Financial Overview

Business Performance

During the fiscal year ended March 31, 2014, the global economy continued to recover at a weak pace overall. Although economies around the world improved, particularly in developed countries, economic growth slowed in some emerging countries. In Japan, the economy recovered moderately on the back of rising consumer spending and domestic demand, increased corporate earnings, and revitalized manufacturing spurred on by aggressive economic measures pursued by the government and the Bank of Japan.

In the Japanese construction market, overall expenditures for construction surpassed the level of the previous fiscal year, owing to robust public spending—particularly for the reconstruction of areas damaged by the Great East Japan Earthquake—and to an upswing in private-sector capital expenditures for certain types of projects. These factors drove up demand and tightened supply, however, resulting in rising labor costs. Consequently, Kajima Corporation (hereinafter, “Kajima” or “the Company”) continued to face a harsh business environment.

Total construction contract awards amounted to ¥1,573.6 billion, up 18.0% compared to ¥1,333.3 billion in the previous fiscal year. This reflected an increase in construction contracts awarded to the Company and its domestic subsidiaries and affiliates. Total contracts awarded to the Company, including those for real estate development and other work, amounted to ¥1,264.7 billion, an increase of 20.0% over ¥1,053.6 billion recorded in the previous fiscal year.

Consolidated revenues remained on par with the previous fiscal year, edging up 2.4% to ¥1,521.2 billion from ¥1,485.0 billion. On the profit front, gross profit from Kajima’s building construction projects declined; however, the Company’s civil engineering projects and its consolidated subsidiaries both in Japan and overseas recorded year-on-year increases in gross profit. As a result of these factors, consolidated operating income rose 24.6% year on year from ¥18.5 billion to ¥23.0 billion. Meanwhile, consolidated net income decreased 11.4% year on year from ¥23.4 billion to ¥20.8 billion, mainly owing to a decline in other income and an increase in tax expenses.

Performance by Business Segment

• Civil Engineering (Parent Company)

In the Civil Engineering business segment, revenues increased both in Japan and overseas, resulting in a total of ¥298.8 billion, up 10.9% from ¥269.5 billion in the previous fiscal year. The business segment posted an operating income of ¥35.0 billion after an operating loss of ¥8.1 billion in the previous fiscal year, attributable to a major improvement in the gross profit rate from completed construction projects.

• Building Construction (Parent Company)

Revenues totaled ¥690.0 billion, down 7.5% year on year from ¥745.9 billion. The business segment posted an operating loss of ¥31.6 billion compared to an operating income of ¥9.9 billion in the previous fiscal year. This was mainly the result of deteriorating profits from certain construction projects.

• Real Estate Development and Other (Parent Company)

Revenues increased 4.9% year on year from ¥54.5 billion to ¥57.2 billion. The business segment recorded an operating income of ¥1.7 billion after posting an operating loss of ¥0.5 billion in the previous fiscal year, owing to an improved gross profit rate.

• Domestic Subsidiaries and Affiliates

Revenues rose 5.7% to ¥338.2 billion from ¥320.1 billion in the previous fiscal year. Operating income jumped 33.4%, from ¥8.6 billion to ¥11.5 billion, as a result of increased gross profit, particularly at subsidiaries involved in construction.

• Overseas Subsidiaries and Affiliates

Revenues amounted to ¥263.8 billion, up 18.1% from ¥223.3 billion in the previous fiscal year. This resulted from an increase in completed construction projects, mainly from construction contracts awarded a year earlier. Operating income, however, fell 10.7% year on year, from ¥7.4 billion to ¥6.6 billion, due to the rate of gross profit returning to an ordinary level after a particularly high level in the previous fiscal year.

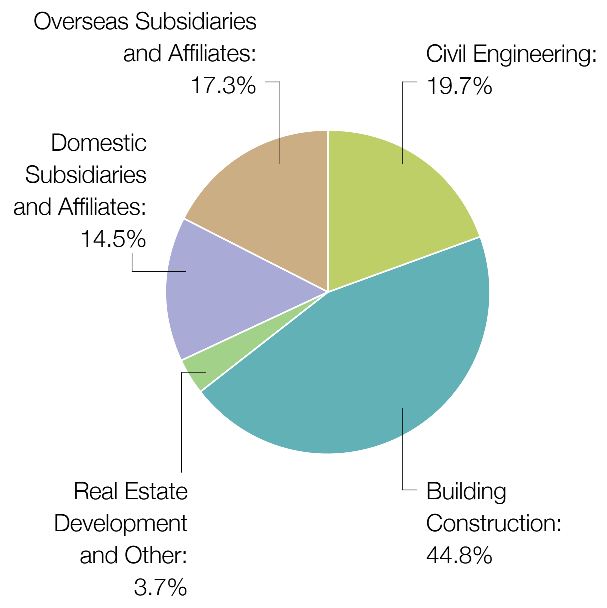
Financial Position

• Assets, Liabilities and Equity

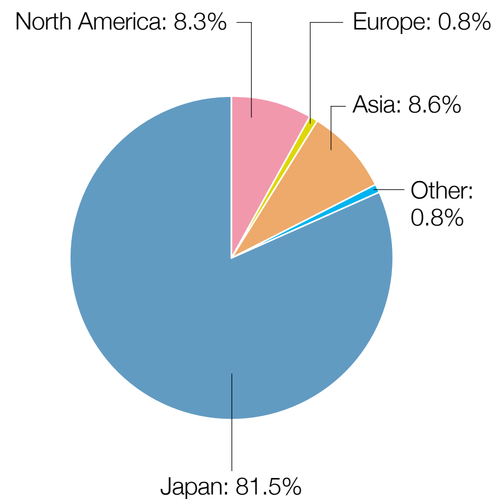
As of March 31, 2014, total assets amounted to ¥1,789.5 billion, an increase of ¥103.4 billion from ¥1,686.1 billion at the end of the previous fiscal year. Major changes included increases in notes and accounts receivable—trade, and cash and cash equivalents, and a decrease in inventories.

Meanwhile, total liabilities amounted to ¥1,425.4 billion, up ¥57.4 billion from ¥1,367.9 billion a year earlier. Major changes included increases in advances received, deferred tax liabilities, and notes and accounts payable—trade, as well as a decrease in interest-bearing debt.

Share of revenues by business segment



Share of revenues by region



Consolidated revenues for fiscal 2014:

¥1,521,192 million

Total equity came to ¥364.1 billion, an increase of ¥46.0 billion from ¥318.1 billion as of the previous fiscal year-end. As a result, the stockholders’ equity ratio was 20.6%, up 1.6 points year on year from 19.0%.

• Cash Flows

Operating activities generated a net cash inflow of ¥33.0 billion in the fiscal year ended March 31, 2014, compared to a net cash inflow of ¥58.5 billion in the previous fiscal year. The cash inflow resulted mainly from income before income taxes and minority interests, with adjustments for depreciation and amortization, and an increase in advances received. The main cash outflow item was an increase in receivables.

Investing activities resulted in a net cash inflow of ¥17.4 billion in the fiscal year ended March 31, 2014, compared to a net cash inflow of ¥36.7 billion in the previous fiscal year. The cash inflow resulted mainly from cash and cash equivalents acquired due to decrease in consolidated subsidiaries, and proceeds from sales and redemption of marketable and investment securities. Major cash outflow items included increase of time deposits excluding cash equivalents, payment for purchases of property and equipment, and disbursements for loans.

Financing activities resulted in a net cash outflow of ¥17.2 billion in the fiscal year ended March 31, 2014, compared to a net cash outflow of ¥58.6 billion in the previous fiscal year. Main cash outflow items included net of financing and repayment of short-term borrowings, long-term debt, bonds, and commercial paper, as well as cash dividends paid.

As a result of the factors above, cash and cash equivalents amounted to ¥240.1 billion as of March 31, 2014, an increase of ¥39.0 billion from ¥201.2 billion a year earlier.

Basic Profit Allocation Policy and Payment of Dividends

Kajima’s basic policy for profit allocation is to provide stable dividends to stockholders in accordance with business performance while securing internal reserves to maintain a sound management foundation. The Company uses internal reserves to reinforce its financial structure and raise capital efficiency.

After taking into account factors such as business performance and the future business environment, the Company paid a dividend of ¥5 per share (including an interim dividend of ¥2.5 per share), as initially planned at the beginning of the fiscal year under review. The Company plans to pay a dividend of ¥5 per share (including the interim dividend amount) for the fiscal year ending March 31, 2015.