

KAJIMA CORPORATION

The Consolidated Financial and Operating Results for the 1st Quarter ended June 30, 2006

August 9, 2006

1. The Summary of Consolidated Financial and Operating Results for the 1st Quarter of the Current Financial Year ending March 31, 2007

(1) Progress of Consolidated Operating Results

(Qualitative information)

- The consolidated revenues of ¥328.9 billion, realized during the 1st quarter accounts for approximately 43% of the forecast interim revenues and 18% of the forecast full-year revenues. This is mainly attributable to the seasonality that completions of construction works tend to concentrate on the 2nd and the 4th quarter, and the level of revenues achieved are broadly in line with our forecast.
- In the 1st quarter, the group of Kajima Kona Holdings Incorporated, one of the consolidated subsidiaries of Kajima Corporation, sold its hotel and golf operating business etc. in Hawaii, U.S.A., which increased the quarterly net income to over ¥24.3 billion. The selling price of this deal amounted to US\$561.6 million, and an extraordinary profit of over ¥26.2 billion was realized in the 1st quarter, both of which are in line with our forecast.
- We will apply “ASBJ No.9 Accounting Standards for Measurement of Inventories” and post an extraordinary loss etc. at the end of the 1st half, ahead of the legally required deadline. The amount of the extraordinary loss etc. has been taken into account in our forecasts of interim and full-year consolidated results.

(2) Change of Assets and Equity (consolidated)

(Qualitative information)

- The total assets reduced ¥51.2 billion from the end of the last financial year to approximately ¥1,854 billion as of the end of the 1st quarter. The liabilities reduced ¥55.6 billion from the end of the last financial year to approximately ¥1,541 billion as of the same date.
- These are attributable to the seasonality of our business, by which collections of receivables and disbursements of payables progressed during the 1st quarter.
- The net assets surpassed ¥313 billion, and the equity/assets ratio rose to 16.4%, an increase of 0.8% points from the end of the last financial year.

**2. Forecast for the Financial Year
from April 1, 2006 to March 31, 2007 (Consolidated)**

	Revenues ¥ Mil	Recurring Profit ¥ Mil	Net Income ¥ Mil
Interim	770,000	11,000	12,000
Full-Year	1,800,000	56,000	35,000

(Qualitative information)

- No revisions have been made to our initial forecasts announced on May 18, 2006 of the interim and the full-year results on both the consolidated and the non-consolidated basis.

Non-Consolidated forecast for the financial year
from April 1, 2006 to March 31, 2007 (Non-Consolidated)

	Revenues ¥ Mil	Recurring Profit ¥ Mil	Net Income ¥ Mil
Interim	590,000	8,000	11,000
Full-Year	1,375,000	45,000	30,000

Attention

The above forecasts are based on information available as of the release of this document and are subject to risks and uncertainties that may cause the actual results to vary.

Consolidated Balance Sheet (condensed)

as at the end of the 1st Quarter of FY2006

As at	30 Jun '06 ¥ Mil	31 Mar '06 ¥ Mil	Change ¥ Mil
ASSETS	1,854,753	1,905,964	(51,211)
I Current Assets:			
Cash	162,063	144,895	17,167
Notes and Accounts Receivable - Trade	397,528	468,386	(70,858)
Marketable Securities	406	454	(47)
Inventories:			
Construction Projects in Progress	147,508	115,255	32,253
Development Projects in Progress, Real Estate and Other	245,527	242,822	2,704
Deferred Income Taxes	60,370	63,188	(2,818)
Other Current Assets	119,994	108,598	11,395
Allowance for Doubtful Accounts	(9,801)	(10,672)	871
Total Current Assets	1,123,598	1,132,929	(9,331)
II Fixed Assets:			
1 Tangible Fixed Assets:			
Buildings and Structures	117,221	133,874	(16,653)
Machinery and Equipment	16,115	17,176	(1,060)
Land	155,978	158,357	(2,378)
Other	35,118	34,776	341
Total Tangible Fixed Assets	324,433	344,184	(19,750)
2 Intangible Fixed Assets:			
Consolidation Adjustments	518	547	(29)
Other	11,431	11,698	(266)
Total Intangible Fixed Assets	11,949	12,245	(296)
3 Investments and Other Assets:			
Investments in Securities	321,919	336,114	(14,195)
Long-term Loans Receivable	19,059	24,237	(5,177)
Deferred Income Taxes	3,554	5,798	(2,243)
Other	78,701	77,885	815
Allowance for Doubtful Accounts	(28,462)	(27,431)	(1,031)
Total Investments and Other Assets	394,771	416,604	(21,832)
TOTAL	1,854,753	1,905,964	(51,211)

	As at	31 Jul '06 ¥ Mil	31 Mar '06 ¥ Mil	Change ¥ Mil
LIABILITIES		1,541,686	1,597,330	(55,644)
I Current Liabilities:				
Notes and Accounts Payable - Trade		485,755	538,771	(53,016)
Short-term Borrowings		153,411	130,607	22,804
Commercial Paper		-	24,000	(24,000)
Current Portion of Bonds		23,850	35,808	(11,958)
Income Taxes Payable		6,219	3,735	2,483
Advance Received:				
Construction Projects in Progress		169,743	157,249	12,494
Development Projects in Progress, Real Estate and Other		64,170	63,036	1,134
Deposits Received		103,229	99,388	3,840
Allowance for Warranty on Completed Construction Projects		1,145	936	209
Allowance for Foreseeable Losses on Construction Projects		5,314	4,211	1,103
Other Current Liabilities		89,545	90,572	(1,027)
Total Current Liabilities		1,102,385	1,148,318	(45,933)
II Long-Term Liabilities:				
Bond Payable		103,425	103,402	22
Long-term Debt		166,965	164,686	2,278
Deferred Income Taxes on Revaluation of Land		17,588	13,958	3,629
Liability for Retirement Benefits - Employees		64,814	64,252	561
Liability for Retirement Benefits - Officers & Directors		1,041	6,133	(5,091)
Allowance for Loss on Development Projects		11,435	11,435	0
Equity loss in excess of Investments in and Loans to Unconsolidated Subsidiaries and Affiliates		5,160	5,137	23
Other Long-term Liabilities		68,869	80,004	(11,135)
Total Long-term Liabilities		439,300	449,012	(9,711)
NET ASSETS		313,067		
I Stockholders' Equity				
Common Stock		81,447		
Additional Paid-in Capital		49,485		
Retained Earnings		64,395		
Treasury Stock - At cost		(1,848)		
Total Stockholders' Equity		193,479		
II Valuation, Translation Adjustments and Others				
Unrealized Gain on Available-for-sale Securities		84,887		
Deferred Gains or Losses on Hedge		(72)		
Revaluation Surplus of Land		23,694		
Foreign Currency Translation Adjustments		1,435		
Total Valuation, Translation Adjustments and Others		109,944		
III Minority Interests				
Minority Interests		9,642		
TOTAL LIABILITIES AND NET ASSETS		1,854,753		
Minority Interests:				
Minority Interests			10,712	
Stockholders' Equity:				
I Common Stock			81,447	
II Additional Paid-in Capital			49,485	
III Retained Earnings			48,745	
IV Revaluation Surplus of Land			18,361	
V Unrealized Gain on Available-for-sale Securities			98,748	
VI Foreign Currency Translation Adjustments			2,785	
VII Treasury Stock - At cost			(1,651)	
Total Stockholders' Equity			297,921	
TOTAL			1,905,964	

Consolidated Income Statement (condensed)
for the 1st Quarter of FY2006

	Q1 - FY2006 (Apr - Jun 06)		FY2005	
	¥ Mil	%	¥ Mil	%
Revenues:				
Construction Projects	276,775	100%	1,512,699	100%
Real Estate and Other	52,177	100%	262,574	100%
Total Revenues	328,952	100%	1,775,273	100%
Cost of Revenues:				
Construction Projects	257,777	93.1%	1,397,631	92.4%
Real Estate and Other	44,162	84.6%	223,726	85.2%
Total Cost of Revenues	301,939	91.8%	1,621,358	91.3%
Gross Profit:				
Construction Projects	18,997	6.9%	115,067	7.6%
Real Estate and Other	8,014	15.4%	38,848	14.8%
Total Gross Profit	27,012	8.2%	153,915	8.7%
Selling, General and Administrative Expenses	24,144	7.3%	98,180	5.6%
Operating Income	2,867	0.9%	55,734	3.1%
Non-Operating Income:				
Interest Income	575		1,989	
Dividends Income	1,732		4,115	
Other	2,507		9,504	
Total Non-Operating Income	4,814	1.4%	15,609	0.9%
Non-Operating Expenses:				
Interest Expense	1,970		8,480	
Other	695		7,508	
Total Non-Operating Expenses	2,665	0.8%	15,989	0.9%
Recurring Profit	5,017	1.5%	55,354	3.1%
Extraordinary Profit:				
Extraordinary profit on sales of operating business, assets and others	26,284		-	
Other	999		2,776	
Total Extraordinary Profit	27,284	8.3%	2,776	0.1%
Extraordinary Loss:				
Total Extraordinary Loss	460	0.1%	7,773	0.4%
Income before Income Taxes and Minority Interests	31,841	9.7%	50,357	2.8%
Income Taxes:				
Total Income Taxes	8,146	2.5%	26,472	1.5%
Minority Interests	652	0.2%	(1,378)	(0.0%)
Net Income	24,347	7.4%	22,506	1.3%

Supplemental Information

Non-consolidated financial statements etc.

Non-consolidated Balance Sheet (condensed)

as at the end of the 1st Quarter of FY2006

As at	30 Jun '06	31 Mar '06	Change
	¥ Mil	¥ Mil	¥ Mil
ASSETS			
I Current Assets:			
Cash	108,107	102,144	5,962
Notes Receivable - Trade	37,889	14,921	22,967
Accounts Receivable - Trade	281,122	358,921	(77,799)
Real Estate for Sale	38,615	38,596	19
Construction Projects in Progress	97,687	76,644	21,042
Development Projects in Progress	124,538	119,546	4,992
Other	170,699	165,770	4,928
Allowance for Doubtful Accounts	(6,739)	(7,433)	694
Total Current Assets	851,920	869,112	(17,191)
II Fixed Assets:			
1 Tangible Fixed Assets:			
Land	137,278	138,236	(958)
Other	83,820	83,986	(166)
Total Tangible Fixed Assets	221,098	222,222	(1,124)
2 Intangible Fixed Assets:	7,939	8,122	(183)
Total Intangible Fixed Assets	7,939	8,122	(183)
3 Investments and Other Assets:			
Investments in Securities	346,488	360,877	(14,388)
Other	126,370	114,593	11,776
Allowance for Doubtful Accounts	(26,975)	(27,775)	800
Total Investments and Other Assets	445,883	447,695	(1,812)
TOTAL	1,526,841	1,547,153	(20,311)

	As at	30 Jun '06	31 Mar '06	Change
		¥ Mil	¥ Mil	¥ Mil
LIABILITIES				
		1,219,781	1,240,482	(20,701)
I Current Liabilities:				
Notes Payable - Trade		3,369	3,419	(50)
Accounts Payable - Trade		378,270	426,848	(48,578)
Short-term Borrowings		105,722	78,973	26,749
Commercial Paper		-	24,000	(24,000)
Current Portion of Bonds		10,000	10,000	0
Advance Received - Construction Projects in Progress		149,244	141,403	7,841
Deposits Received		108,313	102,412	5,900
Allowance for Warranty on Completed Construction Projects		949	760	189
Allowance for Foreseeable Losses on Construction Projects		5,020	4,000	1,020
Other		127,756	127,029	727
Total Current Liabilities		888,645	918,846	(30,200)
II Long-Term Liabilities:				
Bond Payable		85,000	85,000	0
Long-term Debt		97,554	90,178	7,376
Liability for Retirement Benefits - Employees		56,844	56,148	695
Liability for Retirement Benefits - Officers & Directors		-	4,943	(4,943)
Allowance for Loss on Development Projects		5,904	5,904	0
Allowance for Loss on Investments in Subsidiaries & Affiliates		17,863	17,863	0
Other		67,968	61,597	6,371
Total Long-term Liabilities		331,135	321,636	9,498
NET ASSETS				
		307,060		
I Stockholders' Equity				
1 Common Stock		81,447		
2 Additional Paid-in Capital		49,485		
Additional Paid-in Capital		49,485		
3 Retained Earnings		69,258		
Retained Earnings		69,258		
4 Treasury Stock - At cost		(708)		
Total Stockholders' Equity		199,481		
II Valuation, Translation Adjustments and Others				
1 Unrealized Gain on Available-for-sale Securities		84,282		
2 Deferred Gains or Losses on Hedge		44		
3 Revaluation Surplus of Land		23,252		
Total Valuation, Translation Adjustments and Others		107,578		
TOTAL LIABILITIES AND NET ASSETS				
		1,526,841		
Stockholders' Equity:				
Common Stock			81,447	
Additional Paid-in Capital			49,485	
Additional Paid-in Capital			49,485	
Retained Earnings			60,548	
Reserve			35,564	
Unappropriated			24,984	
Revaluation Surplus of Land			17,919	
Unrealized Gain on Available-for-sale Securities			97,953	
Treasury Stock - At cost			(682)	
Total Stockholders' Equity			306,671	
TOTAL			1,547,153	

Non-Consolidated Income Statement (condensed)
for the 1st Quarter of FY2006

	Q1 - FY2006 (Apr - Jun 06)		FY2005	
	¥ Mil	%	¥ Mil	%
Revenues:				
Construction Projects	224,693	100%	1,256,777	100%
Real Estate and Other	13,662	100%	84,504	100%
Total Revenues	238,355	100%	1,341,282	100%
Cost of Revenues:				
Construction Projects	208,404	92.8%	1,141,800	90.9%
Real Estate and Other	13,480	98.7%	76,452	90.5%
Total Cost of Revenues	221,885	93.1%	1,218,252	90.8%
Gross Profit:				
Construction Projects	16,289	7.2%	114,977	9.1%
Real Estate and Other	181	1.3%	8,051	9.5%
Total Gross Profit	16,470	6.9%	123,029	9.2%
Selling, General and Administrative Expenses	15,270	6.4%	65,513	4.9%
Operating Income	1,200	0.5%	57,516	4.3%
Non-Operating Income:				
Total Non-Operating Income	3,348	1.4%	7,860	0.6%
Non-Operating Expenses:				
Total Non-Operating Expenses	1,450	0.6%	10,631	0.8%
Recurring Profit	3,098	1.3%	54,745	4.1%
Extraordinary Profit:				
Total Extraordinary Profit	26,051	10.9%	1,924	0.1%
Extraordinary Loss:				
Total Extraordinary Loss	444	0.2%	21,835	1.6%
Income before Income Taxes	28,705	12.0%	34,834	2.6%
Income Taxes:				
Total Income Taxes	11,431	4.8%	16,250	1.2%
Net Income	17,273	7.2%	18,584	1.4%
Unappropriated Retained Earnings - prior			6,413	
Transfer of Revaluation Surplus of Land			3,153	
Interim Cash Dividend Paid			3,166	
Unappropriated Retained Earnings			24,984	

Non-Consolidated Contract Awards

(1) Non-Consolidated Contract Awards (Actual)

	Quarter 1	
	Amount ¥ Mil	Growth %
FY2006	203,864	4.8
FY2005	194,561	(33.5)

The growth represents the growth against the contract awards of the 1st quarter of the previous year.

Breakdown of Non-Consolidated Contract Awards

	Q1 - FY2006	Q1 - FY2005	Growth	
	¥ Mil	¥ Mil	¥ Mil	%
Civil Engineering				
Domestic - Public	19,833	20,126	(292)	(1.5)
Domestic - Private	17,791	24,601	(6,810)	(27.7)
Overseas	3,418	1,231	2,187	177.7
Sub-total	41,043	45,959	(4,915)	(10.7)
Building Construction				
Domestic - Public	13,798	11,429	2,369	20.7
Domestic - Private	118,642	110,522	8,119	7.3
Overseas	203	746	(542)	(72.7)
Sub-total	132,644	122,697	9,946	8.1
Construction Total				
Domestic - Public	33,632	31,555	2,077	6.6
Domestic - Private	136,433	135,124	1,309	1.0
Overseas	3,621	1,977	1,644	83.2
Sub-total	173,687	168,657	5,030	3.0
Real Estate and Others	30,176	25,904	4,271	16.5
Grand Total	203,864	194,561	9,302	4.8

(2) Non-Consolidated Contract Awards (Forecast)

	Interim		Full-Year	
	Amount ¥ Mil	Growth %	Amount ¥ Mil	Growth %
FY2006 (Forecast)	535,000	(9.3)	1,230,000	(10.5)
FY2005 (Actual)	589,863	(9.6)	1,374,000	(7.4)

The growth represents the growth against the contract awards of the previous year.

(Qualitative information)

- The contract awards for the construction segment during the 1st quarter increased from the same period of the last financial year, largely driven by increases of contract awards from the public sector and the manufacturing industry.
- No revisions have been made to our initial forecasts announced on May 18, 2006 of the interim and the full-year results on the non-consolidated basis.

Attention

The above forecasts are based on information available as of the release of this document and are subject to risks and uncertainties that may cause the actual results to vary.

For enquiries, please contact

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While every attempt has been made to ensure the accuracy of information in this document, we cannot be held responsible for any errors contained.