

## KAJIMA CORPORATION

### The Consolidated Financial and Operating Results as at the end of the 3rd Quarter (31 December 2006)

#### 1. The Summary of Consolidated Financial and Operating Results (1 April - 31 December 2006)

##### (1) Operating Results (consolidated basis)

- Revenues and recurring profit for Q1-3 accounted for approximately 69% and 61% of the respective full-year forecast. Considering the seasonality that completions of construction works tend to be concentrated on Q4, we recognise that our performance remains broadly in line with our full-year forecast.
- Despite an extraordinary loss of over ¥15.5 billion including a valuation loss on inventories in excess of ¥7.5 billion as a result of an early adoption of 'Accounting Standards for Measurement of Inventories', net income for Q1-3 surpassed ¥29.2 billion, which is higher than the net income earned during the last financial year of more than ¥22.5 billion. This resulted mainly from an extraordinary profit of over ¥29.9 billion, consisting predominantly of gain on sales of operating business, assets and others of over ¥26.4 billion by an overseas consolidated subsidiary.

##### (2) Change of Assets and Equity (consolidated basis)

- Assets increased by over ¥88.8 billion in Q1-3 to more than ¥1,994 billion. Liabilities also increased by over ¥70.8 billion and the balance as at the end of Q3 exceeded ¥1,668 billion. These are attributable to the seasonality of our business, by which receivables, inventories on construction projects in progress, and advance received on construction projects in progress tend to increase toward the end of a financial year.
- Equity increased to over ¥326.6 billion, and the equity/assets ratio improved to 15.9%, up 0.3 percentage point from the end of the previous financial year.

#### 2. Forecasts of Full-year Operating Results (1 April 2006 - 31 March 2007)

- No revisions have been made to our forecasts of the consolidated and the non-consolidated full-year results, which were announced on 15 November 2006 together with the interim results.

	Revenues	Recurring Profit	Net Income
	¥ Mil	¥ Mil	¥ Mil
Consolidated	1,820,000	58,000	40,000
Non-consolidated	1,380,000	53,000	31,000

#### Attention

The above forecasts are based on information available as at 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 Q3 of FY2006

As at	31 Dec '06	31 Mar '06	Change
	¥ Mil	¥ Mil	¥ Mil
<b>(ASSETS)</b>			
<b>Current Assets</b>	<b>1,244,203</b>	<b>1,132,929</b>	<b>111,274</b>
Cash and Cash in Banks	108,352	144,895	(36,543)
Notes and Accounts Receivable - Trade	516,330	468,386	47,943
Marketable Securities	290	454	(163)
Inventories:			
Construction Projects in Progress	174,785	115,255	59,529
Development Projects in Progress, Real Estate and Other	253,305	242,822	10,482
Deferred Income Taxes	62,212	63,188	(975)
Other	134,621	108,598	26,022
Allowance for Doubtful Accounts	(5,694)	(10,672)	4,978
<b>Fixed Assets</b>	<b>750,596</b>	<b>773,034</b>	<b>(22,438)</b>
<b>Tangible Fixed Assets</b>	<b>338,719</b>	<b>344,184</b>	<b>(5,464)</b>
Buildings and Structures	114,194	133,874	(19,680)
Machinery and Equipment	15,636	17,176	(1,540)
Land	165,014	158,357	6,657
Other	43,875	34,776	9,098
<b>Intangible Fixed Assets</b>	<b>10,346</b>	<b>12,245</b>	<b>(1,899)</b>
<b>Investments and Other Assets</b>	<b>401,529</b>	<b>416,604</b>	<b>(15,074)</b>
Investments in Securities	345,121	336,114	9,006
Long-term Loans Receivable	17,521	24,237	(6,716)
Deferred Income Taxes	2,826	5,798	(2,971)
Other	56,605	77,885	(21,279)
Allowance for Doubtful Accounts	(20,544)	(27,431)	6,886
<b>Total Assets</b>	<b>1,994,799</b>	<b>1,905,964</b>	<b>88,835</b>

As at	31 Dec '06	31 Mar '06	Change
	¥ Mil	¥ Mil	¥ Mil
<b>(LIABILITIES)</b>			
<b>Current Liabilities</b>	<b>1,228,009</b>	<b>1,148,318</b>	<b>79,690</b>
Notes and Accounts Payable - Trade	530,149	538,771	(8,621)
Short-term Borrowings	202,988	130,607	72,380
Commercial Paper	70,000	24,000	46,000
Current Portion of Bonds	17,156	35,808	(18,652)
Income Taxes Payable	2,881	3,735	(854)
Advance Received:			
Construction Projects in Progress	177,668	157,249	20,419
Development Projects in Progress, Real Estate and Other	38,839	63,036	(24,197)
Deposits Received	99,860	99,388	471
Allowance for Warranty on Completed Construction Projects	1,188	936	252
Allowance for Foreseeable Losses on Construction Projects	6,781	4,211	2,570
Liabilities for Bonuses - Directors	217	-	217
Other	80,278	90,572	(10,294)
<b>Long-Term Liabilities</b>	<b>440,133</b>	<b>449,012</b>	<b>(8,879)</b>
Bonds Payable	86,864	103,402	(16,538)
Long-term Debt	156,918	164,686	(7,767)
Deferred Income Taxes	19,959	14,193	5,765
Deferred Income Taxes on Revaluation of Land	19,824	13,958	5,866
Liability for Retirement Benefits - Employees	65,531	64,252	1,279
Liability for Retirement Benefits - Directors and Corporate Auditors	1,162	6,133	(4,971)
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	6,508	5,137	1,371
Negative Goodwill	7	-	7
Other	71,919	65,810	6,108
<b>Total Liabilities</b>	<b>1,668,142</b>	<b>1,597,330</b>	<b>70,811</b>
<b>(EQUITY)</b>			
<b>Owners' Equity</b>	<b>191,871</b>		
Common Stock	81,447		
Additional Paid-in Capital	49,485		
Retained Earnings	62,883		
Treasury Stock - At cost	(1,944)		
<b>Valuation and Translation Adjustments</b>	<b>125,826</b>		
Unrealized Gain on Available-for-sale Securities	97,985		
Deferred Gain (Loss) on Derivatives under Hedge Accounting	(503)		
Revaluation Surplus of Land	26,979		
Foreign Currency Translation Adjustments	1,364		
<b>Minority Interests</b>	<b>8,960</b>		
<b>Total Equity</b>	<b>326,657</b>		
<b>Total Liabilities and Equity</b>	<b>1,994,799</b>		
<b>(MINORITY INTERESTS)</b>			
<b>Minority Interests</b>		<b>10,712</b>	
<b>(STOCKHOLDERS' EQUITY)</b>			
<b>Stockholders' Equity</b>		<b>297,921</b>	
Common Stock		81,447	
Additional Paid-in Capital		49,485	
Retained Earnings		48,745	
Revaluation Surplus of Land		18,361	
Unrealized Gain on Available-for-sale Securities		98,748	
Foreign Currency Translation Adjustments		2,785	
Treasury Stock - At cost		(1,651)	
<b>Total Liabilities, Minority Interests and Stockholders' Equity</b>		<b>1,905,964</b>	

**Consolidated Income Statement (condensed)**  
**Q1-3 / FY2006 (1 April - 31 December 2006)**

	Q1-3 FY2006		Full-year FY2005	
	¥ Mil	%	¥ Mil	%
<b>Revenues</b>	<b>1,248,693</b>	<b>100%</b>	<b>1,775,273</b>	<b>100%</b>
Construction	1,043,703	100%	1,512,699	100%
Real Estate and Other	204,990	100%	262,574	100%
<b>Cost of Revenues</b>	<b>1,147,096</b>	<b>91.9%</b>	<b>1,621,358</b>	<b>91.3%</b>
Construction	976,549	93.6%	1,397,631	92.4%
Real Estate and Other	170,547	83.2%	223,726	85.2%
<b>Gross Profit</b>	<b>101,597</b>	<b>8.1%</b>	<b>153,915</b>	<b>8.7%</b>
Construction	67,154	6.4%	115,067	7.6%
Real Estate and Other	34,442	16.8%	38,848	14.8%
<b>Selling, General and Administrative Expenses</b>	<b>70,264</b>	<b>5.6%</b>	<b>98,180</b>	<b>5.6%</b>
<b>Operating Income</b>	<b>31,332</b>	<b>2.5%</b>	<b>55,734</b>	<b>3.1%</b>
<b>Non-Operating Income</b>	<b>13,344</b>	<b>1.1%</b>	<b>15,609</b>	<b>0.9%</b>
Interest Income	1,929		1,989	
Dividends Income	3,376		4,115	
Other	8,038		9,504	
<b>Non-Operating Expenses</b>	<b>9,370</b>	<b>0.8%</b>	<b>15,989</b>	<b>0.9%</b>
Interest Expense	6,309		8,480	
Other	3,060		7,508	
<b>Recurring Profit</b>	<b>35,306</b>	<b>2.8%</b>	<b>55,354</b>	<b>3.1%</b>
<b>Extraordinary Profit</b>	<b>29,977</b>	<b>2.4%</b>	<b>2,776</b>	<b>0.1%</b>
Gain on Sales of Operating Business, Assets and Others	26,432		-	
Other	3,545		2,776	
<b>Extraordinary Loss</b>	<b>15,501</b>	<b>1.2%</b>	<b>7,773</b>	<b>0.4%</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>49,783</b>	<b>4.0%</b>	<b>50,357</b>	<b>2.8%</b>
Income Taxes	21,813	1.8%	26,472	1.5%
Minority Interests	1,291	0.1%	(1,378)	(0.0%)
<b>Net Income</b>	<b>29,262</b>	<b>2.3%</b>	<b>22,506</b>	<b>1.3%</b>

**Non-consolidated Balance Sheet (condensed)**  
as at the end of Q3 of FY2006

As at	31 Dec '06	31 Mar '06	Change
	¥ Mil	¥ Mil	¥ Mil
<b>(ASSETS)</b>			
<b>Current Assets</b>	<b>955,582</b>	<b>869,112</b>	<b>86,469</b>
Cash and Cash in Banks	65,715	102,144	(36,428)
Notes Receivable - Trade	32,207	14,921	17,285
Accounts Receivable - Trade	401,776	358,921	42,855
Inventories:			
Real Estate for Sale	32,434	38,596	(6,161)
Construction Projects in Progress	120,651	76,644	44,006
Development Projects in Progress and Other	120,186	119,546	640
Other	185,157	165,770	19,386
Allowance for Doubtful Accounts	(2,547)	(7,433)	4,886
<b>Fixed Assets</b>	<b>685,459</b>	<b>678,041</b>	<b>7,418</b>
<b>Tangible Fixed Assets</b>	<b>232,647</b>	<b>222,222</b>	<b>10,424</b>
Land	147,047	138,236	8,810
Other	85,600	83,986	1,614
<b>Intangible Fixed Assets</b>	<b>6,718</b>	<b>8,122</b>	<b>(1,404)</b>
<b>Investments and Other Assets</b>	<b>446,093</b>	<b>447,695</b>	<b>(1,601)</b>
Investments in Securities	366,875	360,877	5,997
Other	95,343	114,593	(19,250)
Allowance for Doubtful Accounts	(16,124)	(27,775)	11,650
<b>Total Assets</b>	<b>1,641,041</b>	<b>1,547,153</b>	<b>93,888</b>

As at	31 Dec '06	31 Mar '06	Change
	¥ Mil	¥ Mil	¥ Mil
<b>(LIABILITIES)</b>			
<b>Current Liabilities</b>	<b>987,987</b>	<b>918,846</b>	<b>69,141</b>
Notes Payable - Trade	3,878	3,419	458
Accounts Payable - Trade	421,806	426,848	(5,041)
Short-term Borrowings	117,204	78,973	38,231
Commercial Paper	70,000	24,000	46,000
Current Portion of Bonds	15,000	10,000	5,000
Advance Received: Construction Projects in Progress	147,424	141,403	6,021
Deposits Received	107,887	102,412	5,474
Allowance for Warranty on Completed Construction Projects	976	760	216
Allowance for Foreseeable Losses on Construction Projects	6,450	4,000	2,450
Liabilities for Bonuses - Directors	88	-	88
Other	97,271	127,029	(29,757)
<b>Long-Term Liabilities</b>	<b>331,146</b>	<b>321,636</b>	<b>9,510</b>
Bonds Payable	70,000	85,000	(15,000)
Long-term Debt	99,494	90,178	9,316
Liability for Retirement Benefits - Employees	57,576	56,148	1,427
Liability for Retirement Benefits - Directors and Corporate Auditors	-	4,943	(4,943)
Allowance for Loss on Development Projects	5,904	5,904	0
Allowance for Loss on Investments in Subsidiaries and Affiliates	27,134	17,863	9,271
Other	71,036	61,597	9,438
<b>Total Liabilities</b>	<b>1,319,134</b>	<b>1,240,482</b>	<b>78,652</b>
<b>(EQUITY)</b>			
<b>Owner's Equity</b>	<b>198,462</b>		
Common Stock	81,447		
Additional Paid-in Capital	49,485		
Additional Paid-in Capital	49,485		
Retained Earnings	68,334		
Retained Earnings	68,334		
Treasury Stock - At cost	(804)		
<b>Valuation and Translation Adjustments</b>	<b>123,444</b>		
Unrealized Gain on Available-for-sale Securities	97,360		
Deferred Gain (Loss) on Derivatives under Hedge Accounting	(453)		
Revaluation Surplus of Land	26,537		
<b>Total Equity</b>	<b>321,907</b>		
<b>Total Liabilities and Equity</b>	<b>1,641,041</b>		
<b>(STOCKHOLDERS' EQUITY)</b>			
<b>Stockholders' Equity</b>		<b>306,671</b>	
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)	
<b>Total Liabilities and Stockholders' Equity</b>		<b>1,547,153</b>	

**Non-Consolidated Income Statement (condensed)**  
**Q1-3 / FY2006 (1 April - 31 December 2006)**

	Q1-3 FY2006		Full-year FY2005	
	¥ Mil	%	¥ Mil	%
<b>Revenues</b>	<b>962,584</b>	<b>100%</b>	<b>1,341,282</b>	<b>100%</b>
Construction	864,520	100%	1,256,777	100%
Real Estate and Other	98,064	100%	84,504	100%
<b>Cost of Revenues</b>	<b>882,841</b>	<b>91.7%</b>	<b>1,218,252</b>	<b>90.8%</b>
Construction	801,741	92.7%	1,141,800	90.9%
Real Estate and Other	81,099	82.7%	76,452	90.5%
<b>Gross Profit</b>	<b>79,743</b>	<b>8.3%</b>	<b>123,029</b>	<b>9.2%</b>
Construction	62,778	7.3%	114,977	9.1%
Real Estate and Other	16,964	17.3%	8,051	9.5%
<b>Selling, General and Administrative Expenses</b>	<b>46,818</b>	<b>4.9%</b>	<b>65,513</b>	<b>4.9%</b>
<b>Operating Income</b>	<b>32,925</b>	<b>3.4%</b>	<b>57,516</b>	<b>4.3%</b>
<b>Non-Operating Income</b>	<b>9,436</b>	<b>1.0%</b>	<b>7,860</b>	<b>0.6%</b>
<b>Non-Operating Expenses</b>	<b>5,954</b>	<b>0.6%</b>	<b>10,631</b>	<b>0.8%</b>
<b>Recurring Profit</b>	<b>36,407</b>	<b>3.8%</b>	<b>54,745</b>	<b>4.1%</b>
<b>Extraordinary Profit</b>	<b>28,523</b>	<b>3.0%</b>	<b>1,924</b>	<b>0.1%</b>
<b>Extraordinary Loss</b>	<b>24,507</b>	<b>2.6%</b>	<b>21,835</b>	<b>1.6%</b>
<b>Income before Income Taxes</b>	<b>40,423</b>	<b>4.2%</b>	<b>34,834</b>	<b>2.6%</b>
Income Taxes	17,621	1.8%	16,250	1.2%
<b>Net Income</b>	<b>22,801</b>	<b>2.4%</b>	<b>18,584</b>	<b>1.4%</b>
<b>Unappropriated Retained Earnings - Prior</b>			6,413	
<b>Transfer of Revaluation Surplus of Land</b>			3,153	
<b>Interim Cash Dividends Paid</b>			3,166	
<b>Unappropriated Retained Earnings</b>			<b>24,984</b>	

## Non-Consolidated Contract Awards

### (1) Non-Consolidated Contract Awards (Actual)

	Quarter 1-3	
	Amount ¥ Mil	Growth %
FY2006	896,985	1.8
FY2005	881,357	(4.7)

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

### Breakdown of Non-Consolidated Contract Awards

	Q1-3 FY2006 ¥ Mil	Q1-3 FY2005 ¥ Mil	Growth	
			¥ Mil	%
<b>Civil Engineering</b>				
Domestic - Public	55,191	79,771	(24,580)	(30.8)
Domestic - Private	61,979	61,274	704	1.2
Overseas	152,233	78,233	73,999	94.6
<b>Sub-total</b>	<b>269,405</b>	<b>219,280</b>	<b>50,124</b>	<b>22.9</b>
<b>Building Construction</b>				
Domestic - Public	24,280	33,632	(9,352)	(27.8)
Domestic - Private	537,052	493,289	43,762	8.9
Overseas	1,031	803	227	28.4
<b>Sub-total</b>	<b>562,363</b>	<b>527,725</b>	<b>34,638</b>	<b>6.6</b>
<b>Construction Total</b>				
Domestic - Public	79,472	113,404	(33,932)	(29.9)
Domestic - Private	599,031	554,564	44,467	8.0
Overseas	153,264	79,037	74,227	93.9
<b>Sub-total</b>	<b>831,768</b>	<b>747,006</b>	<b>84,762</b>	<b>11.3</b>
<b>Real Estate and Other</b>	65,216	134,351	(69,135)	(51.5)
<b>Grand Total</b>	<b>896,985</b>	<b>881,357</b>	<b>15,627</b>	<b>1.8</b>

### (2) Non-Consolidated Contract Awards (Forecast)

	Full-Year	
	Amount ¥ Mil	Growth %
FY2006 (Forecast)	1,330,000	(3.2)
FY2005 (Actual)	1,374,000	(7.4)

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



- The increase in the contract awards from the construction business for Q1-3 from the same period of the last financial year was primarily due to the increase in awards from the manufacturing industry and also in the overseas markets. The decline in the contract awards from the real estate development and other was mainly attributable to a posting of a contract award for a sale contract for a large-scale real estate development in the equivalent period of the previous financial year.
- No revisions have been made to our forecasts of the non-consolidated full-year contract awards, which were announced on 15 November 2006 together with the interim results.

Attention

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

For enquiries, please contact

Office of Investor Relations, Corporate Management Department at [\*\*ir@ml.kajima.com\*\*](mailto:ir@ml.kajima.com)

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