	\$933,365

Other securities

Type	Millions of Yen		
	2013		
	Book value	Acquisition cost	Difference
Equity securities	¥ 16,151	¥ 21,084	¥ (4,933)
Government bonds	21	22	(0)
Bonds	100	100	-
Others	287	313	(27)
Total	¥ 16,559	¥ 21,519	¥ (4,960)

Type	Millions of Yen			Thousands of U.S. Dollars		
	2014			2014		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Equity securities	¥15,085	¥18,513	¥ (3,428)	\$ 146,570	\$ 179,878	\$ (33,308)
Government bonds	46	46	(0)	447	447	(0)
Others	180	189	(9)	1,749	1,836	(87)
Total	¥15,311	¥18,748	¥ (3,437)	\$ 148,766	\$ 182,161	\$ (33,395)

Notes to Consolidated Financial Statements (cont.)

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

(2) Total sales of available-for-sale securities and the related gains and losses for the years ended March 31, 2013 and 2014 were as follows:

Type	Millions of Yen			Total
	2013			
	Equity securities	Others		
Total sales of available-for-sale securities sold	¥ 5,523	¥ 447		¥ 5,970
Gains on sales of available-for-sale securities	1,047	32		1,079
Losses on sales of available-for-sale securities	1,027	55		1,082

Type	Millions of Yen			Total
	2014			
	Equity securities	Bonds	Others	
Total sales of available-for-sale securities sold	¥ 4,110	¥ 2,829	¥ 3,890	¥ 10,829
Gains on sales of available-for-sale securities	1,882	104	36	2,022
Losses on sales of available-for-sale securities	127	-	4,781	4,908

Type	Thousands of U.S. Dollars			Total
	2014			
	Equity securities	Bonds	Others	
Total sales of available-for-sale securities sold	\$ 39,934	\$ 27,487	\$ 37,796	\$ 105,217
Gains on sales of available-for-sale securities	18,286	1,010	350	19,646
Losses on sales of available-for-sale securities	1,234	-	46,454	47,688

(3) Impairment losses on securities

The Companies recognized impairment losses on the following securities for the years ended March 31, 2013 and 2014, respectively.

Type	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
	Write-down of investment securities	¥ 170	¥ 25
Write-down of investment securities included in cost of sales (Real estate development)	231	-	-

6. Pledged Assets

(1) The following assets were pledged principally as collateral for short-term borrowings, long-term debt, guarantee deposits received or guarantees (such as guarantees for the completion of construction contracts) at March 31, 2013 and 2014:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
	Buildings and structures (net of accumulated depreciation)	4,386	4,139
Total	¥ 4,386	¥ 4,139	\$ 46,635

(2) The following assets were pledged principally as collateral for loans of companies, which were not consolidated at March 31, 2013 and 2014:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
	Inventories: Real estate development	¥ 749	¥ -
Investment securities	2,013	2,106	20,462
Other assets	2,102	1,922	18,675
Total	¥ 4,864	¥ 4,028	\$ 39,137

7. Notes receivable and notes payable maturing on balance sheet date (Effect on of Bank Holiday)

Notes receivable and notes payable are settled on the date of clearance. As March 31, 2013 was a bank holiday, notes receivable and notes payable maturing on that day could not be settled and were included in the consolidated balance sheets, as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Notes receivable (Trade).....	¥ 533	¥ -	\$ -
Notes receivable (Other).....	79	-	-
Notes Payable (Trade).....	9,077	-	-
Notes Payable (Other).....	9	-	-

8. Short-term Borrowings, Long-term Borrowings and Straight Bonds

Short-term borrowings at March 31, 2013 and 2014 mainly consisted of short-term notes and overdrafts from banks. The weighted average interest rates of short-term borrowings at March 31, 2013 and 2014 were 0.8% and 0.7% per annum, respectively.

The Company and its consolidated subsidiaries have had no difficulty in renewing such notes and overdraft facility agreements, when they considered such renewal advisable.

Long-term borrowings at March 31, 2013 and 2014 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Bonds and notes:			
Issued by the Company:			
1.80% yen bonds due in 2014.....	¥ 10,000	¥ 10,000	\$ 97,163
1.81% yen bonds due in 2014.....	3,400	1,200	11,660
1.49% yen bonds due in 2015.....	15,000	15,000	145,744
0.80% yen bonds due in 2016.....	10,000	10,000	97,163
1.58% yen bonds due in 2017.....	10,000	10,000	97,163
0.66% yen bonds due in 2018.....	-	10,000	97,163
0.67% yen bonds due in 2020.....	-	10,000	97,163
Loans, principally from banks and insurance companies:			
Secured loans.....	1,780	1,050	10,202
Unsecured loans.....	242,537	199,536	1,938,748
	292,717	266,786	2,592,169
Amount due within one year.....	(60,751)	(80,292)	(780,140)
Total long-term borrowings (due after one year).....	¥ 231,966	¥ 186,494	\$ 1,812,029

Long-term loans at March 31, 2013 and 2014 were principally from banks and insurance companies. The weighted average interest of loans at March 31, 2013 and 2014 were 1.0% and 1.2% per annum, respectively.

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

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2015.....	¥ 80,292	\$ 780,140
2016.....	39,860	387,291
2017.....	58,616	569,530
2018.....	44,538	432,744
2019.....	13,480	130,976
2020 and thereafter.....	30,000	291,488
Total.....	¥ 266,786	\$ 2,592,169

The Company has a commitment line provided by co-financing consisting of several correspondent financial institutions for the purpose of securing financing in case of an emergency. The commitment line amount as of March 31, 2013 and 2014 were ¥100,000 million and ¥100,000 million (\$ 971,628 thousand), respectively, although there was no amount of loans as of March 31, 2013 and 2014.

Notes to Consolidated Financial Statements (cont.)

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

9. Income Taxes

Taxes on income consist of corporation, enterprise and inhabitants taxes.

The adjustment of deferred tax assets and liabilities due to the change in corporation tax rates

On March 31, 2014, the "Act for partial amendment of the Special Reconstruction Corporation Tax Act" (Act No. 10 of 2014) was officially issued and accordingly the special reconstruction corporate tax will not be imposed on the Company and its domestic subsidiaries from the year ending March 31, 2015. Corresponding to this change, the statutory tax rate applied in calculating deferred income taxes for temporary differences, which are expected to reverse during the period from April 1, 2014 to March 31, 2015, was reduced from 38.0% to 35.6%. As a result of these changes in tax rates, net deferred tax assets decreased by ¥ 732 million (\$ 7,112 thousand) and deferred income tax expense increased by ¥ 732 million (\$ 7,112 thousand) for the year ended March 31, 2014.

The following table summarized the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the year ended March 31, 2014.

	2013	2014
Statutory tax rate	-	38.0%
Permanent differences:		
Non-deductible expenses	-	12.0
Non-taxable income	-	(11.1)
Per capita inhabitant tax and others	-	1.2
Changes in valuation reverse	-	(6.8)
Tax rate difference of foreign consolidated subsidiaries	-	(1.7)
Reversal of revaluation reserve for land	-	(1.7)
Effect of enacted changes in tax laws and rates on Japanese tax	-	1.7
Others	-	(1.3)
Effective tax rate	-	30.3

(*)Note Information for the year ended March 31, 2013 is not provided because the difference between the effective income tax rate of the Companies and the statutory tax rate is less than 5%.

Significant components of deferred income taxes at March 31, 2013 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Deferred income tax assets:			
Disallowed portion of expenses and losses:			
Allowance for employee's severance and retirement benefits	¥ 36,995	¥ -	\$ -
Net defined benefit liability	-	42,277	410,775
Inventories	25,950	28,774	279,576
Bad debt expenses and allowance for doubtful accounts	7,072	3,841	37,320
Accrued bonuses	4,333	4,680	45,472
Fixed assets	6,384	2,130	20,696
Investment securities	5,764	1,217	11,825
Others	5,674	6,393	62,117
Tax loss carryforward	2,337	2,328	22,620
Unrealized profits	7,389	7,372	71,628
Consolidation adjustment on investments in related companies	1,384	1,306	12,689
Sub-total	103,283	100,318	974,718
Valuation allowance	(8,729)	(4,718)	(45,841)
Total	94,554	95,600	928,877
Deferred income tax liabilities:			
Unrealized holding gains on securities	(25,380)	(32,954)	(320,190)
Gains on securities contribution to employee retirement benefit trust	(20,605)	(20,605)	(200,204)
Net defined benefit asset	-	(6,367)	(61,864)
Reserve for tax deferment on replacement of assets	(1,922)	-	-
Others	(588)	(1,419)	(13,788)
Total	(48,495)	(61,345)	(596,046)
Net total	¥ 46,059	¥ 34,255	\$ 332,831

In addition to the deferred income taxes shown above, deferred tax liabilities concerning revaluation of land amounting to ¥ 5,696 million at March 31, 2013 and ¥ 4,913 million (\$ 47,736 thousand) at March 31, 2014 were included in the consolidated balance sheets.

10. Investment and Rental Property

- (1) The Company and certain consolidated subsidiaries hold some office buildings for rent in Tokyo and other areas. The rental income on office buildings for rent was ¥ 3,467 million and ¥ 3,657 million (\$ 35,532 thousand) at the year ended on March 31, 2013 and 2014, respectively. Rental income is mainly booked on Net Sales: Real estate development and other, and rental cost is mainly booked on Cost of Sales.
- (2) The amounts of investment and rental property which booked on consolidated balance sheets, the amounts of increase or decrease, and fair value at March 31, 2013 and 2014 were as follows:

Millions of Yen			
2013			
Book value		Fair value	
March 31, 2012	increase (decrease)	March 31, 2013	March 31, 2013
¥ 89,120	¥ (2,390)	¥ 86,731	¥ 91,337

Millions of Yen			
2014			
Book value		Fair value	
March 31, 2013	increase (decrease)	March 31, 2014	March 31, 2014
¥ 86,731	¥ (27,596)	¥ 59,135	¥ 65,882

Thousands of U.S. Dollars			
2014			
Book value		Fair value	
March 31, 2013	increase (decrease)	March 31, 2014	March 31, 2014
\$ 842,702	\$ (268,130)	\$ 574,572	\$ 640,128

Note 1: Carrying amount is the amount that the accumulated depreciation and impairment losses are deducted from the cost of acquisition.

Note 2: The main reasons of decrease for the years ended March 31, 2013 and March 31, 2014 were sales of fixed assets in the amounts of ¥ 1 million and ¥ 18,421 million (\$ 178,984 thousand), impairment loss on fixed assets in the amounts of ¥ 838 million and ¥ 3,987 million (\$ 38,739 thousand), and reclassification to inventories (real estate) in the amounts of ¥ 1,002 million and ¥ 5,339 million (\$ 51,875 thousand), respectively.

Note 3: The book value at March 31, 2013 and 2014 included asset retirement obligations in the amounts of ¥ 373 million and ¥ 240 million (\$2,332 thousand), respectively.

Note 4: The fair value of investment and rental property as of March 31, 2013 and 2014 were mainly calculated by the Company according to the appraisal standard of real-estate (including those which were adjusted using the land price index, if any).

11. Employees' Severance and Retirement Benefits

For the year ended March 31, 2013

The Company and its main consolidated subsidiaries have adopted the defined-benefit pension plans which include defined-benefit corporate pension plans and lump-sum payment plans. Liabilities and expenses for severance and retirement benefits of the Company and its consolidated domestic subsidiaries are determined based on amounts obtained by actuarial calculations.

The number of the companies applying lump-sum payment plans decreased by 1 and that applying defined-benefit corporate pension plans increased by 1, mainly for change in subsidiaries subject to consolidation, and accordingly, the number of companies which have adopted defined-benefit corporate pension plans and lump-sum payment plans were 9 and 20, respectively, as of March 31, 2013.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2013 consisted of the following:

	Millions of Yen
	2013
Projected benefit obligation	¥ (148,920)
Unrecognized actuarial differences	19,646
Unrecognized prior service liabilities	(13,361)
Less: Fair value of pension assets	115,634
Prepaid pension expense	(6,728)
Allowance for employees' severance and retirement benefits	¥ (33,729)

Notes to Consolidated Financial Statements *(cont.)*

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

Severance and retirement benefit expenses included in the consolidated statements of operation for the years ended March 31, 2013 comprised of the following:

	Millions of Yen
	2013
Service costs – benefits earned during the year	¥ 6,014
Interest cost on projected benefit obligation	3,791
Expected return on plan assets	(2,101)
Amortization of actuarial differences	5,332
Amortization of prior service liabilities	(861)
Special retirement benefits and others	15
Severance and retirement benefit expenses	¥ 12,190

The discount rates used by the Company and its consolidated domestic subsidiaries for the years ended March 31, 2013 was 0.5% to 2.0%. The rates of expected return on the plan assets used by the Company and its consolidated domestic subsidiaries for the years ended March 31, 2013 was 1.0% to 3.5%. The estimated amount of all retirement benefits to be paid at the future retirement date was allocated equally to each service year using the estimated number of total service years. Actuarial gains and losses were recognized using mainly the straight-line method over 1 to 10 years. Prior service costs were amortized using mainly the straight-line method over 1 to 10 years, the period within the estimated average remaining service life of the employees.

As from April 1, 2013, the Company transferred a part of the future service benefit of the funded non-contributory pension plan to defined-contribution pension plan, based on the agreement of the Company and its labor union on December 25, 2012.

For the year ended March 31, 2014

The Company and its main consolidated subsidiaries have adopted the defined-benefit pension plans and defined-contribution pension plans. The defined-benefit pension plans adopted consist of defined-benefit corporate pension plans and lump-sum payment plans.

Liabilities and expenses for severance and retirement benefits of the Company and its consolidated domestic subsidiaries are determined based on amounts obtained by actuarial calculations. The Company may also pay additional retirement benefits which are not subject to actuarial calculation.

The Company has established a retirement benefit trust.

As a result of the change of retirement benefit system in the Company, the number of companies applying defined-contribution pension plan increased by 1, and accordingly the numbers of consolidated companies which have adopted defined-benefit corporate pension plans, lump-sum payment plans and defined-contribution pension plans were 9, 20 and 3, respectively, as of March 31, 2014.

Defined benefit plans

(1) Movement in retirement benefit obligations

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Balance at April 1, 2013	¥ 148,920	\$ 1,446,949
Service cost	5,632	54,722
Interest cost	2,760	26,817
Actuarial loss (gain)	790	7,676
Benefits paid	(12,848)	(124,835)
Past service costs	(97)	(942)
Other	437	4,246
Balance at March 31, 2014	¥ 145,594	\$ 1,414,633

Some of the consolidated subsidiaries use simplified method for the calculation of retirement benefit obligations. Retirement benefit expenses in the consolidated subsidiaries using simplifying method are recorded in service cost.

(2) Movements in plan assets

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Balance at April 1, 2013	¥ 115,634	\$ 1,123,533
Expected return on plan assets	1,629	15,828
Actuarial loss (gain)	7,449	72,377
Contributions paid by the employer	6,143	59,687
Benefits paid	(9,202)	(89,410)
Balance at March 31, 2014	¥ 121,653	\$ 1,182,015

(3) Reconciliation from retirement benefit obligations and plan assets to Net defined benefit liability (asset)

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Funded retirement benefit obligations	¥ 143,377	\$ 1,393,092
Plan assets	(121,653)	(1,182,015)
	21,724	211,077
Unfunded retirement benefit obligations	2,218	21,550
Net total at March 31, 2014	23,942	232,627
Net defined benefit liability	54,279	527,390
Net defined benefit asset	(30,337)	(294,763)
Net total at March 31, 2014	¥ 23,942	\$ 232,627

(4) Retirement benefit costs

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Service cost	¥ 5,632	\$ 54,722
Interest cost	2,760	26,817
Expected return on plan assets	(1,629)	(15,828)
Net actuarial loss amortization	1,503	14,604
Past service costs amortization	(1,736)	(16,867)
Other	16	155
Total retirement benefit costs for the fiscal year ended March 31, 2014	¥ 6,546	\$ 63,603

(5) Remeasurements of defined benefit plans

Items recorded in remeasurements of defined benefit plans (before considering tax effect) were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Unrecognized past service costs	¥ (11,722)	\$ (113,894)
Unrecognized actuarial gains and losses	11,524	111,970
Total balance at March 31, 2014	¥ (198)	\$ (1,924)

(6) Plan assets

① Plan assets comprise:

Equity securities	43 %
Bonds	24
General accounts	21
Special accounts	3
Cash and cash equivalents	0
Other	9
Total	100

The retirement benefit trust established for corporate pension plans accounts for 31% of total plan assets.

② Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(7) Actuarial assumptions

The principal actuarial assumptions at March 31, 2014 (expressed as weighted averages) follow:

Discount rate	
The Company and its consolidated domestic subsidiaries	0.5 – 2.0 %
Consolidated overseas subsidiaries	6.4
Long-term expected rate of return	1.0 – 3.5

Defined-contribution pension plans

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Amount payable for defined-contribution pension plans of the Company and its consolidated subsidiaries	¥ 2,058	\$ 19,996

Notes to Consolidated Financial Statements *(cont.)*

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

12. Net assets

Net assets comprise three subsections; which are shareholders' equity, accumulated other comprehensive income and minority interests.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law ("the Law"), when a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, appropriations of legal earnings reserve and additional paid-in capital generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, however, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

The number of treasury stock owned by the Company, consolidated subsidiaries and affiliated companies adopting the equity method as of March 31, 2013 and 2014 were 1,213 thousand shares and 1,278 thousand shares, respectively.

13. Lease Transactions

Operating leases

(a) Lessee

Future minimum lease payments as of March 31, 2013 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Due within one year.....	¥ 4,190	¥ 4,386	\$ 42,616
Due after one year.....	30,159	29,046	282,219
Total	¥ 34,349	¥ 33,432	\$ 324,835

(b) Lesser

Future minimum lease receipts as of March 31, 2013 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Due within one year.....	¥ 3,624	¥ 3,337	\$ 32,423
Due after one year.....	25,577	25,601	248,747
Total	¥ 29,201	¥ 28,938	\$ 281,170

14. Derivative Transactions

(1) Derivative transactions of the Company and its consolidated subsidiaries as of March 31, 2013 and 2014 were as follows:

- ① Derivative transactions which were not accounted for by the hedge accounting
 • Corresponding derivative transactions at March 31, 2013 and 2014 were not applicable.

- ② Derivative transactions which were accounted for by the hedge accounting
 • Interest Rate-Related Derivatives:

Main items which hedged by interest rate swap contracts are Long-term debt.

The following interest rate swaps are used as hedges, the net amounts to be paid or received is added to or deducted from interests.

(a) Special treatment of swap

	Millions of Yen		
	2013		
	Contract amount		
	Total	Due after one year	Market value
Interest rate swaps			
receive floating rate, pay fixed rate	¥ 153,673	¥ 127,492	¥ -

	Millions of Yen		
	2014		
	Contract amount		
	Total	Due after one year	Market value
Interest rate swaps			
receive floating rate, pay fixed rate	¥ 126,638	¥ 85,328	¥ -

	Thousands of U.S. Dollars		
	2014		
	Contract amount		
	Total	Due after one year	Market value
Interest rate swaps			
receive floating rate, pay fixed rate	\$ 1,230,451	\$ 829,071	\$ -

Notes 1: Market value of interest rate swaps was included in the corresponding hedged long-term debt (long term debt due within one year was considered as short-term debt) as those interest rate swaps were recorded as an adjustment to the corresponding hedged long-term debt under the special treatment.

(b) Deferred swap

	Millions of Yen		
	2013		
	Contract amount		
	Total	Due after one year	Market value
Interest rate swaps			
receive floating rate, pay fixed rate	¥ 20,000	¥ 20,000	¥ (316)

	Millions of Yen		
	2014		
	Contract amount		
	Total	Due after one year	Market value
Interest rate swaps			
receive floating rate, pay fixed rate	¥ 20,000	¥ 20,000	¥ (275)

	Thousands of U.S. Dollars		
	2014		
	Contract amount		
	Total	Due after one year	Market value
Interest rate swaps			
receive floating rate, pay fixed rate	\$ 194,326	\$ 194,326	\$ (2,672)

Notes 1: Market value is estimated based on actual cost and other terms in connection with each derivative transaction, or marked to market by the originating dealer

Notes to Consolidated Financial Statements (cont.)

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

15. Asset Retirement Obligations

(1) General information on the asset retirement obligations is as follows:

Asset retirement obligations are based on the estimated future restoration obligations pursuant to the office rental agreements and future obligations for asbestos removal pursuant to the Ordinance on Prevention of Health Impairment due to Asbestos.

(2) Calculation method of the asset retirement obligations

Asset retirement obligations are calculated based on the estimated period of use depending on the period of useful life of the relevant tangible fixed assets and discounted by rates of 0.5-2.3% which are estimated based on the rate of return on government bonds for the each period mainly corresponding to the useful life.

(3) Asset retirement obligations as of March 31, 2013 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
As of April 1, 2012 and 2013	¥ 1,213	¥ 1,223	\$ 11,883
New obligations by acquisition of fixed assets	16	1	10
Changes in estimated obligations and accretion	24	23	223
Settlement payment	(14)	(10)	(97)
Others	(16)	(321)	(3,119)
As of March 31, 2013 and 2014	¥ 1,223	¥ 916	\$ 8,900

Notes 1: The balance of the asset retirement obligations as of April 1, 2010 was determined by application of ASBJ Statement No.18, Accounting Standard for Asset Retirement Obligations, and ASBJ Guidance No.21, Guidance on Accounting Standard for Asset Retirement Obligations (both issued by the ASBJ on March 31, 2008).

(4) Asset retirement obligations which were not recognized on the consolidated balance sheet were as follows:

The Company and its certain consolidated subsidiaries have obligation for future restoration mainly relating to the head offices, assumed pursuant to the office rental agreements. However, they did not recognize these obligations because they could not specify the timing of its pursuance and estimate reasonably the amounts of these obligations, for estimated period of use of the relevant tangible fixed assets was uncertain and no plan or expectation of relocation according to their business strategy was existed.

16. Related Party Transactions

Transactions of the Company's consolidated subsidiaries with related individuals, including shareholders and directors, for the years ended March 31, 2013 and 2014 were as follows:

	Millions of Yen			
	2013		2014	
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	March 31, 2013			
(c) Capital (Million yen)	Description of transaction	Amount	Amount	Amount
(d) Equity ownership percentage of the Company				
(a) Misao Akune	Sale of condominium apartment by Taisei Yuraku Real Estate Co., Ltd.	¥ 20	-	¥ -
(b) The representative director of the Corporation				
(c) -				
(d) 0.01%				
(a) Ken Akune	Sale of condominium apartment by Taisei Yuraku Real Estate Co., Ltd.	¥ 21	-	¥ -
(b) Close relative of the representative director of the Corporation				
(c) -				
(d) -				
(a) Keita Oomi	Housing construction by Taisei Housing Co., Ltd.	¥ 20	-	¥ -
(b) Close relative of the operating officer of the Corporation				
(c) -				
(d) -				
(a) Tadao Sakai	Housing construction by Taisei Housing Co., Ltd.	¥ 42	-	¥ -
(b) Close relative of the operating officer of the Corporation				
(c) -				
(d) -				
(a) Noriko Sakai	Housing construction by Taisei Housing Co., Ltd.	¥ 18	-	¥ -
(b) Close relative of the operating officer of the Corporation				
(c) -				
(d) -				

Millions of Yen				
2013				
	Transactions during the year ended March 31,		Balance at the end of the year	
	2013			
(a) Name	Description of transaction	Amount	Amount	Amount
(b) Attribution				
(c) Capital (Million yen)				
(d) Equity ownership percentage of the Company				
(a) Takashi Hayashi	Housing construction	¥ 27	-	¥ -
(b) The representative director of Taisei Yuraku Real Estate Co., Ltd.	by Taisei Housing Co., Ltd.			
(c) -				
(d) 0.00%				

Notes 1: Consumption taxes were not included in the transaction amounts.

2: Business conditions and policy of business conditions

- (1) Transaction condition of sale of condominium apartment was determined properly considering normal market prices as in the case of other general transactions.
- (2) Misao Akune, the representative director of the Corporation and his close relative, Ken Akune are joint owners of the condominium apartment.
- (3) Transaction condition including the contract price was determined properly on an arm's-length basis as in the case of other general transactions. The amount of transaction above represents the contract price on the construction contract.
- (4) Tadao Sakai and Noriko Sakai jointly ordered the housing construction.

Millions of Yen				
2014				
	Transactions during the year ended		Balance at the end of the year	
	March 31, 2014			
(a) Name	Description of transaction	Amount	Amount	Amount
(b) Attribution				
(c) Capital (Million yen)				
(d) Equity ownership percentage of the Company				
(a) Yoshiyuki Murata	Housing construction	¥ 23	-	¥ -
(b) The director of the Corporation	by Taisei Housing Co., Ltd.			
(c) -				
(d) 0.00%				
(a) Toyoko Murata	Housing construction	¥ 23	-	¥ -
(b) Close relative of the director of the Corporation	by Taisei Housing Co., Ltd.			
(c) -				
(d) -				
(a) Takao Kanai	Housing construction	¥ 23	-	¥ -
(b) Close relative of the operating officer of the Corporation	by Taisei Housing Co., Ltd.			
(c) -				
(d) 0.00%				

Thousands of U.S. dollars				
2014				
	Transactions during the year ended		Balance at the end of the year	
	March 31, 2014			
(a) Name	Description of transaction	Amount	Amount	Amount
(b) Attribution				
(c) Capital (Million yen)				
(d) Equity ownership percentage of the Company				
(a) Yoshiyuki Murata	Housing construction	\$ 223	-	\$ -
(b) The representative director of the Corporation	by Taisei Housing Co., Ltd.			
(c) -				
(d) 0.00%				
(a) Toyoko Murata	Housing construction	\$ 223	-	\$ -
(b) Close relative of the director of the Corporation	by Taisei Housing Co., Ltd.			
(c) -				
(d) -				
(a) Takao Kanai	Housing construction	\$ 223	-	\$ -
(b) Close relative of the operating officer of the Corporation	by Taisei Housing Co., Ltd.			
(c) -				
(d) 0.00%				

Notes 1: Consumption taxes were not included in the transaction amounts.

2: Business conditions and policy of business conditions

- (1) Transaction condition including the contract price was determined properly on an arm's-length basis as in the case of other general transactions. The amount of transaction above represents the contract price on the construction contract.
- (2) Yoshiyuki Murata, the director of the Corporation and his close relative, Toyoko Murata jointly ordered the housing construction.

Notes to Consolidated Financial Statements (cont.)

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

17. Segment Information

(1) Segment Information

(a) General information on reportable segments

Each reportable segment of the Companies is the business unit in the Companies, which discrete financial information is available. Reportable segments are reviewed periodically at the Board of Directors Meeting in order to determine distribution of management resources and evaluate business result on each reportable segment.

The headquarters in the head office are established by the products of construction and the services. Each headquarter proposes comprehensive domestic and overseas strategies with respect to products and services, and operates its business activities.

The Companies consists of segments identified by products and services based on the headquarters, and identifies the three segments, "Civil engineering," "Construction contracts," and "Real estate development" as reportable segments. "Civil engineering" is the business related to civil engineering, etc. "Construction contracts" is the business related to the construction of building and housing, etc. And "Real estate development" is the business related to resale and rental of land and buildings, etc.

(b) Basis of measurement on reported segment net sales, profit or loss and other material items

The accounting methods for each reportable segment are the same as that set forth in the "Summary of Significant Accounting Policies". The operating income (loss) is presented based on the operating income (loss) before recognizing the amortization of goodwill in the Consolidated Statement of Income. In addition, conditions of intersegment transactions and transfers are determined considering market prices as in the case of other general transactions.

The assets are not allocated to the segments. However, the corresponding depreciation expenses are allocated to the segments according to the rational bases such as the conditions of assets use.

(c) Information on reported segment net sales, profit or loss and other material items

Segment information as for the years ended March 31, 2013 and 2014 were as follows:

Millions of Yen							
2013							
	Reportable segments			Others	Total	Adjustments	Consolidated
	Civil engineering	Construction contracts	Real estate development				
Net sales:							
Customers	¥ 358,327	¥ 915,470	¥ 132,990	¥ 9,708	¥ 1,416,496	¥ -	¥ 1,416,496
Intersegment	22,746	44,060	6,087	2,360	75,253	(75,253)	-
Total	381,073	959,530	139,077	12,069	1,491,749	(75,253)	1,416,496
Operating income	9,681	19,236	¥ 5,690	¥ 465	¥ 35,072	534	35,606
Depreciation expense	¥ 2,625	¥ 2,403	¥ 1,816	¥ 73	¥ 6,917	¥ (51)	¥ 6,866
Increase (decrease) in allowance for losses on construction contracts	¥ 2,499	¥ 4,694	¥ -	¥ -	¥ 7,193	¥ -	¥ 7,193

Notes 1: "Others" presented businesses such as real estate managing business, incidental business to the construction business, leisure business, and other service businesses, which are not included in reportable segments.

2: Adjustment amount of operating income was ¥ 534 million, which included ¥ 591 million of intersegment elimination, etc. and ¥ (57) million of the amount of amortization of goodwill.

3: Segment operating income was adjusted against operating income of Consolidated Statement of Income.

Millions of Yen							
2014							
	Reportable segments			Others	Total	Adjustments	Consolidated
	Civil engineering	Construction contracts	Real estate development				
Net sales:							
Customers	¥ 418,526	¥ 922,647	¥ 182,346	¥ 9,954	¥ 1,533,473	¥ -	¥ 1,533,473
Intersegment	29,642	33,378	6,089	2,010	71,119	(71,119)	-
Total	448,168	956,025	188,435	11,964	1,604,592	(71,119)	1,533,473
Operating income	32,568	(8,950)	¥ 27,963	¥ 566	¥ 52,147	1,626	53,773
Depreciation expense	¥ 3,070	¥ 2,681	¥ 1,619	¥ 78	¥ 7,448	¥ (41)	¥ 7,407
Increase (decrease) in allowance for losses on construction contracts	¥ 555	¥ 18,814	¥ -	¥ -	¥ 19,369	¥ -	¥ 19,369

Thousands of U.S. Dollars							
2014							
	Reportable segments			Others	Total	Adjustments	Consolidated
	Civil engineering	Construction contracts	Real estate development				
Net sales:							
Customers	\$ 4,066,518	\$ 8,964,701	\$ 1,771,725	\$ 96,716	\$ 14,899,660	\$ -	\$ 14,899,660
Intersegment	288,010	324,310	59,162	19,530	691,012	(691,012)	-
Total	4,354,528	9,289,011	1,830,887	116,246	15,590,672	(691,012)	14,899,660
Operating income	\$ 316,440	\$ (86,961)	\$ 271,696	\$ 5,500	\$ 506,675	\$ 15,799	\$ 522,474
Depreciation expense	\$ 29,829	\$ 26,049	\$ 15,731	\$ 758	\$ 72,367	\$ (398)	\$ 71,969
Increase (decrease) in allowance for losses on construction contracts	\$ 5,393	\$ 182,820	\$ -	\$ -	\$ 188,195	\$ -	\$ 188,195

Notes 1: "Others" presented businesses such as real estate managing business, incidental business to the construction business, leisure business, and other service businesses, which are not included in reportable segments.

2: Adjustment amount of operating income was ¥ 1,626 million (\$ 15,799 thousand), which included ¥ 1,684 million (\$ 16,362 thousand) of intersegment elimination, etc. and ¥ (57) million (\$ (554) thousand) of the amount of amortization of goodwill.

3: Segment operating income was adjusted against operating income of Consolidated Statement of Income.

(2) Related Information

(a) Information about products and services

The information about products and services is included in "(c) Information about reported segment net sales, profit or loss and other material items" of "(1) Segment Information" for the years ended March 31, 2013 and 2014.

(b) Information about geographic areas

• Net sales

The information about net sales was not shown for the years ended March 31, 2013 and 2014 since sales to unaffiliated customers in Japan were more than 90% of net sales of Consolidated Statement of Income.

• Property and equipment

The information about property and equipment was not shown for the years ended March 31, 2013 and 2014 since the amounts of property and equipment that located in Japan were more than 90% of the amounts of property and equipment of Consolidated Balance Sheet.

(c) Information about major customers

The information about major customers was not shown for the years ended March 31, 2013 and 2014 since net sales to any customer were less than 10% of the amounts of net sales of Consolidated Statement of Income.

(d) Information about impairment loss on fixed assets by reported segment for the years ended March 31, 2013 and 2014 were as follows:

Millions of Yen						
2013						
	Reportable segments			Others	Elimination and/or corporate	Total
	Civil engineering	Construction contracts	Real estate development			
Impairment loss on fixed assets	¥ 187	¥ 234	¥ 981	¥ -	¥ -	¥ 1,402

Millions of Yen						
2014						
	Reportable segments			Others	Elimination and/or corporate	Total
	Civil engineering	Construction contracts	Real estate development			
Impairment loss on fixed assets	¥ 216	¥ 291	¥ 4,092	¥ -	¥ -	¥ 4,599

Thousands of U.S. Dollars						
2014						
	Reportable segments			Others	Elimination and/or corporate	Total
	Civil engineering	Construction contracts	Real estate development			
Impairment loss on fixed assets	\$ 2,099	\$ 2,827	\$ 39,759	\$ -	\$ -	\$ 44,685

Notes to Consolidated Financial Statements (cont.)

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

(e) Information about the amount of amortization and unamortized balance of goodwill by reported segment for the years ended March 31, 2013 and 2014 were as follows:

	Millions of Yen					
	2013					
	Reportable segments					Total
Civil engineering	Construction contracts	Real estate development	Others	Elimination and/or corporate		
Amortization of goodwill.....	¥ -	¥ -	¥ 57	¥ -	¥ -	¥ 57
Unamortized balance of goodwill.....	¥ -	¥ -	¥ 115	¥ -	¥ -	¥ 115

	Millions of Yen					
	2014					
	Reportable segments					Total
Civil engineering	Construction contracts	Real estate development	Others	Elimination and/or corporate		
Amortization of goodwill.....	¥ -	¥ -	¥ 57	¥ -	¥ -	¥ 57
Unamortized balance of goodwill.....	¥ -	¥ -	¥ 57	¥ -	¥ -	¥ 57

	Thousands of U.S. Dollars					
	2014					
	Reportable segments					Total
Civil engineering	Construction contracts	Real estate development	Others	Elimination and/or corporate		
Amortization of goodwill.....	\$ -	\$ -	\$ 554	\$ -	\$ -	\$ 554
Unamortized balance of goodwill.....	\$ -	\$ -	\$ 554	\$ -	\$ -	\$ 554

(f) Information about gains on negative goodwill by reported segment

Information about gains on negative goodwill for the years ended March 31, 2013 and 2014 were not applicable.

18. Contingent Liabilities and Commitment

The Company and its consolidated subsidiaries were contingently liable as guarantors for borrowings of companies, which were not consolidated, in the amount of ¥ 6,794 million and ¥ 5,647 million (\$ 54,868 thousand) at March 31, 2013 and 2014, respectively.

In addition, the Company and its consolidated subsidiaries were contingently liable to invest in the specific purpose companies for their repayment and other obligations of borrowings in the amount of ¥ 19,680 million and ¥ 17,280 million (\$ 167,897 thousand) at March 31, 2013 and 2014, respectively. The amounts indicated their shares of the additional investment obligations.

19. Revaluation Reserve for Land

In the year ended March 31, 2002, certain consolidated domestic subsidiaries executed revaluation of their land for business in accordance with the Law Concerning Revaluation of Land (the "Law").

As a result of this revaluation, deferred income taxes concerning the differences between the amounts after revaluation and the book values before revaluation were stated in the assets and liabilities in the consolidated balance sheets. The differences between these amounts, net of taxes, were stated as "Revaluation reserve for land" in "Accumulated other comprehensive income".

The revaluation was executed in accordance with the method prescribed in the Article 2, Items 3, 4 and 5 of the Law on November 30, 2001 and March 31, 2002.

One of the consolidated subsidiaries, which was merged with another consolidated subsidiary on December 1, 2001, executed the revaluation on November 30, 2001.

Excess amount of the book values of the revaluated land over the fair values as of March 31, 2013 and 2014 was ¥ 7,290 million and ¥ 8,289 million (\$ 80,538 thousand), respectively (Including the excess amount of ¥ 1,693 million and ¥ 2,482 million (\$ 24,116 thousand) related to investment and rental property at March 31, 2013 and 2014, respectively).

20. Research and Development Expenses

Research and development expenses, which were included in selling, general and administrative expenses and cost of sales, amounted to ¥ 8,960 million and ¥ 9,534 million (\$ 92,635 thousand) for the years ended March 31, 2013 and 2014, respectively.

21. Impairment Losses of Fixed Assets

Impairment losses on fixed assets for the years ended March 31, 2013 and 2014 consisted of the following:

2013		
Use	Type of assets	Location
Assets for business use	Land, Building, structure, and others	Tokyo and others (25 lots)
Assets reclassified from business purpose to trading purpose	Land, building	Tokyo and others (4 lots)
Dormant assets	Land, building and others	Hokkaido and other (4 lots)

2014		
Use	Type of assets	Location
Assets for business use	Land, Building and others	Tokyo and others (14 lots)
Leased assets	Machinery and equipment	Hokkaido (1 lot)
Assets reclassified from business purpose to trading purpose	Land, Building, Structure	Kanagawa and others (3 lots)
Dormant assets	Land, Building, Structure	Nagano and another (2 lots)

The Company and its consolidated domestic subsidiaries grouped their fixed assets based on units, for which decisions for investments were made. Book values of the fixed assets listed above were reduced to recoverable amounts and impairment losses were recognized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Buildings and structures	¥ 322	¥ 1,481	\$ 14,390
Land	1,071	2,982	28,974
Others	9	136	1,321
Total	¥ 1,402	¥ 4,599	\$ 44,685

The recoverable amount of the fixed assets for the years ended March 31, 2013 and 2014 were their net realizable values mainly based on amounts determined by valuations made in accordance with real estate appraisal standards.

22. Per Share Data

Net assets per share and net income per share as of and for the years ended March 31, 2013 and 2014 were as follows:

	Yen		U.S. Dollars
	2013	2014	2014
Net assets per share	¥ 299.84	¥ 335.42	\$ 3.259
Net income per share	17.60	28.17	0.274
Diluted Net income per share	-	-	-

Diluted net income per share for the years ended March 31, 2013 and 2014 were not presented because the Company had no shares with dilutive effects.

Calculation bases for basic net income per share for the years ended March 31, 2013 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Basic Net income per share			
Net income	¥ 20,051	¥ 32,089	\$ 311,786
Net income not available to common stock holders	-	-	-
Net income available to common stock	20,051	32,089	311,786
Average common stock outstanding (in thousands share)	1,139,213	1,139,022	

As described in "2. (w) Changes in accounting policy", the Company has adopted "Accounting Standard for Retirement Benefits" and applied transitional treatment stipulated in the paragraph 37 of "Accounting Standard for Retirement Benefits". As a result, net assets worth per share increased by ¥ 0.10 (\$ 0.00097).

Notes to Consolidated Financial Statements (cont.)

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

23. Comprehensive income

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2014	2014
Unrealized holding gains on securities			
Amount incurred	¥ 55,899	¥ 22,774	\$ 221,279
Recycling	(20)	(1,482)	(14,400)
Before Tax	55,879	21,292	206,879
Tax effect	(19,889)	(7,574)	(73,591)
Unrealized holding gains on securities, net of taxes	35,990	13,718	133,288
Deffered gains or losses on hedging derivatives			
Amount incurred	(341)	30	291
Recycling	120	11	107
Before Tax	(221)	41	398
Tax effect	77	(15)	(145)
Unrealized losses on hedging derivatives, net of taxes	(144)	26	253
Foreign currency translation adjustments			
Amount incurred	279	504	4,896
Recycling	(152)	(127)	(1,234)
Foreign currency translation adjustments, net of taxes	127	377	3,662
Share of other comprehensive income of associates accounted for using equity method			
Amount incurred	99	19	185
Total other comprehensive income	¥ 36,072	¥ 14,140	\$ 137,388

24. Subsequent Event

Cash dividends

The following appropriation of retained earnings at March 31, 2014 was approved at the annual meeting of the Company's shareholders held on June 27, 2014.

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥3.5 (\$0.027) per share	¥ 3,986	\$ 38,729

Independent Auditors' Report

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2013 and 2014

Independent Auditor's Report

To the Board of Directors of Taisei Corporation:

We have audited the accompanying consolidated financial statements of Taisei Corporation (a Japanese corporation) and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and 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 our judgement, 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, we consider 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, while the objective of the financial statement audit is 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 present fairly, in all material respects, the financial position of Taisei Corporation and its consolidated subsidiaries as at March 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 27, 2014
Tokyo, Japan

Overseas Network

Overseas Business Offices

TAIPEI OFFICE Zone B, 6F, No. 16, Sec. 4, Nan-Jing E. Road, Taipei, Taiwan R. O. C. TEL. 886-2-2578-5656 FAX. 886-2-2578-8288

MIDDLE EAST OFFICE Corner Abdullah Bin Jassim St. United Bank Bldg. 4th Floor, Facing QNB Bldg, Doha - Qatar, PO BOX 47366
TEL. 974-4443-4174 FAX. 974-4443-7176

U.S.A OFFICE 6261 Katella Avenue, Suite 200, Cypress, CA 90630, U.S.A
TEL. 1-714-886-1530 FAX. 1-714-886-1546

KUALA LUMPUR OFFICE 9-3, 9th Floor, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, MALAYSIA
TEL. 60-3-2070-6155 FAX. 60-3-2070-6010

JAKARTA OFFICE Plaza PP 5F, JL Letjend TB Simatupang, No.57, Pasar Rebo, Jakarta 13760, INDONESIA
TEL. 62-21-840-3985 FAX. 62-21-840-3986

INDIA OFFICE 4th Floor, SCO-56, Old Judicial Complex, Civil Lines, Gurgaon, Haryana-122001, INDIA
TEL. 91-124-466-9800 FAX. 91-124-466-9888

PAKISTAN OFFICE House No.25-B, Street No.20, Sector F-7/2, Islamabad, Pakistan
TEL. 92-51-2656131 FAX. 92-51-2656132

VIETNAM OFFICE (Hanoi) 289 Khat Duy Tien Road, Trung Hoa Ward, Cau Giay District, Hanoi, S. R. VIETNAM
TEL. 84-4-3553-5032 FAX. 84-4-3553-5002

VIETNAM OFFICE (Hochiminh City) VIETNAM CHAMBER OF COMMERCE AND INDUSTRY, Hochiminh City Branch Building 7th FL, 171 Vo Thi Sau St., Ward 7, District-3, Hochiminh City, S.R.VIETNAM
TEL. 84-8-3932-1759 FAX. 84-8-3932-1758

MYANMAR OFFICE 2nd Floor, Tokyo Enterprise Building, No.32, Pyay Road, 61/2 miles, Hlaing Township, Yangon, Myanmar
TEL./FAX. 95-1-654-838

SRI LANKA OFFICE No.177, 3rd Floor, Galle Road, Colombo 03, Srilanka
TEL. 94-11-2446194 FAX. 94-11-2446198

NORTH AFRICA OFFICE 25th, Rd. No.10, Station Sqr., Maadi, Cairo, Arab Republic of Egypt
TEL. 20-2-2378-3609 FAX. 20-2-2380-1362

ISTANBUL OFFICE Barbaros Mah. Seyit Ahmet Deresi Sok. Bahar Sitesi Yani, 34662 Altunizade - Uskudar Istanbul, TURKEY
TEL. 90-216-651-8160 FAX. 90-216-651-8180

Overseas Subsidiaries/Affiliated Companies

PT.PP-TAISEI INDONESIA CONSTRUCTION 5th Floor, Plaza PP, JL Letjend TB Simatupang, No.57, Pasar Rebo, Jakarta 13760, INDONESIA
TEL. 62-21-841-6037 FAX. 62-21-841-6038

TAISEI (THAILAND) CO., LTD. 9th Floor, Thanapoom Tower, 1550 New Petchburi Road, Kwaeng Makkasan, Khet Rachtavee, Bangkok 10400, THAILAND
TEL 66-2-207-0330(MAIN), 0325~0329 FAX 66-2-207-0332

PT. INDOTAISEI INDAH DEVELOPMENT. (Chikanpeck Office) Kawasan Industri Indotaisei, Kota Bukit Indah Sector IA, Block B Karihurip, Cikampek, Karawan, Jawa Barat, INDONESIA
TEL. 62-264-351-003 FAX. 62-264-351-026

TAISEI PHILIPPINE CONSTRUCTION INCORPORATED 23rd Floor, Equitable Bank Tower, Paseo de Roxas, Salcedo Village, Makati City, PHILIPPINES TEL. 63-2-886-0670 FAX. 63-2-886-0663

TAISEI CONSTRUCTION CORPORATION 6261 Katella Avenue, Suite 200, Cypress, CA 90630 U.S.A TEL 1-714-886-1530 FAX 1-714-886-1546

CSECE-TAISEI CONSTRUCTION, LTD 4th Floor, Building No. 37, Foreign Culture Creativity Park, 19 Chegongzhuang Xi Road, Haidian District, BEIJING, P.R.C. TEL. 86-10-6843-1912

VINATA INTERNATIONAL J/V LTD. CO. (Vinata Head Office) VINATA Workshop, Khat Duy Tien Road, Trung Hoa, Cau Giay, Hanoi, S.R.VIETNAM TEL. 84-4-3553-3839, -840 FAX. 84-4-3553-3788

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Taisei Corporation is building the first highway in the island nation of Sri Lanka. Working in the rain and in the heat, handling the most challenging terrain. It's a job that calls for some serious technology. And it's an initiative that will help smooth the movement of people and goods around the country and draw more visitors here from around the world, invigorating the vital tourism industry. To help build this road is to help build the nation's future. Here and around the world, Taisei Corporation is working passionately, building on success.



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Inquiries

CSR Promotion Section,
Corporate Communication Department, Corporate
Planning Office, Taisei Corporation
E-mail: t-csr@pub.taisei.co.jp
URL: <http://www.taisei.co.jp>



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