Summary and Forecast of Business Performance

Overview of Business Performance

In the fiscal year ended March 31, 2012, the global economy saw a muted recovery overall, as financial uncertainty fueled largely by the debt crisis in Europe undercut growth in developed and emerging Asian markets alike. In Japan, certain sectors saw a modest turnaround, as reconstruction efforts following the Great East Japan Earthquake moved forward. The momentum driving economic recovery, however, continued to lack strength, reflecting a historically high yen and persistent deflationary pressures.

In the Japanese construction market, the competition for new contracts grew more intense, as construction investment remained lackluster overall. This situation persisted despite a halt in the decline in investment in public works, reflecting budgetary allotments for restoration and revitalization efforts, as well as solid demand from the private sector.

Under these conditions, the Kajima Group's consolidated results for the fiscal year ended March 31, 2012 were as follows.

Consolidated construction contract awards rose 9.1% year on year to ¥1,296.0 billion. This growth was mainly the result of winning a large-scale restoration project following the March 2011 disaster. Consolidated revenues increased 10.0% year on year to ¥1,457.8 billion, largely driven by progress in construction at the parent company.

In terms of profit, consolidated operating income was ¥29.5 billion, up 70.8% from the previous fiscal year. Consolidated net income, however, declined 85.2% year on year to ¥3.8 billion. A major factor was the posting of extraordinary losses, including a valuation loss on marketable and investment securities related to a real estate development project in which Kajima is invested, as well as accident-related expenses from seafloor shield construction in Okayama, Japan, carried out by Kajima. Net income was also impacted by an increase in deferred income taxes due to a reversal of deferred tax assets stemming from corporate tax rate changes.

Segment Performance

Civil Engineering (Parent Company)

Revenues were largely flat year on year, up 3.7% to ¥284.0 billion. The segment recorded operating income of ¥5.2 billion, compared with an operating loss of ¥16.1 billion in the previous fiscal year. The improvement was mainly due to the higher gross profit margin at completed projects.

(Billions of yen)

(Years ended March 31)	2012	2011	2012/2011 (%)
Revenues	284.0	273.9	3.7
Operating income (loss)	5.2	(16.1)	—

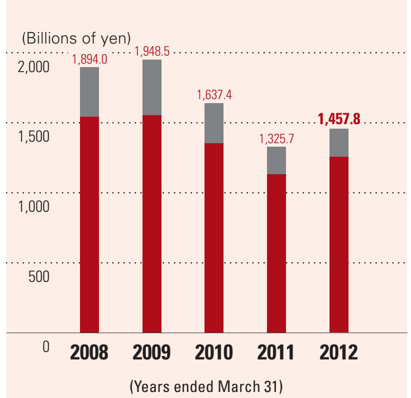
Building Construction (Parent Company)

Revenues rose 17.1% to ¥748.5 billion, largely on an increase in contract backlogs brought forward from the previous fiscal year. Operating income, however, declined 46.9% to ¥13.4 billion. This downturn resulted from a high gross profit margin achieved in the previous fiscal year, and also a drop in the gross profit margin of new projects in a fiercely competitive market.

Construction Contract Awards

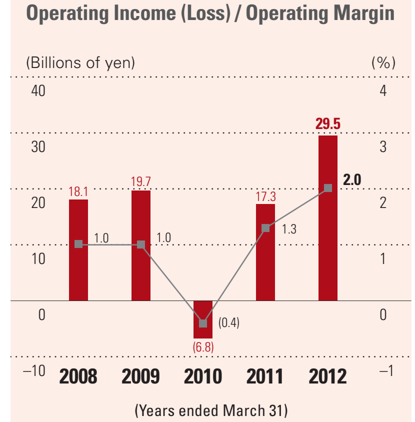
■ Japan ■ Overseas

Revenues



■ Japan ■ Overseas

Operating Income (Loss) / Operating Margin



■ Operating Income (Loss) (Left Scale)
-■- Operating Margin (Right Scale)

(Billions of yen)

(Years ended March 31)	2012	2011	2012/2011 (%)
Revenues	748.5	639.4	17.1
Operating income	13.4	25.3	(46.9)

Real Estate Development and Other (Parent Company)

Revenues increased 18.9% to ¥67.9 billion. The segment, however, suffered an operating loss of ¥1.0 billion as a result of a protracted slump in Japan's real estate market following a loss of ¥1.3 billion a year earlier.

(Billions of yen)

(Years ended March 31)	2012	2011	2012/2011 (%)
Revenues	67.9	57.1	18.9
Operating loss	(1.0)	(1.3)	—

Domestic Subsidiaries and Affiliates

Revenues were marginally down from ¥332.2 billion in the previous fiscal year to ¥319.9 billion. Operating Income, however, rose 160.3% to ¥9.9 billion, primarily due to improvement in the gross profit margin.

(Billions of yen)

(Years ended March 31)	2012	2011	2012/2011 (%)
Revenues	319.9	332.2	(3.7)
Operating income	9.9	3.8	160.3

Overseas Subsidiaries and Affiliates

Revenues were largely in line with the previous fiscal year, up 5.9% to ¥165.0 billion. Operating income was down 52.3% to ¥1.4 billion, mainly because of a decline in gross profit at some consolidated subsidiaries.

(Billions of yen)

(Years ended March 31)	2012	2011	2012/2011 (%)
Revenues	165.0	155.9	5.9
Operating income	1.4	3.0	(52.3)

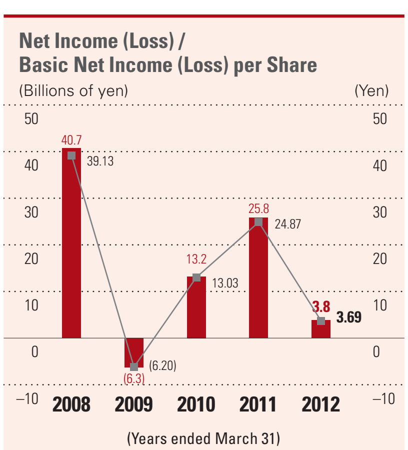
Analysis of Financial Position

Assets, Liabilities and Equity

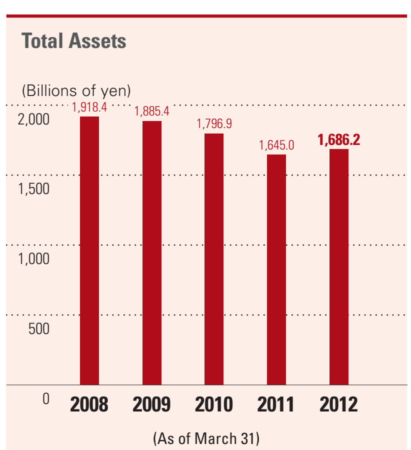
Total assets as of March 31, 2012 increased ¥41.2 billion from a year earlier to ¥1,686.2 billion despite a decrease in inventories on development projects in progress, real estate for sale and other, primarily because of an increase in notes and accounts receivable—trade.

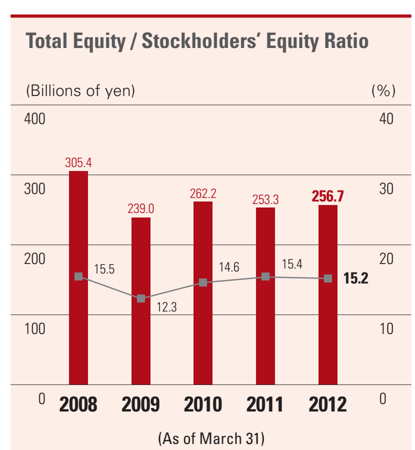
Total liabilities increased ¥37.8 billion from a year earlier to ¥1,429.5 billion despite a decrease in interest-bearing debt, primarily because of increases in notes and accounts payable—trade and advances received (construction projects in progress).

Total equity increased ¥3.4 billion from a year earlier to ¥256.7 billion. As a result, the stockholders' equity/assets ratio decreased to 15.2 percent from 15.4 percent as of March 31, 2011.



■ Net Income (Loss) (Left Scale)
-■- Basic Net Income (Loss) per Share (Right Scale)





■ Total Equity (Left Scale)
-■- Stockholders' Equity Ratio (Right Scale)

Cash Flows

Operating activities generated a net cash inflow of ¥81.7 billion during the fiscal year ended March 31, 2012 (fiscal year ended March 31, 2011: net cash inflow of ¥64.1 billion). The cash inflow resulted mainly from income before income taxes and minority interests of ¥25.0 billion, with adjustments including depreciation and amortization of ¥17.7 billion and an increase in payables of ¥51.0 billion. Cash outflow resulted mainly from an increase in receivables of ¥63.6 billion.

Investing activities resulted in a net cash outflow of ¥38.7 billion (fiscal year ended March 31, 2011: net cash inflow of ¥3.0 billion). The cash outflow resulted mainly from payment for purchases of property and equipment totaling ¥31.5 billion and payment for purchases of marketable and investment securities totaling ¥8.0 billion.

Financing activities resulted in a net cash outflow of ¥37.8 billion (fiscal year ended March 31, 2011: net cash outflow of ¥50.6 billion). There were net outflows of ¥30.1 billion from fund procurement and repayments related to short-term borrowings, commercial paper, long-term debt and bonds, in addition to cash dividends paid of ¥6.2 billion.

As a result, cash and cash equivalents on March 31, 2012 increased ¥4.3 billion from a year earlier to ¥160.6 billion.

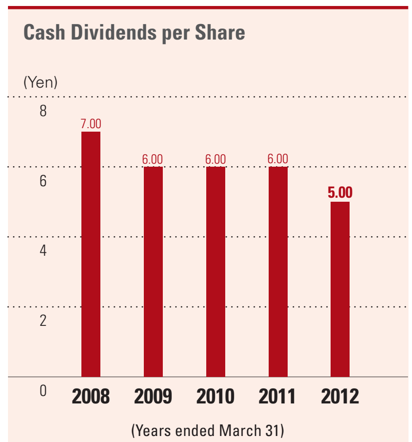
Statements of Cash Flows Highlights

(Billions of yen)

(Years ended March 31)	2012	2011	2010
Net cash provided by (used in) operating activities	81.7	64.1	(76.9)
Net cash (used in) provided by investing activities	(38.7)	3.0	(5.7)
Net cash (used in) provided by financing activities	(37.8)	(50.6)	72.0
Cash and cash equivalents, end of year	160.6	156.4	141.8

Basic Policy for Profit Allocation

Our basic stockholder return policy is to stably provide dividends in line with our earnings, while securing internal reserves to maintain a sound business base by strengthening our financial position and improving capital efficiency. After taking into account factors such as business performance and the future business environment, we paid an annual dividend of ¥5 per share for the fiscal year under review. We anticipate paying the same annual dividend for the fiscal year ending March 31, 2013.



Forecast for the Fiscal Year Ending March 31, 2013

Against the backdrop of a modest global economic recovery and ongoing restoration and revitalization efforts following the earthquake and tsunami, the Japanese economy is widely expected to make a turnaround atop firm improvement in corporate earnings. Nevertheless, the outlook for the Japanese economy in the near term is that more time is needed before it can fully grow on its own.

Similarly, the domestic construction market, while supported on the one hand by restoration and revitalization demand, harbors little prospect for full-scale expansion in capital investment in the private sector. This means that the severe operating environment surrounding the construction industry will likely continue.

Given these conditions, we forecast that consolidated revenues for the current fiscal year will decrease 1.2% year on year to ¥1,440.0 billion, operating income will increase 1.7% to ¥30.0 billion, and net income will increase 395.6% to ¥19.0 billion.

* Please note that the above projections are based on information available as of May 15, 2012, and are subject to risk and uncertainties that may cause actual results to vary.

Business and Other Risks

Risk factors that investors should consider before making any decision concerning the Kajima Group include, but are not limited to, those noted below. Forward-looking statements in this section are based on judgments made as of March 31, 2012.

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

1. Changes in Business Environment

Drastic adverse changes in the operating environments for construction and real estate development, including an unexpected decrease in demand for construction, a rapid increase in the cost of primary construction materials, or changes in prices or supply and demand in the real estate market, could affect the Kajima Group's results and financial position.

2. Changes in Construction Costs

Long-term, large-scale construction projects are subject to rapid increases in the prices of primary construction materials that could cause construction costs to increase unexpectedly, which could affect the Kajima Group's results and financial position.

3. Fluctuations in Interest and Foreign Exchange Rates

A sharp increase in interest rates or substantial changes in foreign exchange rates could affect the Kajima Group's results and financial position.

4. Fluctuations in Asset Value and Profitability

A significant drop in the value and profitability of the Kajima Group's assets, including real estate for sale, real estate used in operations and investment securities, could affect the Kajima Group's results and financial position.

5. Country Risk

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

6. Changes in the PFI Project Environment

PFI business typically extends over a long period of time, during which significant changes in the operating environment could affect the Kajima Group's results and financial position.

7. Construction and Other Defects

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

8. Counterparty Credit Risk

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

9. Deferred Income Tax Assets

The Kajima Group expects to fully utilize deferred income tax assets outstanding as of March 31, 2012 to offset taxable income in the future. However, unexpected events including, but not limited to, changes in tax regulations may partially prevent the Kajima Group from doing so.

10. Laws and Regulations

The Kajima Group operates in the Japanese construction industry, which is subject to a variety of laws and regulations including the Construction Business Act, the Building Standards Act, the Building Lots and Buildings Transaction Business Act, the National Land Use Planning Act, the City Planning Act and the Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade. Revision of these laws, the enactment of new laws or regulations, or changes to the applicable standards could affect the Kajima Group's results and financial position. Also, any litigation against the Kajima Group could affect the Kajima Group's results and financial position if the outcome differs from the Group's assertion or prediction.