

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2000 AND 1999

1. BASIS OF PRESENTATION

The accompanying non-consolidated financial statements of Kajima Corporation (the "Company") have been prepared in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and in conformity with accounting principles and practices generally accepted in Japan. Differences between the accounting policies followed by the Company and International Accounting Standards (IAS) are described in Note 4. The non-consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The non-consolidated statements of cash flows are not required as a part of the basic financial statements in Japan but are presented herein as additional information. Effective April 1, 1999, the Company adopted the new accounting standards for cash flows, which differed from those applied up to the year ended March 31, 1999. Accordingly, the non-consolidated statements of cash flows for the year ended March 31, 1999 was restated to be in conformity with the new standards.

In preparing the non-consolidated financial statements, certain reclassifications and rearrangements have been made to the financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to readers of these statements outside Japan.

Certain amounts in the 1999 non-consolidated financial statements have been restated to conform with classifications adopted in 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Cash Equivalents - Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificate of deposits, all of which mature or become due within three months of the date of acquisition. The scope of cash and cash equivalents in 1999 was changed from ¥87,967 million to ¥78,633 million to conform with the presentation in 2000.

b. Inventories - Inventories other than materials and supplies are stated at cost as determined on a specific project basis. Related general and administrative expenses and financial charges are excluded from such costs.

Materials and supplies are stated at cost determined by the moving-average method.

c. Marketable Securities and Investments in Securities - Securities listed on stock exchanges are included in marketable securities and investments in securities, and are stated at the lower of cost or market value, cost being determined by the moving-average method.

Other securities are stated at cost determined by the moving-average method.

d. Investments in Subsidiaries and Affiliates - Investments in subsidiaries and affiliates are stated at cost. Such investments are written down to a reasonable value if the investments have been significantly impaired. Profits of these companies are reflected in the Company's books only to the extent dividends are received.

e. Property and Equipment - Property and equipment are stated principally at cost. Depreciation has been computed using the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998. The estimated useful lives for buildings and structures range from 2 to 50 years and for machinery and equipment range from 2 to 20 years.

f. Allowance for Doubtful Accounts - The Company provides for possible losses due to uncollectibility of notes, accounts and loans receivable at the greater of either management's estimate or the maximum amount allowable for tax purposes.

g. Retirement Benefits - The Company has two types of retirement benefit plans to cover severance payments that would be required if all employees voluntarily terminated their services with the Company at each balance sheet date. The Kajima Pension Fund, the assets of which are administrated by the board of trustees composed of management and employee representatives, covers approximately 60% of the total amounts of the severance payments and the remaining 40% is covered by an unfunded plan.

In respect of the unfunded plan, the Company provides for the liability for severance payments at 100% of the amounts payable if all eligible participants were to terminate their employment as of March 31, 2000 (see Note 3). Normal costs of the pension plan are funded and charged to income currently. Past service costs are amortized and charged to income over a period of 20 years.

The Company provides for officers' retirement allowances at 100% of the amounts that would be required if all directors and corporate auditors voluntarily terminated their office as stipulated in the retirement regulations.

h. Allowance for Loss on Investments in Subsidiaries and Affiliates - The Company provides for loss of subsidiaries and affiliates, which will be attributable to the Company.

i. Recognition of Revenues and Related Costs - Revenues from and related costs of construction contracts are recorded using the completed-contract method.

j. Costs of Research and Development and Debenture Issuance - All research and development costs and debenture issuance costs are charged to income as incurred. Costs of research and development totaled ¥12,756 million (\$120,340 thousand) for the year ended March 31, 2000.

k. Leases - All leases are accounted for as operating leases. Under the Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's non-consolidated financial statements.

l. Income Taxes - Effective April 1, 1998, the Company adopted accounting for allocation of income taxes based on the asset and liability method. The cumulative effect of this application of interperiod tax allocation in prior years in the amount of ¥13,392 million is included as an adjustment to increase retained earnings as of April 1, 1998.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

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- m. Appropriations of Retained Earnings - Appropriations of retained earnings are accounted for and reflected in the accompanying non-consolidated financial statements when approved by the stockholders.
- n. Foreign Currency Transactions - Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of each balance sheet date.
- Long-term receivables and payables denominated in foreign currencies are translated into Japanese yen at historical exchange rates.
- However, when there is a significant unrealized exchange loss related to long-term receivables and payables derived from foreign currency fluctuations, such receivables and payables are translated into Japanese yen at the exchange rates in effect at the balance sheet date.
- Assets and/or liabilities, which are converted at the foreign exchange rate or swap rate are translated using the exchange rates set forth in the applicable exchange contract and the relevant currency swap agreement.
- The exchange gains arising from the above contracts are deferred and recognized as income ratably over the term of the contract period. Other exchange gains and losses are recognized in the fiscal periods in which they occur.
- o. Per Share Information - Net income or loss per share is based upon the weighted average number of shares outstanding during the relevant fiscal year. The average number of shares outstanding used in the computation for the years ended March 31, 2000 and 1999 was 961,312 thousand shares.
- Diluted net income per share is not disclosed because of the anti-dilutive effect for the year ended March 31, 2000 and the net loss for the year ended March 31, 1999.
- Cash dividends per share in the accompanying non-consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

3. ACCOUNTING CHANGE

Effective April 1, 1998, the Company changed its accounting policy for the liability for severance payments under the unfunded pension plan from providing 40% to 100% of the amounts payable if all eligible participants were to terminate their employment at each balance sheet date. This change was made in order to reflect periodic income and expenses more appropriately and to present sound financial condition based on the strengthening plan of financial structure, which was made as a result of the investigation of various factors concerned with the eligible employees such as age structure and length of service, as well as the changes in circumstances of accounting practices in connection with retirement benefits.

The effect of this change was to increase loss before income taxes by ¥38,813 million including a cumulative effect of ¥39,993 million for the year ended March 31, 1999. This cumulative effect was reflected in other expenses as "Provision for severance payments" in the accompanying non-consolidated statements of operations.

4. DIFFERENCES BETWEEN JAPANESE ACCOUNTING PRINCIPLES AND INTERNATIONAL ACCOUNTING STANDARDS

The accompanying non-consolidated financial statements are prepared in conformity with accounting principles generally accepted in Japan. The main differences between such accounting principles and IAS are as follows:

- a. Recognition of Revenues and Related Costs - IAS 11 requires revenues and related costs to be recognized by reference to the stage of completion of contract activity where the outcome of a construction contract can be estimated reliably.
- The Company's reporting policy in relation to the recognition of revenues and related costs, which is in accordance with Japanese accounting principles, is set out in Note 2.i.
- It is not practicable to quantify the effect on the net income or loss of the Company as a result of this difference in accounting policy.
- b. Retirement Benefits - IAS 19 requires retirement benefit costs to be recognized as an expense in the periods during which services are rendered based on the actuarial valuation method.
- The Company's reporting policy in relation to the recognition of retirement benefit costs, which is in accordance with Japanese accounting principles, is set out in Note 2.g.
- It is not practicable to quantify the effect on the net income or loss of the Company as a result of this difference in accounting policy.
- c. Foreign Currency Transactions - IAS 21 requires foreign currency transactions to be reported at the closing rate of exchange.
- The Company's reporting policy in relation to foreign currency transactions, which is in accordance with Japanese accounting principles, is set out in Note 2.n.
- It is not practicable to quantify the effect on the net income or loss of the Company as a result of this difference in accounting policy.

5. TRANSLATION INTO U.S. DOLLARS

The Company maintains its accounts in Japanese yen, the currency of the country in which it is incorporated and principally operates. The U.S. dollar amounts included herein are presented solely for the convenience of the reader. Such dollar amounts have been translated from yen at the approximate exchange rate in Tokyo on March 31, 2000 of ¥106 = U.S.\$1. The translations should not be construed as representations that Japanese yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

6. MARKETABLE SECURITIES AND INVESTMENTS IN SECURITIES

Marketable securities and investments in securities as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current:			
Market quotations available:			
Marketable equity securities.....	¥ 128,004	¥ 138,956	\$ 1,207,585
Debentures.....	76	164	717
Fund trust and other.....	1,175	1,418	11,085
Subtotal.....	129,255	140,538	1,219,387
Market quotations not available.....	170	468	1,603
Total.....	¥ 129,425	¥ 141,006	\$ 1,220,990
	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Non-Current:			
Market quotations available:			
Marketable equity securities.....	¥ 80,985	¥ 78,585	\$ 764,009
Debentures.....	810	5,340	7,642
Fund trust and other.....	720	429	6,792
Subtotal.....	82,515	84,354	778,443
Market quotations not available.....	20,909	24,854	197,255
Total.....	¥ 103,424	¥ 109,208	\$ 975,698

Securities for which market quotations are not available are principally non-listed securities excluding over-the-counter securities.

The carrying values and aggregate market values of securities for which market quotations are available included in marketable securities and investments in securities as of March 31, 2000 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current:			
Carrying value.....	¥ 129,255	¥ 140,538	\$ 1,219,387
Aggregate market value.....	259,306	233,654	2,446,283
Unrealized gain.....	¥ 130,051	¥ 93,116	\$ 1,226,896
Non-Current:			
Carrying value.....	¥ 82,515	¥ 84,354	\$ 778,443
Aggregate market value.....	122,459	124,946	1,155,273
Unrealized gain.....	¥ 39,944	¥ 40,592	\$ 376,830

In fiscal 1999, the Company reclassified marketable equity securities amounting to ¥14,770 million from investments in securities to marketable securities.

The above figure includes marketable securities of ¥13,446 million (\$126,849 thousand) and ¥13,798 million lent temporarily to a financial institution based on a securities lending agreement as of March 31, 2000 and 1999, respectively.

7. LONG-TERM LOANS RECEIVABLE

Long-term loans receivable consist primarily of loans to customers of the Company.

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings were represented generally by 365-day notes in 2000 and 1999 issued by the Company and bore interest principally at the short-term primary interest rates of 1.375% in effect as of March 31, 2000 and 1999, respectively.

As is customary in Japan, the Company maintains deposit balances with banks with which it has short-term bank loans or long-term debt. Such deposit balances are not legally or contractually restricted as to withdrawal.

Long-term debt as of March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
0.1175% to 4.7% loans from Japanese banks, due 2000 - 2005.....	¥ 115,035	¥ 123,063	\$ 1,085,236
0.0133% to 4.1% loans from insurance companies and other financial institutions, due 2001 - 2006.....	35,374	38,394	333,717
1.95% to 4.0% bonds, due 2000 - 2010	191,000	201,000	1,801,886
1.6% convertible debentures due September 28, 2001	14,893	14,893	140,500
Total	356,302	377,350	3,361,339
Current portion included in current liabilities	(65,926)	(48,531)	(621,943)
Total	¥ 290,376	¥ 328,819	\$ 2,739,396

On July 27, 1989, the Company issued 1.6% convertible debentures in the principal amount of ¥15,000 million due in 2001, payable in Japanese yen and in denominations of ¥1,000,000 each. Each debenture was convertible into shares of common stock of the Company at a conversion price of ¥2,140 per share from April 1, 1990.

The conversion price described above is subject to adjustment to reflect, among other things, stock dividends, stock splits, the subdivision or consolidation of shares, and issuance of shares and related securities at less than market value.

As of March 31, 2000, the maximum number of new shares which would have been issued upon full conversion of the outstanding convertible debentures at the then current conversion price was 6,959,346 shares.

Certain of the Company's long-term debt agreements provide, among other things, that the lender may request the Company to submit proposals for appropriations of retained earnings (including payment of dividends) for review and, in some instances, approval prior to presentation to the stockholders. However, the Company has never received such a request.

In addition, as is customary in Japan, substantially all of the Company's bank borrowings are subject to general agreements with each bank which provide, among other things, that the relevant bank may treat any security furnished to the bank as well as cash deposited with it as security for all present and future indebtedness and may, when the bank deems it necessary, request additional security for the loans.

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2000 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2001	¥ 65,926	\$ 621,943
2002	135,109	1,274,613
2003	49,935	471,085
2004	24,356	229,774
2005	25,476	240,340
2006 and thereafter.....	55,500	523,584
Total	¥ 356,302	\$ 3,361,339

9. COMMERCIAL PAPER

Commercial paper was represented by 112 to 177-day paper issued by the Company with interest at 0.064% to 0.28% and 124 to 170-day paper at 0.45% to 0.765% as of March 31, 2000 and 1999, respectively.

10. ADVANCES RECEIVED ON CONSTRUCTION PROJECTS IN PROGRESS

As is customary in Japan, the Company normally receives payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

11. RETIREMENT BENEFITS

The Company has severance payment plans for employees, directors and corporate auditors. The amount of the severance payments is, in general, determined on the basis of length of service and current basic salary at the time of termination of service. An employee is paid at higher rates if he retires at age 50 or over after serving with the Company for more than 15 years at the date of retirement. If the termination of service is involuntary, an employee is entitled to greater payments than in the case of voluntary termination. The severance allowances for employees of the Company are partially funded in a pension fund. Liability for severance payments as of March 31, 2000 and 1999 includes retirement benefits for directors and corporate auditors of ¥4,098 million (\$38,660 thousand) and ¥3,885 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of stockholders.

Provision for severance payments and pension expense totaled ¥20,158 million (\$190,170 thousand) and ¥60,389 million for the years ended March 31, 2000 and 1999, respectively, and the assets of the fund as of March 31, 2000 were ¥177,112 million (\$1,670,868 thousand).

12. STOCKHOLDERS' EQUITY

The Code provides that retained earnings in an amount equal to at least 10% of any amount paid by the Company as an appropriation of retained earnings, including dividends and bonuses to directors and corporate auditors, be appropriated to a legal reserve until such reserve equals 25% of the stated capital. This reserve is not available for dividends but may be used to reduce a deficit by resolution of the stockholders, or may be capitalized by resolution of the Board of Directors.

Under the Code, at least 50% of the issue price of new shares, with a minimum of the par value thereof, is required to be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors.

Proceeds in excess of the amounts designated as stated capital have been credited to additional paid-in capital. The Company may transfer, by resolution of the stockholders, a portion of retained earnings available for dividends to a common stock account, and the Company may issue new shares of common stock to the existing stockholders without consideration by resolution of the Board of Directors, to the extent that the amount calculated by multiplying the number of outstanding shares after the issuance by par value per share shall not exceed the stated capital, and that the amount calculated by dividing the total amount of stockholders' equity by the number of outstanding shares after the issuance shall not be less than ¥50. These issuances of the new shares are treated as stock splits.

Cash dividends are approved by the stockholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. However, a semiannual interim dividend may be paid upon resolution of the Board of Directors subject to limitations imposed by the Code.

As of March 31, 2000 and 1999, the number of shares of common stock of the Company held by an affiliate was 4,878 thousand shares.

13. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 41.5% and 47.1% for the years ended March 31, 2000 and 1999, respectively.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 31, 2000 and 1999 were as follows:

	Millions of Yen		Thousands of U. S. Dollars
	2000	1999	2000
Deferred Tax Assets:			
Inventories	¥ 51,483	¥ 57,343	\$ 485,689
Tax loss carryforwards	25,028	26,570	236,113
Allowance for doubtful accounts.....	21,988	22,096	207,434
Liability for severance payments	21,480	19,491	202,642
Securities unlisted on stock exchanges	13,513	10,891	127,481
Allowance for loss on investments in subsidiaries and affiliates.....	12,568	14,189	118,566
Other	20,210	23,401	190,660
Total.....	<u>166,270</u>	<u>173,981</u>	<u>1,568,585</u>
Deferred Tax Liabilities:			
Property and equipment	(8,215)	(7,977)	(77,500)
Other	(3)	(3)	(29)
Total.....	<u>(8,218)</u>	<u>(7,980)</u>	<u>(77,529)</u>
Net Deferred Tax Assets	<u>¥ 158,052</u>	<u>¥ 166,001</u>	<u>\$ 1,491,056</u>

As of March 31, 2000, the Company has tax loss carryforwards of approximately ¥60,308 million (\$568,943 thousand) which will expire in fiscal 2004 to the extent they remain unutilized.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying non-consolidated statements of operations for the years ended March 31, 2000 and 1999 were as follows:

	2000	1999
Normal effective statutory tax rate.....	41.5 %	(47.1) %
Expenses not deductible for income tax purposes	14.1	1.1
Non-taxable income	(6.4)	(0.4)
Inhabitant taxes.....	3.6	0.1
Effect of tax rate reduction.....	-	5.6
Actual effective tax rate.....	<u>52.8 %</u>	<u>(40.7) %</u>

14. RELATED PARTY TRANSACTIONS

As of March 31, 2000, the Company had 141 subsidiaries and 37 affiliates.

Certain of these companies are engaged in civil engineering and architectural construction services and provide such services to the Company as sub-contractors. Others are engaged in procurement of materials and supplies or provide certain other services for the Company.

Transactions with these companies for the years ended March 31, 2000 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Notes and accounts payable - trade	¥ 67,677	¥ 66,708	\$ 638,462
Construction and other revenues	9,244	7,245	87,208
Purchases	103,534	100,354	976,736
Loss from liquidation of subsidiaries and affiliates	-	6,688	-

15. LEASES

The Company has a number of lease agreements, primarily for office space and computer equipment, which are renewable upon expiration and mainly cancellable. Rental expenses on such leases were approximately ¥5,038 million (\$47,528 thousand) and ¥5,262 million, including total lease payments of ¥2,573 million (\$24,274 thousand) and ¥3,155 million for the years ended March 31, 2000 and 1999, respectively, in connection with finance leases as described in Note 2.k.

a. Finance Leases as a Lessee

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation equivalent and interest equivalent of finance leases that do not transfer ownership of the leased property to the lessee on a "as if capitalized" basis for the years ended March 31, 2000 and 1999 was as follows:

	As of March 31, 2000 (Millions of Yen)		
	Machinery and equipment	Other	Total
Acquisition cost	¥ 15,027	¥ 521	¥ 15,548
Accumulated depreciation	(12,325)	(438)	(12,763)
Net lease property	¥ 2,702	¥ 83	¥ 2,785

	As of March 31, 1999 (Millions of Yen)		
	Machinery and equipment	Other	Total
Acquisition cost	¥ 14,993	¥ 522	¥ 15,515
Accumulated depreciation	(12,226)	(344)	(12,570)
Net lease property	¥ 2,767	¥ 178	¥ 2,945

	As of March 31, 2000 (Thousands of U.S. Dollars)		
	Machinery and equipment	Other	Total
Acquisition cost	\$ 141,764	\$ 4,915	\$ 146,679
Accumulated depreciation	(116,273)	(4,132)	(120,405)
Net lease property	\$ 25,491	\$ 783	\$ 26,274

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥ 1,584	¥ 2,218	\$ 14,943
Due after one year	2,769	2,815	26,123
Total.....	¥ 4,353	¥ 5,033	\$ 41,066

The imputed interest equivalent portion which is computed using the interest method is excluded from the above obligations under finance leases.

Depreciation equivalent and interest equivalent under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Depreciation equivalent	¥ 1,859	¥ 2,187	\$ 17,538
Interest equivalent	223	302	2,104

Depreciation equivalent is computed by a declining-balance method for machinery and equipment and by a straight-line method for other investments using the effective life of the lease and nil residual value, respectively.

Interest equivalent is not reflected in the accompanying non-consolidated statements of operations.

b. Operating Leases as a Lessee

The minimum rental commitments under noncancellable operating leases as of March 31, 2000 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 1,368	\$ 12,905
Due after one year	13,595	128,255
Total	¥ 14,963	\$ 141,160

16. DERIVATIVES

The Company enters into derivative financial instruments (“derivatives”), including foreign exchange forward contracts, currency swaps and interest rate swaps agreements.

The Company does not hold or issue derivatives for trading purposes and it is the Company’s policy to use derivatives only for the purpose of reducing market risks and financing costs in accordance with internal regulation.

Derivative transactions entered into by the Company, such as interest rate swaps that convert U.S. dollar floating rate to fixed Yen rate, are subject to market risk associated with U.S. dollar and Yen exchange rates. Interest swap transactions are also subject to market risk and are used to convert fixed interest rate to floating interest rate.

The Company does not anticipate any losses resulting from default by counterparties, as these transactions are limited to major domestic or overseas financial institutions with sound operational foundations.

The contract or notional amounts of derivatives which are shown in the following table do not represent the amounts exchanged by the parties and do not measure the Company’s exposure to credit or market risk.

The information of derivatives for the year ended March 31, 2000 is not separately disclosed in this note to the non-consolidated financial statements due to the change in disclosure standards in Japan.

In addition, the Company has disclosed information of derivatives in the note to the consolidated financial statements.

The Company had the following derivatives contracts outstanding as of March 31, 1999:

a. Over-the-Counter Products for Foreign Exchange Contracts

	Millions of Yen			
	Contract / Notional Principal Amount		Market Value	Unrealized Gain (Loss)
	Within one year	After one year		
Foreign Exchange Contracts				
Buying :				
U.S.\$ forward	¥ 4,359	¥ 368	¥ 4,557	¥ (170)
Selling :				
U.S.\$ forward	604	-	604	0
Swiss Franc Forward	1	-	1	0
Total	¥ 4,964	¥ 368	¥ 5,162	¥ (170)

b. Over-the-Counter Products for Interest Rate Contracts

	Millions of Yen			
	Notional Principal Amount		Market Value	Unrealized Gain (Loss)
	Within one year	After one year		
Interest Rate Swaps				
Pay-float / Receive-fix	¥ -	¥ 27,500	¥ 3,711	¥ 3,711
Pay-fix / Receive-float	-	5,866	(195)	(195)
Total	¥ -	¥ 33,366	¥ 3,516	¥ 3,516

17. CONTINGENT LIABILITIES

As of March 31, 2000, contingent liabilities for loans guaranteed including related items of similar nature amounted to ¥210,884 million (\$1,989,472 thousand).

18. SUBSEQUENT EVENT

On June 29, 2000, the following appropriations of retained earnings were approved at the stockholders' meeting of the Company:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends of ¥3.50 (\$0.033) per share (final for the year ended March 31, 2000).....	¥ 3,365	\$ 31,745
Bonuses to directors.....	150	1,415
Total	¥ 3,515	\$ 33,160

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Kajima Corporation:

We have examined the non-consolidated balance sheets of Kajima Corporation as of March 31, 2000 and 1999, and the related non-consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the financial position of Kajima Corporation as of March 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period subsequent to the change, with which we concur, made as of April 1, 1998, in the accounting for the liability for severance payments, as discussed in Note 3.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 5. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohatsu
June 29, 2000